

M.Video-Eldorado 1Q 2021 GMV rose by 14%, mobile platform sales up by 90%

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PJSC M.video (M.Video-Eldorado Group, the Company, or the Group; MOEX: MVID), Russia's leading e-commerce and consumer electronics retailer and part of SAFMAR Group owned by Mikhail Gutseriev, announces its consolidated unaudited GMV for the three months ended 31 March 2021 (1Q 2021), as well as a business overview and key events for 1Q 2021 and after the reporting date.

1Q 2021 M.VIDEO-ELDORADO GROUP OPERATIONAL HIGHLIGHTS¹

- **The Group's gross merchandise value (GMV²)** rose by 13.8% year-on-year to RUB 138.3 billion (incl. VAT).
- **Total online sales (TOS³)** increased by 62.8% year-on-year to RUB 92.4 billion (incl. VAT), accounting for 66.8% of the Group's GMV.
 - **Mobile platform turnover⁴** grew by 90.3% year-on-year to RUB 56.7 billion, with a 61.3% share in total online sales.
 - **Web platform turnover⁵** increased by 32.5% year-on-year to RUB 35.7 billion.
- **The number of identified active customers⁶** reached **18.8 million**, with 57.9% of them classified as OneRetail customers⁷; **the number of OneRetail customers rose** by 63.6%.
- **M.Video and Eldorado customer mobile app downloads** reached 11.6 million, a more than 5x increase year-on-year.
- **The average monthly number of active users (MAU)** of the customer mobile apps increased by more than 5x year-on-year to 3.2 million.
- **The average monthly audience** of the Group's websites declined by 4.1% year-on-year to 71.0 million visitors as many customers migrated to the mobile platform.
- As of the end of March 2021, **the store network** consisted of 1,098 stores of all formats (up by 60 stores year-on-year, or 24 YTD) spanning 295 cities in Russia.

KEY FACTORS AFFECTING 1Q 2021 RESULTS

- The Group's GMV rose by 13.8% to RUB 138.3 billion (incl. VAT) on the back of a more than 24% increase in sales in January–February. A 2.6% decline in March was due to the high base effect from March 2020, when sales of laptops, peripherals and other mobile devices increased sharply as people transitioned to remote work and distance learning, while at the same time sales of home appliances and consumer electronics were boosted as Russians started satisfying deferred demand for major purchases amid FX fluctuations. Compared to March 2019, GMV rose by over 31%.
- Total online sales (+62.8% year-on-year) and mobile platform turnover (+90.3% year-on-year) remained the key drivers for GMV growth due to:
 - the successful launch of digital products designed to improve customer experience and conversion;
 - increased self-pickup (+71% year-on-year) and delivery (+68% year-on-year) volumes;
 - the increased number of tickets and higher average ticket among identified active customers, especially OneRetail customers, who accounted for more than a half of identified active customers in 1Q 2021;

- 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 and enhance the mobile platform, including more seamless interaction between the customer and consultant apps.
- Other GMV drivers included:
 - a larger store network (up 60 stores) and expansion into 40+ new cities;
 - stronger sales of services and accessories (+20%);
 - a rise in consumer loan sales, owing in part to instalment payment services that are now available via the web and mobile platforms and recovery in POS lending;
 - further solid growth in demand for gadgets and entertainment products (+32%), mobile devices (+32%), and home office and photo equipment (+21%) as part of stable consumer trends.

KEY EVENTS IN 1Q 2021

- As part of its digital transformation, in 1Q 2021, M.Video-Eldorado accelerated its transition from a centralized IT function to developing IT products within each business unit. Client and internal services are being created by 124 product/project teams. With the number of in-house developers growing 1.5-fold since December 2020, the Company should be able to launch pilot projects significantly faster and enjoy a high degree of flexibility while changing business processes to reflect its needs and market developments. The IT Department is still responsible for the development of architecture and key systems and is the center of competency in development and data analytics for product teams. The Group also launched the Digital Academy for internal and external experts to enhance their digital competencies.
- As part of the focus on its mobile platform, in March M.Video made OneRetail orders available in 150 stores: using their app, consultants in stores together with customers compile an order that can then be edited in real time and paid for in the customer app. The pilot project helped to considerably improve customer satisfaction and grow average ticket and sales.
- M.Video launched a pilot project to offer personalized pricing in the customer app based on all the options available to the customer. As a result, conversion has already risen 15% and 19% for the iOS and Android apps, respectively, vs a control group. As part of the pilot project, M.Video mobile app users see the final price available to them after discounts and can also choose from a variety of options, e.g. whether to use their bonus points to pay for the purchase. This provides customers with a perfectly transparent tool to plan their spending.
- In 1Q 2021, Eldorado opened 22 new-format (ca. 250 sq m) stores, bringing the total number of such stores to 50, and entered 43 new cities. Access to the full range of appliances (more than 75,000 models) via an online catalogue, integration of the online platform and stores, fast delivery, and after-sales service are supportive of brick-and-mortar and online expansion beyond Moscow and St Petersburg.
- Launched in November 2020, Eldorado's customer app now has more than 1.5 million downloads, with some 70% of customers using the Android version and the remaining 30% on iOS. Customers most often use the Eldorado mobile app to buy kitchen appliances, smartphones, headphones, vacuum cleaners, and TVs.
- ERICARIA Holdings Ltd., part of SAFMAR Group, sold 24.28 million shares, or 13.5%, in PJSC M.video via an SPO. Following the placement, M.Video-Eldorado's free float grew to almost 24%, with the combined stake of SAFMAR Group declining from 73.5% to around 60%. BofA Securities, J.P. Morgan, UBS and VTB Capital acted as Joint Global Coordinators and Renaissance Capital as Adviser to the Company in connection with the offering.
- M.Video-Eldorado closed a deal to sell a controlling stake in goods.ru (Marketplace LLC) to Sber. Under the agreement, Sber invested some RUB 30 billion in the marketplace; Sber's share in goods.ru totaled 85%, with M.Video-Eldorado Group retaining 10% and Alexander Tynkovan holding the remaining 5%.

- The Group expanded its program to collect and recycle household appliance and consumer electronics waste, which now covers 17 regions with a total population of more than 45 million. The total number of e-waste collecting points is now around 500, which is equal to about a half of the offline stores operated by the two retail chains. Over 1,300 tonnes, or 125,000 pieces, of equipment have been collected since the programme launch in 2019.

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

“M.Video-Eldorado has gained strong momentum towards achieving its key goals to improve IT systems, customer services, and logistics, which all underpin our growth and are vital to our strategic objective of doubling GMV to RUB 1 trillion by 2025. Despite a year-on-year market slowdown in March, which was expected following a surge in demand caused by the COVID-19 pandemic and changes in people’s daily routines in March 2020, the Group is achieving healthy growth rates and robust progress in its digital transformation. Technology is the key driver of our sales. Customers are actively migrating to the mobile app, with its growth rate almost doubling, and we see a further increase in the average ticket among OneRetail customers as they benefit from customized offers and additional services available to them.”

BUSINESS OVERVIEW AND KEY EVENTS AFTER THE REPORTING DATE

- In April, the Group’s GMV has seen triple-digit growth after a sharp but short-lived decline a year ago due to the COVID-19 lockdown and restrictions for non-food retailers in most Russian regions, which negatively impacted retail sales, including in-store pick-up of online purchases and fulfilment of online orders.
- The Group continued transforming its corporate governance and oversight framework in order to further improve its practices. To this end, the Board of Directors approved a list of nominees to the new Board. If the list is approved by the Annual General Meeting of Shareholders, the Board will have three independent directors, with the number of directors representing SAFMAR Group as M.Video-Eldorado’s key shareholder reduced to two.
- The Board of Directors recommended that the Annual General Meeting of Shareholders scheduled for May 7, 2021 approve a dividend of RUB 6.8 billion, or RUB 38 per share in PJSC M.video. As a result, the total dividends to be paid out for FY 2020 may amount to RUB 12.2 billion (RUB 68 per ordinary share), or 100% of the Company’s 2020 adjusted net profit under IFRS 17.










M.Video-Eldorado Group operations summary for 1Q 2021

Gross merchandise value (GMV), RUB million (incl. VAT)			
	1Q 2021	1Q 2020	chg., %
	92,619	82,044	+12.9%
	45,639	39,422	+15.8%
	138,258	121,467	+13.8%
Total online sales (TOS), RUB million (incl. VAT)			
	1Q 2021	1Q 2020	chg., %
	77,850	47,843	+62.7%
	14,535	8,888	+63.5%
	92,385	56,731	+62.8%
Share of total online sales (TOS) in GMV, %			
	1Q 2021	1Q 2020	chg., %
	84.1%	58.3%	+25.7pp
	31.8%	22.5%	+9.3pp
	66.8%	46.7%	+20.1pp
Identified active customers, million			
	1Q 2021	1Q 2020	chg., %
OneRetail customers	10.9	6.6	+63.6%
Share of OneRetail customers, %	57.9%	37.6%	+20.2pp
Non-OneRetail customers	7.9	11.0	-28.1%
Total	18.8	17.6	+6.4%
Average ticket by client groups			
	1Q 2021	1Q 2020	chg., %
OneRetail	11,064	10,337	+7.0%
non-OneRetail	7,838	7,552	+3.8%
Total	10,162	9,030	+12.5%
Total online sales (TOS) by channel, RUB million (incl. VAT)			
	1Q 2021	1Q 2020	chg., %
Web platform	35,708	26,949	+32.5%
Mobile platform, incl.:	56,677	29,782	+90.3%
Customer apps	12,246	1,218	+905.5%
Consultant app	44,431	28,564	+55.6%
Total	92,385	56,731	+62.8%
Gross merchandise value (GMV) by fulfilment channel, RUB million (incl. VAT)			
	1Q 2021	1Q 2020	chg., %
Stores	89,620	92,961	-3.6%
Pick-up	37,469	21,858	+71.4%
Delivery	11,169	6,648	+68.0%
Total	138,258	121,467	+13.8%
Website metrics			
	1Q 2021	1Q 2020	chg., %
Average monthly visits, million			
	44.4	44.3	+0.2%
	26.7	29.8	-10.5%
	71.0	74.1	-4.1%

Mobile app metrics ⁸

	1Q 2021	1Q 2020	chg., %
Installations, '000 ⁹	11,597	2,172	+433.9%
MAU, '000 ¹⁰	3,205	609	+426.6%

Retail network

	31.03.2021	31.12.2020	chg. in 1Q 2021	
Stores				
 545	545	542	+3	+0.6%
 553	553	532	+21	+3.9%
 1 098	1 098	1 074	+24	+2.2%
Selling space, '000 sqm				
 815	815	810	+5	+0.7%
 670	670	665	+5	+0.8%
 1 485	1 485	1 475	+11	+0.7%
Total space, '000 sqm				
 1 137	1 137	1 131	+5	+0.5%
 883	883	883	-0	-0.0%
 2 020	2 020	2 015	+5	+0.2%

The presentation of the 1Q 2021 operating update is 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) is 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, and it is currently the only Russian consumer electronics retailer whose shares are publicly traded. The Company's shares are listed on Moscow Exchange (Ticker: MVID).

As of December 31, 2020, the Group had stores across more than 250 Russian cities, with 542 and 532 stores under the M.Video and Eldorado brands, respectively. Overall selling space was 1,475 thousand square meters, while total floor space was 2,015 thousand square meters.

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¹ Unless otherwise specified, comparisons hereinafter are 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 centre, Vendor Catalogue 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 The M.Video retail network launched a mobile app in Q2 2019, while Eldorado launched a mobile app in December 2020.

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

¹⁰ MAU - monthly active users, or the average monthly number of active users of a mobile app.