

## **M.Video-Eldorado Group invests RUB 1.3 bln in fintech platform and plans to offer lending services to other players**

September 23, 2021, 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 that its Board of Directors has approved a project to develop the Group's fintech business by acquiring a 100% stake in the lending platform Direct Credit for RUB 1.3 billion. M.Video-Eldorado plans to expand Direct Credit into a leading fintech provider for the entire e-commerce sector, including online and offline lending and payment services for customers and partners. The required corporate procedures to finalize the deal are expected to be completed by the end of 2021.

Through Direct Credit, M.Video-Eldorado plans to develop its own promising fintech business as part of its rapidly growing OneRetail mobile platform, to export fintech solutions for the entire Russian retail market and to further increase Direct Credit's share in the Russian market for point-of-sale (POS) lending. The Group's promising projects include improving online services for consumer lending to individuals and legal entities, and launching new payment instruments, payment processing solutions and subscription services. The acquisition and integration of the advanced lending platform, which already accounts for a substantial share of M.Video-Eldorado's lending services, will enable the Group to quickly upgrade the quality of its customer service and improve the economics of its credit products.

Direct Credit (Direct Credit Centre LLC or Direct Credit Group) is Russia's largest credit broker, accounting for 25% of the Russian POS lending market. Its platform brings together more than a dozen banks and financial organizations, with large and medium-sized retail chains and e-commerce players among its clients, including MTS, Citilink, Rostelecom and others. In 2020, about two million loans worth RUB 74.2 billion were issued via Direct Credit, of which 34% were online loans. The company has over 3,000 employees. Direct Credit Center LLC is owned by SFI, a diversified investment holding company.

KPMG confirmed the independent valuation of Direct Credit Group. M.Video-Eldorado will use its own funds to finance the deal. The Group has received Federal Antimonopoly Service approval of the transaction in accordance with regulatory requirements.

Currently, the Group offers its customers a wide range of in-store and online lending products from around a dozen banks and financial institutions, in partnership with Direct Credit and other companies. The lending platform offers several significant advantages over working directly with banks: customers can submit a loan application to several banks at the same time, which greatly increases the chances of approval and improves the customer experience. The IT solutions used by Direct Credit and M.Video-Eldorado enable customers to receive a response to their application in a matter of minutes—loan approval takes an average of two minutes in stores and online.

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

*"The launch of our own fintech platform based on a market-leading lending service is fully in line with M.Video-Eldorado's strategic focus on creating the best shopping experience for our OneRetail customers — that is to say both online and in-store. Today, the Group is among the market's tech leaders in online lending, offering its customers near-instant loan approval and SMS-based document processing options. In 2020, credit sales accounted for 17% of M.Video-Eldorado's GMV, with the highest increase recorded in the online lending segment, which grew by 2.4 times year-on-year. The integration of Direct Credit services in the Group's cutting-edge OneRetail platform, both online and in-store, will enable us to create a hybrid fintech market that is unmatched in the Russian market and that will be in high demand among our customers."*

## 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 March 31, 2021, the Group had stores across nearly 300 Russian cities, with 545 and 553 stores under the M.Video and Eldorado brands, respectively. Total floor space was 2,020 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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