

## IN 9 MONTHS THE REVENUE OF WESTFALIKA MARKETPLACE DOUBLED AND EXCEEDED RUB 1.4 BLN

**29 October 2021, Novosibirsk, Russia:** OR GROUP (MOEX: ORUP/ here in after the «Company» or ORG PJSC, together with its subsidiary and dependent companies the «Group»), is a modern selling platform which comprises the westfalika.ru marketplace, an ecosystem of services and a network of 795<sup>1</sup> selling and service points in 316 cities and towns of Russia, presents its preliminary operating results for September, the third quarter and nine months ended 30 September 2021.

### KEY OPERATING HIGHLIGHTS OF SEPTEMBER 2021:

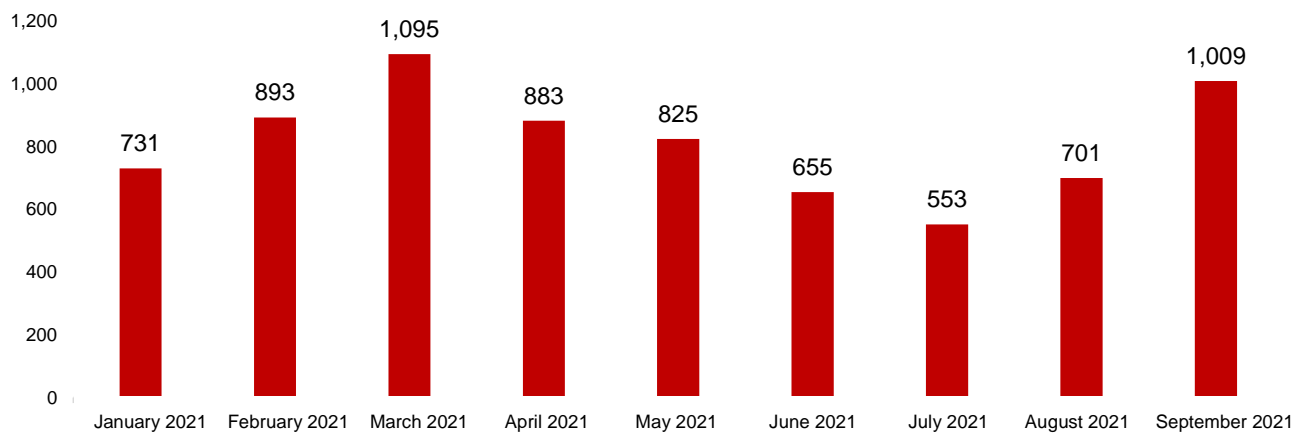
- Gross merchandise value (GMV)<sup>2</sup> of OR GROUP in September 2021 amounted to RUB 1.009 bln.
- Unaudited revenue for September 2021 amounted to RUB 630 mln.
- The company develops the westfalika.ru selling platform which sells private-label goods and partner products (marketplace) in the retail network and on the westfalika.ru online platform. The number of marketplace partners at the end of September exceeded 1,000 companies.
  - The revenue of the westfalika.ru selling platform in September 2021 amounted to RUB 445 mln.
  - Including the westfalika.ru marketplace revenue which amounted to RUB 294 mln (66% of the westfalika.ru selling platform revenue).
- In September 2021, wholesale revenue amounted to RUB 65 mln.
- In September 2021, online sales were RUB 90 mln. The share of online sales in the westfalika.ru selling platform revenue at the end of September 2021 amounted to 20%.
- The revenue from cash loans amounted to RUB 120 mln. At the end of September, the portfolio on cash loans reached RUB 2.594 bln.
- As part of the project of partner pick-up points, the Group delivered 212 thousand parcels in September 2021. For 9 months of 2021, this indicator exceeded 1.8 mln parcels. At the end of September, the number of pick-up points was 3,685<sup>3</sup>. At the end of September, the traffic of customers who come for partner online orders amounted to 15.5% of the total store traffic.

<sup>1</sup> As of 29.10.2021.

<sup>2</sup> The gross merchandise value (GMV) is the total value of goods and orders sold via the OR Group selling platform, as well as VAT, instalment commission, the service turnover and other commission income.

<sup>3</sup> Several partner pick-up points can operate in one outlet.

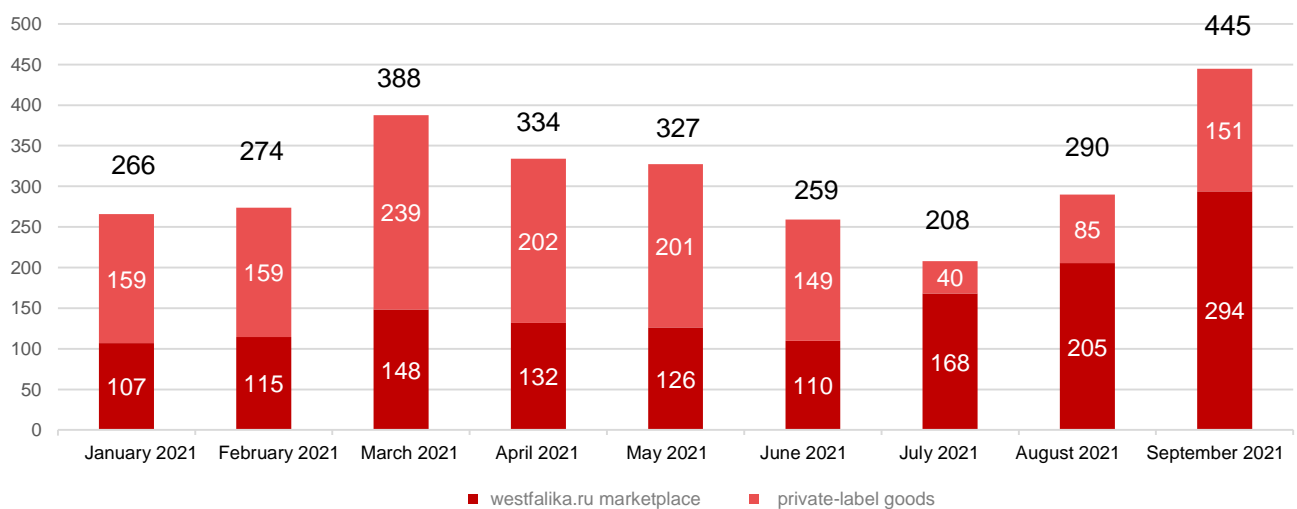
### Monthly GMV of OR GROUP, RUB mln



### 3Q 2021 OPERATING HIGHLIGHTS:

- Gross merchandise value (GMV) of OR GROUP in 3Q 2021 amounted to RUB 2.270 bln.
- The Group's consolidated unaudited revenue in 3Q 2021 decreased by 37% to RUB 1.953 bln, compared to RUB 3.082 bln in the 3Q 2020.
- The average purchase amount in installments increased by 3.4% and reached RUB 7,674. The portfolio for the installment payment service decreased by 6.9% compared to the same period last year and amounted to RUB 2.078 bln.
- The number of participants in the loyalty program, which operates in all retail chains within the Group, increased by 6.5% over 12 months, to 2.944 mln members, compared to 2.764 mln members in the 3Q of 2020.

### Changes and structure of westfalika.ru selling platform revenue, RUB mln



**9M 2021 OPERATING HIGHLIGHTS:**

- Gross merchandise value (GMV) of OR GROUP in 9M 2021 amounted to RUB 7.276 bln.
- The Group's consolidated unaudited revenue for 9M 2021 decreased by 9% to RUB 6.369 bln compared to RUB 7.034 bln in the same period in 2020.
- The installment payment portfolio for 9M 2021 decreased by 7% compared to the same period in 2020 — to RUB 2.078 bln, and the decrease in the portfolio on cash loans amounted to 10% compared to the same period in 2020 — to RUB 2.594 bln.

**KEY EVENTS OF 3Q 2021:**

In September, the Group began selling children's sabot under the Minions brand, previously the company acquired a license from Universal Studios Limited for the right to produce and sell footwear. The footwear was delivered to OR GROUP's own stores and on the Westfalika marketplace, and was also displayed on the company's electronic storefront on the OZON marketplace. The project will allow the company to enter the promising market for children's goods, additionally load the company's production capacity and increase revenue from the sales of goods of its own production.

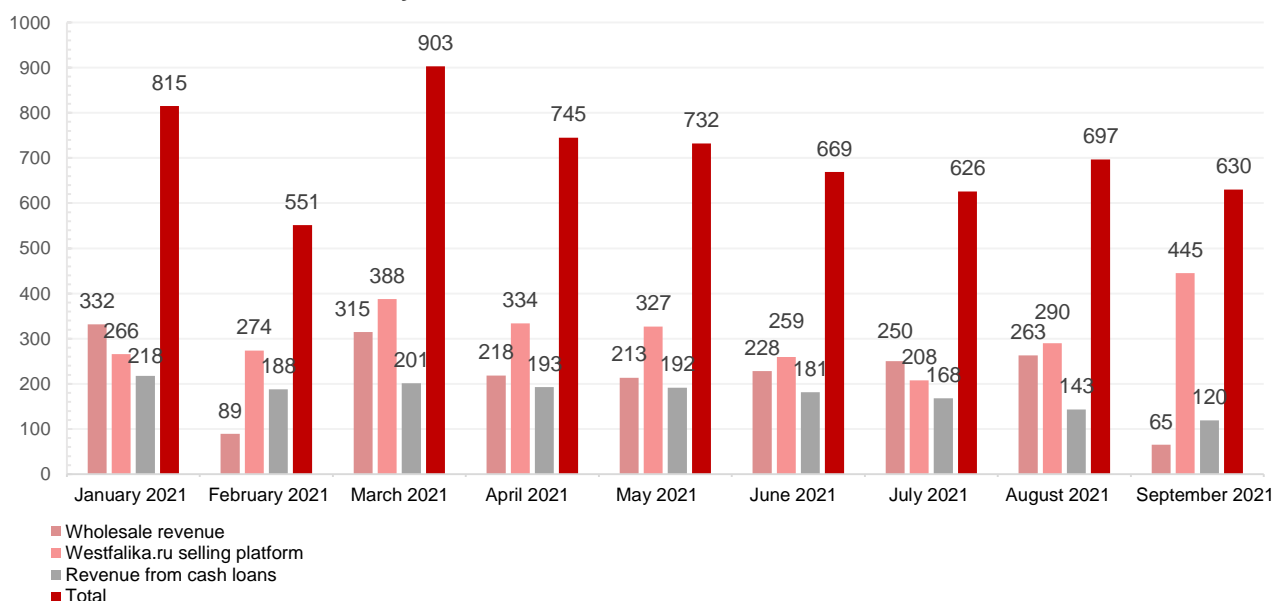
In July, OR GROUP started cooperation with the largest Russian online retailer Wildberries on the system of shipping goods from the seller's warehouses. The development of cooperation with large marketplaces allows the company to expand its sales geography, attract new customers and increase sales.

In September, OR GROUP announced plans to raise equity capital in MCC Arifmetika through an M&A deal with the Canadian capital pool company Navigator Acquisition Corp., which is listed on the TSX Venture Exchange. As a result of the transaction, MCC Arifmetika may become the first company on the Russian market to use the CPC tool as an alternative to an IPO.

OR GROUP has launched a digital platform DaemDengi which includes a website and a mobile app for the development of online services. The project will allow MCC Arifmetika (part of the Group) to expand its product line, geography of services provision and, in the future, not to be limited only to the Russian market, but also to consider the markets of other countries. The company plans to increase the share of online loans in total amount of issuances to 40% by 2025.

OR GROUP is implementing the project of placing parcel terminals in its stores as part of its strategy to develop last mile service, which is a priority for the company. In September, the Group entered into a partnership agreement with OZON and SberLogistika. OZON branded parcel terminals will appear in 15 cities, and SberLogistika parcel terminals will operate in more than 280 retail outlets.

### Monthly unaudited revenue of OR GROUP, RUB mln



### KEY OPERATING INDICATORS

Indicator	30.09.2021	30.09.2020	Δ, %
<b>Number of stores of OR GROUP</b>	<b>798</b>	<b>851</b>	<b>(6.2%)</b>
DOS <sup>4</sup>	621	676	(8.1%)
Franchise	177	175	1.1%
<b>DOS selling space, thousand sq.m.</b>	<b>52.7</b>	<b>57.3</b>	<b>(8.0%)</b>
<b>Number of loyalty cards' holders, mln people</b>	<b>2.944</b>	<b>2.765</b>	<b>6.5%</b>

Indicator	3Q 2021	3Q 2020	Δ, %	9M 2021	9M 2020	Δ, %
GMV <sup>5</sup> , RUB bln	2.270	-	-	7.276	-	-
Revenue of westfalika.ru marketplace, RUB bln	0.667	0.377	76.8%	1.405	0.655	114.6%
Online sales, RUB bln	0.176	0.212	(16.8%)	0.581	0.512	13.3%
Share of westfalika.ru in the revenue, %	18.7%	17.8%	0.9 p.p.	20.8%	16.4%	4.4 p.p.

Indicator	3Q 2021	3Q 2020	Δ, %	9M 2021	9M 2020	Δ, %
Average installment purchase, RUB	7,674	7,425	3.4%	7,270	7,210	0.8%
Average cash loan, RUB	15,524	27,232	(43.0%)	22,574	24,107	(6.4%)

Indicator	30.09.2021	30.09.2020	Δ, %
Portfolio size in installment sales, RUB bln	2.078	2.233	(6.9%)
Portfolio size in cash loans, RUB bln	2.594	2.882	(10.0%)

<sup>4</sup> Directly operated stores. Directly operated stores.

<sup>5</sup> The gross merchandise value (GMV) is the total value of goods and orders sold via the OR Group selling platform, as well as VAT, instalment commission, the service turnover and other commission income.

Russian rubles (RUB), bln	3Q 2021	3Q 2020	Δ, %	9M 2021	9M 2020	Δ, %
<b>Revenue</b>	<b>1.953</b>	<b>3.082</b>	<b>(36.6%)</b>	<b>6.369</b>	<b>7.034</b>	<b>(9.5%)</b>
revenue of westfalika.ru selling platform	0.943	1.191	(20.8%)	2.790	3.120	(10.6%)
wholesale revenue	0.579	1.249	(53.7%)	1.975	1.981	(0.3%)
cash loans revenue	0.431	0.642	(32.9%)	1.603	1.933	(17.1%)

### Anton Titov, CEO of OR GROUP, comments:

The Company continues its digital transformation and implementation of an updated business model, which has a positive impact on its operating results. So, the revenue of the marketplace westfalika.ru for 9 months of 2021 more than doubled. Even though fashion products — footwear and apparel — are a significant share in retail sales (almost 70%), new categories are growing rapidly. Thus, in off-season months for fashion retail, the Group supports sales of high-value goods by stimulating complex purchases. For example, in August-October, the Company had a promotion for home textiles, which gave an increase in like-for-like sales of this product category by 33%. Textiles are included in the group of household goods, which had 14% of retail revenue based on the results of 9 months.

Online sales also show an increase of 13% due to the expansion of the range of products on Group's online platform, the improvement of logistics and the development of new channels of interaction. The traffic of customers who make purchases using a mobile app is increasing: for 10 months, the number of installations has doubled, and the number of orders has tripled.

Despite the growth of marketplace revenue and online sales, the revenue of the Westfalika selling platform decreased compared to the same indicators last year which stems from not fully recovered traffic in the retail chain, we expect a smooth recovery of traffic in the medium term.

The dynamics of wholesale revenue derives from the special seasonality of the wholesale counterparties' purchase. In 2020, due to quarantine restrictions, the main wholesale purchases shifted to the 3rd quarter of 2020. As for 2021, according to the results of 9 months, wholesale revenue leveled off to the same indicator for 9 months of 2020.

The Company introduces new formats of cooperation with third-party marketplaces, which contributes to the growth of sales of goods under the Group's own brands. In October, sales on the OZON marketplace of goods under the brands Westfalika, S-TEP, All.go, which belong to OR GROUP, increased by 2.5 times compared to September, which is explained both by the growing popularity of the fashion category on this online platform in general, and the seasonal surge of buyers' interest in these goods.

OR GROUP continues to develop last-mile services, connecting new partners and expanding cooperation not only on pick-up points but also on parcel terminals. In the autumn, the Company began to place OZON and SberLogistika parcel terminals in its stores. In general, at the moment we cooperate with 19 partners; more than 3,600 pick-up points operate based on our retail and service points. Parcel volumes are growing: for 9 months, the Group issued more than 1.8 mln online orders, which is almost 3.5 times more than in the same period of 2020.

The unit of logistics services contributes to the Company's revenue: commission income from the delivery of parcels for nine months increased by 2.5 times year-on-year and exceeded RUB 84 mln. The project contributes to the growth of traffic and cross-sales: for nine months, the client traffic coming for partners' online orders reached 16% of the total store traffic; the share of customers who pick up their parcels and subsequently make a purchase in the retail network was about 3%.

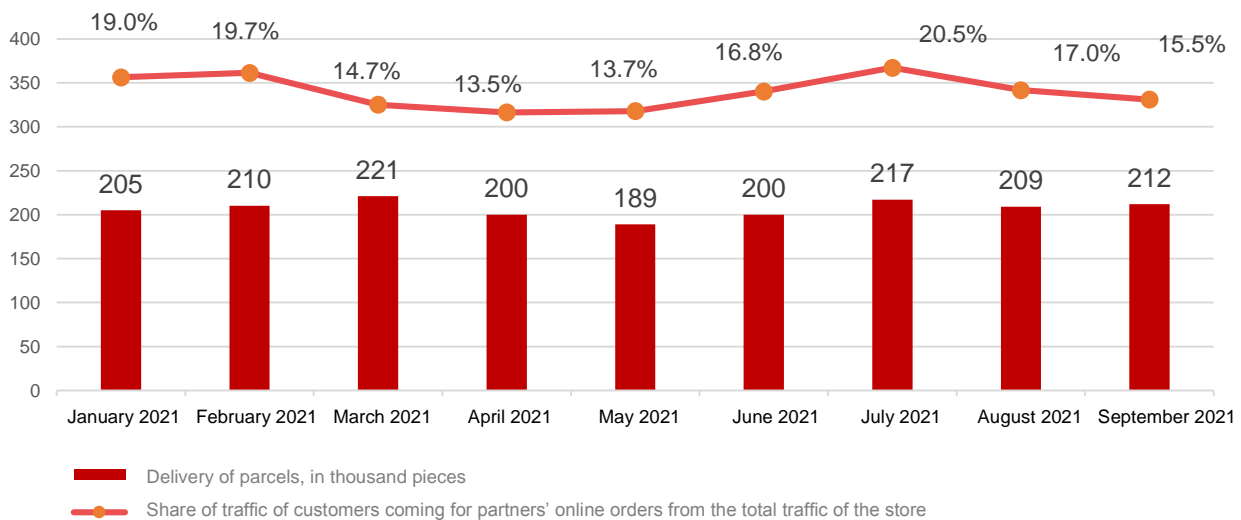
Financial services and cash loans are one of the most promising and profitable business areas of the Group, which in the first nine months of 2021 accounted for 24% of OR GROUP's total revenue.

To expand the opportunities for the development of this unit, in September, the Company announced a merger deal between MCC Arifmetika and Navigator Acquisition Corp., a capital pool company listed on the TSX Venture Exchange. Over the next three to five years, the Company plans to increase the volume of microfinance, developing the segment of consumer loans (Installments), BNPL-solutions (Buy Now – Pay Later), expanding the product line, including through online loans, and the geography of services provided, including access to international markets.

The Group is constantly improving its services and introducing new technologies: in September, OR GROUP launched the digital platform DaemDengi, which includes a website and a mobile app, for the development of online loans. By the end of 2021, the share of online loans in the total volume of issuances will reach 14%; by 2025 the Company plans to increase the share to 40%.

In the future, we will continue to develop the updated business model, making maximum use of our retail, logistics and IT infrastructure, improve the retail format, increase the efficiency of offline and online units, expand the range of products responding to the needs of a modern customer, and offer state-of-the-art services, including solutions in the field of finance.

**Dynamics of issued parcels and traffic from pick-up points**



## COMPANY PROFILE:

**OR GROUP (MOEX: ORUP)**, a modern selling platform comprising the westfalika.ru marketplace, an ecosystem of services and a network of retail and service outlets under the Westfalika brand, which has 795<sup>6</sup> outlets in 316 cities and towns of Russia.

In October 2017, OR GROUP raised RUB 5.9 bln during an IPO on the Moscow Exchange; ORG PJSC is the issuer.

In September 2021, the Expert RA rating agency confirmed a credit rating of OR GROUP at the ruBBB level and raised the rating forecast from «developing» to «stable».

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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**Marketplace:** [www.westfalika.ru](http://www.westfalika.ru)

**Telegram-channel:** <https://t.me/obuvrossii>

**Web-platform for suppliers:** [www.продает.рф](http://www.продает.рф)

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