

## IN 1H 2021 EBITDA OF OR GROUP INCREASED 2.5 TIMES

OR  
GROUP

**31 August 2021, Russia, Novosibirsk:** 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 802 selling and service points in 319<sup>1</sup> cities and towns of Russia, announces the unaudited financial results in accordance with International Financial Reporting Standards (IFRS) for the first half ended 30 June 2021.

### 1H 2021 FINANCIAL HIGHLIGHTS:

- Group's unaudited consolidated revenue in the 1st half of 2021 grew by 7.1% to RUB 4.355 bln, compared to RUB 4.064 bln in the 1st half of 2020.
- Gross profit grew by 11.8% to RUB 2.659 bln, compared to RUB 2.379 bln in the 1st half of 2020. The gross profit margin for the first half of 2021 was 61.1%.
- EBITDA<sup>2</sup> rose by 148.9% and amounted to RUB 0.947 bln compared to RUB 0.381 bln in the 1st half of 2020. EBITDA margin for the 1st half of 2021 was 21.7%.
- Net profit amounted to RUB 0.223 bln compared with a loss of RUB 0.342 bln in the 1st half of 2020. Net profit margin in the 1st half of 2021 was 5.1%.
- Net debt/EBITDA LTM increased to 4.56h compared to 4.24h in the 1st half of 2020.
- The number of funds and cash equivalents amounted to RUB 0.332 bln in the 1st half of 2021.

### KEY FINANCIAL AND OPERATING HIGHLIGHTS FOR 1H 2021

#### OPERATING HIGHLIGHTS

Indicator	30.06.2021	30.06.2020	Δ, %
<b>Number of stores of OR GROUP</b>	<b>809</b>	<b>859</b>	<b>(5.8%)</b>
DOS <sup>3</sup>	632	684	(7.6%)
Franchise	177	175	1.1%
<b>DOS selling space, thousand sq.m.</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>

<sup>1</sup> As of 31.08.2021

<sup>2</sup> EBITDA = Profit (Loss) before tax + (Interest payable - Interest Income + Depreciation and intangible assets).

<sup>3</sup> DOS - Directly Operated Stores

Indicator	6M 2021	6M 2020	Δ, p.p.
GMV <sup>4</sup> , RUB bln	5.079	-	-
Revenue of westfalika.ru marketplace, RUB bln	0.738	0.277	165.9%
Online sales, RUB bln	0.405	0.301	34.5%
Share of westfalika.ru in the revenue, %	24.5%	15.5%	8.9 p.p.

## FINANCIAL HIGHLIGHTS

RUB bln	6M 2021	6M 2020	Δ, %
Revenue	<b>4.355</b>	<b>4.064</b>	<b>7.1%</b>
revenue of westfalika.ru selling platform	1.654	1.939	(14.7%)
wholesale revenue	1.399	0.735	90.3%
cash loans revenue	1.302	1.391	(6.4%)

<b>Gross profit</b>	<b>2.659</b>	<b>2.379</b>	<b>11.8%</b>
Gross margin, %	61.1%	58.5%	2.5 p.p.
<b>SG&amp;A</b>	<b>(1.729)</b>	<b>(1.779)</b>	<b>(2.8%)</b>
% of revenue	39.7%	43.8%	(4.1 p.p.)
<b>Charge of allowance for expected credit losses</b>	<b>(0.410)</b>	<b>(0.543)</b>	<b>(24.4%)</b>
<b>EBITDA</b>	<b>0.947</b>	<b>0.381</b>	<b>148.9%</b>
EBITDA margin, %	21.7%	9.4%	12.4 p.p.

<b>Net profit</b>	<b>0.223</b>	<b>(0.342)</b>	<b>-</b>
Net profit margin, %	5.1%	(8.4%)	13.5 p.p.

<b>EBITDA LTM</b>	<b>2.823</b>	<b>2.867</b>	<b>(1.6%)</b>
<b>Net debt</b>	<b>12.882</b>	<b>12.145</b>	<b>6.1%</b>
Net debt / EBITDA LTM	4.56	4.24	0.33

Indicator	6M 2021	6M 2020	Δ, p.p.
Average rate on installment loans, %	3.8%	3.1%	0.7 p.p.
Average interest rate on cash loans, %	163.3%	187.4%	(24.1 p.p.)

Indicator	30.06.2021	30.06.2020	Δ, %
Portfolio size in installment sales, RUB bln	2.129	2.196	(3.1%)
Portfolio size in cash loans, RUB bln	2.990	2.529	18.2%
Installment loan loss provisions for the period, RUB bln	0,048	0,090	(46.0%)
Cash loan loss provisions for the period, RUB bln	0,178	0,218	(18.2%)
Cost of risk on instalment <sup>5</sup> , %	4.3%	7.0%	(2.7 p.p.)
Cost of risk on cash loans <sup>6</sup> , %	9.1%	9.4%	(0.3 p.p.)

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

In the first half of the year, OR GROUP achieved quite good results in terms of profitability, fixing a net profit of RUB 223 mln against a loss of RUB 342 mln recorded in the first half of 2020, when the optimization of stores during the coronavirus pandemic had a significant impact on financial performance of the company. We also demonstrated high profitability indicators: EBITDA increased almost 2.5 times, and EBITDA margin exceeded 20%, while in the 1st half of 2020 it was 9.4%.

The implementation of a new business model, which includes the development of a marketplace, online sales, improvement of logistics and add-on services, allows us to maintain efficiency at a high level. Thus, the revenue of the marketplace is growing at an outstripping pace — by more than 2.6 times at the end of the half-year. The growth driver in this business segment was the expansion of the number of suppliers and, as a result, the assortment. We introduced commodity items that are most in demand among our customers, such as household goods (dishes, small household appliances, etc.), baby products, etc.

Online sales increasing by 34.5% in the 1st half of 2021 outpaced the Group's total revenue grow. Their share in the selling platform's revenue reached 24.5%. Such upward trend is explained first of all by the expansion of the range presented on the site. Thus, the share of household goods in the catalog grew from 6% to 30%, mid-layer clothing — from 2% to 7%; new seasonal goods appeared. At the beginning of 2021, the Company significantly improved its catalogue on the site, which is scalable and has unlimited expansion possibilities.

The Group is improving its logistics to shorten the delivery time, which also pushes up online sales. The Company improved the operation of the distribution centre and expedited dispatch from the warehouse. OR GROUP is also developing the last mile service — it has started using Yandex Delivery.

OR GROUP is developing new formats of interaction with partner marketplaces in order to increase sales of private-label goods. In May, the Company started cooperating with the OZON online platform using the FBS (fulfilment by the seller) model, in July — with Wildberries. In the first months of cooperating with the platforms, the Group expects an increase in the number of orders by an average of 15%.

Against the background of the online retailing rapid growth, the Group is successfully developing a project of partner pick-up points. Parcel terminals and pick-up points remain the most popular delivery method at the

<sup>5</sup> Cost of risk on instalment = Additional accrual of a reserve on an instalment for the principal debt for the period / Issues for the period.

<sup>6</sup> Cost of risk on cash loans = Additional accrual of a reserve on cash loans for the principal debt for the period / Issues for the period.

Russian e-commerce market. According to Data Insight<sup>7</sup>, 68% of parcels were received through them in 2020. OR GROUP cooperates with major online retailers and logistics operators, including PickPoint, DPD, Boxberry, PEK, Hermes and SberLogistika. According to the results of the 1st half of 2021, more than 1.2 million parcels were issued, of which more than 200 thousand items were delivered in June. At the end of June, the number of pick-up points was 3,208. In June, the traffic of customers who come to get online partner orders made up to 16.8% of the total store traffic.

Since 2020, we have seen an increase in the popularity of online services, which is caused by the pandemic and restrictive measures. This year, the upward trend in this segment preserves, which is noted by Expert RA in the report on the Russian MFO market for the 1st six months of the year<sup>8</sup>— the concentration on issued microloans of the online segment reached 50% (compared to 35% in the 2nd half of 2019). Therefore, the Group continues to boost this direction: for example, the share of remote payments reached 20% in June, and in July, it grew by another 4% of the total volume of transactions. In addition to the website and personal account for interacting with customers, which were launched in March 2020, the mobile application, which the company is currently testing, will start operation in the autumn.

We are consistently implementing a program to reduce the Group's debt burden and return the Net debt/EBITDA ratio to comfortable levels for the Group: if at the end of 2020 the net debt/EBITDA ratio was 5.47, at the end of the 1st half of 2021 this indicator decreased to 4.56.

The main task the Group for the near future is to optimise the “solid” stocks that form its paid goods. Most of the goods within the framework of the marketplace project are recorded in the inventories and in the company's revenue, however, they do not affect the working capital, since they form the so-called “soft stocks” — these are goods that are accepted for sale with an unconditional return in case of non-sale. The increase in total inventories from the beginning of the year made up RUB 973 mln, which is explained by an increase in the “soft stocks” of the marketplace project (the growth in trade payables amounted to RUB 1,112 mln since the beginning of the year). Thus, the growth of “soft stocks” exceeded the increase in total inventories, while the Group's “solid” reserves showed a decline.

In June, Expert RA rating agency confirmed a credit rating of OR GROUP at ruBBB and increased its outlook from developing to stable, noting the high level of the Group's liquidity and high quality of loan portfolio management. In April 2021, the Company successfully completed an offer of bonds, series 001P-01 and 001P-02. A small volume of bonds in the amount of RUB 31.34 mln was presented for redemption, which indicates a high level of investor confidence in OR GROUP and the Company's updated strategy.

The Group will continue to implement its strategy of creating an integrator in the market of online retailing and logistics services. The Company will focus on expanding its stock, developing a marketplace, online sales and improving the customer experience, it plans to further improve and launch new services, and develop retail and logistics infrastructure. All this will allow the company to expand the audience of regular customers, find new points of growth and strengthen its position in the market.

## 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 802<sup>9</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).

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

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