

OR GROUP ANNOUNCES OPERATING RESULTS FOR DECEMBER, IV QUARTER AND FULL YEAR 2020

04 February 2021., Novosibirsk, Russia: OR GROUP (Obuv Rossii Group; MOEX: OBUV/ here in after the "Company" or OR PJSC, together with its subsidiary and dependent companies the "Group"), a nationwide retailer which manages a chain of 838¹ general stores in 335 cities and towns of Russia and a marketplace, and develops financial services, presents its preliminary operates for December, the fourth quarter and the full year ended 31 December 2020.

DECEMBER 2020 OPERATING HIGHLIGHTS:

- OR GROUP's Gross Merchandise Value (GMV)² in December 2020 accounted for RUB 1.060 bln.
- The unaudited revenue amounted to RUB 929 mln.
- The company develops the selling platform westfalika.ru — the sale of goods under private labels and partners' goods (marketplace) in the retail network and on the westfalika.ru online platform. The number of marketplace partners was 750 companies at the end December.
 - In December 2020 the revenue of westfalika.ru selling platform amounted to RUB 460 mln.
 - Including the revenue of westfalika.ru marketplace which accounted for RUB 194 mln (42% of westfalika.ru selling platform revenue).
- Wholesale revenue amounted to RUB 238 mln.
- The revenue of Arifmetika LLC, a member of the Group, which specializes in consumer loans, amounted to RUB 231 mln. At the end December, the cash loans portfolio reached 2.934 billion rubles. The average loan amount in December increased up to 24,857 rubles.
- The Group delivered more than 300 thousand parcels in December 2020 within the project of partner's pickup points. This value exceeded 1.25 mln parcels for the whole year 2020. At the end of December, the number of pickup points was 2,312³. The traffic of clients who came for partners' online orders amounted to 20.6% of the total store traffic.

4Q 2020 OPERATING HIGHLIGHTS:

- Gross Merchandise Value (GMV) of OR GROUP in the 4th quarter 2020 amounted to RUB 3.901 bln.
- Group's consolidated unaudited revenue in the 4th quarter 2020 decreased by 17.1% and totaled RUB 3.811 bln, compared with RUB 4.596 bln in the 4th quarter 2019.
- Total like-for-like revenue decreased by 19.9%.
- The number of holders of the loyalty cards that are valid in all retail chains of the Group over 12 months increased by 11.4% to 2.841 mln holders, in comparison with 2.550 mln holders at the end of 2019.

¹ As of 04.02.2021.

² GMV is the total value of goods and orders processed by OR GROUP trading platform, plus VAT, instalment commission, service turnover and other commission income.

³ Several partner pickup points may operate in one store.

FY2020 OPERATING HIGHLIGHTS:

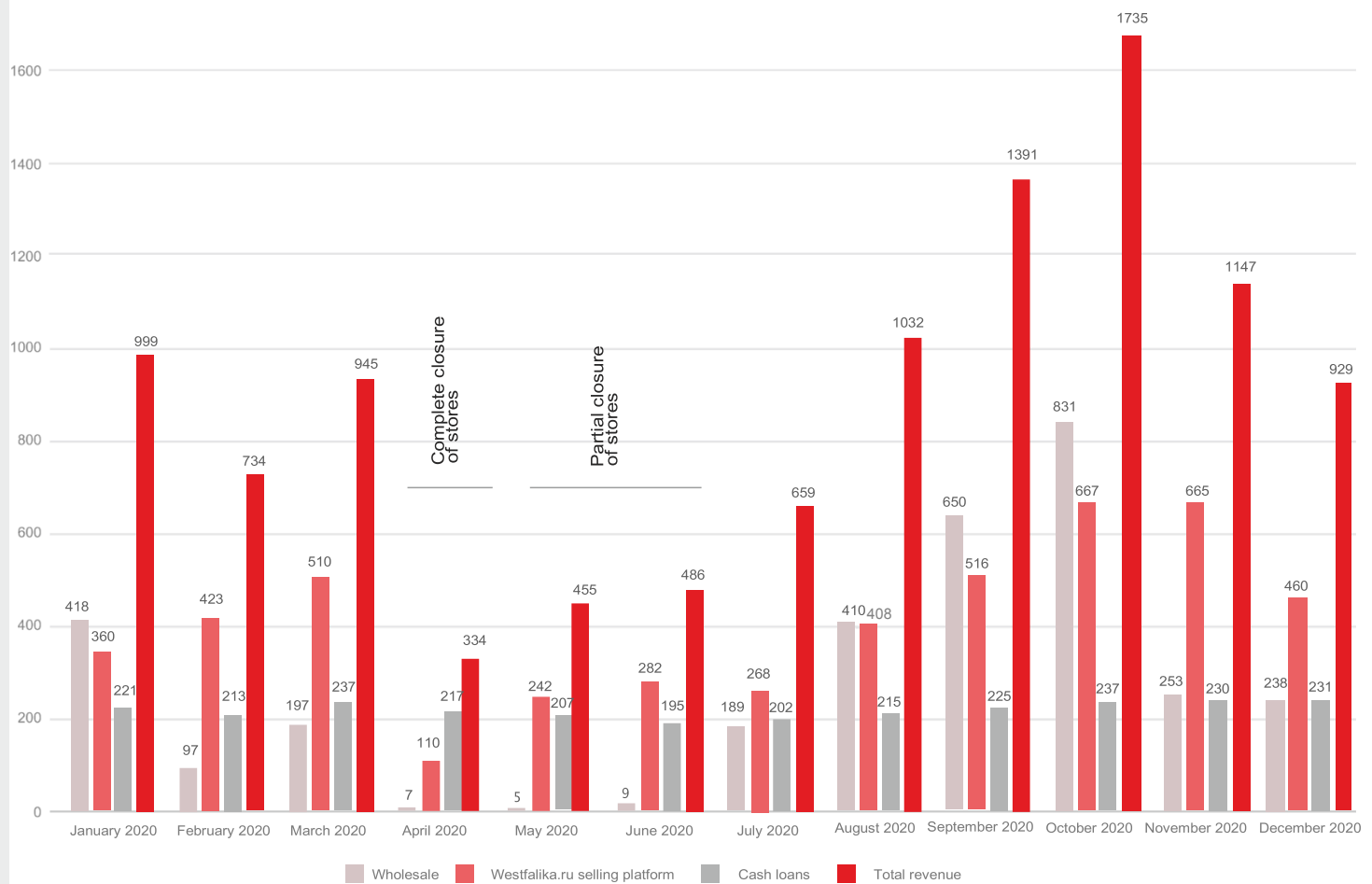
- Gross Merchandise Value (GMV) of OR GROUP in the full year 2020 amounted to RUB 10.312 bln.
- Group's consolidated unaudited revenue for 2020 decreased by 20.9% and totaled RUB 10.845 bln, compared with RUB 13.702 bln in 2019.
- Total like-for-like⁴ revenue decreased by 11.9%.
- Portfolio size in installment payments in 2020 decreased by 19.9% to RUB 2.564 bln, portfolio size in cash loans increased by 17.3% to RUB 2.934 bln.

KEY EVENTS OF 4Q 2020:

- In October 2020, OR GROUP and the goods.ru marketplace concluded a partnership agreement. Within the cooperation framework, the retailer placed on goods.ru the whole variety of stock under its private labels — apparel, footwear and accessories. One can get the products via the Order and Pick Up service: when making an order at the goods.ru marketplace, the customer can get the products in retailer's stores.
- OR GROUP launched a new version of the Westfalika mobile application. It was developed taking into account the up-to-date trends in UX-design and has top-of-the-line functions. In addition to versions for smartphones, application variants for iPad and Android were launched. According to the Company's plans, the updated Westfalika mobile application will spur conversion from the mobile traffic, make the process of choosing products and ordering faster which will have a positive effect on the target group loyalty.
- On November 26, the Board of Directors of OR PJSC approved the Group's rebranding project. The Group will not use the word "footwear" any more in its name; the new retailer's name is OR GROUP. The rebranding aims at moving away from highly specialized positioning of the Company as a shoe retailer, as the Group's business has significantly transformed, and the Company develops new lines that go beyond the fashion segment. The Company will concentrate on developing a modern retail format integrating the products and services offer and an online marketplace.
- In December 2020, the Expert RA rating agency assigned the ruBBB creditworthiness rating to the Obuv Rossii Group with a developing outlook.
- In December 2020, an updated version of the westfalika.ru website started operation in the marketplace format. The website was developed considering the latest tendencies on the consumer market and has leading-edge features that were significantly improved with account of consumer demand. The product catalog was revised; it can be scaled now due to partners' products.

⁴ The growth of total like-for-like revenue is calculated on the basis of the results of Obuv Rossii Group stores that operated within two full compared periods. While calculating the indicator for the first nine months 2020 the sales revenue for April, 2020/April, 2019 was excluded since in April, 2020 Obuv Rossii's stores did not operate due to the lockdown measures.

OR GROUP'S MONTHLY UNAUDITED REVENUE, RUB MLN



KEY OPERATING INDICATORS

Indicator	31.12.2020	31.12.2019	Δ, %
Number of OR GROUP stores	840	908	(7.5%)
DOS ⁵	665	736	(9.6%)
Franchise	175	172	1.7%
DOS selling space (thousand sqm)	56.4	61.9	(8.8%)
Number of loyalty cards' holders, mln people	2.841	2.550	11.4%

Indicator	4Q 2020	4Q 2019	Δ, p.p.	12M 2020	12M 2019	Δ, p.p.
Total LFL revenue growth ⁶	(19.9%)	0.8%	(20.7 p.p.)	(11.9%)	5.2%	(17.2 p.p.)

RUB bln	4Q 2020	4Q 2019	Δ, %	12M 2020	12M 2019	Δ, %
Revenue	3.811	4.596	(17.1%)	10.845	13.702	(20.9%)
revenue of westfalika.ru selling platform	1.791	2.541	(29.5%)	4.911	6.872	(28.5%)
including the revenue of westfalika.ru marketplace	0.563	0.017	3,251.7%	1.218	0.017	7,150.7%
wholesale revenue	1.321	1.425	(7.3%)	3.302	4.703	(29.8%)
cash loans revenue	0.698	0.630	10.8%	2.631	2.128	23.6%

⁵ Directly operated stores.

⁶ The growth of total like-for-like revenue is calculated on the basis of the results of Obuv Rossii Group stores that operated with in two full compared periods. While calculating the indicator for the first nine months 2020 the sales revenue for April, 2020/April, 2019 was excluded since in April, 2020 Obuv Rossii's stores did not operate due to the lockdown.

KEY OPERATING INDICATORS

Indicator	4Q 2020	4Q 2019	Δ, p.p.	12M 2020	12M 2019	Δ, p.p.
Share of related products in westfalika.ru selling platform revenue, %	46.3%	43.7%	2.6 p.p.	44.7%	39.2%	5.5 p.p.
Online sales, RUB bln.	0.388	0.417	(6.8%)	0.901	1.014	(11.2%)
Share in westfalika.ru selling platform revenue, %	21.7%	16.4%	5.3 p.p.	18.3%	14.8%	3.6 p.p.

Indicator	4Q 2020	4Q 2019	Δ, %	12M 2020	12M 2019	Δ, %
Average installment purchase, RUB	9,188	9,909	(7.3%)	7,828	8,998	(13.0%)
Average cash loan, RUB	27,501	22,374	22.9%	24,865	19,683	26.3%
Amount of issued contracts on installment payments, RUB bln	1.155	1.928	(40.1%)	3.149	5.026	(37.3%)
Amount of cash loans issued, RUB bln	1.246	1.609	(22.6%)	5.045	5.377	(6.2%)

Indicator	31.12.2020	31.12.2019	Δ, %
Debt, RUB bln	13.081	12.409	5.4%
Cash and cash equivalents, RUB bln	0.439	0.707	(37.9%)
Net debt, RUB bln	12.642	11.702	8.0%
Portfolio size in installment sales, RUB	2.564	3.201	(19.9%)
Portfolio size in cash loans, RUB	2.934	2.502	17.3%

Anton Titov, CEO of OR GROUP, comments:

2020 was one of the most challenging years not only for our company but also for the entire Russian non-food retail sector. Nevertheless, however despite of this factor we forecast revenues of 11 billion rubles for 2020 as per IFRS. We faced challenges that required flexibility, mobility and high speed of decision making from us; we operated in conditions of a high degree of uncertainty. However, the 2020 crisis has an important positive moment: it triggered the transformation processes and pushed us to modernize the business model like many other companies and implement long-overdue changes. Having successfully adapted to the new conditions and prioritizing diversification, we have not only overcome difficulties with fewer consequences but also have begun to recover the business faster and have created the basis for further growth.

In November 2020, we announced an important decision for the company — changing the positioning and rebranding. The rebranding is the result of the changes that have already taken place in the company — the development of an omnichannel trade model and marketplace, priority for online sales, development of the service and logistics component of the business. Moving beyond the fashion segment, which is one of the rebranding goals, we open up new opportunities for the growth of key indicators — revenue, EBITDA and profit.

In 2020, we improved the format of our store, which is now a retail outlet with a wide variety of stock, which has a positive effect on conversion and the number of positions in the receipt. The transition to the marketplace model in the cooperation with suppliers has allowed us to significantly expand the variety of stock. In 2020, we achieved significant results on this project: we had 750 partners by the end of the year and sold 2.105 million partners' goods in just a year. Household goods became the leaders in terms of growth rates, 80% of sales of which accounted for tableware, textiles and small household appliances. Textiles is the most high-margin product category. In 2021, we are planning a large-scale advertising campaign with the participation of nationwide media since we want to convey the new positioning of our stores to the audience and attract new customers.



In the 4th quarter of 2020, we launched a new mobile application westfalika.ru and an updated version of the westfalika.ru website in the marketplace format; now it allows us to present all partners' products on our online platforms. The share of online sales in the revenue of the westfalika.ru selling platform in the 4th quarter reached a record of 21.7%. It is 18.3% in 2020 as a whole. The growing popularity of the mobile application and the development of the online marketplace will allow us to continue to actively increase online sales: we plan to raise their share in the selling platform revenue to 30% in 2021.

We have achieved significant results in the partners' pickup points project, which allows us to develop the logistics infrastructure for the delivery of parcels. By the end of 2020, we cooperated with 13 partners, including large logistics operators; we also became the first Wildberries network partner to open pickup points. Last year, we increased the number of pickup points by more than 30% — from 1,732 to 2,312. In 2021, their number will more than double. The project provides a significant increase in traffic, which amounted to 20% of the total store traffic at the end of December 2020. Partners such as Wildberries, PickPoint and DPD make a significant contribution to the traffic increase. In 2020, we observed more than a twofold increase in the volume of delivery of parcels, we attracted an additional 1.5 million customers. In 2021, we are going to increase monthly release volumes to 500 thousand and raise traffic to our stores by 6 million persons. We also receive additional income in the form of a commission, and we plan to triple it (up to 200-250 million rubles) in the coming year.

The cash loans direction demonstrated growth in the crisis year of 2020. By the end of 2020, the proceeds from cash loans increased by 23.7%, the average loan amount rose by 26.3%, and the portfolio grew by 17.3%. This is the direction that allowed us to generate cash flow even in conditions when most of the company's stores stopped operation during the period of anti-pandemic restrictions. We consider developing additional services for customers to be promising, especially in the distance format. We plan to introduce and develop new technologies in 2021, including online loan processing.

Our key tasks for the near future are the further development of the variety of stock by including partners' products and the development of the marketplace, an increase in online and mobile sales and their share in net sales, improvement of the logistics infrastructure and development of partners' pickup points, further implementation of remote services and strengthening the direction of additional services for customers. The new positioning will open up additional opportunities for us to increase the number of potential customers and grow our business.

COMPANY PROFILE:

OR GROUP (Obuv Rossii Group, Moscow Stock Exchange ticker — OBUV) is a nationwide retail company, the parent company is OR PJSC. The Group was established in 2003; the main office is located in Novosibirsk, it also has an office in Moscow. The Company manages 838 stores (175 of them operate under a franchise) of Westfalika, Peshekhod, Rossita, Emilia Estra and Lisette brand, develops S-TEP, all.go and Snow Guard footwear and active wear brands and owns two footwear factories in the Novosibirsk region.

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

In December 2020, the Expert RA rating agency assigned a ruBBB rating to Obuv Rossii with the developing outlook.

According to the audited financial results of the Group under IFRS, revenue in 2019 amounted to 13.7 billion rubles, net profit — 1.7 billion rubles, EBITDA — 3.6 billion rubles.

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Интернет-магазины:

www.westfalika.ru,
www.westfalika-home.ru,
www.emilia-estra.ru,
www.rossita.com,
www.lisette.me

Telegram:

<https://t.me/obuvrossii>

Trading platform for suppliers:

www.продаем.рф

⁷ As of 04.02.2021.

Disclaimer: Some information in this document may contain prospective estimates and other representations of a predictive nature concerning future events and the future financial and operating activity of Obuv Rossii. One can determine, whether a representation is of a predictive nature, on the basis of the use of such words and expressions as "expect", "believe", "estimate", "intend/plan", "would/would be", "could", "can", including negative forms of these verbs, as well as on the basis of other similar expressions. The Group cautions that these representations are only forecasts, and actual events and results of Obuv Rossii activity can substantially differ from them. Obuv Rossii does not intend to update these representations in order to reflect events and circumstances that occur after this document is published, or in order to reflect the fact of the occurrence of unexpected events. There are many factors as a result of which the actual results of Obuv Rossii activity will substantially differ from the predicted results contained in the representations of a forecast nature, including such factors as the general conditions of economic activity, competitive environment, risks related to the performance of activity in the Russian Federation, rapid technological changes, and changes of the market situation in the industries in which Obuv Rossii performs its activity as well as other risks related in particular to Obuv Rossii and its activity.