

## M.Video-Eldorado increases GMV by 43% in 4Q setting a new quarterly sales record in the entire history of the company

- The Group's gross merchandise value (GMV) in 4Q 2023 increased by 43% year-on-year up to RUB 181.1 bn setting the new record-high quarterly GMV level in the entire history of the company
- The Company expects significant deleveraging and return to a moderate Net debt / EBITDA below 3.5x at the end of 2023, and further decline by the end of 2024

February 7, 2024, Moscow, Russia

**PJSC M.video** (M.Video-Eldorado Group, the Company, or the Group; MOEX: MVID), Russia's leading e-commerce and consumer electronics retailer, announces combined unaudited results of GMV, (gross merchandise value) for the fourth quarter and twelve months ended December 31, 2023 and also publishes a business overview and key events of the fourth quarter and after the reporting date.

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### 4Q 2023 OPERATIONAL HIGHLIGHTS<sup>1</sup>

- **The Group's gross merchandise value (GMV<sup>2</sup>)** in 4Q 2023 increased by 43% year-on-year to the record-high RUB 181.1 billion (incl. VAT). The Company's turnover exceeded the 4Q 2021 figures. 4Q as the high season accounted for over 33% of GMV in 2023.
- **Total online sales<sup>3</sup>** increased by 55% to RUB 132.5 billion (incl. VAT), accounting for 73% of the Group's GMV.
- **Traffic, online and offline combined**, remained comparable year-on-year in 4Q 2023, while conversion to purchase increased, totaling around 340 million visits. New customer growth for the year was 14%. Customer mobile app traffic gained 4%.
- **M.Video and Eldorado customer mobile app downloads** increased by 30% year-on-year to more than 66 million.
- **Sales on the Company's own electronics marketplace** grew 1.6 times year-on-year in 4Q, as the number of sellers more than doubled and the Company's available assortment grew wider.
- As at the end of December 2023, the **M.Video and Eldorado store network** consisted of 1,242 stores of all formats (an increase of 34 stores in 4Q 2023) spanning over 370 cities in Russia. During 2023, the Company opened 62 M.Video stores in the new efficient compact format and plans to further scale it in key regions. Interim results show that the existing new format stores are performing better vs our initial targets in terms of turnover. At least 100 M.Video stores are expected to open in 2024, mostly in the compact format.

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### 12M 2023 OPERATIONAL HIGHLIGHTS

- The Group's gross merchandise value (GMV) rose by 11% to RUB 540.4 billion (incl. VAT).
- Total online sales increased by 18% to RUB 386 billion (incl. VAT), accounting for 71% of the Group's GMV.

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

"In 4Q 2023 the Company has reached new record-high level of quarterly GMV. This fact once again proves that the Company has successfully navigated one of the most challenging periods in its history, posting strong growth in key operational metrics driven by our focus on customer needs and service, product mix development, and our robust efficiency. We are confident about our future and are investing our effort actively in a qualitative business transformation based on a revitalized brand platform. Being a 'chief electronics expert', we seek to meet customer needs in the widest and most professional way possible through our competitive strengths: omnichannel customer journey, handpicked product range with a broad differentiation and exceptional customer service."

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

"A more than 40% increase in GMV in July–December, record-high merchandise turnover, and effective cost and investment controls drove strong financial performance and reduced our leverage compared to not only our semi-annual results but also to year-end 2022 levels. Our EBITDA<sup>4</sup> growth in 4Q is estimated to reach at least 90% year-on-year. For 2023 as a whole, we expect to generate more than RUB 21 billion in absolute terms, and thanks to this Net debt/EBITDA<sup>4</sup> continues to decline and is already below 3.5x. We expect further deleveraging on a Net debt/EBITDA<sup>4</sup> basis in 2024."

### **KEY OPERATIONAL DRIVERS IN 4Q 2023**

- The Group's gross merchandise value (GMV) in 4Q totaled 43% year-on-year on the back of seasonal customer activity, expanded product range, sales tools and channels, as well as new openings, while the demand for household appliances and electronics continued to recover.
- As a result of supply recovery and product mix expansion, the Group significantly increased sales of popular products in 4Q during Black Friday and the pre-New Year high season. The total number of SKUs available on the Group's online platforms and in its offline stores saw a year-to-date increase of 22% to over 191,000. M.Video-Eldorado outperformed the market in many categories. For example, the Company increased its sales of flat-screen TVs by 40%, tablets by more than 60%, washing machines by 35%, and kitchen appliances by 45%. In 4Q, the sales of brands from China, Turkey, Russia, Belarus, and Uzbekistan continued to grow. At the same time, the share of the Company's import procurement stabilized at the target level of ~30%, while the share of unique assortment, including private labels, brands, lines and products represented only in M.Video and Eldorado reached 18% of turnover.
- With the changing landscape of brands represented, volatile exchange rates and prices, the role of stores and professional advice in product selection and shopping has increased, enabling the Group to leverage the benefits of its omnichannel business model. As a result, about 90% of all orders were made using the Group's store infrastructure.
- As part of developing its own service business, the Group expanded its fleet of vehicles in operating lease to more than 200 thanks to Russian-made trucks, while the service staff exceeded 600 specialists.
- In 4Q, the Group's credit sales characterized among other things by a higher average ticket grew by 78%, increasing their share in sales by 3 p.p. to 16%. The Group sells all financial products offered to customers through its subsidiary, Direct Credit.
- To promote its fintech business, the Group also added Alfa-Bank as a partner bank in POS lending and continued to develop M.Instalment and the My Finance payment service in its apps.
- The average customer base dynamics in 4Q 2023 was 7.4% higher year-on-year. New customer growth for the year was 14%. As a result, the share of new customers in the Group's portfolio amounted to 25%, which is a great contribution to the development of further sales. In addition, the Group worked effectively with its

overall customer base, reactivating 24% more inactive customers (those who had not made a purchase in over 12 months) in 4Q than in 2022. In 2023, this segment grew by 15%.

- In 4Q, the Company significantly changed the basic rules of the loyalty program to improve its efficiency. As a result of the changes, bonus rubles can now be used for 365 days compared to 180 days previously, the average accrual increased from 3% to 4.5%, while the maximum possible write-off of bonus rubles decreased from 50% to 30%. Thus, the Company was able to increase the average ticket by more than 25% already in 4Q, while maintaining the loyalty program penetration at more than 90%.

## KEY EVENTS IN 4Q 2023 AND AFTER THE REPORTING DATE

- The Company announced the start of rebranding, with changes in the corporate identity and style of M.Video designed to reflect qualitative updates in the business model, the retailer's expertise, and a new brand platform. For example, the Company's portfolio now boasts a new feature – M.Master, a unified customer service center, – as well as new financial products (including M.Instalment) created through subsidiary Direct Credit.
- M.Video-Eldorado continues to enhance its product range and expand the pool of partners in key product categories. The Company launched the sales of laptops by OSiO, a new Russian brand whose devices are assembled at Innopolis, Tatarstan's special economic zone. The Group strengthened cooperation with Haier, a leading home appliance manufacturer, and started selling products created by Casarte, a premium brand new to the Russian market. The chain also became a retail partner of Lunacy, a new brand of premium gaming devices by popular streamer Vyacheslav Buster Leontiev.
- As part of efforts to improve its last mile services, the Company launched express delivery of large-sized appliances from stores in partnership with taxi aggregators.
- As part of enhancing its fintech expertise, the Group increased the reliability of its payment infrastructure and ensured the secure handling of payment cards by its website and app, obtaining the international Payment Card Industry Data Security Standard (PCI DSS) 4.0 certificate, which it now intends to renew annually.
- The Group agreed on cooperation in electronic waste recycling with the Russian Environmental Operator (REO) established by the Government of the Russian Federation as a non-profit organization.
- For the third time running, in the electronics segment M.Video topped the Omnichannel Retailers ranking compiled by Data Insight and AWG, an IT integrator.
- For its Smart Chatbot M.Video M.V project, M.Video-Eldorado won a Retail TECH 2023 award, whereas another project M.Data Data Catalogue as the First Data Inventory Platform in the Retail Segment Created without Using Vendor and Open Source Solutions won a prize in the Big Data Leader category.
- M.Video-Eldorado won the ECOM Awards 2023, while also making it to the finals of the Big Turnover 2023 Awards in the Social Responsibility and Grand Prix categories for exerting significant influence on the industry and wider society.

## M.Video-Eldorado Group operations summary for 4Q and 12M 2023

RUB billion, incl. VAT	4Q 2022	4Q 2023	chg., %	12M 2022	12M 2023	chg., %
GMV <sup>2</sup>	126.3	181.1	+43.3%	488.7	540.4	+10.6%
Total online sales (TOS) <sup>3</sup>	85.3	132.5	+55.4%	326.8	386.0	+18.1%
Share of total online sales in GMV, %	67.5%	73.2%	+5.7 p.p.	66.9%	71.4%	+4.6 p.p.

A presentation of the operating results for the fourth quarter and twelve months ended December 31, 2023 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 includes the IT company "M.Tech", focused on the development of retail and e-commerce solutions, and the fintech platform "Direct Credit".

M.Video-Eldorado Group operates a network of more than 1,200 stores in Russian cities from the Kaliningrad Region to Kamchatka and develops its own marketplace of consumer electronics, which provides a wide assortment and quick availability of goods throughout the country. M.Video-Eldorado develops both an online platform and a network of stores under both brands, the total traffic of the company is about 1.2 billion visits per year.

M.Video-Eldorado Group is the only Russian company in the retail electronics with shares traded on the stock market. Currently, the Company's shares are traded on the largest Russian stock exchange – the Moscow Stock Exchange (ticker: MVID).

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<sup>1</sup> Unless otherwise specified, the data are indicated year-on-year.

<sup>2</sup> 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.

<sup>3</sup> 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).

<sup>4</sup> In line with IAS 17.