

## IN 1H 2021 THE REVENUE OF WESTFALIKA MARKETPLACE GREW 2.6 TIMES

**28 July 2021, Novosibirsk, Russia:** OR GROUP (MOEX: ORUP/ here in after the "Company" or ORG PJSC, together with its subsidiary and dependent companies the "Group"), a modern selling platform which comprises the westfalika.ru marketplace, an ecosystem of services and a network of 805<sup>1</sup> selling and service points in 319 cities and towns of Russia, presents its preliminary operating results for June, the second quarter and the first half ended 30 June 2021.

### JUNE 2021 OPERATING HIGHLIGHTS:

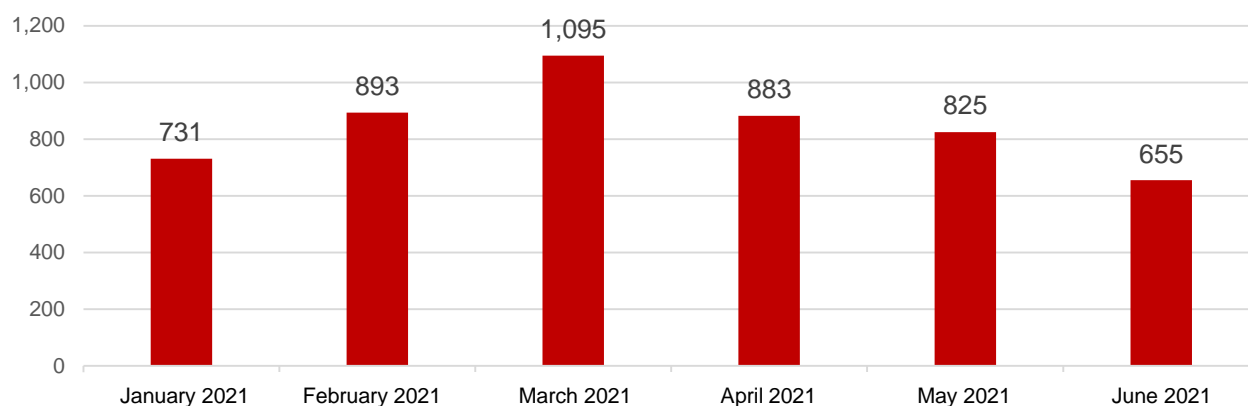
- Gross Merchandise Value (GMV)<sup>2</sup> OR GROUP in June 2021 amounted to RUB 655 mln.
- Unaudited revenue for June 2021 amounted to RUB 669 mln.
- The Company develops the westfalika.ru selling platform which sells private-label goods and partner products (marketplace) in the retail network and on the westfalika.ru online platform. The number of marketplace partners at the end of June exceeded 1,000 companies.
  - At the end of June 2021, the revenue of the westfalika.ru selling platform made up RUB 259 mln.
  - Including the westfalika.ru marketplace revenue which amounted to RUB 110 mln (42.3% of the westfalika.ru selling platform revenue.
- In June 2021, wholesale revenue amounted to RUB 228 mln.
- In June 2021, online sales were RUB 43 mln. The share of online sales in the westfalika.ru selling platform revenue at the end of June 2021 amounted to 16.7%.
- In April 2021 more than 200 thousand parcels were issued.
- The revenue from cash loans amounted to RUB 181 mln. At the end of June, the portfolio on cash loans reached RUB 2.990 bln.
- In June, the Group delivered more than 200 ths. parcels within the partner pickup points' project. In 1H 2021, this indicator exceeded 1.2 mln parcels. As of the end of June 2021, the number of PUPs was 3 208<sup>3</sup>. In June the traffic of clients who come to Company's stores to get partner online orders made up 16.8% of the overall stores' foot traffic.

<sup>1</sup> As of 27.07.2021.

<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> There may be several partner pick-up points in one sales outlet.

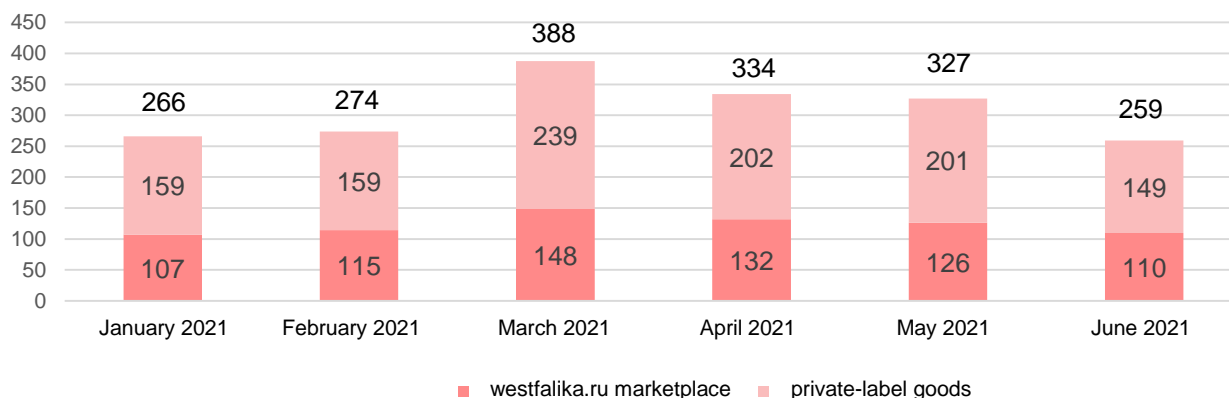
### Monthly GMV of OR GROUP, RUB mln



### 2Q 2021 OPERATING HIGHLIGHTS:

- Gross Merchandise Value (GMV) of OR GROUP in the 2nd quarter amounted to RUB 2.371 bln.
- Group's consolidated unaudited revenue in the 2nd quarter grew by 68.3% and accounted for RUB 2.146 bln in comparison with RUB 1.275 bln in the 2nd quarter 2020.
- Average purchase with installments grew by 14.5% and reached RUB 6,665. The amount of issued contracts on installment payments increased by 60% up to RUB 0.547bln, and the portfolio size in installment sales slightly decreased by 3% year-on-year and amounted to RUB 2.131 bln.
- The number of holders of the loyalty cards that are valid in all retail chains of the Group over 12 months increased by 8.5% to 2.912 mln holders, in comparison with 2.684 mln holders in the 2nd quarter of 2020.

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



**6M 2021 OPERATING HIGHLIGHTS:**

- Gross Merchandise Value (GMV) of OR GROUP in the 1st half 2021 amounted to RUB 5.079 bln.
- Group's consolidated unaudited revenue in the 1st half 2021 increased by 11.7% up to RUB 4.416 bln in comparison with RUB 3.952 bln in the 1st half 2020.
- Portfolio size in installment payments in the 1st half 2021 slightly decreased by 3% year-on-year to RUB 2.131 bln, portfolio size in cash loans increased by 18.2% year-on-year to RUB 2.990 bln.

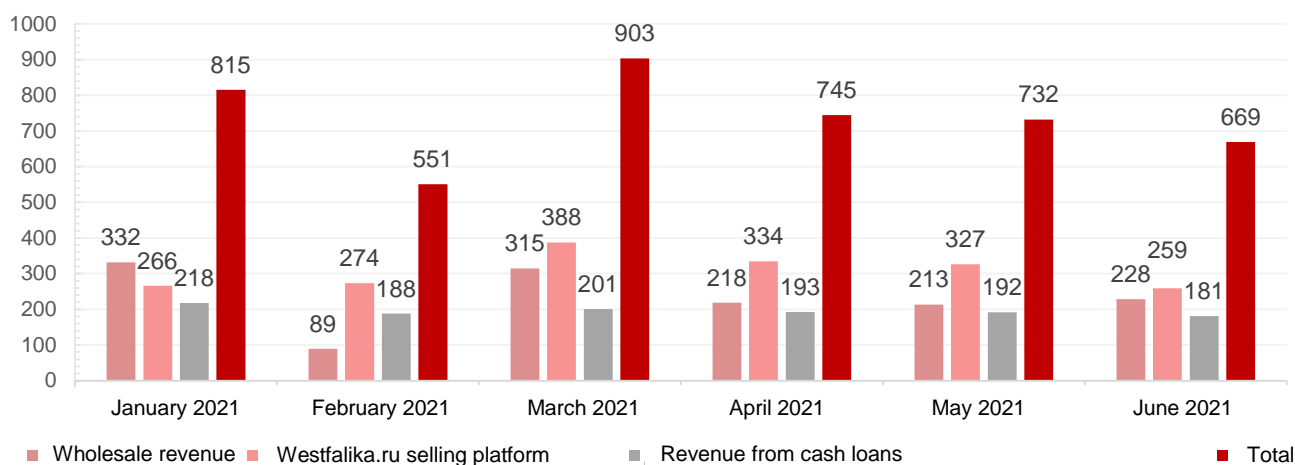
**KEY EVENTS OF 2Q 2021:**

- In the middle of April, the Expert rating agency published the rankings of microfinance organizations for 2020<sup>4</sup>. Arifmetika LLC MCC being the part of OR GROUP was ranked among the TOP-3 in terms of the volume of consumer loans (Installments) issued and the amount of net profit in 2020. The volume of consumer loans issued exceeded RUB 5 bln and the net profit of the microcredit company amounted to RUB 695 mln.
- In May, OR GROUP started cooperating with the leading marketplace Ozon using the system of FBS (fulfillment by seller). To implement the project, the OR GROUP and online retailer IT systems were integrated within a month. Now the leftovers of Westfalika stores in Novosibirsk are automatically loaded on the marketplace. During the summer, the Group plans to connect retail outlets from other regions to the project.
- In June the Expert RA rating agency confirmed the credit rating of the OR nonfinancial company at the ruBBB level and increased the outlook from the developing to stable.
- OR GROUP is modernizing IT system to scale financial services: in June, the company purchased and installed the additional equipment — network attached storage, which allowed the company to increase the productivity of the IT-system by 120% and the actual volume of data storage by 40%, and also significantly raised the level of fault tolerance of all operating IT-systems and reduced the risk of data loss in case of an accident.
- In June, OR GROUP accomplished its rebranding program which started in November 2020. The Group renamed its parent company, the issuer of shares OR PJSC, into OR GROUP Public Joint-Stock Company, and the abbreviated name is ORG PJSC. Earlier that year, OR GROUP renamed its main operation company (the issuer of bonds of Obuv Rossii LLC) Obuv Rossii LLC into OR LLC and changed the ticker on the MOEX to ORUP.

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<sup>4</sup> Rankings of microfinance companies: <https://raexpert.ru/rankings/mfi/2020/>

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



### KEY OPERATING INDICATORS

Indicator	30.06.2021	30.06.2020	Δ, %
<b>Number of OR GROUP stores</b>	<b>809</b>	<b>859</b>	<b>(5.8%)</b>
DOS <sup>5</sup>	632	684	(7.6%)
Franchise	177	175	1.1%
<b>DOS selling space, (thousand sqm)</b>	<b>54.2</b>	<b>57.9</b>	<b>(6.4%)</b>
<b>Number of loyalty cards' holders, mln people</b>	<b>2.912</b>	<b>2.684</b>	<b>8.5%</b>

Indicator	2Q 2021	2Q 2020	Δ, %	6M 2021	6M 2020	Δ, %
GMV <sup>6</sup> , RUB bln	2.371	-	-	5.079	-	-
Revenue of westfalika.ru marketplace, RUB bln	0.368	0.159	131.8%	0.738	0.277	165.9%
Online sales, RUB bln	0.166	0.078	111.3%	0.405	0.301	34.5%
Share of online sales in westfalika.ru selling platform revenue, %	18.0%	12.4%	5.7 p.p.	21.9%	15.6%	6.3 p.p.

RUB bln	2Q 2021	2Q 2020	Δ, %	6M 2021	6M 2020	Δ, %
<b>Revenue</b>	<b>2.146</b>	<b>1.275</b>	<b>68.3%</b>	<b>4.416</b>	<b>3.952</b>	<b>11.7%</b>
revenue of westfalika.ru selling platform	0.920	0.635	44.9%	1,847	1.928	(4.2%)
wholesale revenue	0.660	0.021	2979.7%	1.396	0.733	90.6%
cash loans revenue	0.566	0.619	(8.6%)	1.172	1.291	(9.2%)

<sup>5</sup> Directly operated stores. Directly operated stores.

<sup>6</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.

Indicator	2Q 2021	2Q 2020	Δ, %	6M 2021	6M 2020	Δ, %
Average installment purchase, RUB	6,665	5,823	14.5%	7,086	7,095	(0.1%)
Average cash loan, RUB	24,387	23,217	5.0%	24,240	22,459	7.9%
Amount of issued contracts on installment payments, RUB bln	0.547	0.343	59.5%	1.117	1.275	(12.4%)
Amount of cash loans issued, RUB bln	1.005	0.734	36.9%	1.959	2.317	(15.5%)

Indicator	30.06.2021	30.06.2020	Δ, %
Portfolio size in installment sales, RUB bln	2.131	2.196	(3.0%)
Portfolio size in cash loans, RUB bln	2.990	2.529	18.2%

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

In the first half of 2021, OR GROUP showed a positive trend in revenue, which increased by 11.7%. The performance of the main areas of the Group's activities is gradually recovering despite the low purchasing activity in the market and the continuing trend towards savings, which is typical for the majority of Russians. The key growth driver was the marketplace, whose sales in six months increased 2.6 times year-on-year. This fact proves that we have chosen the right strategy, which is based on business diversification, focus on multi-category and online sales development.

Both footwear, which remains the main product category in the range of the Westfalika platform, and other categories have shown good growth. For example, like-for-like sales of middle segment clothing rose 65% in June, which was driven by an expanding number of suppliers and seasonal demand for the range. Household goods such as small household appliances also remain popular, much in demand in offline and online stores. In general, the revenue from online sales increased by 34.5% in the 1st half of the year, its share in the sales of the Westfalika trading platform reached 21.9%. The group is raising online sales, also by introducing new schemes for dealing with large online marketplaces: for example, the company started cooperation with OZON on the FBS (fulfilment by the seller) system in May.

Cash loans are also one of the growth drivers for OR GROUP. The liquidity of MFO, which is part of OR GROUP, remains stable: the number of loans issued by Arifmetika MCC in the second quarter of 2021 increased by 36.9%, and the portfolio grew by 18.2% in the first six months. In general, there is an increased interest in the MFO products in the market: the Expert RA<sup>7</sup> forecasts show that the volume of the microfinance market will grow by 30% in 2021. Arifmetika's business model is highly competitive as it allows to provide loans to various segments of borrowers and offers one of the broadest product range on the market.

The company is boosting online services: the share of remote payments in the total volume of transactions increased to 20.2% in June (this share was 14% at the end of 2020) due to the cooperation with Zolotaya Korona (CFT Group), which started in March 2021. The modern IT infrastructure is the key factor in OR GROUP's competitiveness in the market. The Group continues to invest in it: the company acquired and installed a Fujitsu network-attached storage in June, and it increased the IT system performance by 120% and the actual storage capacity by 40%.

Partner pickup points is another area that is successfully developing. OR GROUP cooperates with 16 partners which are major market players such as Wildberries, AliExpress, Yandex.Market, Sberlogistika, Russian Post, etc. The logistics business is showing steady growth: we increased the number of pickup points by 85% year-on-year in the first half of 2021 (to 3,208); we issued more than 1.2 million partners' parcels in 6 months, which is 3.6 times more than the number during the same period in 2020. Further expansion of the partner network will allow the Group both to raise the volume of delivery of online orders, and build an optimal logistics infrastructure for the e-commerce market, which provides additional traffic to stores and an increase in revenue. Thus, in the first half of 2021, the commission income from the delivery of parcels grew three times year-on-year and amounted to 62 million rubles.

In June, the Expert RA rating agency confirmed the OR GROUP rating at the ruBBB level and increased the outlook from developing to stable. The agency emphasized the high level of the Group's liquidity and the high quality of loan portfolio management. In April, the company successfully passed the put option for the 001P-01 and 001P-02 series of exchange-traded bonds: bonds worth 31,335,000 rubles were presented for redemption, which is only 1% of the total volume of the two issues. This shows a high level of investor confidence in the company and the chosen development strategy.

OR GROUP will continue to transform the company into an integrator in the online trade and logistics services market by developing a marketplace, a project of partner pickup points and financial services. This will allow the Group to continue to successfully restore key performance indicators and grow the business.

**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 805<sup>8</sup> outlets in 319 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 June 2021, the Expert RA rating agency confirmed a credit rating of OR GROUP at the ruBBB level and increased the outlook 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).

**Additional information:****Media contacts:**

Natalia Pauli,  
PR Director  
OR GROUP  
+7 913 750-81-37  
n.pauli@orgroup.ru

**Contacts for investors:**

Kirill Streblyansky,  
Director for Capital Markets,  
OR GROUP  
+7 383 280-80-21  
k.streblyanskiy@obuvrus.ru

**Group's web-site:** [www.orgroup.ru](http://www.orgroup.ru)

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

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

**Web-platform for suppliers:**

[www.продаем.pdf](http://www.продаем.pdf)

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