

M.Video-Eldorado and Artel, Central Asia's largest manufacturer of consumer electronics, agree on a strategic partnership

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M.Video-Eldorado Group, Russia's leading e-commerce and consumer electronics retailer (MOEX: MVID), has agreed on a strategic partnership with Artel, Central Asia's largest manufacturer of consumer electronics under its own and well-known brands, such as Samsung, SHIVAKI, Viessmann, etc. Uzbekistan's Artel has joined forces with M.Video-Eldorado to offer Russian customers its competitively priced core assortment of reliable consumer electronics with characteristics of popular brands. The first shipments and sales are scheduled to take place as early as this month.

Under the long-term agreement, M.Video-Eldorado is set to become Artel's exclusive retailer in the Russian market. The first items to come on the shelves in July and August will include refrigerators, freezers, washing machines, TV sets, kitchen stoves, vacuum cleaners and air conditioning equipment primarily from the mid-price segment. These items will feature modern designs and come at attractive prices, with their quality in no way inferior to that offered by popular brands. By the end of the year, the range will likely exceed 80 SKUs.

Each year, Artel manufactures over four million pieces of equipment for its domestic market and customers in 20 countries across the CIS, Middle East and North Africa. Furthermore, it is a regional partner to some of the world's leading CE companies, such as Samsung, SHIVAKI, Viessmann, etc. The production takes place at six company-owned plants in Uzbekistan and leverages advanced technologies. In 2021, Artel had the biggest number of gas stoves and boilers sold in Kazakhstan, with market shares of 50% and 40%, respectively. In Tajikistan, the brand also came out on top by the number of refrigerators and boilers sold, with a market share of 40% in either category. In Azerbaijan, Artel sold roughly each fifth TV set and air conditioner.

M.Video-Eldorado and Artel plan to create in-store brand zones that will help customers appreciate the high quality and strong technological edge of the new-come brand. Warranty services will be provided in the manufacturer's authorized service centers across Russia.

Sergey Li, COO of M.Video-Eldorado Group:

"Russia and Uzbekistan are long-standing friends and parties to a mutually beneficial economic partnership with a significant potential for strengthening these ties. M.Video-Eldorado and Artel will work together to provide Russian customers with quality and technologically advanced products at affordable prices and to raise awareness about new brands. Artel can count on us to leverage our extensive retail network and multi-million-user online platform. We will also use a wide range of technologies and marketing options to promote the new brand in the Russian market, raise brand awareness and build trust with customers."

Shokhruh Ruzikulov, Chairman of the Management Board of Artel Group:

"The strong and trust-based relations that M.Video-Eldorado has built with its customers provide a perfect touchpoint for consumers to experience our brand for the first time. By joining forces, we will be able to introduce Uzbekistan's manufacturing excellence to a new audience. It will have access to consumer electronics that offer high quality, functionality and affordability."

According to M.Video-Eldorado, sales of home and kitchen appliances showed double-digit year-on-year growth in the first six months of 2022. The Group roughly accounts for each third item sold. From January to June, sales of refrigerators in Russia rose by approximately 17% to RUB 57 billion. Sales of washing machines exceeded RUB 50 billion, up 21% year-on-year. Sales of vacuum cleaners increased by more than 10% to about RUB 33.5 billion. Interest in air conditioners more than doubled, with sales skyrocketing to nearly RUB 13 billion. Freestanding stoves added around 11%, which translates into a revenue of some RUB 10 billion. TV sales were close to RUB 95 billion, up more than 15% year-on-year.

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 570 billion including VAT at the end of 2021.

As at March 31, 2021, the Group had stores across more than 375 Russian cities, with 605 and 664 stores under the M.Video and Eldorado brands, respectively. Total floor space was 2,157 thousand square meters.

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