UNBOXING
ONERETAIL

M.VideoEldorado

Key elements of our phygital success

Dagmara Ivanova

Managing director
of **One**Retail

Key facts about M.Video-Eldorado Group

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Top-10
CE retailer worldwide[1]
with ~100m monthly traffic[2]

#1
Online CE retailer in Russia[3]
33% CE online market share in 2020[3]

Leading
CE retailer in Russia[3]
27% CE market share in 2020[3]

19m
Identified active customers[4]
with 72m loyal customer[5] base

~60%
Total online sales
with +109% YoY growth in 2020

~1m m^2
Fulfilment area[6]
with outstanding last-mile capabilities

100%
Prompted brand awareness[7]
86%[7] NPS of M.Video/73%[8] of Eldorado

RUB 0.5tn
GMV[9]
with +15% YoY growth in 2020

~5-7%
Historical EBITDA margin[10]

Strategy of profitable growth: measuring our success

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Operating KPIs

	2020		Mid-term
# of active identified active customers	19m	→	25m
Share of OneRetail customers[1]	42%	→	85%+
Total online sales[2]	60%	→	85%+
Mobile platform sales[2]	31%	→	60%
15 min order availability[2]	34%	→	50%+

GMV[3] RUB bn

x2 **growth of the business**

→ ~1,000

~500

2020 **2025**

Financial KPIs

	Mid-term
EBITDA margin	5-7%
Moderate CAPEX	< 2.0% of GMV
Sustainable and attractive dividends	Payout of 100% NI
Net Debt / EBITDA	< 2.0x

OneRetail **is a technology based on a mobile platform**

M.VideoEldorado

OneRetail **– a single mobile platform that combines the benefits of online and in-store shopping into a unique hybrid shopping experience**

Customers receive AI-enhanced assistance and personalized price offers either online or in-store

M.Video-Eldorado enrich AI-tools with customer online and in-store behavior data to generate the best personalized offers

Vendors benefit from unprecedented proximity to customers and their needs

Consultant App

- Personal client account with order history
- Understanding of customer preferences
- Personalized offerings and promos
- Access to endless shelf across all stores
- Follow-up of OneRetail cart to customer app
- OneRetail orders, seamless connection with the client

Customer App

- Smart search in full catalogue
- Personal offers
- Promotions and bonuses
- Online payments
- Credit offering
- Chat support

Consultant app, previously disclosed as "m_RTD" project, is an application on a tablet for consultants for authorization of customers in the store, consultations, cart formation and checkout. The main focus of the consultant app is to better understand customer needs, make individual proposals and use data analytics for more accurate business processes, which improves the company's brand recognition, loyalty and, ultimately, provides sales growth and efficiency
Source: Company data. Information presented on the slide is related to M.Video-Eldorado Group unless stated otherwise.

Diving into **One**Retail **strategy:** specific feature overviews

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Dmitry Marykin

Business to Retail,
Consultant App

Oleg Rogozhin

Business to Customer,
Customer App

Stas Gorshenin

Customer Experience

OneRetail: Achieving our full year goals in several months

Customer Experience Funnel

Active customers

Identified customers with at least 1 purchase in the last 12 months

OneRetail customers

Active customers who are checked in (authorized) via the customer app, the consultant app or the website

OneRetail core customers

Customers who complete transactions via the mobile platform
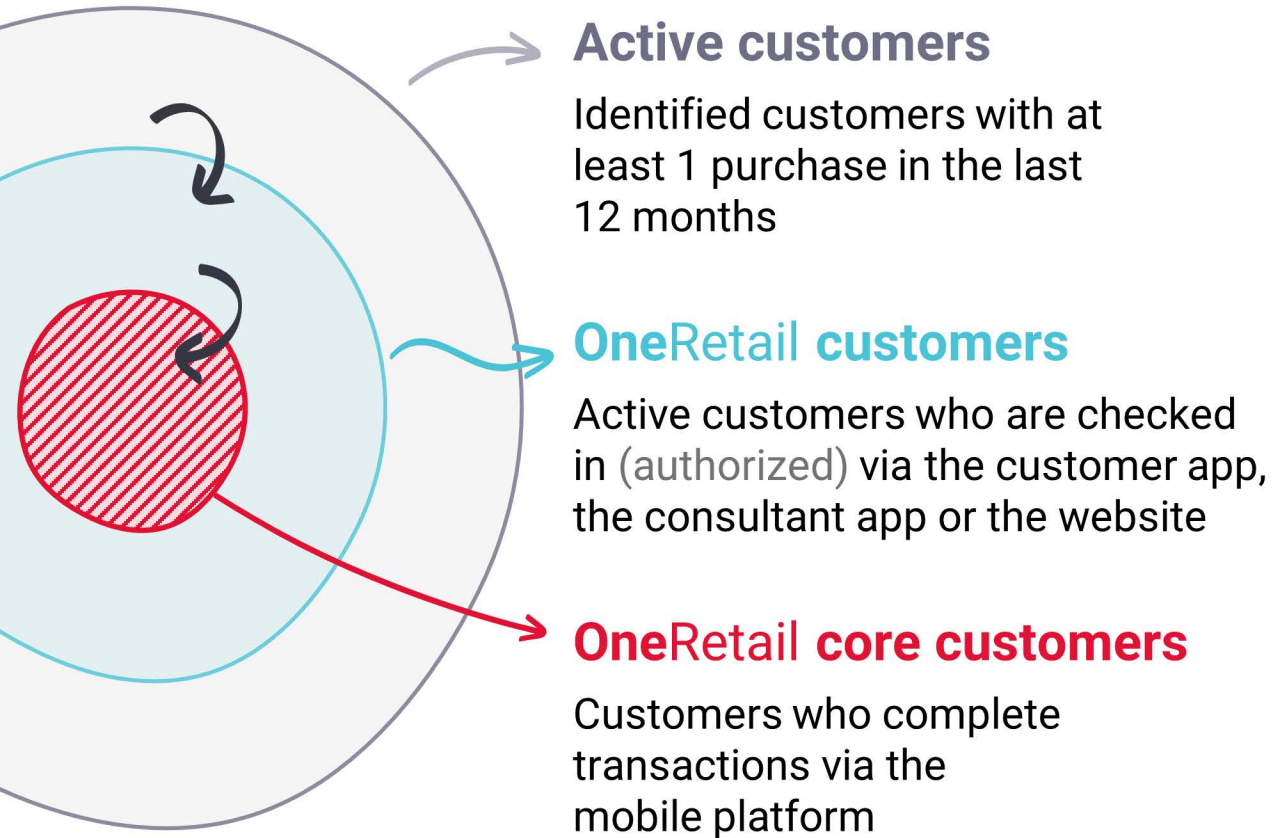
Purchase Frequency FY 2020 (#)

2.5

3.1

6.3

x2,5+ growth

Key results

Higher purchase frequency among core customers

Higher average ticket among core customers

Higher customer retention metrics

The OneRetail average ticket is significantly higher than that average for the Group

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Average ticket (LTM)

(RUB)

OneRetail
10,294

Non-OneRetail
7,528

Total
8,244[1]

2Q (LTM) 2020

OneRetail
11,247

Non-OneRetail
7,697

Total
9,421[1]

2Q (LTM) 2021

+46% Higher average ticket for OneRetail customers

+14% Average ticket growth
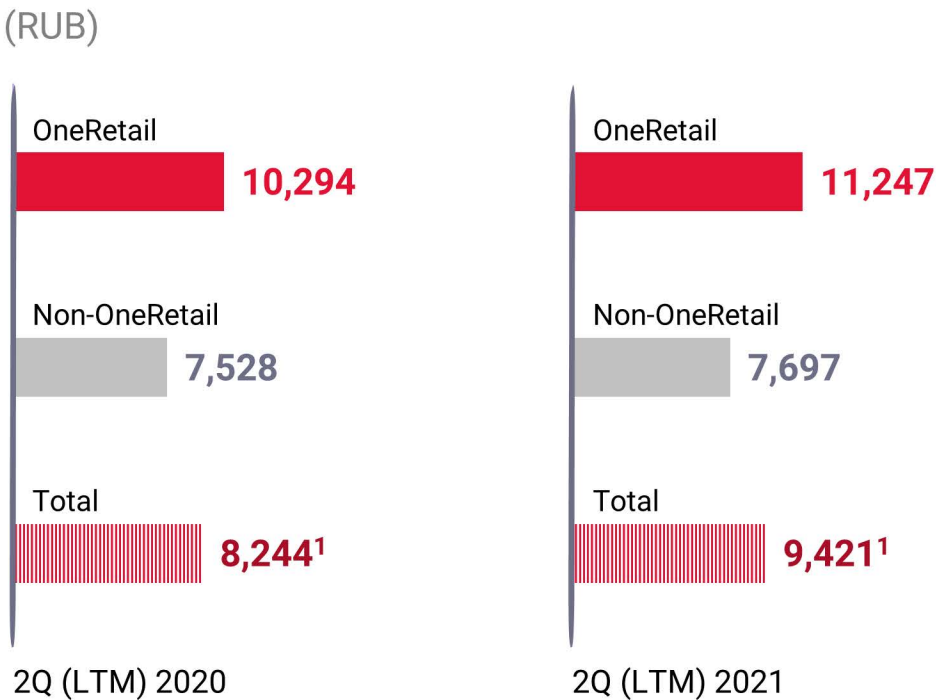
Identified active customers (June 2021)

(m people)

44%

57% → Share of OneRetail customers[2]

17.4
9.7
7.7

June 2020

19.8
8.5 → **Non-OneRetail**
11.3 → **OneRetail**

June 2021
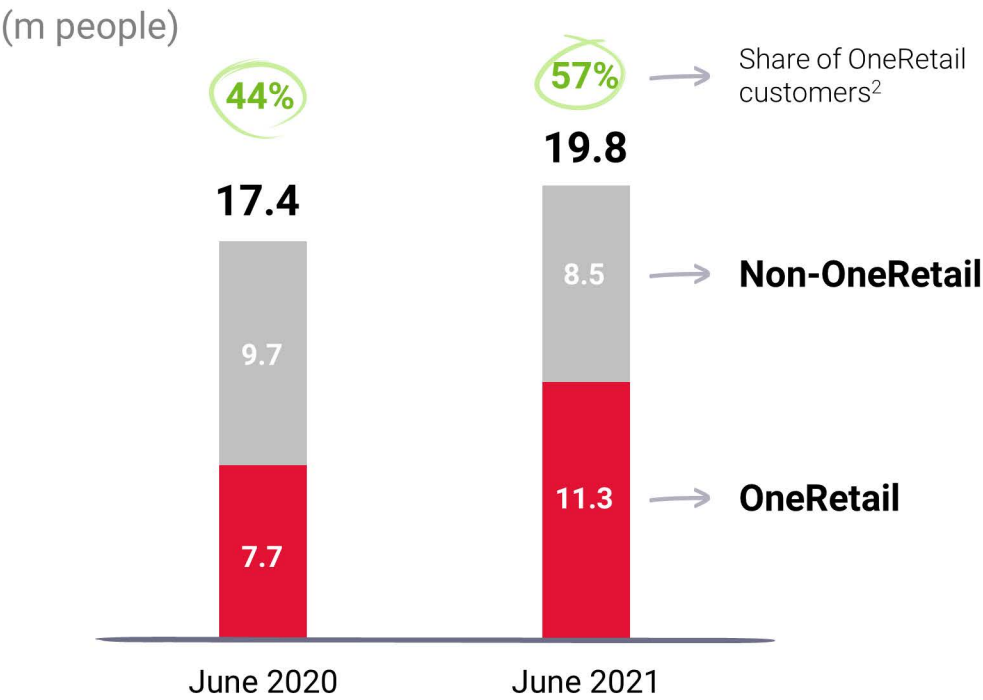
+47% OneRetail customer growth

57% Share of OneRetail customers[2]

(1) Including unidentified transactions.
(2) Of identified active customers, i.e., those who have logged in and made at least one purchase through any sales channel during the year.
Source: Company data.

Today's customers increasingly use a hybrid shopping format

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Search

Purchase

Offline

12% → 12% Search offline – purchase offline

73%

37% **Search online&offline – purchase offline**

36% **Search online&offline – purchase online**

Share of customers in Russia using both offline and online before making a purchase

Online

15% → 15% Search online – purchase online
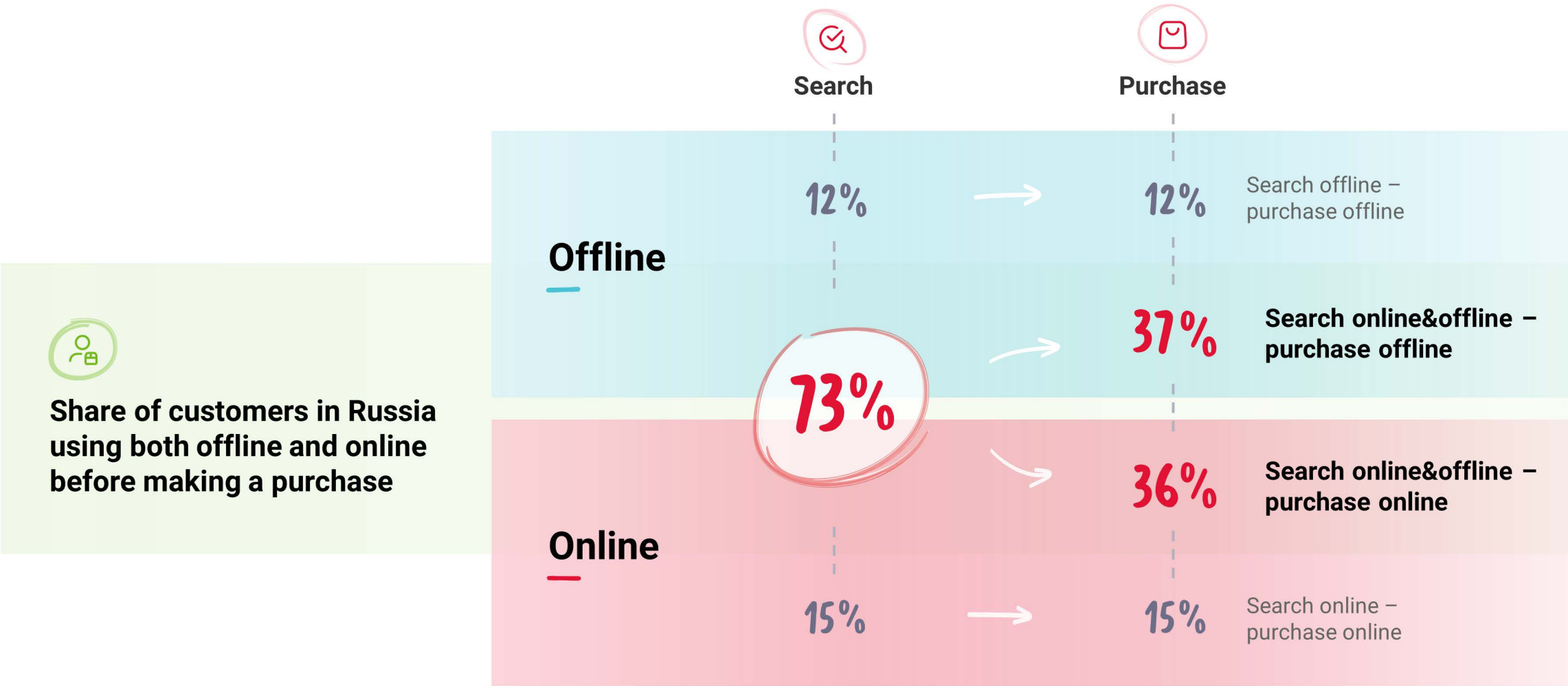
OneRetail customer journey: seamless technology in a hybrid model

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Digital

Mobile app

Digitally assisted consultations
(video consulting, chatbots etc.)

Website

Single back-end platform

Phygital

The consultant processes the customer's OneRetail purchase; the customer pays for the purchase in the customer app

The customer receives a video consultation from a consultant located on the sales floor

Digital dark store: a courier on a scooter picks up the item at the store and delivers it

The consultant sends the OneRetail cart to the customer

AI-powered video cameras alert consultants about lonely customers

The customer scans items on store shelves (soon)

The customer uses the customer app to request assistance from a salesperson on the sales floor (soon)

Data lake

Three pillars of **One**Retail

Mobile Platform

OneRetail

Technology

Mindset
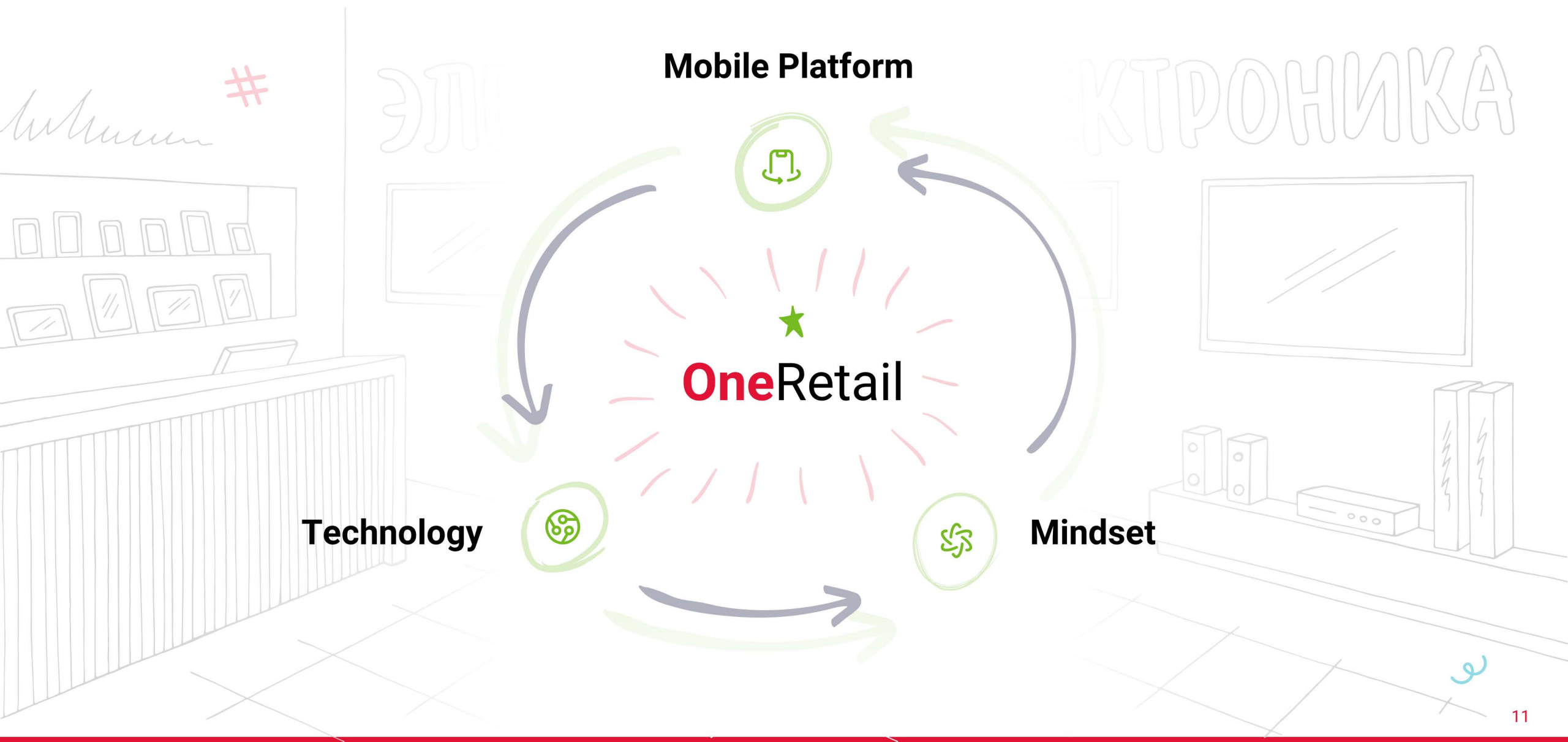
We spend nine years of our lives on our smartphones.

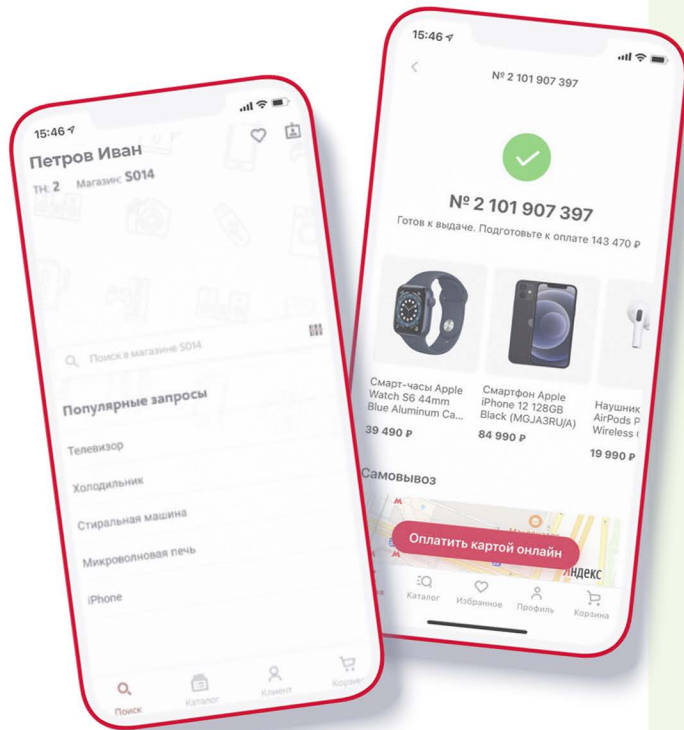**One**Retail offers an intuitive and convenient shopping experience. That means less screen time!

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Efficient architecture: our guarantee of speed, functionality and secure personal data

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Lightweight interface

for customers and employees

Fastest-possible application speed while maintaining data security

16

Products & Product Teams

make up the current mobile platform

320

IT specialists

provide end users with seamless app integration

Robust back-end

connected to all interfaces

- Data lake
- Stock
- Price, promo & search engines
- CRM
- Secure authorization
- Predictive analytics services

- Personalization services
- Secure cloud payment and fiscalization
- Order management system

Voluntary data provision via **technology stack**

01.

Data protection via large **security stack**

02.

Best R&D practices used in technology stack

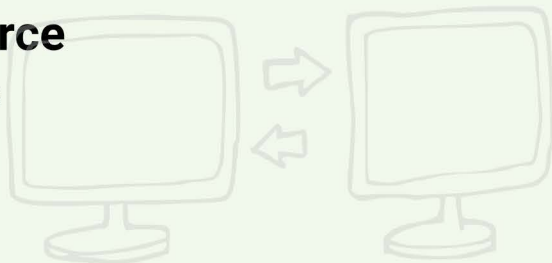M.VideoEldorado

Data collection and processing

01.

Modern programming languages

02.

OpenSource solutions

Advanced technology stack

Main backend stack	Java Kotlin spring BOOT Golang
Web frontend stack	ANGULAR React PWA
Mobile development	Kotlin Swift
Data science	python GREENPLUM DATABASE PYTORCH
Databases	PostgreSQL
Message brokers	kafka
NoSQL & in-memory storages	Couchbase redis
Search engine	elasticsearch
Service mesh & RPC	Istio Socket gRPC
Containerization	kubernetes docker
CI\CD, VCS	GitLab git JFrog ARTIFACTORY
Issue tracking & documentation	Jira Confluence

Information security to support OneRetail strategy and technology stack

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Data protection

Targeting and neutralizing security risks
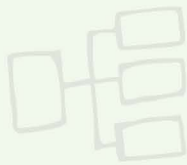
Supporting business resilience throughout the product lifecycle

Implementing regulatory requirements

Protecting against cyber threats

Security technology stack

Network security	CISCO · ARBOR NETWORKS · StormWall · Forcepoint
Endpoint security	kaspersky · Qualys · TREND MICRO
Security testing and code validation	Qualys · HP · CYBERARK
Data security	BrandSecurity · f5 · Forcepoint
Identity and access management	Microsoft · SAP · INDEED ID
Web services security	StormWall · GROUP iB · solidwall
Security management	Jira · Confluence · splunk · Microsoft
Mobile security	vmware airwatch
Security awareness	PHISHMAN · WEBTUTOR
Asset and patch management	Qualys

Common seamless back-end but different front-ends tailored to the user

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Customer App

| Authorization by telephone or email through the customer's smartphone | Personalized recommendations generated through the app | Personalized offers generated in real time based on all available offers | Convenient, fast and secure payment |

01 → 02 → 03 → 04

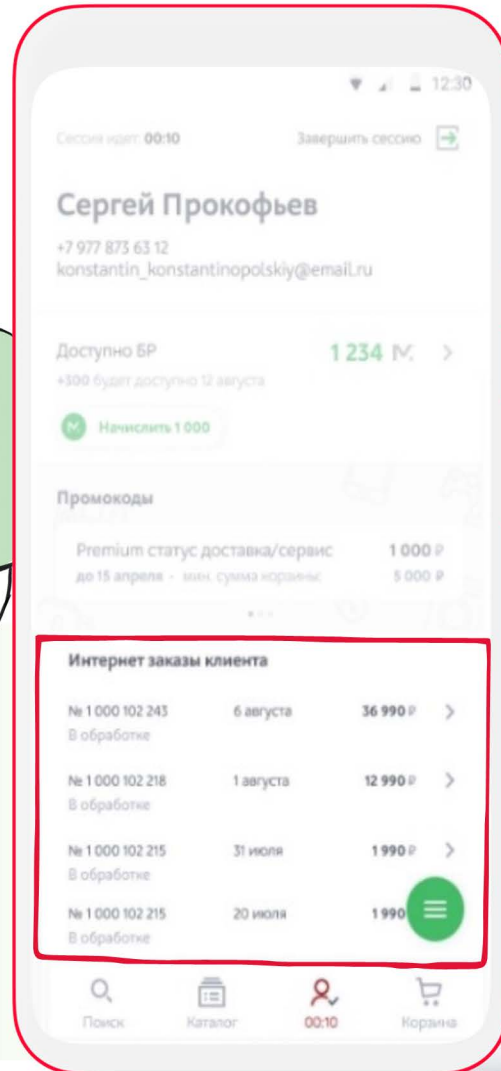| **Check-in**	**Personalized recommendations**	**Personalized offers**	**Checkout**
Authorization through the consultant app via contact with the customer's phone / by entering their account data	Access to all personalized recommendations generated for each customer	Access to full range of personalized offers and ability to manage those offers for each customer	Ability to send the chosen cart to the customer for fast and secure payment and obtain a bonus on each cart purchase

Consultant App

It all starts with a quick Check-in

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We provide customer authorization via the consultant app

Сергей Прокофьев

+7 977 873 63 12
konstantin_konstantinopolskiy@email.ru

Доступно БР   1 234 M.

Seamless customer moves between any points of contact while remaining **checked in**

1 in 5

customers entering
a physical store[1]

Checked in via consultant app ✓

+25%

Average ticket of authorized customers compare to unauthorized in-store customers[1]

Data collection, processsing and storage in the data lake

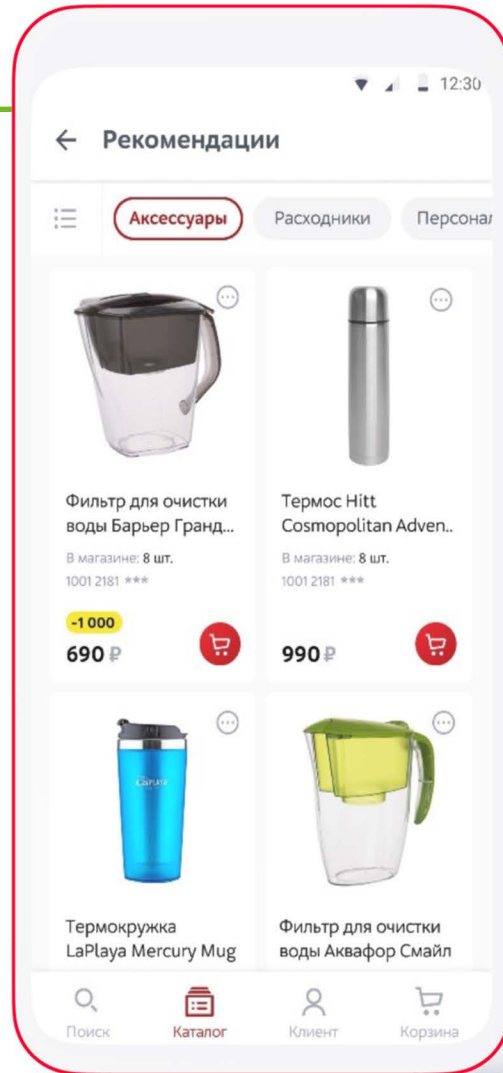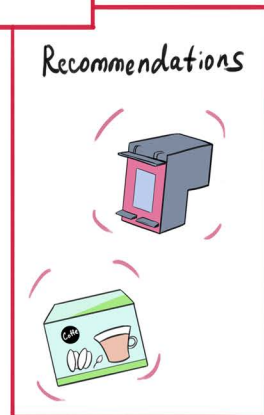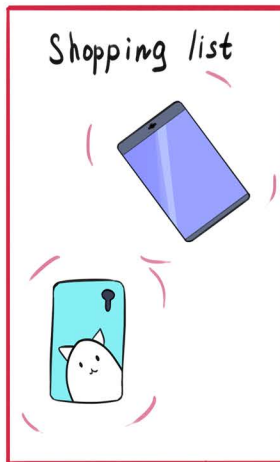Further tracking of the customer's profile until the checkout stage

— Can I help you?

— Hi Peter. Do you need a vacuum cleaner? You also have 3,000 bonus roubles. Let's see what sort of discount you can get.

Recommendations based on data analytics provide customers with a wider selection of additional services

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Personalized recommendations

Shopping list

Recommendations

Рекомендации

Аксессуары Расходники Персонал

Фильтр для очистки воды Барьер Гранд...
В магазине: 8 шт.
1001 2181 ***
-1 000
690 ₽

Термос Hitt Cosmopolitan Adven..
В магазине: 8 шт.
1001 2181 ***
990 ₽

Термокружка LaPlaya Mercury Mug

Фильтр для очистки воды Аквафор Смайл

Поиск   Каталог   Клиент   Корзина

Big Data, real profit
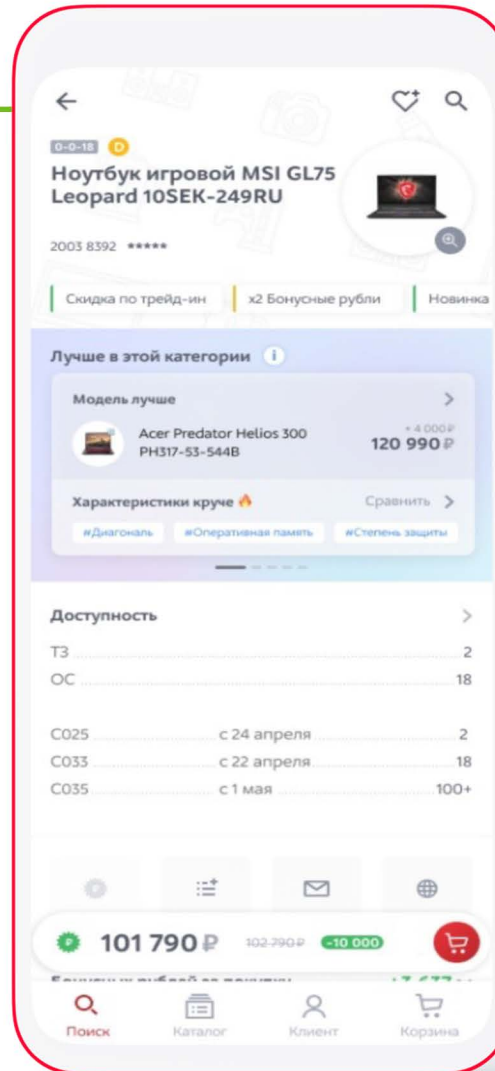
Related SKUs recommended

Other viewed SKU categories recommended

Help vendors build long-term relationships with customers

Enhanced recommendations help customers make the right choice more quickly and increase the average ticket

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Comparison of technical features in the consultant app

Big Data, real profit

Helping consultants save the customer's time on specs analysis

Increasing sales efficiency

20

Peter is delighted! He just bought a smartphone at a great price as well as a cover for it — not to mention coffee and a printer cartridge

Other players compete hard on prices, while we offer personalized prices and maintain business efficiency

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Vendors are able to set a **personal discount** for a specific customer segment, which is applied after customer authorization

01.
Segmented pricing

02.
Flexible pricing for suppliers

03.
Customer behavior management

Share of mobile customer app in overall M.Video GMV

7.7%

12.3%

2Q 2020

2Q 2021

Player 2
22,980 р.
22,000 ₽

Player 3
22,980 р.
20,980 ₽

Controlled promo
mechanics influence user experience

Player 1
22,980 р.
22,980 ₽

Player 4
22,980 р.
18,000 ₽

Best market price
• Personal discount
• All possible bonuses
• Promo codes

13:25 ◄ Поиск

Арт. 20066971
Эпилятор Braun SES 9002 3D Silk-epil 9 Flex

Цена М.Видео
22 990 ₽

Персональная цена ⓘ
Выберите подходящую комбинацию скидок

14 448 ₽ 22 990 ₽   22 6

-368 Р Персональная скидка   -368 Р Г
-8 174 Бонусных рублей

В корзину за 14 448 ₽

М.   Главная   Каталог   Избранное   Профиль   Корзина
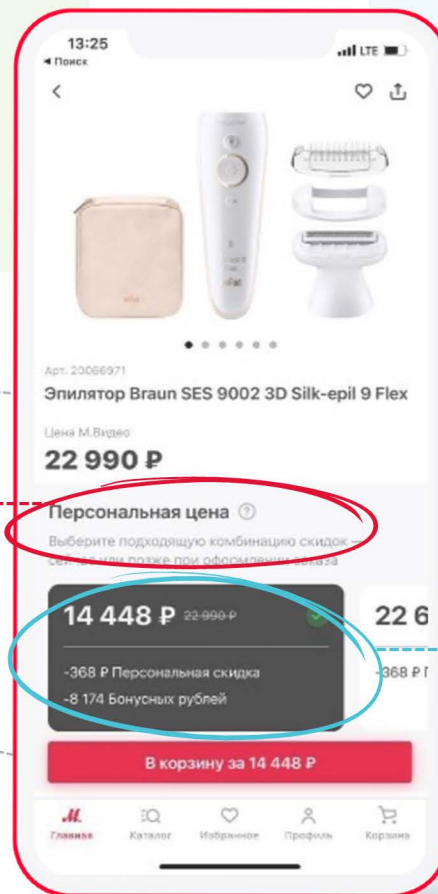
Customer App gamification as a personalized price offer mechanism

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Customer app

Ability to compare all prices in a physical store with those available through the app

Consultant app

All personal offers in hand

Customer #1
- Middle segment
- Bonuses

~~100%~~
80%

Customer #2
- Lower segment
- Personal offer
- Bonuses

~~100%~~
75%

Customer #3
- Upper segment
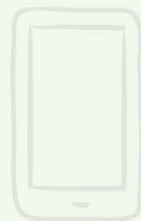- Personal offer
- No bonuses

~~100%~~
90%

Grading of customer segments by price

Personal discounts and bonuses already combined for the best offer

23

New features in personalized offers have already boosted conversion rates

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X1.5 increase in conversion in the mobile customer app

2021 YTD

- Personalized-offer MVP piloted in consultant and customer mobile apps

- **Personalized offers available in the customer and consultant mobile apps**

- **Visual presentation of personalized offers and bonuses. Ability to choose a bonus management strategy**

2H 2021

- Building personalized offers through the entire range of promotional tools

- **Personalized offers to be generated automatically in advertisements displayed to the customer**

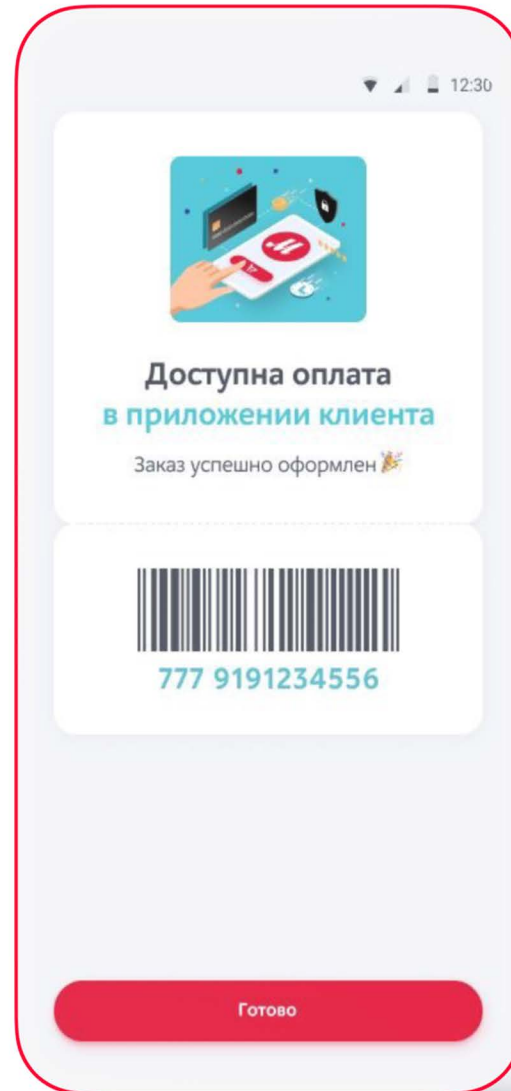- **Personalized offers available on the website**

1Q 2022

- **Additional promotional instruments built into personalized offers**

- **Further development of personalized pricing using machine learning**

Data for the pilot period in April-May 2021

OneRetail **orders are an enabler for all future customer journeys**

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The simplest and most secure way to pay

Доступна оплата
в приложении клиента

Заказ успешно оформлен 🎉

777 9191234556

Готово

Payment via mobile app

Заказ еще не оплачен

Вы можете оплатить его прямо сейчас удобным для вас способом

Оплатить с Pay

Оплатить картой онлайн

Confidence in final cart price and composition

All bonuses applied to an order are displayed

25

OneRetail **cart: how we work with customers who need some time to think**

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Many customers are not ready to complete a purchase at the store

A consultant helps the customer with every SKU of interest
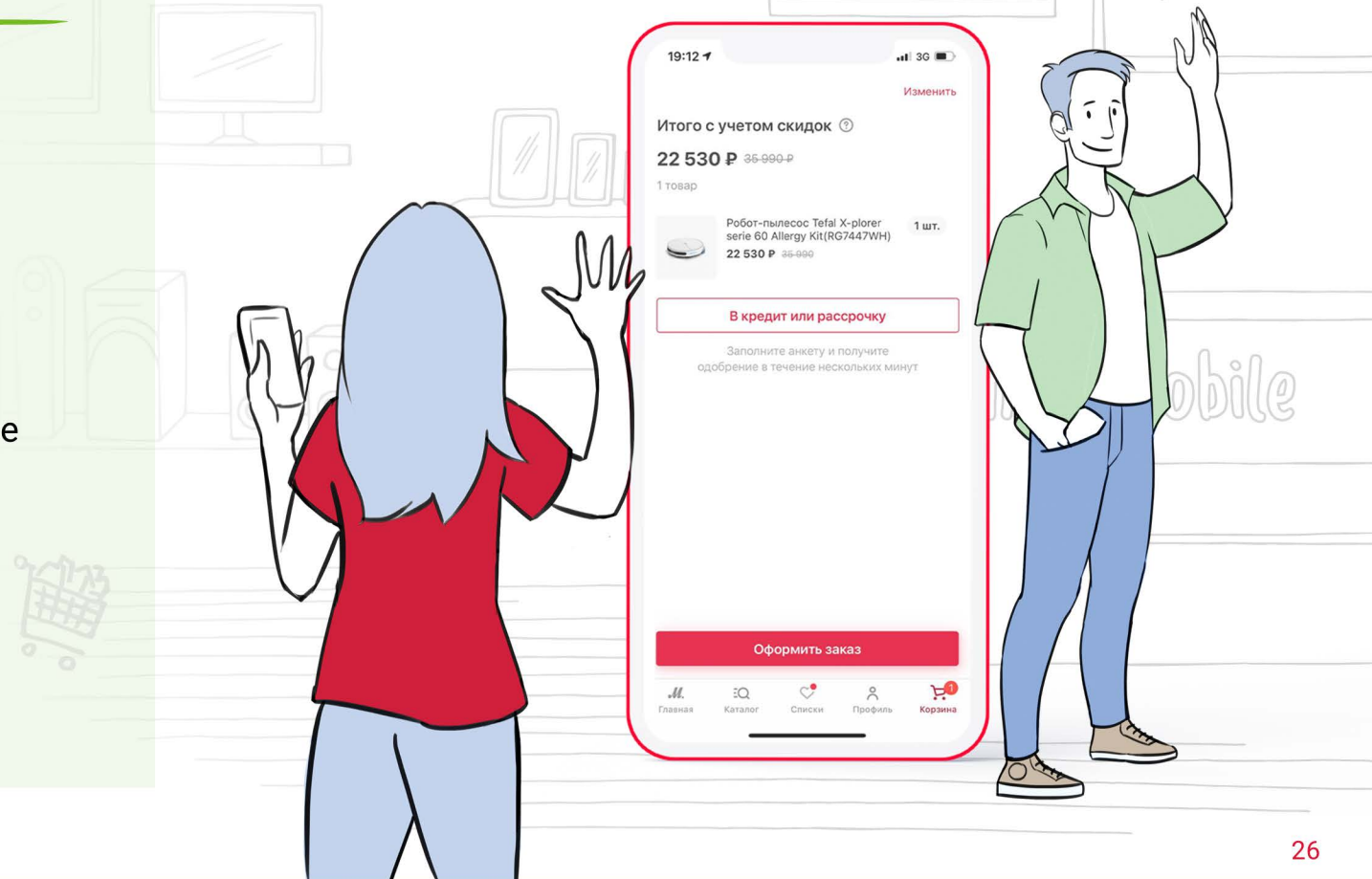
A virtual cart is sent to the customer's email address

The customer has time to consider a purchase and **has access** to the virtual cart

30% **OneRetail carts were purchased later after help from a consultant**

The customer's cart in the mobile app is mirrored in the consultant app

19:12

3G

Изменить

Итого с учетом скидок ⓘ

22 530 ₽ 35 990 ₽

1 товар

Робот-пылесос Tefal X-plorer serie 60 Allergy Kit(RG7447WH)   1 шт.

22 530 ₽ 35 990

В кредит или рассрочку

Заполните анкету и получите одобрение в течение нескольких минут

Оформить заказ

Главная   Каталог   Списки   Профиль   Корзина

Two main target checkout methods as core phygital enablers

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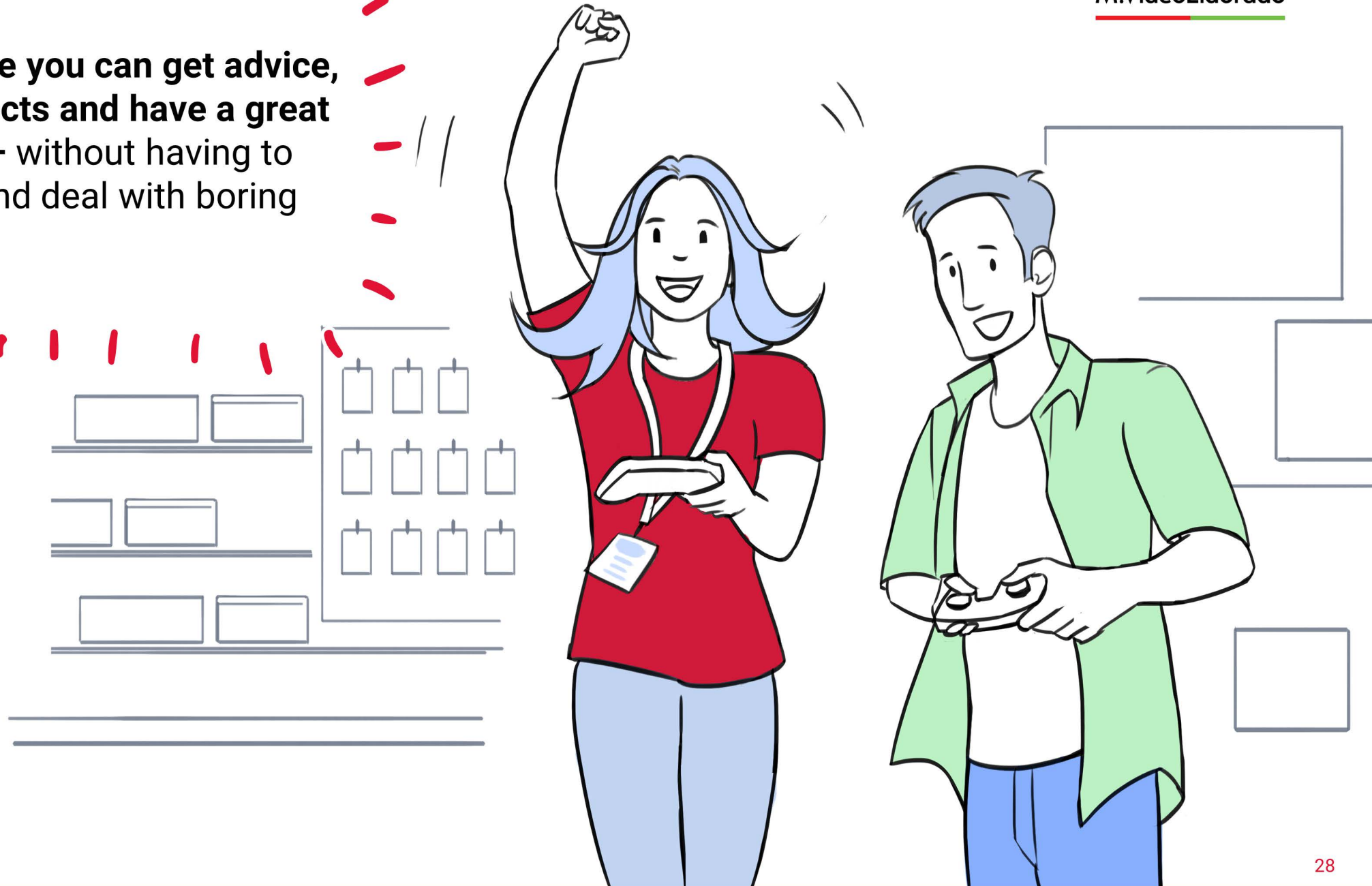
OneRetail **order**

OneRetail **cart**

- Payment with a consultant's help (both online and offline)
- No need for physical cash registers
- Self-checkout at offline stores
- Video consulting
- Chatbots

Aspirational target by 2025

100%

mobile checkouts

A store where you can get advice, try out products and have a great experience — without having to wait in line and deal with boring procedures

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Consultant App

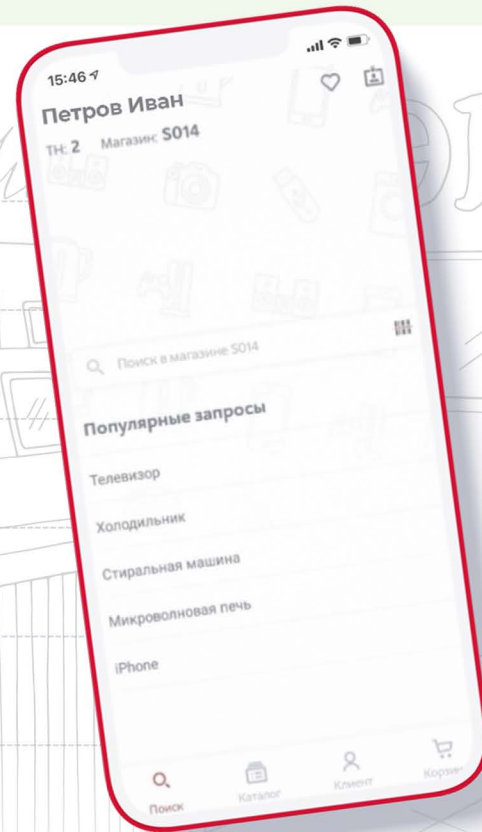Personal client account with order history

Understanding of customer preferences

Personalized offerings and promos

Access to endless shelf across all stores

Follow-up of OneRetail cart to customer app

OneRetail orders, seamless connection with the client
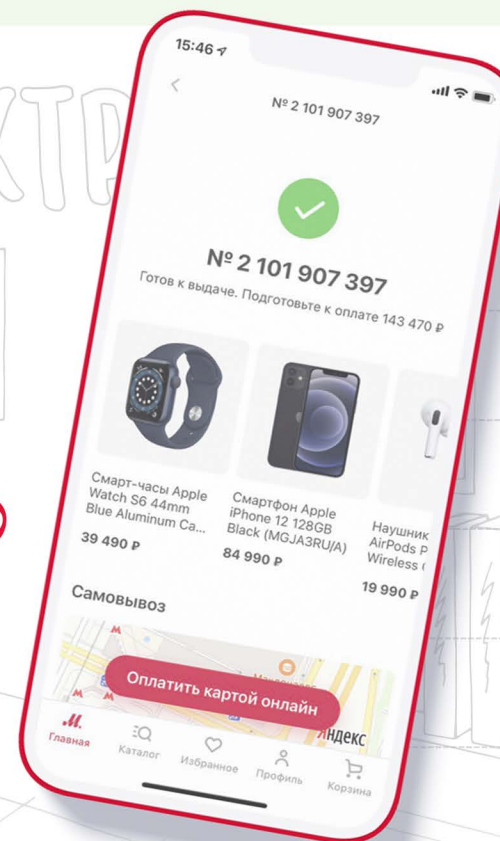
Customer App

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Chat support

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"Beyond an app" cases

A number of unique features make **One**Retail more than a mobile platform

A breakthrough technology that turns every offline store into a dark store

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Digital dark store (DDS)

Back-end logistics platform connected to all major Russian fast delivery providers

Taxi

Determining the optimal courier type (on foot or by vehicle) depending on the size and weight of the items

"Exchange" selection criteria:
- Lowest price
- Level of service
- Nearest courier
- Likelihood of availability

The optimal couriers are the first to receive orders

450k+   orders delivered by taxi

<15 min   needed for dark store pickup by the optimal / cheapest courier

Client

Ordering and choice of delivery within 2 hours

DDS

Finding the nearest dark store to the customer

Courier delivery from the dark store **within 2 hours**

All processes are automated

M.Video is delivering your new laptop.
It will be there in 30 minutes

Development of a proprietary video analytics platform to leverage the latest AI technologies
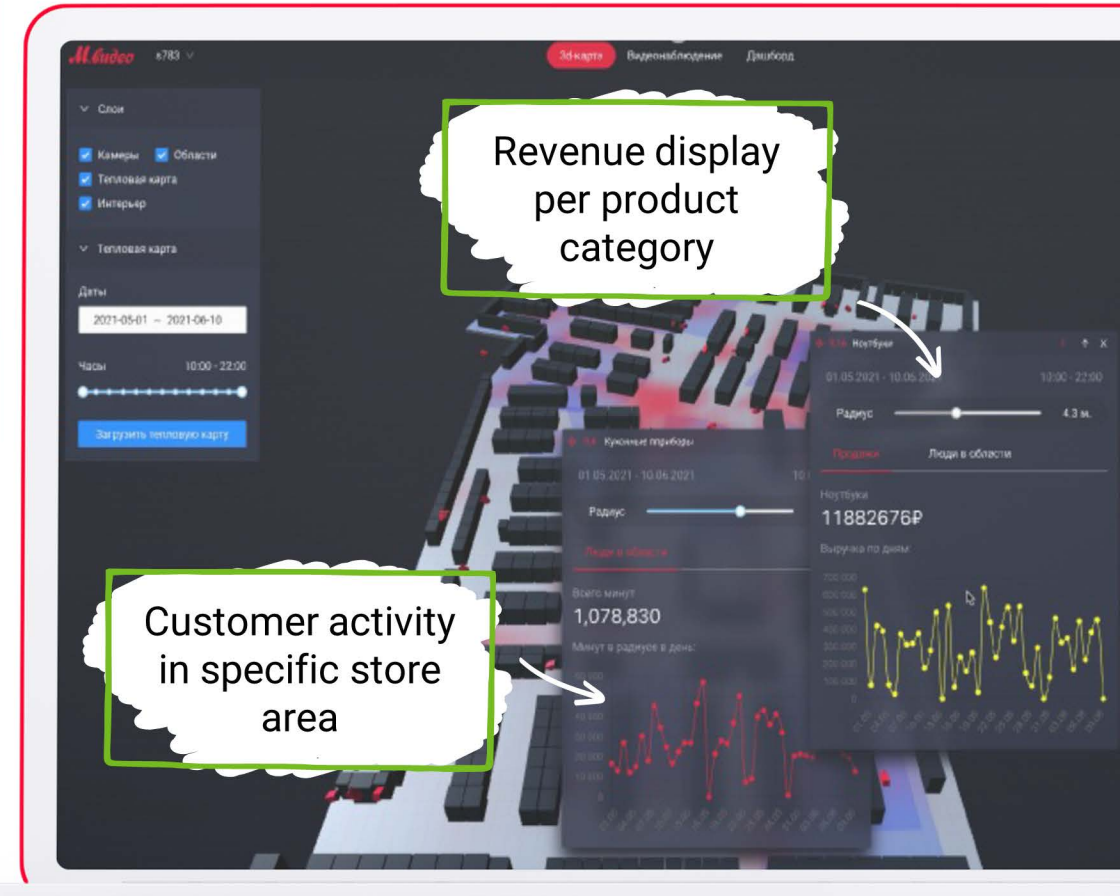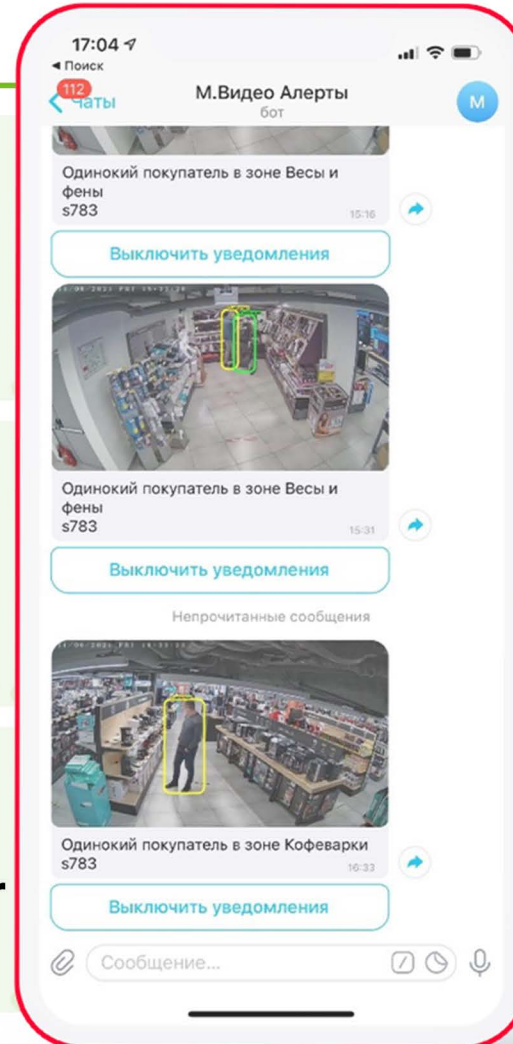
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Cases already implemented

"Lonely customer" alerts via Telegram

01

Queue length notifications via Telegram chatbot

02

Store heat maps to analyze customer behavior on sales floor

03

Revenue display per product category

Customer activity in specific store area

We have developed own own video analytics platform

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Key principles

Only useful cases chosen for elaboration and targeting

Ensure speed of client-employee contact, fix queues in service areas, help the back office make decisions remotely and quickly

Current equipment usage and Internet connection savings

Using existing video cameras, efficient work with video streams to save Internet traffic

User-friendly interface for employees

Each store marks out a store layout for the neural network independently

Our ambitions in video analytics

M.VideoEldorado
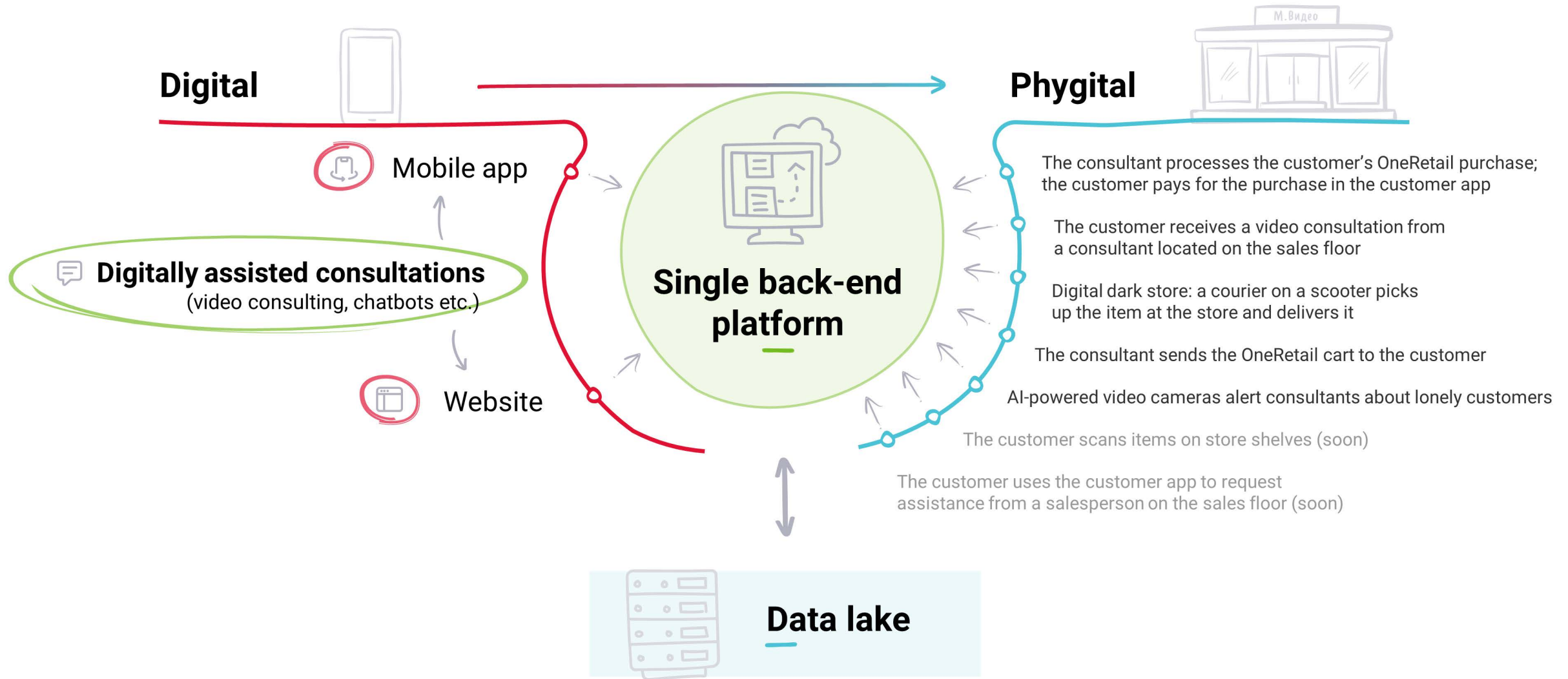
2021

Internal project enhancement

2023

Experimental commercial partnership with other retailers
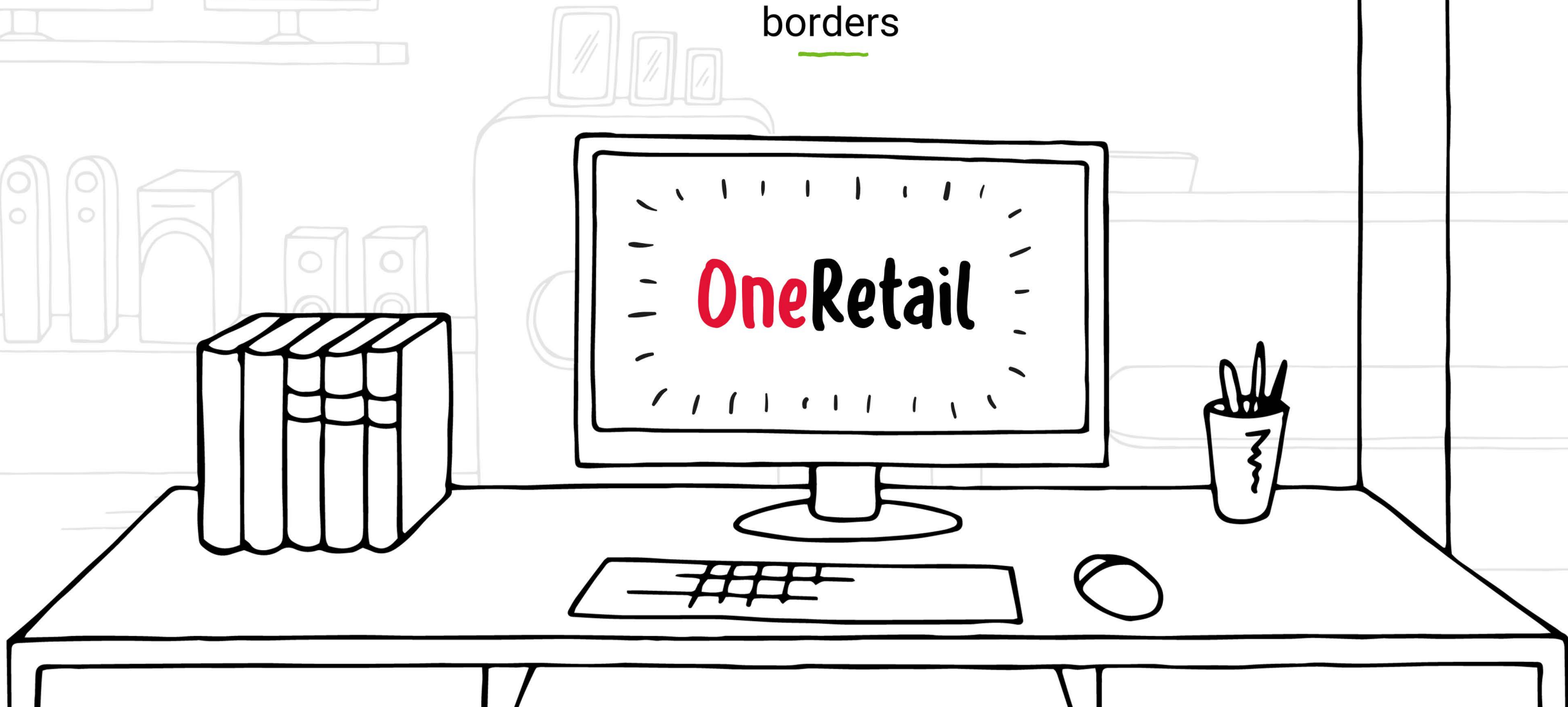
✚

Further internal roll-out

OneRetail customer journey: seamless technology in a hybrid model

Digital

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(video consulting, chatbots etc.)

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Single back-end platform

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AI-powered video cameras alert consultants about lonely customers

The customer scans items on store shelves (soon)

The customer uses the customer app to request assistance from a salesperson on the sales floor (soon)

Data lake

A store without borders

OneRetail

We appreciate your attention

If you have any questions, do not hesitate to ask them before the Q&A section in the chat