

M.Video-Eldorado increases its sales in 1H 2024 by 13% year-on-year, Company opened more than 50 stores this year

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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, announces its operating and condensed unaudited consolidated financial results under International Financial Reporting Standards (IFRS) for the six months ended June 30, 2024.

M.VIDEO-ELDORADO GROUP HIGHLIGHTS FOR 1H 2024^[1]

- **The Group's gross merchandize value (GMV^[2])** in 1H 2024 showed growth by 13% against the similar period last year. GMV for six months of 2024 reached RUB 247 billion (with VAT), revenue rose in a similar way (+13% YoY) and amounts to RUB 202 billion.
- **Total online sales^[3]** went up by 16.7% YoY. While the share of orders involving the retail infrastructure is consistently fixed at the level of 90% of the total order sum.
- **Gross profit** increased by 6% and amounted to RUB 41.6 billion (vs RUB 39.1 billion for 6 months 2023).
- **Selling, general and administrative expenses (SG&A), excluding depreciation and amortization** reached RUB 36.8 billion, having shown a growth of RUB 4.9 billion YoY, however, their share in the revenue stayed almost unchanged (18.2% in 1H 2024 vs 17.8% in 1H 2023) as a result of implementation of some action steps to boost operational efficiency of the Company.
- **EBITDA** insignificantly went down YoY — to RUB 6.5 billion – during seasonal fluctuations of the gross margin. At the same time, **LTM EBITDA^[4]** grew by 38% YoY (from RUB 14.8 billion in 1H 2023 to RUB 20.6 billion in 1H 2024).
- **The Group's net debt** as of June 30, 2024, decreased YoY by RUB 4.1 billion and amounted to RUB 79.3 billion vs RUB 83.4 billion a year before.
- **Net Debt / LTM EBITDA^[5]** as of June 30, 2024, equaled 3.86x (vs 5.26x as of June 30, 2023) as a result of both the growth of LTM EBITDA and taking of action steps to optimize the working capital and work with the credit portfolio structure.

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

“In 1H 2024, in the conditions of the difficult macroeconomic situation, M.Video-Eldorado Group continues to show positive operating results. Despite a particular decline in the buying activity and a lower demand on the consumer electronics market in 2Q 2024, we managed to achieve a double-digit growth in sales, having maintained the profitability rates achieved last year. Strengthening of the market positions, supply channels arranged in 2023 and achievement of product assortment of 200,000 SKU, which is a record for the Group, confirms correctness of the business model we chose. Now we offer our customers an omni-channel experience of CE shopping in all price segments, at the same time, we see demand for new brands, including exclusive solutions available only in our chain. In 2024, we have continued to increase sales and expand the number of partners of our own marketplace. Since the beginning of the year, we have already opened 50 new stores, mostly of an effective compact format, and have come to 15 new cities, and even more stores are planned for 2H this year. In addition, we keep on developing our service area and we are launching M.Engineer branded zones («M.мастер») that provide a full range of repairing and maintenance services. Since the beginning of the year, we

have opened more than 30 CE repairing and service areas in M.Video-Eldorado stores in 8 large Russian cities.”

Anna Garmanova, CFO of M.Video-Eldorado Group:

“Due to improvement of operating results, the Net debt/EBITDA indicator went down to 3.86x in the end of 1H 2024, what is significantly lower than the year before (5.26x as of June 30, 2023). The high key rate of the Central Bank has surely had impact on the financial result of the Group in 1H 2024 but we are continuing work on optimization of the working capital and credit portfolio structure what helps partially offset the negative effect and restrain growth of financial expenses of the company, while showing strong operating results. We still focus on development of our own fintech, improvement of operating efficiency and control over costs and investments.”

FACTORS THAT INFLUENCED THE GROUP’S RESULTS IN 1H 2024:

- **Sales on Group’s CE marketplace** went up by 31% YoY up for the first six months of 2024 at the same time of a continuing growth of the number of sellers and extension of available assortment. The positive dynamic was also facilitated by a growth of sales of goods with a high average cost that ensured a higher average basket of partnership products by 1.5 times – up to RUB 7,500, and by an increased frequency of purchases per customer. For the last year, the Group has doubled the logistic infrastructure for suppliers of its own marketplace by means of extending areas for storing 3P assortment. As of today, it consists of objects in Moscow, Saint-Petersburg, Rostov-on-Don, Ekaterinburg, Kazan, Novosibirsk and Samara.
- **The retail chain of “M.Video” and “Eldorado”** accounted for 1,241 stores of all formats in 384 cities of Russia as of June 30, 2024. Since the beginning of the year, 50 new stores have been opened, the company has started operations in 15 new cities such as Kachkanar of the Sverdlovsk Region, Solikamsk of the Perm Krai, Krymsk of the Krasnodar Krai, Ishim of the Tyumen Region, Elista of the Republic of Kalmykia, Volzhsk of the Republic of Mari El, Alekseevka of the Belgorod Region, Krasnokamsk of the Perm Krai, Bataisk of the Rostov Region, Sosnovoborsk of the Krasnoyarsk Krai, Cheremkhovo of the Irkutsk Region, Yablonovsky of the Republic of Adygea, Yalutorovsk of the Tyumen Region, Gus-Khrustalny of the Vladimir Region and Novotitarovskaya stanitsa of the Krasnodar Krai.
- During 2024, the company is planning to continue expansion with stores of the compact format that exceed expectations in terms of growth of the indicators. In total, in 2024, it is planned to open at least 100 “M.Video” stores, primarily – of the compact format.
- The total number of SKU presented in stores and in online channels of the Group has increased by 10% comparing to the like-for-like period of the last year — reaching more than 200,000 units. In many categories, M.Video-Eldorado has shown growth above the market. Thus, climate equipment sales went up by 43.2%, tablets — by 48.6%, and computer accessories — by 72.6%. At the same time, the share of the Group’s imports decreased to 25.7% by means of assortment extension on the internal market, and the share of assortment unique for the market, including private labels, brands, line-ups and products presented only in “M.Video” and “Eldorado” achieved 21.6% of the turnover.
- The role of stores and professional consulting in product selection and shopping process remains important what helped the Group effectively implement advantages of the omni-channel business model. For about 90% of all orders were made using the store infrastructure of the Group.
- The Group continues developing the service direction and launches “M.Engineer” branded zones to provide a full range of repairing and maintenance services in “M.Video” and “Eldorado” stores. Since the beginning of the year, more than 30 zones for maintenance and repairing of CE goods have been opened under the “M.Engineer” brand in Group stores in 8 large cities of Russia. Also, in 8 “M.Video” stores in 6 cities (Moscow, Ekaterinburg, Saint-Petersburg, Kazan, Krasnodar and Nizhny Novgorod), the Group has launched sale of refurbished goods that were repaired by “M.Engineer” specialists or provided by customers as trade-in. In future, it is planned to extend the service to other “M.Engineer” service zones. New areas help get various services and have repairing of consumer electronics from assortment of any Russian stores both right in store and on-site at home. “M.Engineer” is a single center of support for the customer in “M.Video” and “Eldorado” stores that includes delivery, installation, setup, repairing and other services that may be ordered online and

in retail stores of “M.Video” and “Eldorado”. “M.Engineer” accepts consumer electronics for repairing bought both in “M.Video” and “Eldorado” stores and from other sellers.

KEY EVENTS AFTER THE REPORTING DATE:

- At the moment of issuing this financial statement, Uzhakhov Bilan Abdurakhimovich is the ultimate controlling party of M.Video-Eldorado, he also is the General Director of the Company.
- Analytical Credit Rating Agency (ACRA) affirmed the current credit rating of PJSC “M.video” at the level of A(RU) assigned a year before, having raised the forecast on it from “Stable” to “Positive”. The “Positive” forecast by ACRA implies a possibility to increase the rating on the horizon of 12-18 months. According to ACRA estimates, the credit rating of M.Video-Eldorado is determined by high assessment of the operating risk portfolio of the company, large size of the business, high profitability and strong assessment of liquidity and cash flow. ACRA notes that the change of the forecast on the Group’s rating to “Positive” is related to a future growth of sales and profitability of the business in 2024-2026 expected by the Agency what will be reflected in better assessment of the leverage and coverage.
- “Expert RA” rating agency affirmed [the credit rating on PJSC “M.video”](#) at the level of ruA. The rating forecast is changed from “developing” to “stable”. According to the agency, the credit rating of PJSC “M.video” is defined by a conservative assessment of the risk portfolio of the industry, strong market and competitive positions, acceptable level of the leverage with a low coverage of interest charges, and high level of liquidity and low level of corporate risks. The forecast change to “stable” is related to an increase in the financial results and Group’s achievement of leverage goals declared earlier.
- In April, LLC “MV FINANCE” (affiliate to PJSC “M.video”) fully redeemed exchange bonds of the series 001P-01 in the amount of RUB 4.2 billion from its own operating funds. In addition, LLC “MV FINANCE” paid off income to bondholders for the sixth coupon period in the amount of RUB 231,741,140.30 at a rate of RUB 54.85 per bond. In total, as part of the placement of exchange bonds of the series 001P-01, including the current payment, the company has paid off for about RUB 15.4 billion to bondholders. The payments were made from positive operating flow, without any borrowed funds from the market.
- In August 2024, LLC “MV FINANCE” (affiliate to PJSC “M.video”) fully redeemed exchange bonds of the series 001P-02 in the amount of RUB 9 billion from its own operating funds.
- In August 2024, the Group successfully placed the fifth issue of long-term inconvertible ruble bonds with a floating coupon rate in a total amount of RUB 3.75 billion with a maturity date in August 2026. The ACRA agency assigned a rating of A(Ru) to the bond issue.

^[1] Unless otherwise specified, all financial results of M.Video-Eldorado Group are provided in line with IAS 17 and year-on-year comparable dynamics.

^[2] GMV (gross merchandise value) includes in-store purchases (including those from pickup 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 the Company’s 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 include sales made on the web-platform (on the web-site and contact center) and on the mobile platform (via Customer app and Consultant app)

^[4] The indicator is provided in line with IAS 17, last twelve months (LTM).

^[5] The indicator is provided in line with IAS 17, last twelve months (LTM).