

## IN 2021, THE REVENUE OF WESTFALIKA MARKETPLACE INCREASED 1.5 TIMES

**31 January 2022, 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 736<sup>1</sup> selling and service points in 305 cities and towns of Russia, presents its preliminary operating results for the fourth quarter and the full year, ended 31 December 2021.

### 4Q 2021 OPERATING HIGHLIGHTS:

- Gross merchandise value (GMV)<sup>2</sup> of OR GROUP in the 4th quarter 2021 amounted to RUB 2.823 bln.
- Group's consolidated unaudited revenue in the 4th quarter 2021 decreased by 42% and totaled RUB 2.198 bln, compared with RUB 3.811 bln in the 4th quarter 2020.
- The revenue of 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) in the 4th quarter 2021 amounted to RUB 1.319 bln.
  - Including the westfalika.ru marketplace revenue which amounted to RUB 557 mln (42.3% of the westfalika.ru selling platform revenue).
- In 4th quarter 2021, wholesale revenue amounted to RUB 612 mln.
- In 4th quarter 2021, online sales were RUB 280 mln. The share of online sales in the westfalika.ru selling platform revenue in 4th quarter 2021 amounted to 21.3%.
- In 4th quarter 2021, 739 thousand parcels were issued.
- The revenue from cash loans amounted to RUB 267 mln.

### FY2021 OPERATING HIGHLIGHTS:

- Gross Merchandise Value (GMV) of OR GROUP in the full year 2021 amounted to RUB 10.124 bln.
- Group's consolidated unaudited revenue in the full year 2021 decreased by 21% and accounted for RUB 8.568 bln in comparison with RUB 10.845 bln in the full year 2020.
- The revenue of 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) in the full year 2021 amounted to RUB 4.111 bln.
  - Including the westfalika.ru marketplace revenue which amounted to RUB 1.898 bln (46.2% of the westfalika.ru selling platform revenue). The number of marketplace partners at the end of 2021 exceeded 1,000 companies.

<sup>1</sup> As of 31.01.2022.

<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.



- In 2021, wholesale revenue amounted to RUB 2.587 bln.
- In 2021, online sales were RUB 861 mln. The share of online sales in the westfalika.ru selling platform revenue in 2021 amounted to 20.9%.
- In 2021, 2.587 mln parcels were issued.
- The revenue from cash loans amounted to RUB 1.871 bln. At the end of 2021, the portfolio on cash loans reached RUB 2.553 bln. The average loan amount in 2021 was RUB 18,879.
- The number of holders of the loyalty cards that are valid in all retail chains of the Group over 12 months increased by 4.8% to 2.977 mln holders, in comparison with 2.841 mln holders in 2020.

#### KEY EVENTS OF 4Q 2021:

- In early November, the company founded an affiliated company for development of logistics services. For this purpose, a legal entity was established — O2 LLC, which is a 100% subsidiary of ORG PJSC.
- In November, Arifmetika MCC, which is part of OR GROUP, launched its own IT solution — the Maxim robot — on the market. It is a voice assistant developed by the company based on artificial intelligence technologies and allowing Arifmetika to increase the efficiency of the call center. The company will offer a robot operator to small microfinance organizations.
- In the middle of November, the Group implemented a disaster recovery model for the corporate IT system, which will allow the company to protect data from hypothetically dangerous risks and emergency situations. In this case, the information stored in the databases of the emergency site will be duplicated in backup data centers without loss.
- OR GROUP and Navigator Acquisition Corp. announced the signing of a share purchase agreement on Arifmetika MCC. The CPC will operate under the new name of Arifmetika Financial Solutions Corp. The ticker of shares on the exchange will also change. After completion of the transaction Arifmetika MCC may become the first public company in the Russian microfinance market.

## KEY OPERATING INDICATORS

Indicator	31.12.2021	31.12.2020	Δ, %
<b>Number of OR GROUP stores</b>	<b>751</b>	<b>840</b>	<b>(10.6%)</b>
DOS <sup>5</sup>	574	665	(13.7%)
Franchise	177	175	1.1%
<b>DOS selling space, (thousand sqm)</b>	<b>49.5</b>	<b>56.4</b>	<b>(12.3%)</b>
<b>Number of loyalty cards' holders, mln people</b>	<b>2.977</b>	<b>2.841</b>	<b>4.8%</b>

RUB bln	4Q 2021	4Q 2020	Δ, %	12M 2021	12M 2020	Δ, %
<b>Revenue</b>	<b>2.198</b>	<b>3.811</b>	<b>(42.3%)</b>	<b>8.568</b>	<b>10.845</b>	<b>(21.0%)</b>
revenue of westfalika.ru selling platform	1.319	1.791	(26.4%)	4.111	4.911	(16.3%)
wholesale revenue	0.612	1.321	(53.7%)	2.587	3.302	(21.7%)
cash loans revenue	0.267	0.698	(61.7%)	1.871	2.631	(28.9%)

Indicator	4Q 2021	4Q 2020	Δ, p.p.	12M 2021	12M 2020	Δ, %
GMV <sup>4</sup> , RUB bln	2.823	3.910	(27.8%)	10.124	10.338	(2.1%)
Revenue of westfalik.ru marketplace, RUB bln	0.557	0.563	(1.0%)	1.898	1.218	55.9%
Online sales, RUB bln	0.280	0.388	(27.8%)	0.861	0.901	(4.4%)
<i>Share in the revenue of the westfalika.ru selling platform, %</i>	<i>21.3%</i>	<i>21.7%</i>	<i>(0.4 p.p.)</i>	<i>20.9%</i>	<i>18.3%</i>	<i>(2.6 p.p.)</i>

Indicator	4Q 2021	4Q 2020	Δ, %	12M 2021	12M 2020	Δ, %
Average installment purchase, RUB	9,360	9,188	1.9%	7,605	7,828	(2.8%)
Average cash loan, RUB	11,216	27,501	(59.2%)	18,879	24,865	(24.1%)
Amount of issued contracts on installment payments, RUB bln	0.410	1.155	(64.5%)	2.078	3.149	(34.0%)
Amount of cash loans issued, RUB bln	0.540	1.246	(56.7%)	2.795	5.045	(44.6%)

Indicator	31.12.2021	31.12.2020	Δ, %
<b>Debt, RUB bln</b>	<b>12.828</b>	<b>13.034</b>	<b>(1.6%)</b>
Cash and cash equivalents, RUB bln	0.317	0.434	(27.1%)
<b>Net debt, RUB bln</b>	<b>12.511</b>	<b>12.599</b>	<b>(0.7%)</b>
Portfolio size in installment sales, RUB	1.828	2.564	(28.7%)
Portfolio size in cash loans, RUB	2.553	2.934	(13.0%)

<sup>3</sup> Directly operated stores. Directly operated stores

<sup>4</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, installment commission, the service turnover and other commission income.

**Anton Titov, founder of OR GROUP, comments:**

In 2021, a profound transformation in the retail market continued. We observed a further shift of the demand towards online sales channels, reformatting the traditional retail, dynamic development of the logistic infrastructure and last-mile services, as well as the introduction and development of additional services for customers, a trend for ecosystem creation. Taking into account current trends, we continue to transform and improve our business model, which is based on the development of omni-channel sales, marketplace and services.

In 2021, we completed the rebranding programme, which included a change in positioning – the company moved beyond the fashion segment, started to develop the multcategory store format, a marketplace, to integrate into the logistic infrastructure of the Russian e-commerce market and to develop financial services.

In addition, this programme included renaming the Group's head and main operating company, the stock ticker on the stock exchange changed as well. In general, it is worth noting that OR GROUP's business is yet in the transformation stage. The company will need one or two years to work out the new format, to form the pool of suppliers and the stock. However, the changes in the business model have already impacted the operating results. For example, the marketplace format has been successfully developing – its revenue increased by 55.9% in 2021.

A noteworthy detail is that the consumer market is still pressured by the coronavirus pandemic and the current restrictive measures. As a result, demand is slowly recovering and purchasing power is not very strong, which affects non-food retail sales in the offline segment.

We are also seeing a redistribution of customer flows in favor of online sales channels in our company. In 2021, we achieved good results in the online direction. For example, during the Black Friday campaign, the increase in online sales amounted to 44% by volume and 30% by value, compared with a similar promotion in 2020. Such results are explained by a significant expansion of the range and more efficient promotion. Besides, the development of additional product categories allows us to mitigate the seasonality typical for the fashion segment and maintain high demand for our range during the traditional seasonal decline in footwear and apparel sales. For example, during the New Year holidays of 2022, the Company's online revenue grew by a third.

In addition, in 2021 we introduced new schemes for working with third-party marketplaces and started cooperation with Wildberries, OZON and SberMegaMarket using the FBS system (fulfilment by seller – shipment of goods from the seller's warehouses). We present mainly clothing, footwear, and accessories on these platforms under our brands. This allows the company to expand its sales geography and attract new customers.

We improve the logistic infrastructure and develop last-mile services. For example, in 2021, we doubled the volume of partner online orders delivered to 2.67 million parcels; the number of pick-up points grew by 56% to 3,597. It became possible due to the expansion of the partner pool by such big companies as AliExpress, Yandex.Market, OZON, SberLogistics, and the start of cooperation to place parcel terminals on the basis of stores. At the moment we are cooperating with 14 partners. Fee and commission income in 2021 increased by 93% to RUB 125 million. Assessing this business line's prospects, in autumn we decided to create a separate legal entity as part of the Group – O2 LLC – to develop the last mile services.

The company's microfinance business is showing sustainable growth. Demand for financial products is increasing, new tools and technologies are emerging. We see great prospects in this area both in terms of operational activities and in terms of the business public assessment and opportunities to raise capital.

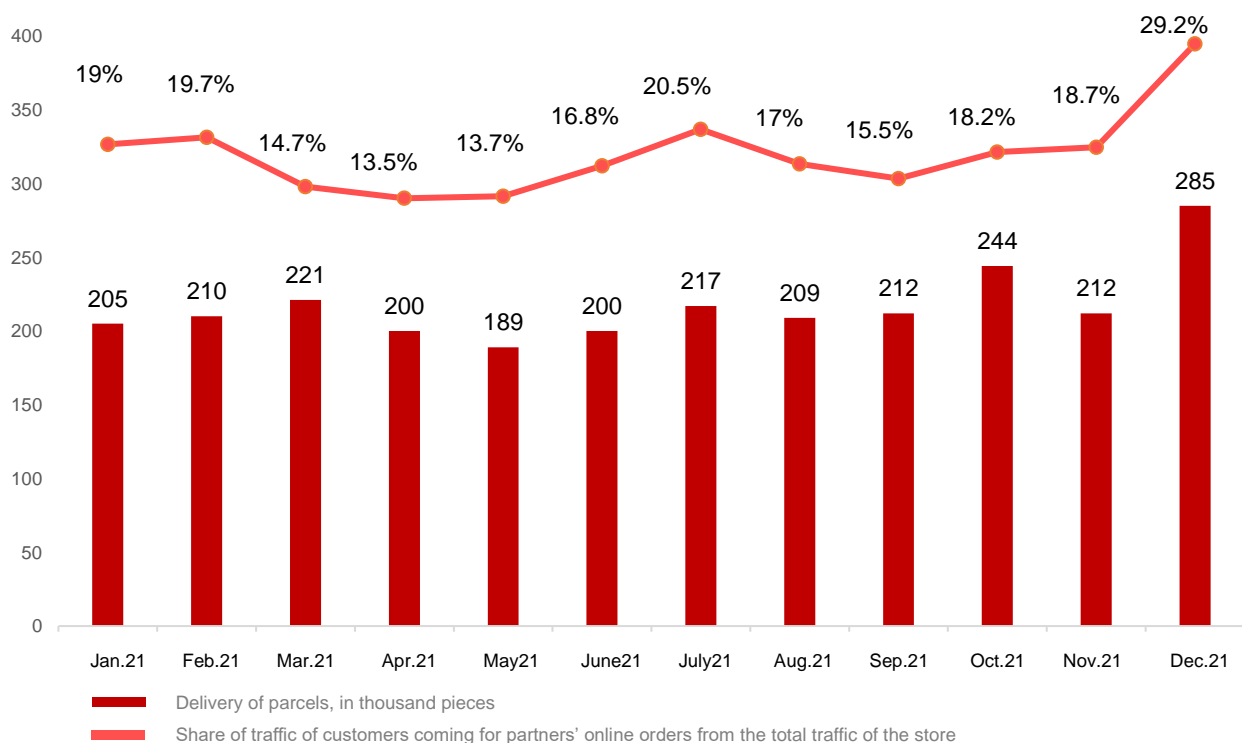


In 2021, we brought the microfinance area to a new stage of development. We decided to develop Arifmetika MCC, which is part of OR GROUP, as an independent business. To accelerate the company's growth in the promising financial services market, we plan to attract stockholder capital to Arifmetika MCC using SPAC IPO instrument. At the end of 2021, we signed a Share Purchase Agreement with the Canadian CPC company – Navigator Acquisition Corp. which is listed on the Toronto Stock Exchange. As a result of the transaction, Arifmetika may become the first public Company on the Russian microfinance market.

In 2021, we also launched the DaemDengi (eng. GiveMoney) platform for issuing online loans, which includes a website and a mobile application. The share of remote issuance is growing, in December 2021 it reached 14%.

In 2022, we will continue to pursue the new strategy. Marketplace, online sales, logistic infrastructure (last-mile services and the partner pick-up point project), as well as financial services provided by Arifmetika MCC, remain the priority areas for development. We should say that we plan to strengthen the financial service business line significantly — we will both expand the product range, including the expansion due to the entrance to the prospective segment of BNPL, and foster online loans.

### 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 736<sup>5</sup> outlets in 305 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 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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**Group's web-site:** [www.orgroup.ru](http://www.orgroup.ru)

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

**MKK «Arifmetika»:** [www.arfinsol.ru](http://www.arfinsol.ru)

**Telegram-channel:**

<https://t.me/onlineretailgroup>

**Web-platform for suppliers:**

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

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