

M.Video-Eldorado 9M 2021 GMV rises by 15.4%, mobile platform sales up by 100.4%

October 21, 2021, Moscow, Russia

PJSC M.video (M.Video-Eldorado Group, the Company, or the Group; MOEX: MVID), Russia's leading e-commerce and consumer electronics retailer, announces its combined unaudited GMV for the three and nine months ended September 30, 2021 (3Q 2021 and 9M 2021) as well as a business overview and key events for 3Q 2021 and after the reporting date.

3Q 2021 OPERATIONAL HIGHLIGHTS¹

- **The Group's gross merchandise value (GMV²)** rose by 2.0% year-on-year to RUB 134.7 billion (incl. VAT).
- **Total online sales (TOS³)** increased by 17.1% year-on-year to RUB 91.2 billion (incl. VAT), accounting for 67.7% of the Group's GMV.
 - **Mobile platform turnover⁴** increased by 46.6% year-on-year to RUB 65.2 billion, with a 71.5% share in total online sales.
 - **Web platform turnover⁵** decreased by 22.3% year-on-year to RUB 26.0 billion.
- **The number of identified active customers⁶ totaled 19.6 million**, with 59.1% of them classified as OneRetail customers⁷; **the number of OneRetail customers rose** by 30.7%.
- **The average ticket for OneRetail customers was 28% higher than the average ticket for non-OneRetail customers** (RUB 11,700 versus RUB 9,100).
- **M.Video and Eldorado customer mobile apps were downloaded and installed 4.5 million times in 3Q 2021.**
- **The average monthly number of active users (MAU) of the customer mobile apps** increased by more than 2.5x year-on-year to over 3.9 million.

9M 2021 OPERATIONAL HIGHLIGHTS

- **The Group's gross merchandise value (GMV)** rose by 15.4% year-on-year to RUB 393.0 billion (incl. VAT).
- **Total online sales (TOS)** increased by 38.5% year-on-year to RUB 269.6 billion (incl. VAT), accounting for 68.6% of the Group's GMV.
 - **Mobile platform turnover** increased by 100.4% year-on-year to RUB 180.4 billion, with a 66.9% share in total online sales.
 - **Web platform turnover** decreased by 14.8% year-on-year to RUB 89.2 billion.
- **M.Video and Eldorado customer mobile app downloads** exceeded 21 million, a 4.3x increase year-on-year.
- The total number of SKUs available on the Group's online platforms and in its offline stores saw a year-to-date increase of 2.5x from 75,000 to almost 170,000.
- As at the end of September 2021, **the store network** consisted of 1,178 stores of all formats (an increase of 104 new stores in 9M 2021) spanning 328 cities in Russia (49 new cities added during the period).

Alexander Izosimov, CEO of M.Video-Eldorado Group, commented:

The third quarter was one of the most dynamic for us, with a wide range of new services and features that were launched as part of our mobile platform development and overall digitalization. It was also a period when we consciously avoided active promo campaigns in order to gain more transparent insights into the market and the impact of our marketing activities.

As the cost of traffic acquisition with conventional tools is growing, the role of our M.Video-Eldorado mobile platform becomes much more critical: it enables direct communication with identified customers and maximum personalization of our offers. The number of active users of M.Video's and Eldorado's mobile apps has reached nearly 4 million; two out of three regular customers use our mobile solutions for seamless transactions offline and online. As this group of customers have a higher average ticket and purchase frequency, the ongoing deployment of new promotion tools like personalized prices is gradually transforming into sales growth. In September and October, the Group returned to double-digit GMV growth.

Volatile market conditions in 2020 as a result of pandemic restrictions remain a key factor impacting the Group's year-on-year performance. In the summer months of 2020, when most restrictions on the non-food retail segment were lifted, M.Video-Eldorado delivered the fastest sales growth that year, which is unusual for the summer season. Using 2019 as a baseline, M.Video-Eldorado sales grew by 28% year-on-year in 3Q 2021 and 31% year-on-year for 9M 2021.

KEY DRIVERS OF 3Q 2021 PERFORMANCE

- The Group's GMV remained on a positive trajectory and rose by 2.0% year-on-year to RUB 134.7 billion (incl. VAT). GMV in 3Q 2021 rose by 28% when compared to the less volatile 3Q 2019. In July–August 2020, most COVID-19-related mobility restrictions imposed in the spring were lifted, enabling our stores to operate as usual. As a result, 3Q 2020 was the best quarter of the year, with GMV up 25.3% versus 3Q 2019.
- In 3Q 2021, the Group continued to develop its OneRetail mobile platform by, inter alia, moving users from the website to mobile solutions as this will facilitate direct communication with customers and enable the more effective use of promotion and advertising mechanisms. As a result, customer traffic to M.Video's and Eldorado's apps tripled, while visits to the web platform decreased by 21%. The average ticket for OneRetail customers was RUB 11,706 (28% higher than the average ticket for non-OneRetail customers).
- The growth in mobile platform performance to RUB 65.2 billion, or 48% of GMV, can be attributed to the following factors:
 - successful launches and upgrades of new and existing digital products designed to improve customer experience and conversion, including more seamless interaction between the customer and consultant apps;
 - development of the first AI-powered personalized price offers (PERS_price) for mobile platform and M.Video website users;
 - more downloads and higher conversion rates for the customer mobile apps amid a drive to promote and facilitate the use of mobile apps for in-store purchases.
- Other GMV drivers included:
 - a rise in selling space (41 new stores) in 3Q and expansion into 14 new cities, primarily due to openings of the smaller Eldorado 250 stores delivering better-than-expected sales performance;
 - a recovery and further growth in sales of services (+21%), including sales of insurance products (+14%);
 - a rise in sales financed by consumer loans (+16%), owing in part to continued development of online lending that is now available via the web and mobile platforms, and a continued recovery in POS lending;

- an increase in the share of orders ready for delivery/pick-up within 15 minutes by +6.7 pp year-on-year to 41.2%;
- high rates of demand growth and a historically high market share in the home office category (+15%) on the back of preparations for the new school year.

KEY EVENTS IN 3Q 2021

OneRetail platform development:

- The Board of Directors approved a project to develop the Group's fintech business by acquiring a 100% stake in Direct Credit for RUB 1.3 billion. M.Video-Eldorado intends to transform Direct Credit into a leading fintech provider serving the entire retail industry, including online and offline lending services and payment solutions for customers and partners. The Company closed the deal in October 2021.
- M.Video-Eldorado piloted integration of its financing platform which is used to obtain loans in stores and online into the consultant app. As a result, customers no longer have to undergo a separate procedure to fill out and sign a loan agreement in a dedicated store section. All purchase steps, from selection to payment, including POS financing, are now available via a shop assistant's smartphone anywhere in the store.
- M.Video-Eldorado announced a strategic partnership with Yandex.Cloud in cloud infrastructure development. M.Video-Eldorado will be the first Russian retailer to fully move the development and operation of customer digital products to the cloud. Today 70% of the Group's retail operations are already supported by cloud solutions. Over the next two years, M.Video-Eldorado plans to completely transfer its customer products to the cloud.
- M.Video launched personalized price offers (PERS_price) powered by artificial intelligence (AI) for mobile platform users. With the new service, authorized customers have guaranteed discounts based on the history of their past purchases and available bonuses. This increased conversion in the customer app 1.5-fold.

Digital transformation and business process efficiency:

- Following two successful pilot projects aimed at efficient retail process management and increased conversion rates (automation of store assortment planning based on in-depth and in-store video analytics), the Group began commercial deployment of these technologies in retail outlets.
- Assortment planning based on in-depth analytics was piloted in 100 stores. The Company uses AI to analyze consumer behavior during product selection and maintain an optimal range on the shelves to meet the needs of different customer groups. The pilot project helped the Group improve sales in the test categories by up to 3.5% merely by adjusting the assortment.

ESG

- The Group published an ESG Databook for the first time. This document contains a broad range of information about the Company's environmental and social performance, as well as corporate government matters in an easy-to-use form.

BUSINESS OVERVIEW AND KEY EVENTS AFTER THE REPORTING DATE

- In October, the Group's total online sales (TOS) continue to show double-digit growth, with sales through the customer mobile app increasing twofold thanks to the app's enhanced capabilities and personalization of price offers.
- M.Video-Eldorado launched a proprietary pilot version of the management platform for suppliers and marketplace assortment. Using their personal accounts on the web portal, suppliers will have access to its full functionality, from signing up to receiving customer feedback.

M.Video-Eldorado Group operations summary for 3Q and 9M 2021

Gross merchandise value (GMV), RUB million (incl. VAT)						
	3Q 2021	3Q 2020	chg., %	9M 2021	9M 2020	chg., %
	90,325	87,049	+3.8%	263,102	225,633	+16.6%
	44,391	45,002	-1.4%	129,928	114,811	+13.2%
	134,716	132,052	+2.0%	393,030	340,444	+15.4%

Total online sales (TOS), RUB million (incl. VAT)						
	3Q 2021	3Q 2020	chg., %	9M 2021	9M 2020	chg., %
	80,051	65,216	+22.7%	231,521	156,903	+47.6%
	11,134	12,670	-12.1%	38,075	37,815	+0.7%
	91,185	77,885	+17.1%	269,596	194,718	+38.5%

Share of total online sales (TOS) in GMV, %						
	3Q 2021	3Q 2020	chg., %	9M 2021	9M 2020	chg., %
	88.6%	74.9%	+13.7 pp	88.0%	69.5%	+18.5 pp
	25.1%	28.2%	-3.1 pp	29.3%	32.9%	-3.6 pp
	67.7%	59.0%	+8.7 pp	68.6%	57.2%	+11.4 pp

Identified active customers (LTM as of 30.09), million						
	3Q 2021	3Q 2020	chg., %	9M 2021	9M 2020	chg., %
OneRetail customers	–	–	–	11.6	8.9	+30.7%
Share of OneRetail customers	–	–	–	59.1%	48.6%	+10.6 pp
Non-OneRetail customers	–	–	–	8.0	9.4	-14.7%
Total	–	–	–	19.6	18.2	+7.3%










Average ticket by client group, RUB						
	3Q 2021	3Q 2020	chg., %	9M 2021	9M 2020	chg., %
OneRetail	11,706	11,427	+2.4%	10,856	10,353	+4.9%
Non-OneRetail	9,122	8,218	+11.0%	7,829	7,421	+5.5%
Total	11,034	10,311	+7.0%	10,077	9,395	+7.3%

Total online sales (TOS) by channel, RUB million (incl. VAT)						
	3Q 2021	3Q 2020	chg., %	9M 2021	9M 2020	chg., %
Web platform	25,963	33,399	-22.3%	89,229	104,708	-14.8%
Mobile platform, incl.:	65,222	44,486	+46.6%	180,367	90,010	+100.4%
Customer apps	12,188	4,755	+156.3%	35,889	10,579	+239.2%
Consultant app	53,034	39,731	+33.5%	144,478	79,431	+81.9%
Total	91,185	77,885	+17.1%	269,596	194,718	+38.5%

Gross merchandise value (GMV) by fulfilment channel, RUB million (incl. VAT)						
	3Q 2021	3Q 2020	chg., %	9M 2021	9M 2020	chg., %
Stores	93,254	93,421	-0.2%	261,616	223,464	+17.1%
Pick-up	32,473	26,789	+21.2%	101,173	80,635	+25.5%
Delivery	8,988	11,842	-24.1%	30,242	36,345	-16.8%
Total	134,716	132,052	+2.0%	393,030	340,444	+15.4%

Aggregate website metrics: average monthly visits, million						
	3Q 2021	3Q 2020	chg., %	9M 2021	9M 2020	chg., %
Visits	57.0	72.0	-20.9%	61.9	73.3	-15.5%

Aggregate customer mobile app metrics ⁸						
	3Q 2021	3Q 2020	chg., %	9M 2021	9M 2020	chg., %
Installations, '000 ⁹	–	–	–	21,052	4,872	+332.1%
MAU, '000 ¹⁰	3,864	1,392	+177.6%	3,480	1,075	+223.8%

Retail network	30.09.2021	31.12.2020	Chg. in 9M 2021
Stores			
 553	553	542	+21
 615	615	532	+83
 1,178	1,178	1,074	+104
Selling space, '000 sqm			
 836	836	810	+26
 698	698	665	+33
 1,533	1,533	1,475	+59
Total space, '000 sqm			
 1,164	1,164	1,131	+33
 917	917	883	+33
 2,081	2,081	2,015	+66

A presentation of the operating results for the three and nine months ended September 30, 2021 is available on the Group's website at:

<https://www.mvideoeldorado.ru/en/shareholders-and-investors/results-and-reports/results-center>

About the Group

M.Video-Eldorado Group (PJSC M.video) a leading Russian e-commerce and consumer electronics retailer that unites the M.Video and Eldorado brands. The Group's GMV exceeded RUB 500 billion including VAT at the end of 2020.

As at September 30, 2021, the Group had stores across more than 300 Russian cities, with 563 and 615 stores under the M.Video and Eldorado brands, respectively. Total floor space was 2,081 thousand square meters.

M.Video-Eldorado Group is Russia's only publicly listed consumer electronics retailer. The Company's shares are currently traded on Moscow Exchange (ticker: MVID), with a 24% free float. Said Gutseriev directly or indirectly controls 60% of the share capital of PJSC M.video, 15% is held by Media-Saturn-Holding GmbH and another 1% is held by MVM LLC, a 100% subsidiary of PJSC M.video.

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¹ Unless otherwise specified, comparisons are hereinafter provided on a year-on-year basis.

² GMV (gross merchandise value) includes in-store purchases (including those from pick-up points), paid and delivered online orders, and paid orders shipped from warehouses to corporate customers. Offline and online purchases can be made by both individuals and legal entities. GMV includes own and agency sales of goods and services. GMV includes VAT and is net of discounts granted to customers and returns made during the reporting period. GMV does not constitute the Company's revenue.

³ Total online sales of M.Video-Eldorado Group, in line with its OneRetail strategy, include all sales to authorized customers via the Internet, including home delivery, in-store pickup, and sales made to customers in-store through the consultant mobile app. Currently, sales through the consultant mobile app are only available in M.Video stores.

⁴ Mobile platform turnover includes sales through the M.Video and Eldorado customer apps as well as in-store sales made through the consultant app.

⁵ Web platform turnover includes sales made through the website, contact center, Vendor Catalog and manual orders.

⁶ The Company defines identified active customers as those who have logged in and made at least one purchase through any sales channel during the year.

⁷ The Company defines OneRetail customers as those who signed in and made at least one purchase during the year through the web platform or mobile platform, including customer and consultant apps.

⁸ M.Video and Eldorado launched their mobile apps in 2Q 2019 and in December 2020, respectively.

⁹ Total number of customer app downloads on iOS and Android mobile devices on a cumulative basis.

¹⁰ MAU – monthly active users, or the average monthly number of active users of mobile apps.