

M.Video-Eldorado Group spins off its IT business

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M.Video-Eldorado Group (PJSC M.video), Russia's leading e-commerce and consumer electronics retailer, plans to develop M.Tech as an IT company that will focus on the creation of IT products and services for retail, e-commerce, consumer lending and online payments, which will help boost operational efficiency of the Group's existing business. M.Tech will be an external partner for all of M.Video-Eldorado's IT development needs, and will also serve as a platform for potential future sales of proprietary IT solutions to a wider market.

Establishing a dedicated IT company will enable M.Video-Eldorado to focus on centralized development and upscaling of its IT business, with a view to boosting operational efficiency and quality of proprietary digital products for its employees, customers and partners. This move is rooted in M.Video-Eldorado's digital transformation push, ramping up of its in-house IT competencies, and shift to a product approach in launching and advancing both customer and corporate solutions.

M.Tech will be based on Direct Credit, a leading fintech provider acquired by M.Video-Eldorado Group in 2021, and will be in charge of developing IT products, rolling out new solutions, building up the Data Office, and searching for and implementing innovations. The new IT company is to take on M.Video-Eldorado's developers, analysts, testers and other tech experts. Going forward, M.Tech may offer some solutions to the external market. Currently, the Group is seeking regulatory advice as to potential formats of its IT business operations.

The creation of a standalone IT company within the structure of the leading retail player will also do the Group's IT experts good in terms of incentivization and work arrangements improvement.

Irina Ivanova, Director for Organizational Transformation and Human Resources:

"In retail, it is all about technology. The faster you implement innovations, the more competitive you are, and IT solutions represent a strategic resource. M.Video-Eldorado Group has IT expertise that is well-recognized in the market, and spinning it off as a standalone company will enable us to scale up our developments more efficiently, as well as improve the transparency of business processes taking into account the high degree of uncertainty that exists today. We also expect this move to benefit our IT specialists; they must have access to all measures being put in place to support the industry."

Using its advanced microservice and largely cloud-based infrastructure, the Group is currently working on over 100 products and solutions powered by data analytics, biometrics, AI, and machine learning. The Group has launched the OneRetail tech platform, which ensures seamless customer experience both online and offline, as well as its own financial services platform. As part of building out its OneRetail solutions, the Company also focuses on creating convenient tools for vendors and marketplace partners. The Company's Data Office develops recommendation engines, assortment planning solutions, personalization tools, and video analytics services.

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.

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 around 23.8% free float. Said Gutseriev directly or indirectly controls 60.4% of the share capital of M.video PJSC, 15% is held by Media-Saturn-Holding GmbH and another 0.8% is held by MVM LLC, a 100% subsidiary of PJSC M.video.

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