

M.Video-Eldorado 2Q 2021 GMV rises by 38%, mobile platform sales up by 3.3x

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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 combined unaudited GMV for the three and six months ended 30 June 2021 (2Q 2021 and 1H 2021) as well as a business overview and key events for 2Q 2021 and after the reporting date.

2Q 2021 OPERATIONAL HIGHLIGHTS¹

- **The Group's gross merchandise value (GMV²)** rose by 38.2% year-on-year to RUB 120.1 billion (incl. VAT).
- **Total online sales (TOS³)** increased by 35.7% year-on-year to RUB 81.5 billion (incl. VAT), accounting for 67.9% of the Group's GMV.
 - **Mobile platform turnover⁴** increased by 231.7% year-on-year to RUB 52.1 billion, with a 63.9% share in total online sales.
 - **Web platform turnover⁵** decreased by 33.7% year-on-year to RUB 29.4 billion.
- **The number of identified active customers⁶** reached **19.8 million**, with 56.9% of them classified as OneRetail customers⁷; **the number of OneRetail customers -rose** by 47.1%.
- **The average ticket for OneRetail customers was 40% higher than the average ticket for non-OneRetail customers** (RUB 10,700 versus RUB 7,800).
- **M.Video and Eldorado customer mobile apps were downloaded and installed 5 million times** in 2Q 2021, which is a quarterly record for the Group.
- **The average monthly number of active users (MAU) of the customer mobile apps** increased by more than 2.5x year-on-year to over 3.2 million.

1H 2021 OPERATIONAL HIGHLIGHTS

- **The Group's gross merchandise value (GMV)** rose by 24.0% year-on-year to RUB 258.3 billion (incl. VAT).
- **Total online sales (TOS)** increased by 48.8% year-on-year to RUB 173.9 billion (incl. VAT), accounting for 67.3% of the Group's GMV.
 - **Mobile platform turnover** increased by 139.5% year-on-year to RUB 108.9 billion, with a 62.6% share in total online sales.
 - **Web platform turnover** decreased by 9.0% year-on-year to RUB 64.9 billion.
- **M.Video and Eldorado customer mobile app downloads** reached 16.6 million, a nearly 5x 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 2x from 75,000 to almost 150,000.
- As at the end of June 2021, **the store network** consisted of 1,137 stores of all formats (an increase of 63 new stores in 1H 2021) spanning 314 cities in Russia.

KEY DRIVERS OF 2Q 2021 PERFORMANCE

- The Group's GMV rose by 38.2% to RUB 120.1 billion (incl. VAT) on the back of a more than 57% increase in sales in April–May 2021 against the low base of 2020, when significant COVID-19 restrictions were imposed in most Russian regions that impacted non-food retail sales. The negative impacts of the April–May 2020 restrictions included store operations being limited to the fulfillment of online orders and therefore only serving as pick-up points for online purchases.
- GMV grew by 30% in 2Q 2021 vs 2Q 2019, indicating that the low base effect due to COVID-19 restrictions in 2Q 2020 were not the only driver of the year-on-year increase in sales. The Group's GMV growth continues to be driven primarily by new customer acquisition, more efficient conversion into loyal customers, as well as an increase in total online sales (+35.7%) and mobile platform sales (+231.7%) thanks to:
 - successful launches and upgrades of new and existing digital products designed to improve customer experience and conversion;
 - an increase in the number of active identified customers to almost 20 million, including more than 11 million OneRetail customers, accompanied by an increase in the number of tickets and higher average ticket;
 - 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 by 39 stores) in 2Q and expansion into nearly 20 new cities, primarily on the back of smaller Eldorado 250 store openings showing better-than-expected sales performance;
 - a recovery and further growth in sales of services (+178%) and accessories (+53%);
 - a rise in sales financed by consumer loans (+65%), owing in part to continued development of online lending that is now available via the web and mobile platforms, and a recovery in POS lending;
 - an increase in the share of orders ready for delivery/pick-up within 15 minutes by +9.3 pp year-on-year to 53.5%;
 - further solid growth in demand for home and self-care products (+51%), gadgets and entertainment products (+44%) and mobile devices (+38%) as part of stable consumer trends.

KEY EVENTS IN 2Q 2021

- The Board of Directors approved changes to the Group's corporate structure and the consolidation of all management functions of M.Video and Eldorado brands into a single OneRetail unit with a focus on further digital transformation of the brands. Dagmara Ivanova, former Managing Director of M.Video, was appointed Managing Director of the OneRetail unit from June 1, 2021.
- M.Video-Eldorado Group completed the process of revamping the Board in order to improve the Company's corporate governance practices. In May 2021, pursuant to a resolution of the Annual General Meeting of Shareholders, the share of independent directors on the Board was increased to one third and the number of directors representing PJSC M.video's key shareholder was reduced to two (out of nine seats). At its first meeting on May 18, 2021, the new Board of Directors elected Alexander Tynkovan as its Chairman.
- The Company's Annual General Meeting of Shareholders approved a dividend payout of RUB 6,831,192,626, or RUB 38 per ordinary share. With the interim dividends paid for the six months ended 30 June 2020 (RUB 5.4 billion, or RUB 30 per ordinary share), the total dividends for FY 2020 amounted to RUB 12.2 billion (RUB 68 per ordinary share), or 100% of the Company's 2020 adjusted net profit under IAS 17.

- The Group successfully closed the order book for exchange-traded rouble bonds worth a total of RUB 10 billion. The coupon rate on the bonds, which mature in two years, was set at 7.3% p.a. The offering was arranged by Alfa-Bank, VTB Capital, Gazprombank, Credit Bank of Moscow, Russian Agricultural Bank, Sber CIB and Sovcombank, with Gazprombank acting as the placement agent.
- M.Video continues to develop its virtual assistant Alyona, which provides AI-based robotic customer support via the website, in the mobile app and on the most popular messengers (WhatsApp, Telegram, Viber). Voice processing technologies enabled the Company to decrease the contact center workload, reduce customer service response times and boost customer satisfaction and loyalty. For certain scenarios, Alyona now covers more than half of customer queries.
- M.Video-Eldorado launched a new format of M.Video stores entirely built around the smartphone-driven customer experience. The new store design relies on digital media solutions (rather than paper) and predominantly eco-friendly materials. The first new-concept M.Video store was opened in the MEGA Khimki mall in Moscow.
- As part of its corporate programs aimed at preventing children from being abandoned and helping families facing hardships, M.Video-Eldorado held the first grant competition and provided more than 400 pieces of equipment to 16 regional non-profit organizations to support local initiatives.
- Recyclable electronic waste collection in M.Video and Eldorado stores increased by 2.5x compared to the previous year, with more than 700 tonnes of e-waste and 16 tonnes of batteries sent for recycling by the Company in 1H 2021.

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

“While the low base effect due to the lockdown in 2Q 2020 did contribute to M.Video-Eldorado’s solid sales growth, the key driver of this growth was new customer acquisition and successful conversion into active loyal customers. Compared to 2019, the Company’s GMV in 1H 2021 rose by 33%, while total online sales (TOS) increased threefold.

“We see the continued growth in sales across the key categories of appliances and electronics. Russian consumers seek products for home comfort, efficient solutions for work or studying, and entertainment products. While being sensitive to prices, they also pay attention to the speed of delivery, accompanying services, and safe and comfortable order placement and payment processes. 90% of our purchases are made by active identified customers. The number of OneRetail customers, i.e. those who buy through a web or mobile platform, has increased by 1.5x and their share reached 57%, which is fully in line with our strategic plans to improve customer service and double GMV to RUB 1 trillion by 2025.










“While posting strong sales growth and boosting the quality of customer service, we continue the digital transformation of all business processes across the Company. We have consolidated M.Video’s and Eldorado’s management functions within a single OneRetail unit, which now helps us swiftly align the two brands’ actions in the market, implement best practices and launch new technologies. Like most IT companies, we have dedicated product teams in each of the business units, and the creation and further development of innovative solutions is now the lifeblood of the entire Company. In addition to enhancing our mobile platform to provide the best personalized customer service, which is our key focus, in 2H 2021 we will also concentrate on logistics processes, primarily fulfilment, and the overall development of IT architecture to support active product development.”










BUSINESS OVERVIEW AND KEY EVENTS AFTER THE REPORTING DATE

- In July, the Group’s total online sales (TOS) continue to show double-digit growth, with sales through the customer mobile app increasing fourfold thanks to the app’s enhanced capabilities and improved personalization of price offers.

- M.Video-Eldorado appointed management for OneRetail brand umbrella. The team, headed by Managing Director Dagmara Ivanova, was mostly hired from among existing employees.
- External hires included Alina Ryzhenkova taking the role of HR Director of M.Video-Eldorado Group (previously – Vice President for Organisational Development at MTS), and Andrey Pavlovich joining the Company as Director for Logistics and Fulfilment (previously – Operations Director at X5 Group's Perekrestok Vprok).

M.Video-Eldorado Group operations summary for 2Q and 1H 2021

| Gross merchandise value (GMV), RUB million (incl. VAT) | | | | | | |
|---|----------------|---------------|---------------|----------------|----------------|---------------|
| | 2Q 2021 | 2Q 2020 | chg., % | 1H 2021 | 1H 2020 | chg., % |
|  | 80,200 | 56,528 | +41.9% | 172,777 | 138,584 | +24.7% |
|  | 39,899 | 30,373 | +31.4% | 85,534 | 69,805 | +22.5% |
|  | 120,099 | 86,901 | +38.2% | 258,312 | 208,389 | +24.0% |
| Total online sales (TOS), RUB million (incl. VAT) | | | | | | |
| | 2Q 2021 | 2Q 2020 | chg., % | 1H 2021 | 1H 2020 | chg., % |
|  | 69,100 | 43,828 | +57.7% | 146,913 | 91,688 | +60.2% |
|  | 12,405 | 16,248 | -23.7% | 26,939 | 25,141 | +7.2% |
|  | 81,505 | 60,076 | +35.7% | 173,852 | 116,829 | +48.8% |
| Share of total online sales (TOS) in GMV, % | | | | | | |
| | 2Q 2021 | 2Q 2020 | chg., % | 1H 2021 | 1H 2020 | chg., % |
|  | 86.2% | 77.5% | +8.6% | 85.0% | 66.2% | +18.9% |
|  | 31.1% | 53.5% | -22.4% | 31.5% | 36.0% | -4.5% |
|  | 67.9% | 69.1% | -1.3% | 67.3% | 56.1% | +11.2% |
| Identified active customers, million | | | | | | |
| | 2Q 2021 | 2Q 2020 | chg., % | 1H 2021 | 1H 2020 | chg., % |
| OneRetail customers | 11.3 | 7.7 | +47.1% | 11.3 | 7.7 | +47.1% |
| Share of OneRetail customers | 56.9% | 44.0% | +12.9 pp | 56.9% | 44.0% | +12.9 pp |
| Non-OneRetail customers | 8.5 | 9.7 | -12.5% | 8.5 | 9.7 | -12.5% |
| Total | 19.8 | 17.4 | +13.8% | 19.8 | 17.4 | +13.8% |
| Average ticket by client group, RUB | | | | | | |
| | 2Q 2021 | 2Q 2020 | chg., % | 1H 2021 | 1H 2020 | chg., % |
| OneRetail | 10,744 | 9,740 | +10.3% | 10,417 | 9,756 | +6.8% |
| Non-OneRetail | 7,848 | 8,742 | -10.2% | 7,415 | 7,119 | +4.2% |
| Total | 10,003 | 9,521 | +5.1% | 9,640 | 8,892 | +8.4% |
| Total online sales (TOS) by channel, RUB million (incl. VAT) | | | | | | |
| | 2Q 2021 | 2Q 2020 | chg., % | 1H 2021 | 1H 2020 | chg., % |
| Web platform | 29,435 | 44,377 | -33.7% | 64,937 | 71,348 | -9.0% |
| Mobile platform, incl.: | 52,070 | 15,699 | +231.7% | 108,915 | 45,481 | +139.5% |
| Customer apps | 11,457 | 4,606 | +148.7% | 23,701 | 5,824 | +306.9% |
| Consultant app | 40,613 | 11,093 | +266.1% | 85,214 | 39,657 | +114.9% |
| Total | 81,505 | 60,076 | +35.7% | 173,852 | 116,829 | +48.8% |
| Gross merchandise value (GMV) by fulfilment channel, RUB million (incl. VAT) | | | | | | |
| | 2Q 2021 | 2Q 2020 | chg., % | 1H 2021 | 1H 2020 | chg., % |
| Stores | 78,575 | 37,093 | +111.8% | 168,362 | 130,048 | +29.5% |
| Pick-up | 31,439 | 31,975 | -1.7% | 68,699 | 53,841 | +27.6% |
| Delivery | 10,084 | 17,832 | -43.4% | 21,251 | 24,501 | -13.3% |
| Total | 120,099 | 86,901 | +38.2% | 258,312 | 208,389 | +24.0% |
| Aggregate website metrics: average monthly visits, million | | | | | | |
| | 2Q 2021 | 2Q 2020 | chg., % | 1H 2021 | 1H 2020 | chg., % |
| Visits | 57.5 | 75.9 | -24.3% | 64.4 | 75.9 | -15.1% |
| Aggregate customer mobile app metrics ⁸ | | | | | | |
| | 2Q 2021 | 2Q 2020 | chg., % | 1H 2021 | 1H 2020 | chg., % |
| Installations, '000 ⁹ | – | – | – | 16,595 | 3,574 | +364.3% |
| MAU, '000 ¹⁰ | – | – | – | 3,223 | 1,224 | +163.3% |

| Retail network | | | |
|---|--------------|--------------|-----------------|
| | 30.06.2021 | 31.12.2020 | Chg. in 1H 2021 |
| Stores | | | |
|  | 557 | 542 | +15 |
|  | 580 | 532 | +48 |
|  | 1,137 | 1,074 | +63 |
| Selling space, '000 sqm | | | |
|  | 828 | 810 | +18 |
|  | 679 | 665 | +14 |
|  | 1,507 | 1,475 | +32 |
| Total space, '000 sqm | | | |
|  | 1,154 | 1,131 | +23 |
|  | 893 | 883 | +10 |
|  | 2,047 | 2,015 | +33 |

A presentation of the operating results for the quarter and half year ended June 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) 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.

As of June 30, 2021, the Group had stores across more than 300 Russian cities, with 557 and 580 stores under the M.Video and Eldorado brands, respectively. Total floor space was 2,047 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 M.video PJSC, 15% is held by Media-Saturn-Holding GmbH and another 1% is held by MVM LLC, a 100% subsidiary of M.video PJSC.

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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 authorised 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 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 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.