

M.Video-Eldorado Group increases its GMV by 19% and doubles online sales in 4Q 2020

9 February 2020, 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 and part of SAFMAR Group owned by Mikhail Gutseriev, announces its combined unaudited GMV for the fourth quarter and twelve months ended 31 December 2020, and announces its business overview and key events in 4Q 2020 and after the reporting date.

4Q 2020 highlights¹

- **The Group's gross merchandise value (GMV²)** rose by 18.9% to RUB 164.3 billion (incl. VAT).
- **Total online sales (TOS³)** rose by 101.0% to RUB 105.7 billion (incl. VAT), accounting for 64.3% of the Group's GMV.
 - **Mobile platform turnover⁴** increased by 140.0% to RUB 64.1 billion, with a 60.7% share in total online sales.
 - **Web platform turnover⁵** increased by 60.7% to RUB 41.5 billion.
- **M.Video and Eldorado customer mobile app downloads** during the quarter totalled 2.9 million, an increase of over 2x quarter-on-quarter.
- **The average monthly number of active users (MAU)** of the customer mobile apps increased nearly 7x to 2.77 million.
- **The average monthly audience** of the Group's websites increased by 11.8% year-on-year to reach 78.9 million visitors.

12M 2020 highlights

- **The Group's gross merchandise value (GMV)** rose by 15.4% to RUB 504.8 billion (incl. VAT).
- **Total online sales (TOS)** increased by 108.6% to RUB 300.4 billion (incl. VAT), accounting for 59.5% of the Group's GMV.
 - **Mobile platform turnover** increased by 152.3% to RUB 154.1 billion, with a 51.3% share in the total online sales.
 - **Web platform turnover** increased by 76.3% to RUB 146.3 billion.
- **The number of identified active customers⁶ reached 18.7 million**, with 41.6% of them classified as OneRetail customers⁷; the number of OneRetail customers rose by 79.5%.
- **M.Video and Eldorado mobile app downloads** reached nearly 7.8 million, a 5.5x increase year-on-year.
- **The average monthly number of active users (MAU)** of the customer mobile apps amounted to more than 2 million.
- **The average monthly audience** of the Group's websites increased by 28.9% year-on-year to reach 74.7 million visitors.
- **The total number of SKUs** available on the Group's online platforms and in its offline stores saw an increase of over 2.5x, reaching more than 75,000.
- As of the end of December 2020, **the store network** consisted of 1,074 stores of all formats (up 36 stores year-on-year) spanning 279 cities in Russia.

Key factors behind 4Q 2020 results

- In 4Q 2020, the Group's GMV increased by 18.9% thanks to growth in the market for household appliances and electronics and the successful ramp-up of the Group's online business, as well as efficient in-store operations under the OneRetail model.
- GMV growth in 4Q 2020 was supported by a number of macroeconomic factors and consumer trends impacting the broader market for domestic appliances and consumer electronics, namely:
 - ongoing strong demand for home office equipment as many office employees continued to work remotely;
 - emerging demand for durable household goods driven by the need to work and study from home, including higher demand for premium products in large cities;
 - growing popularity of innovative and new categories, including game consoles and other gaming products, gadgets and wearable devices, and smart home products.

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- Year-on-year growth in total online sales in 4Q 2020 was achieved primarily due to:
 - a reorientation of the Group’s marketing, operational and retail models towards the development of the customer journey through a mobile platform for a seamless shopping experience;
 - growth in the average check, especially among OneRetail customers, including due to growth in sales of accessories (+14.9%) and services (+25.1%);
 - growth in traffic and conversion of the Group’s websites and the M.Video customer mobile app, the launch of the Eldorado-brand customer mobile app and a simultaneous increase in the number of OneRetail customers, which in turn led to an increase in delivery volumes (+141.6%) and self-pickup of online orders (+75.4%);
 - high availability of the most popular goods due to the presence of up to 50% of inventory in retail stores throughout the network; the expansion of the number of partner pick-up points to more than 55,000 by the end of the year; and the effective development of more than 60 last-mile partnerships;
 - expansion in the assortment of household appliances and electronics, due to: increasing direct contracts with suppliers via the vendor catalog model; introducing a new line of goods to the market under the Group’s private labels; white label integration of the goods.ru marketplace assortment.

Key events in 4Q 2020

- The Group distributed RUB 5.4 billion in dividends, which represents 100% of adjusted net profit for 1H 2020.
- In December, the Board of Directors approved a new mid-term development strategy that seeks to ensure growth and outperform industry averages while also maintaining stable and attractive returns for shareholders.
- The Group expanded the range of goods marketed under its own Novex and Hi brands, with over 150 models of major and small household appliances now available to customers who can benefit from high-quality and technologically advanced solutions at a reasonable price.
- The Group expanded its geographic footprint in the Russian Far East (Petropavlovsk-Kamchatsky, Magadan) and in Kaliningrad, continuing to work towards the goal of increasing the share of the country’s population who have access to M.Video-Eldorado goods within 24 hours.
- The M.Video brand relaunched its website in October 2020 to improve performance, the customer journey, conversion and NPS.
- The Group became the first retailer to start offering virtual SIM cards throughout Russia.
- All of the Group’s stores have joined the used battery collection and recycling programme, with some 13 tonnes of batteries turned in for recycling in 2020, a twofold increase year-on-year.
- In December, Eldorado launched a customer mobile app for Android and iOS devices, which enables users to make a purchase for delivery or in-store pickup, receive personalized promo offers and up-to-date reviews of the latest releases, and manage their loyalty accounts. In just one month, the app was downloaded by more than 660,000 users.

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

“During FY 2020 and 4Q 2020, we demonstrated very strong growth. Last year, the Company was not only able to successfully adapt to structural market changes, but also accelerate the rate of its in-depth digital transformation. Our total online sales more than doubled to hit a record high of RUB 300 billion. This explosive growth was reflected in our market share in the Russian online consumer electronics market jumping to 33%. This performance confidently places M.Video-Eldorado Group among the leading e-commerce players not only in our segment, but also in the entire Russian market.”

“Our updated strategy is one of organic growth, aimed at addressing a range of ambitious goals that will enable the Company to maintain a high rate of growth in GMV while providing attractive returns to shareholders. Implementing this strategy, based primarily on the scaling and further development of our OneRetail technology, will require us to not only remain a highly efficient retailer, but also to defend our newly acquired leading position in e-commerce. This will definitely be a challenge. However, the entire history of the Company’s growth suggests that we will succeed.”

Ekaterina Sokolova, M.Video-Eldorado Group’s Chief Financial Officer:

“Smartphones are becoming an increasingly important shopping tool both in Russia and globally, which makes them a key to winning the hearts and minds of consumers. Hence, further digitalisation of customer experience and

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development of the mobile platform with integration of mobile apps on both consultant and customer sides are viewed as an essential element of our technology-driven OneRetail business model. In 2020, sales via the mobile platform increased by 2.5 times to RUB 154 billion, which represents over 50% of the Group's total online sales. More than 8 million users downloaded the M.Video and Eldorado customer apps, and this is only the beginning of the transformation journey for us and our customers. We intend to continue rolling out the mobile platform across our network and increase the share of stores with the online platform from 50% to 100% in the mid-term.

"This means that technology investments and expansion of in-house software development capabilities are one of the Group's priorities for 2021. We plan to double the number of developers and other IT professionals we employ in 2021, which will enable us to implement our own software products much more quickly and efficiently."




"Further growth of the retail network and improvements in the logistics infrastructure with higher penetration rates across Russia remain an important driver helping to scale up our mobile platform and online business. Despite the growing popularity and expanding range of delivery services and regardless of the restrictions imposed as part of the pandemic response, 90% of our turnover is still related to in-store customer experience, including in-store shopping, pick-up of online orders and express delivery by taxi from the nearest store. With 1,074 stores across Russia, our store density was high enough to improve the availability of products for customers: today M.Video-Eldorado Group makes it possible for 60% of the Russian population to receive their online orders within 24 hours, while more than a third of orders can be ready for pick-up within 15 minutes. There is no doubt that our stores and their highly skilled personnel are one of our key competitive advantages. We will keep investing in them not only through the extensive growth of the retail network, but also by pursuing in-depth digitalisation of all processes and, most importantly, by fostering a truly digital corporate culture."

Business overview and key events after the reporting date




- In January 2021, the Group continued to grow its GMV by more than 20%, while also increasing the share of total online sales in overall GMV. Year-to-date, the largest contributors to growth were laptops (+41.1%), mobile devices (+39.1%) and household appliances, including refrigerators (+23.9%) and washing machines (+17.0%). The Group also noted the continuing increase in the sales of services and accessories and a rise in consumer loan sales, including using instalment payment services that are now available via the web and mobile platforms.
- In January, M.Video-Eldorado Group, Sber and Alexander Tynkovan, the founder and co-owner of goods.ru, signed a letter of intent to develop the goods.ru marketplace (Marketplace LLC) together. The parties expect to enter into a binding agreement after the due diligence exercise and after all the necessary approvals and permits are granted by corporate governance bodies and the Federal Antimonopoly Service of Russia. Following the potential deal, Sber's share in goods.ru may total 85%, with the Group and Alexander Tynkovan holding 10% and 5%, respectively. All three parties will be represented in the Company's Board of Directors.




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M.Video-Eldorado Group operations summary for 12M 2020




Gross merchandise value (GMV), RUB million (incl. VAT)						
	4Q 2020	4Q 2019	Chg, %	12M 2020	12M 2019	Chg, %
	109,987	92,468	+18.9%	335,526	292,531	+14.7%
	54,353	45,798	+18.7%	169,267	144,941	+16.8%
	164,341	138,265	+18.9%	504,793	437,472	+15.4%

Gross merchandise value (GMV) by fulfilment channel, RUB million (incl. VAT)						
	4Q 2020	4Q 2019	Chg, %	12M 2020	12M 2019	Chg, %
Stores	114,507	112,049	+2.2%	341,747	354,129	-3.5%
Pick-up	35,806	20,410	+75.4%	112,662	63,578	+77.2%
Delivery	14,027	5,806	+141.6%	50,384	19,765	+154.9%
Total	164,341	138,265	+18.9%	504,793	437,472	+15.4%

Total online sales (TOS), RUB million (incl. VAT)						
	4Q 2020	4Q 2019	Chg., %	12M 2020	12M 2019	Chg, %
	89,717	43,568	+105.9%	246,624	116,433	+111.8%
	15,947	9,002	+77.2%	53,763	27,584	+94.9%
	105,664	52,569	+101.0%	300,387	144,017	+108.6%

Share of total online sales (TOS) in GMV, %						
	4Q 2020	4Q 2019	Chg, %	12M 2020	12M 2019	Chg, %
	81.6%	47.1%	+34.5pp	73.5%	39.8%	+33.7pp
	29.3%	19.7%	+9.7pp	31.8%	19.0%	+12.7pp
	64.3%	38.0%	+26.3pp	59.5%	32.9%	+26.6pp










Total online sales (TOS) by channel, RUB million (incl. VAT)						
	4Q 2020	4Q 2019	Chg, %	12M 2020	12M 2019	Chg, %
Web platform	41,546	25,852	+60.7%	146,258	82,937	+76.3%
Mobile platform, incl.:	64,118	26,717	+140.0%	154,129	61,080	+152.3%
Customer apps	10,197	691	+1376.3%	20,777	1,284	+1517.6%
Consultant app	53,921	26,026	+107.2%	133,352	59,796	+123.0%
Total	105,664	52,569	+101.0%	300,387	144,017	+108.6%

Website metrics						
	4Q 2020	4Q 2019	Chg, %	12M 2020	12M 2019	Chg, %
Average monthly visits, million						
	48.4	42.6	+13.6%	46.3	37.0	+25.2%
	30.4	27.9	+9.1%	28.3	20.9	+35.5%
	78.9	70.5	+11.8%	74.7	57.9	+28.9%

Mobile app metrics ⁸						
	4Q 2020	4Q 2019	Chg, %	12M 2020	12M 2019	Chg, %
Installations, '000 ⁹	-	-	-	7,783	1,413	+450.8%
MAU, '000 ¹⁰	2,771	399	+593.8%	2,005	257	+680.7%

Identified active customers, million						
	4Q 2020	4Q 2019	Chg, %	12M 2020	12M 2019	Chg, %
OneRetail customers	-	-	-	7.8	4.3	+79.5%
Share of OneRetail customers, %	-	-	-	41.6%	26.0%	+15.6pp
Non-OneRetail customers	-	-	-	10.9	12.3	-11.5%
Total	-	-	-	18.7	16.6	+12.2%

Retail network

	31.12.2020	31.12.2019	Change in 12M 2020	
Stores				
 M.Video	542	532	+10	+1.9%
 Eldorado	532	506	+26	+5.1%
 Combined	1,074	1,038	+36	+3.5%
Selling space, '000 sqm				
 M.Video	810	794	+15	+1.9%
 Eldorado	665	661	+4	+0.5%
 Combined	1,475	1,456	+19	+1.3%
Total space, '000 sqm				
 M.Video	1,131	1,115	+16	+1.5%
 Eldorado	883	882	+1	+0.1%
 Combined	2,015	1,997	+18	+0.9%

About M.Video-Eldorado Group

M.Video-Eldorado Group (PJSC M.video) is Russia's leading e-commerce and consumer electronics retailer, combining the M.Video and Eldorado brands in the market for home appliances and electronics. The company's GMV exceeded RUB 500 billion in FY 2020. 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).

As of December 31, 2020, the Group operated 542 stores under M.Video brand and 532 stores under Eldorado brand in more than 250 cities of Russian Federation. The Group stores' selling space was 1,475 thousand square meters and total space was 2,015 thousand square meters.

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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 authorized customers via the Internet, including home delivery, in-store pickup, and sales made to customers in-store through the seller's mobile app. Currently, sales through the seller's 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 sellers' app.

⁵ Web platform turnover includes sales made through the website, contact centre, goods.ru marketplace, 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 One Retail 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 The M.Video retail network launched a mobile app in Q2 2019, while Eldorado launched a mobile app in December 2020.

⁹ Total number of customer app downloads on mobile devices on iOS and Android on a cumulative basis.

¹⁰ MAU - monthly active users, or the average monthly number of active users of a mobile app.