

M.Video-Eldorado expands offering and starts sales as a marketplace

23 July 2020, Moscow, Russia. M.Video-Eldorado Group, Russia's largest consumer electronics retailer and part of the SAFMAR Group owned by Mikhail Gutseriev, expands its product portfolio and offers a marketplace to manufacturers, retailers and distributors, providing them with a platform to sell their products for a fee. While the Group maintains its current business model as a retailer of household appliances and electronics who purchases products and manages stocks on its own, partner goods offered through M.Video and Eldorado online in line with the 'endless shelf' principle broadens the range of products in the electronics and related categories and boosts traffic, conversion and sales.

Key highlights

- M.Video-Eldorado Group starts leveraging the marketplace model cooperating with manufacturers and merchants, while maintaining the current business model, procuring the standard product mix on its own and remaining focused on household appliances and electronics.
- The Group plans to expand its current range of products through the marketplace platform, as well as to tap into new adjacent categories, such as power tools, baby care products, electronic toys, and exercise machines to attract new customers and boost shopping frequency. In the mid-term, sales of partner goods may account for some 10% of the Group's turnover.
- M.Video-Eldorado will integrate partners both on its own and using the goods.ru platform, which requires no additional capital expenditure.

As part of its 'endless shelf' approach, M.Video-Eldorado Group has expanded the list of product categories and brands available on its e-platform. This includes a broader range of household appliances and electronics, as well as goods from related categories, such as home and garden products, power tools, baby care items, electronic toys, and exercise machines. The company plans to increase total assortment to up to 90,000 SKU from current 30,000 SKU in the nearest months.

M.Video and Eldorado online platforms boasted over 70 million visitors in June. The Group is one of the largest e-commerce retailers in Russia, focusing exclusively on household appliances and electronics. Expanding the product mix in related categories through the marketplace model will help the Group improve shopping experience across all customer touchpoints – on the website, in the app, and in stores, where retailers have access to the full online catalogue – without extra capital input. With a broader offering, online platforms are better poised to optimise search algorithms, attract additional traffic and drive conversion rates. The Group's assortment may see a several-fold increase to hundreds of thousands of products, with sales up by some 10% over the next few years.

M.Video-Eldorado Group's President Alexander Tynkovan: 'As part of the ONE RETAIL model, we have integrated online and offline channels into a single platform easily accessible in our mobile app. This online platform provides our customers with a seamless shopping experience, whether at home, in the office, in the store, or on the go, while also offering a full range of products and services with the best price guarantee. Despite a highly competitive landscape, the Group secures its position as a largest online retailer of household appliances and consumer electronics. Thanks to its strong focus on procurement, stocks, and financial flows, positive outsourcing experience, broad distribution network and investments in technology, the Group boasts one of the most efficient businesses in its sector globally. With the marketplace model, we seek to expand our coverage, attract new brands and partners, gather more data about our customers by tapping into related categories while remaining efficient'.

The 'endless shelf' principle adds to the flexibility of retailers' offering and allows them to explore new market niches without hampering efficiency. Exclusive items will bring us new customers, while sales of products in high demand offered by the Group will support our margins," adds Mr Tynkovan.

M.Video-Eldorado Group plans to utilise its 'endless shelf' approach when partnering with major manufacturers and merchants, as well as via the goods.ru platform. Late 2020 may see around 60 direct partnership agreements. M.Video and Eldorado will collaborate with goods.ru in the white label format, using the marketplace platform and solutions to integrate the selected product categories and partners into their channels. Goods.ru was one of the first Russian marketplaces to develop white label partnerships, i.e. to provide other companies with a platform and services to market their goods.

Devices sold on the marketplace have a 'partner's product' label on them in the product card on M.Video and Eldorado websites, as well as in the apps for buyers and sellers. They are not included in promo offers, discounts are also not applicable to them. However, customers buying these items can apply for loans and earn bonus points

M.VideoEldorado

under loyalty programmes. M.Video and Eldorado provide logistics and service support for merchants' goods. In case a replacement or refund is needed, the buyer can contact the retailer and follow a standard procedure.

Sales through a proprietary marketplace will mark a new milestone in the Group's flexible approach to assortment management. For several years now, M.Video and Eldorado have been working with vendors in the catalogue vendor format offering customers certain products from the warehouse of accredited manufacturers.

About M.Video-Eldorado Group

About M.Video-Eldorado Group (PJSC M.video) is Russia's largest consumer electronic retailer uniting the M.Video and Eldorado brands in the market for home appliances and electronics. The companies' total annual turnover exceeds RUB 430 billion, including VAT (FY 2019). The M.Video-Eldorado Group is the only Russian publicly-traded company in the electronics retail sector. The company's shares are traded on Moscow Exchange (ticker: MVID).

The Group operates Russia's largest online platform for consumer electronics and household appliances commanding a market share of over 30%. As of June 30, 2020, the Group also operates 512 stores under the M.Video brand, 505 stores under the Eldorado brand and 20 m_mobile stores in more than 250 cities across Russia with a total selling space of 1,450 thousand square meters. The Group has 100% online coverage in all cities of operation.

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