

**OBUV ROSSII GROUP ANNOUNCES
REVIEWED FINANCIAL RESULTS FOR 1ST HALF 2020**

15 September 2020, Novosibirsk, Russia: Obuv Rossii Group (MOEX: OBUV/ hereinafter the "Company" or, together with its subsidiary and dependent companies, "Obuv Rossii" or the "Group"), the first publicly traded company in the Russian fashion retail, comprising 850* stores in 341 cities of Russia and two production facilities, announces the unaudited financial results in accordance with International Financial Reporting Standards (IFRS) for the first half ended 30 June 2020.

1H 2020 FINANCIAL HIGHLIGHTS:

- ▶ Group unaudited consolidated revenue decreased by 26.4% to RUB 3.963 bln, compared to RUB 5.384 bln in the 1st half of 2019. In April all Goup's stores did not operate, in May part of stores did not operate.
- ▶ Net loss amounted to RUB 0.306 bln, which primarily stems from revenue decrease during lockdown period. Financial results were much affected by expected credit loss allowance as well.
- ▶ Gross profit amounted to RUB 2.278 bln. Gross profit margin was 57.5%.
- ▶ EBITDA** accounted for RUB 0.426 bln. EBITDA margin amounted to 10.7%.
- ▶ Cash flow from operations recovered: RUB -0.156 bln in the 1st half 2020 compared with RUB -1.059 bln in the 1st half 2019.
- ▶ Cash and cash equivalentents grew up to RUB 0.776 bln compared to RUB 0.713 bln in the previous year.
- ▶ As of 30 June 2020 the Group's total credit and interest debt amounted to RUB 12.921 bln (as of 31 December 2019 it was RUB 12.409 bln).
- ▶ As of 30 June 2020 the Group undrawn credit line accounted for RUB 2.875 bln.
- ▶ Total like-for-like*** revenue of Obuv Rossii Group rose by 0.2%.
- ▶ Portfolio size in installment payments in 1H 2020 decreased by 7.1% to RUB 2.195 bln, portfolio size in cash loans increased by 23.2% to RUB 2.529 bln.
- ▶ Revenue of Prodayom platform amounted to RUB 0.277 bln. Prodayom project includes the sales of partner goods under marketplace model in retail chain and on westfalika.ru online platform.

* As of 15.09.2020

** EBITDA = Profit (loss) before taxation + (Interest payable - Interest receivable + Depreciation of fixed and intangible assets).

*** 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 second quarter 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.

KEY FINANCIAL & OPERATING HIGHLIGHTS FOR 1ST HALF OF 2020

Operating highlights

Indicator	30.06.2020	30.06.2019	Δ, %
Number of Obuv Rossii Group stores	859	837	2.6%
DOS*	684	671	1.9%
Franchise	175	166	5.4%
DOS selling space (thousand sq.m.)	57.9	58.6	(1.2%)
Number of loyalty cards' holders, mln people	2.684	2.369	13.3%

Indicator	6 M 2020	6 M 2019	Δ, p.p.
Total LFL revenue growth**	0.2%	7.7%	(7.5 p.p.)

Indicator	6 M 2020	6 M 2019	Δ, p.p.
Share of related products in retail revenues, %	41.2%	35.3%	5.9 p.p.
Online sales, RUB bln	0.301	0.382	(21.2%)
Share in retail revenue, %	16.0%	14.1%	1.8 p.p.

Financial highlights

Russian rubles (RUB), billion	6 M 2020	6 M 2019	Δ, %
Revenue	3.963	5.384	(26.4%)
retail revenue	1.903	2.704	(29.6%)
included Prodayom platform revenue	0.277	-	-
wholesale revenue	0.735	1.760	(58.2%)
cash loans revenue	1.325	0.920	44.1%
Gross profit	2.278	2.988	(23.8%)
Gross profit margin, %	57.5%	55.5%	2.0 p.p.
SG&A	(1.779)	(1.836)	(3.1%)
% of revenue	44.9%	34.1%	10.8 p.p.
Charge of allowance for expected credit losses	(0.432)	(0.275)	57.0%
EBITDA	0.426	1.095	(61.1%)
EBITDA margin, %	10.7%	20.3%	(9.6 p.p.)

* DOS – Directly operated stores.

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KEY FINANCIAL & OPERATING HIGHLIGHTS FOR 1ST HALF OF 2020

Financial highlights

Russian rubles (RUB), billion	6 M 2020	6 M 2019	Δ, %
Net profit (loss) for the period	(0.306)	0.322	(194.9%)
Net profit margin, %	(7.7%)	6.0%	(13.7 p.p.)
EBITDA LTM	2.920	3.073	(5.0%)
Net debt	12.145	9.537	27.3%
Net debt / EBITDA LTM ratio	4.16	3.10	1.06

Indicator	6 M 2020	6 M 2019	Δ, %
Average installment purchase, RUB	7,095	8,214	(13.6%)
Average cash loan, RUB	22,459	17,942	25.2%
Amount of issued contracts on installment payments, RUB bln	1.275	1.894	(32.7%)
Amount of cash loans issued, RUB bln	2.317	2.272	2.0%

Indicator	6 M 2020	6 M 2019	Δ, p.p.
Average commission rate on installment loans, %	3.1%	0.7%	2.4 p.p.
Average interest rate on cash loans, %	187.4%	196.0%	(8.6 p.p.)

Indicator	30.06.2020	30.06.2019	Δ, %
Portfolio size in installment sales, RUB bln	2.195	2.362	(7.1%)
Portfolio size in cash loans, RUB bln	2.529	2.053	23.2%
Installment loan loss provisions for the period, RUB mln	89.610	111.852	(19.9%)
Cash loan loss provisions for the period, RUB mln	194.961	93.314	108.9%
Cost of risk for installment loans, %	7.0%	5.9%	1.1 p.p.
Cost of risk for cash loans, %	8.4%	4.1%	4.3 p.p.

Anton Titov, CEO of Obuv Rossii Group, commented:

The second quarter of 2020 became the biggest challenge for our Company ever. As a result of the restrictions applied during the Coronavirus pandemic, the Group's stores were closed in April completely, in May – partially, which had a significant impact on the financial performance of the first six months of 2020. Nevertheless, we have successfully overcome all difficulties and have taken some important steps that softened the crisis influence allowing us to restore sales quicker and transit to business growth. So, in August 2020, the Company exceeded its average monthly proceeds of the pre-crisis first quarter of 2020 (80% of its total proceeds in August 2019).

In general, the Group's business has a relatively small share of fixed overheads in the cost structure. The Company works mainly in regions, including towns with the population up to 100 thousand people. Most stores develop in the street format where the lease rates are lower and contractual terms are more flexible. Due to this fact, the Company has a significant financial safety margin.

During the first six months, we considerably reduced our operating costs. When our stores were closed, we had negotiations with all leaseholders and agreed upon reduced rental rates or complete amnesty for the quarantine period. As a result, we managed to cut rent expenses in the second quarter by RUB 150 mln, which makes 40% of all lease costs. Also, during the first six years of the year, the Company had a planned optimization of its distribution network and closed least profitable stores most of which were located in shopping centres that suffered most from the pandemic. As a result, the Group's retail chain consisted of 859 stores as of the end of June 2020 (908 as of the end of 2019).

Because of the development of various channels in the interaction with its clients, the Group was able to quickly reorganize and redirect clients of financial services to remote loan arrangement and online payments. As a result, the proceeds from the extension of loans over the first six months of 2020 increased by 44.1%. Such business diversification contributes to high robustness and enables the company to generate EBITDA even in the volatile economic environment. The Company plans further development of this line by extending its customer base and its footprint of providing services, introducing a possibility of the online loan arrangement.

The Company is improving its system of stock and working capital management due to the transition to the marketplace model when working with the suppliers (the Prodayom project).

The main task of the Group for the near future is to leverage its “hard” inventories that are formed of own paid products. Most of the products under the Prodayom project are recorded in Company's stock and proceeds, but do not impact the working capital since they form so called “soft” inventories which are goods accepted on consignment, with the unconditional right of their return in the case they are unsold.

The Company continues to implement the strategy aimed at a reduction of financing costs and at increasing the share of long-term borrowings in its credit portfolio. During the quarantine measures, the Group reached an agreement with its key partner banks about some holidays on interest in the second and third quarters of 2020, mitigation of covenant conditions, as well as about a transfer of payments on the capital repayments to a later period, which allowed the Company to considerably decrease the interest costs. All credit organizations expressed their readiness to further cooperation. So, in September 2020, we came to an agreement with key partner banks about prolongation of the existing credit lines with reduced financing costs. In addition, the Group continues active operations on the open money capital: in July it successfully placed five-year exchange-traded bonds for RUB 500 mln – the first issue after the quarantine was cancelled. Expert RA rating agency confirming the credit rating of the Group at ruBBB+ level with stable forecast recognized the quality of Company's credit portfolio management.

The downturn has confirmed the efficiency and has triggered the changes in Group's business. OR PJSC is mostly accomplishing its transformation from the retail chain of classical fashion stores into the generalist retail company which creates infrastructure for development of modern retail formats integrating online and offline, innovating elements in cooperation with partners, add-on and financial services for clients. In Autumn 2020 we will present the strategy of Group's development from 2021 to 2023.

Company profile:

Obuv Rossii (MOEX: OBUV) (the parent company is OR PJSC) is the first publicly traded company in the Russian fashion retail. Obuv Rossii was established in 2003, it is headquartered in Novosibirsk and has a representative office in Moscow. The main Group business line is the production and sale of footwear and related goods. The Company manages 850* stores (175 operate as a franchise) under the brands of Westfalika, Peshekhod ("Pedestrian"), Rossita, Emilia Estra and Lisette, in addition to developing brands of clothes and footwear for the active lifestyle brands of S-TEP, all.go and Snow Guard. Furthermore, the Group also owns two manufacturing facilities in the Novosibirsk region.

In October 2017, Obuv Rossii raised 5.9 billion rubles in an IPO on the Moscow Exchange (ticker: OBUV), the issuer being OR PJSC, and in doing so became the first publicly listed company within the Russian footwear and fashion market.

In September 2020, RAEX (Expert PA) confirmed the creditworthiness rating to Obuv Rossii Group at ruBBB+ level, a "stable" forecast.

In accordance with the audited Financial Statements under the IFRS Group, revenue amounted to RUB 13.7 billion for the full year of 2019, net profit was RUB 1.7 billion, and EBITDA was RUB 3.6 billion.

Website of the Group:

www.obuvrus.ru

Online stores:

www.westfalika.ru,

www.westfalika-home.ru,

www.emilia-estra.ru,

www.rossita.com,

www.lisette.me.

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* As of 15 September 2020.

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