

M.VideoEldorado

HACKING RETAIL



CONTENTS

The Annual Report was approved by the Board of Directors of PJSC "M.video" (minutes dated 02.04.2021)



Said Gutseriev Chairman of the Board of Directors of PJSC M.video



Alexander Izosimov CEO of PJSC M.video

In this Annual Report, the following terms are used:

• M.Video-Eldorado Group, the Group, the Company – PJSC M.video Public Joint-Stock Company (hereinafter PJSC M.video, the Company, the Group), as well as all companies directly or indirectly controlled by the Group as of 31 December 2020 and 2019.

• M.Video retail network (M.Video, the brand) – the retail network of the MVM Limited Liability Company (MVM LLC) under the M.Video brand.

• Eldorado retail network (Eldorado, the brand) – the retail network of the MVM limited liability company (MVM LLC) under the Eldorado brand.

This report has been prepared using the Global Sustainability Reporting Guidelines (GRI).

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GROUP PORTRAIT¹

Online and offline

market leader

Leading retailer in the consumer electronics segment

WORLDWIDE² mln MONTHLY TRAFFIC ONLINE AND OFFLINE

IN RUSSIA

27% CE MARKET SHARE IN RUSSIA³

GMV⁴ (TOTAL SALES) FOR 2020

100% BRAND AWARENESS (M.VIDEO OR ELDORADO)5

2 mln LOYAL CUSTOMERS⁶

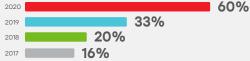
#1 online CE retailer in Russia

33%

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CONSUMER ELECTRONICS MARKET IN RUSSIA³ SHARE OF TOTAL ONLINE SALES IN THE GROUP'S GMV

SHARE OF THE ONLINE HOME APPLIANCES AND





TOTAL ONLINE SALES

9% Θ GROWTH IN TOTAL ONLINE SALES IN 2020

¹ THE COMPANY'S RESULTS IN THIS SECTION OF THE REPORT ARE PROVIDED FOR FY 2020 OR AS OF DECEMBER 31, 2020, UNLESS STATED OTHERWISE.

² Among retailers of household appliances and consumer electronics in 2019, according to Thomson Reuters. ³ According to GEK DATA FOR 2020

4 GMV (gost mechanises value) includes in-store purchases (including those from pick-up points), paid and delivered online conders, 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. Full market coverage and advanced logistics

74 STORES IN 279 RUSSIAN CITIES

100% ONLINE COVERAGE IN CITIES WITH STORES



POPULATION COVERED BY SAME-DAY DELIVERY (WITHIN 24 HOURS)8

⁶ According to the quantitative marketing tracking research conducted by LLC Milliward Brown ARMI-Marketing, in the period from January 13, 2020, to December 27, 2020, covering 9,599 respondents residing in 260 Russian cities with a population of over 100,000.

 Holders of Active M. Vibeo and Europeou covarty cards.
 Including 540 thousand square meters of warehouse space for stores and 501 thousand square meters of distribution centers (DCs). AND REGIONAL MULTIPLATFORMS (SMALLER DCS). ⁸ CITIES WITH A POPULATION OF OVER 1 MILLION PEOPLE.

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Hybrid business model increases customer loyalty and productivity

Consistent customer experience online and offline

>8.7 mln PURCHASES WITH THE HELP OF DIGITALLY ASSISTED CONSULTATIONS

>15,000

SALES ASSISTANTS EQUIPPED WITH SMART DEVICES, HELPING THEM TO IDENTIFY SHOPPERS IN STORES AND PROVIDE A SEAMLESS ONLINE AND OFFLINE EXPERIENCE

Best assortment

75 ths SKUs

OF BOTH THE COMPANY'S OWN ASSORTMENT AND MARKETPLACE ITEMS

Outstanding last-mile capabilities

>98%

OF DELIVERIES MADE ON TIME

High customer loyalty¹

86% and 73%

¹ According to M&P Analytics LLC. ² As of Q1 2020. Focus on sustainable development

Long-term goals based on the UN Sustainable Development Goals





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across 17 Russian regions

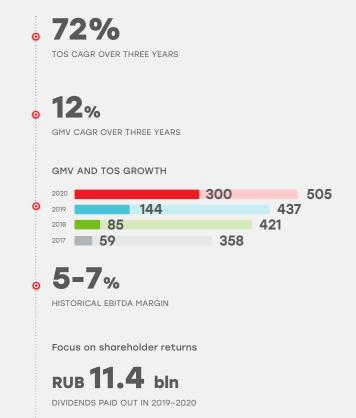
>1,000 tons

OF HOUSEHOLD APPLIANCES AND ELECTRONICS AND >1 MILLION BATTERIES RECYCLED

> RUB 40 mln

6 ths

31% ONE OF THE LOWEST EMPLOYEE TURNOVER RATES IN THE INDUSTRY Profitable growth with a constant focus on shareholder value

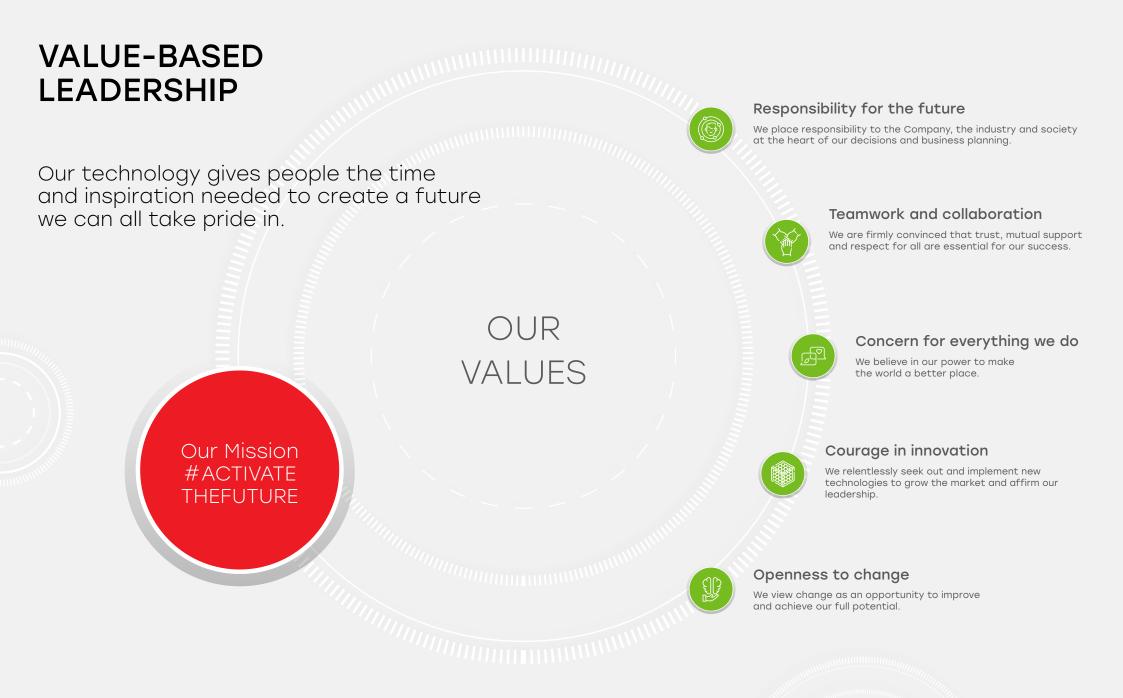


At least 100%

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DIVIDEND PAYOUT RATIO BASED ON ADJ. NET PROFIT UNDER IFRS 17, IN ACCORDANCE WITH THE NEW DIVIDEND POLICY

COMPANY FREE FLOAT AFTER A SUCCESSFUL SPO IN MARCH 2021



THE LEADING COMPANY FOR VENDORS, EMPLOYEES AND SHOPPERS

As the leader in Russian household appliances and consumer electronics retail and the largest online retailer in this sector, M.Video-Eldorado Group acknowledges the importance of building mutually beneficial relationships and creating value for a wide range of stakeholders.

Widely regarded as a high-quality partner, employer and leader in innovation, reflected in a high NPS

A number of respected international organizations have noted the Group's achievements in several areas. Recognition and awards are a reflection of the value that the Group creates for key stakeholders, and one of the highest net promoter scores (NPS) in the industry is proof that the Company has chosen the right strategy and business model.



#1 for Vendors #1 for Employees



Retailer of the year 2020

#1 in Innovations and Services



#1 omni experience among Russian retailers 2020



Best employer in Russia 2019¹



Best employer 2019



Quality award For CIS

innovation category 2020

Innovation leader in retail 2019

CREATING VALUE FOR STAKEHOLDERS

Customers	Employees	Vendors and partners	Shareholders	Society
Thanks to a hybrid business model that combines the advantages of online and offline retail in a single platform, we have created a unique consumer experience that takes into account the preferences of every customer.	M.Video-Eldorado Group's top priority as an employer is to look out for people's well-being. In 2020, amid the coronavirus pandemic, we did our best to create a safe environment for employees while ensuring that they could keep their jobs and their income.	One of the Group's values is partnership in the workforce. We firmly believe that trust and mutual support are essential ingredients for shared success.	We aim to maintain a balance between investing in further growth and ensuring high returns for our shareholders. Thanks to well-coordinated teamwork, the Group successfully restructured many business processes in a short time, greatly accelerating its transformation into an online business, enabling the Company to achieve excellent results on a consistent basis.	Our goal is to be a leader in sustainable development. One of the Group's priorities is to help solve global problems and create long-term sustainable value for all of society.
Amid COVID-19 restrictions, the Group successfully adapted to new requests from our customers: delivery and bickup options were strengthened; the Company made the most of the logistical advantages it enjoys from having a chain of stores throughout the country. New options for cashless and contactless bayments, video consultations with store managers and a number of other nitiatives were launched. The Group started piloting a proprietary marketplace for appliances and electronics, expanding its total assortment from 30 thousand to 75 chousand SKUs. Video consultations with store assistants launched. The range of private label appliances and electronics was expanded significantly to around 100 SKUs.	The Company conducted a comprehensive program to support and protect employees during the pandemic: providing personal protective equipment, introducing a safety monitoring system for employees, and offering additional life and health insurance. In 2020, the Group incurred one-off expenses in the amount of RUB 298 million for implementing measures to counter the spread of COVID-19. We were named the best employer in Russia for 2019 according to both Kincentric ¹ and Retail Week Awards.	We worked hard on new partnerships and joint initiatives aimed at improving experiences with customer care: delivery of online orders to pickup points and parcel lockers, the launch of contactless delivery of online orders using Yandex Taxi, Gett Delivery or local partners in all cities with Group stores and cooperation with Russian Post for delivery and pickup of online orders.	We undertook efforts to deliver on our promises to shareholders. In December, dividends were paid out for H1 2020 in the amount of RUB 5.4 billion, and in February 2021, the Board of Directors approved a new dividend policy that calls for annual payments of at least 100% of net profit. The Group enjoyed excellent, sustainable results: a 14.4% year-on-year increase in revenue, a 6.5% year-on-year increase in adjusted EBITDA and a 9.3% year-on-year increase in adjusted net profit. EBITDA margin was 6.8% (IAS 17).	The Group identified key priorities and focal points for sustainable development. We took part in several important projects: the proper recycling of household appliances and electronics, and the Group's "We Care" project, which was lauded by experts. M.Video-Eldorado Group expanded the geography of its ongoing program to take in appliances and equipment for recycling to 450 stores, covering 40 million people. As a result, more than 1,000 tons of household appliances and electronics and 20 tons of batteries were recycled.

¹ The award was given to the M.Video brand.

HYBRID BUSINESS MODEL EXPANDS VALUE CREATION OPPORTUNITIES

The penetration of mobile Internet into all spheres of human activity, accelerated further due to the COVID-19 pandemic, is driving the evolution of our business model.

Household appliances and electronics remains a special category of products for which most consumers tend to use both online channels and brick-and-mortar stores. Only 12% of shoppers looking to buy CE products visit brick-and-mortar stores exclusively without checking websites or using apps.

Even amid the pandemic, the share of online shoppers who do not have any direct contact with stores, is 15%.¹

In order to satisfy the needs of customers, vendors and partners alike, we are developing a hybrid business model based on a combination of our leading online business, our extensive network of stores and our strong logistics infrastructure. Our websites, mobile apps and brick-and-mortar stores, brought together on the OneRetail platform (see p. 12), complement one another and greatly enrich the customer experience. As a result, the Group is creating important competitive advantages over exclusively online players and traditional retailers.

¹ According to the study of consumer behavior in the market of Household Appliances and Electronics, conducted by IRC LLC in 16 cities with a population of more than 500 thousand people. Base: Buyers who made a purchase on the CE market in the last six months, line have now one and 18-55. Data was collected between March and November 2020.

15%¹

OF THOSE PURCHASING APPLIANCES AND ELECTRONICS DO NOT VISIT STORES AT ALL, USING ONLINE CHANNELS ONLY



OF THOSE PURCHASING APPLIANCES AND ELECTRONICS USE BOTH THE ONLINE PLATFORM AND BRICK-AND-MORTAR STORES

12%¹

OF THOSE PURCHASING APPLIANCES AND ELECTRONICS ONLY VISIT BRICK-AND-MORTAR STORES

TWO LEADING BRANDS

All customer segments, resilience in the face of changing consumer behaviour, and the flexibility to expand our chain.

Our business relies on two leading retail brands-M.Video and Eldoradoboth enjoying almost absolute prompted brand awareness among Russian shoppers.¹

The dual brand strategy provides access to the widest possible customer base, the flexibility to react to changes in market trends and the strength of a developed retail network. For both brands, online infrastructure and retail network management are provided by a unified IT system and combined back office. In order to ensure the most effective implementation of this approach, we aim to maximize the digitalization of business processes at customer interaction points and in all key business functions, including logistics, marketing and assortment management.



Trendsetting

WIDE ASSORTMENT, INCL. EXCLUSIVE AND PREMIUM NEW PRODUCTS

HIGHLY PERSONALIZED EXPERIENCE FOR TECH-SAVVY CUSTOMERS

COMPLEMENTARY SERVICES



BRAND AWARENESS¹

ЭЛЬДОРАДО.RU

Attacking

ACCESSIBLE PRODUCTS SUPPORTED BY DEVELOPMENT OF PRIVATE LABEL AND SOLUTIONS FOR EVERYDAY USE

BEST PRICE GUARANTEE

PROXIMITY TO CUSTOMER

OPPORTUNITY TO EXPERIMENT WITH NON-CE ASSORTMENT



BRAND AWARENESS¹

¹ According to the quantitative marketing tracking research conducted by LLC Millward Brown ARMI-Marketing, in the period from January 13, 2020, to December 27, 2020, covering 9,599 respondents residing in 260 Russian others with a population of over 100,000.

INTEGRATED RETAIL PLATFORM, UNIFIED LOGISTICS AND CORPORATE CENTER

Full market coverage, better shopping experience, efficient business scaling.²

Online Platform

Websites
 919 million visits in

sits in 2020

•Mobile app

Mobile app 7.8 million downloads

Endless shelf and marketplace Offline experience in the online space: digitally ass

- Comparison tools and product
 orders
- Data on delivery status and more

offline experience in the online space: digitally assisted consultations with sales consultants

 Additional services: credit platform, insurance and more

• Wide and high-quality assortment of 75,000 SKUs (incl. 11,000 exclusive SKUs)

Stores

1,074 stores Sales consultant app

- Technological innovation and testing, entertainment
- Convenient exchange and return policy
- Product storage (covering 46% of inventory) and expansion of last-mile capacity
 - Online experience in the offline space: store consultant's smartphone, contactless payments

Large-scale IT platform

- 1,000 developers²
- Own Data Science Center

Developed storage and delivery infrastructure

- ≈1 million sq. m. of warehouse space, incl. 540 thousand sq. m in shops
- 60 last-mile partners

Strong relationships with suppliers and merchants

- >300 suppliers
- Assortment: 75 thousand SKUs, incl. 11 thousand exclusive SKUs

Lending platform, insurers, etc.

• 12 financial partners

 1 Data are based on the results of 2020 or as of December 31, 2020, unless otherwise indicated. 2 Forecast for the end of 2021.

ONERETAIL – A PLATFORM FOR THE BEST SHOPPING EXPERIENCE

The OneRetail platform is a constantly evolving set of technologies that enable our customers to get the best service exactly where they want it, easily moving from online to offline and vice versa without sacrificing purchase speed or service quality.

OneRetail functions by bringing together the buyer's and seller's mobile apps on a shared platform (see "Unique customer experience through seamless integration of online and offline channels", p. 67). The customer's app provides automatic online authorization, while the consultant's app makes it possible to check in and identify the customer in-store.

In combination with advanced data analysis systems, mobile technologies enable us to better understand the needs of customers, provide a highly personalized service and ensure customer loyalty, which ultimately leads to a higher average check and more frequent purchases. That's why **our strategic goal is to convert anonymous shoppers into a growing base of loyal OneRetail customers**—identified customers who make regular purchases with the help of the Group's mobile apps or websites.



ONERETAIL: CREATING VALUE

We distinguish the three main stages of the OneRetail customer journey. The customer begins their shopping experience on the mobile app, website or at a store by **searching for and choosing** an item (the Discovery & Choice stage). Once a selection is made, they proceed to **make their purchase** (the Transaction stage) and then **receive their goods** by means of delivery or pickup (the Fulfillment stage).

At each of these stages, we strive to provide the best customer experience possible, satisfying the shopper's needs by offering a wide selection of products, the best value and complete convenience for every transaction. This, in turn, increases customer loyalty and encourages them to return more frequently and to recommend the Group's brands to other potential customers.



1. Discovery & Choice

- Access to a wide assortment of goods via the endless shelf online catalogue and the inventory of marketplace merchants;
- Powerful AI-based instruments for personalized service;
- Sales consultants available anywhere, at any time, online and offline.

(8)

2. Transaction

• The best price offer based on the client's history with the Group's brands and personal bonuses;

- A convenient purchase process and a wide range of payment methods, including contactless payment at stores;
 - · Available financing, including through online lending.

3. Fulfillment

• For 60% of the population, 85% of total online orders will be delivered within 24 hours;

- 34% of GMV is ready for pickup or dispatch 15 minutes after an order is placed;
 - A range of delivery methods, including express delivery by taxi;
 - Ample opportunities for customer pickup thanks to an extensive network of stores and partner pickup points.

The OneRetail platform creates value not only for customers but also for the Group's vendors and merchants. In the face of increasing competition for shoppers' attention, it is becoming progressively more important that vendors use the most effective means available to inform customers about their products and services. This factor is especially important when it comes to consumer electronics, as customers prefer not only to see the product but also to hold it in their hands and test it out before buying. That is precisely why the Group's ability to demonstrate appliances and electronics both online and on store shelves, as well as the wide range of expert customer support tools available, are so important for suppliers and merchants. This makes working with the Group an increasingly interesting proposition for them. Thus, the OneRetail platform connects buyers and suppliers in a single retail space, creating a mechanism in which the close involvement of vendors and partners helps increase customer loyalty and the size of the business:

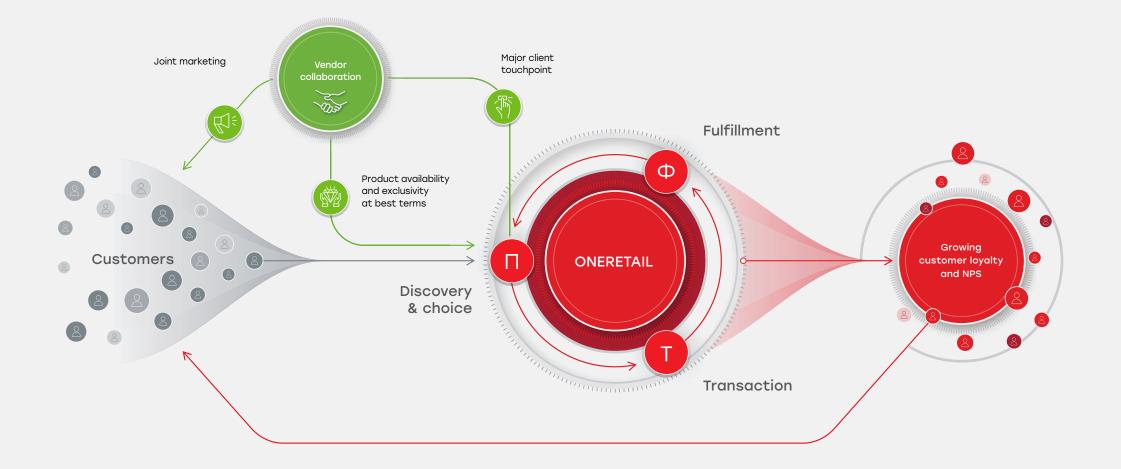
The unique online and in-store customer experience increases customer loyalty and inflows of orders.

The growing base of loyal customers and wide range of opportunities to promote goods online and in stores makes vendors more interested in cooperation.

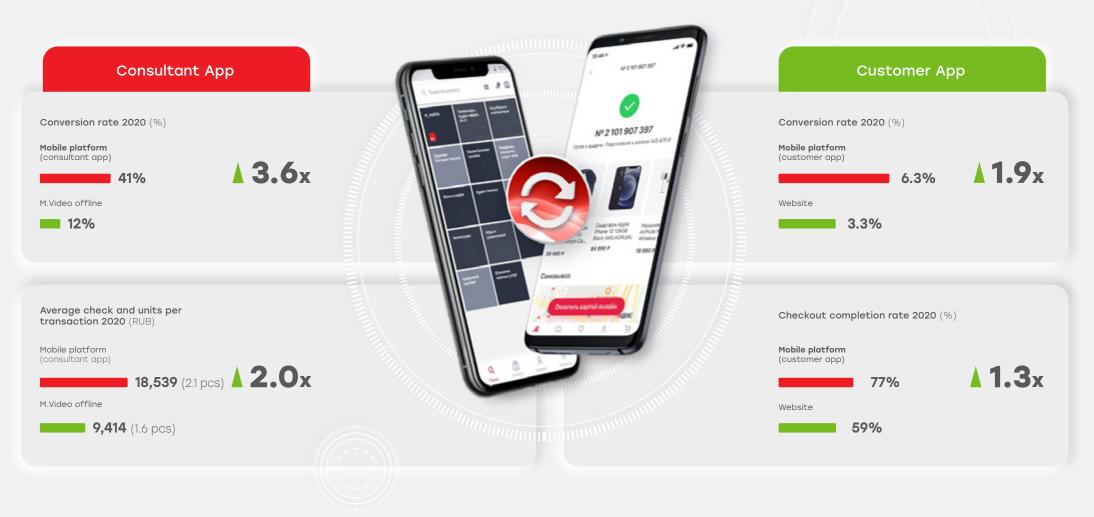


Vendor involvement ensures a wide assortment of 75 thousand SKUs, featuring a high proportion of exclusive items and excellent prices, which also helps increase customer numbers.

A HYBRID BUSINESS MODEL AND THE ONERETAIL PLATFORM ENSURE CUSTOMER LOYALTY AND ATTRACT SUPPLIERS



ONERETAIL IN ACTION: A BETTER CUSTOMER EXPERIENCE DRIVES SALES



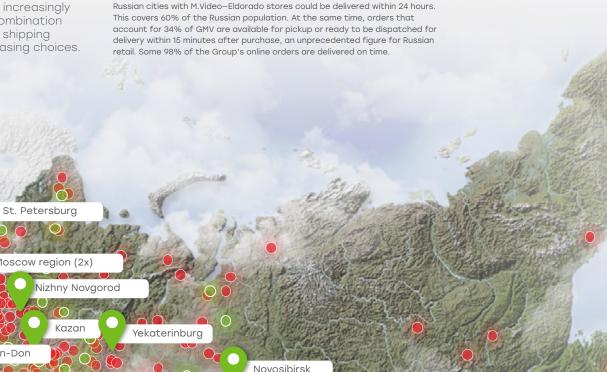
Distribution centers Regional mini distribution centers

Stores

FULL MARKET COVERAGE IN A SINGLE RETAIL ENVIRONMENT

Rostov-on-Don

The Group believes that shoppers' desire to receive their purchases "here and now" will play an increasingly important role in the future of retail. The combination of faster, more reliable and more accurate shipping methods is becoming a key factor in purchasing choices.



By the start of 2021, 85% of online orders placed by residents of the 279

¹ AF OF DECEMBER 31, 2020.

Vladivostok

This level of fulfillment is the result of advanced retail and logistics infrastructure, which includes:

1,074 stores (542 M.Video stores and 532 Eldorado stores). The distance between the Group's easternmost store in Petropavlovsk-Kamchatsky and its westernmost point in Kaliningrad is more than 7,420 kilometers. Our stores are an extension of the online shopping experience, a place to showcase appliances and innovations not only to store visitors but also to online users through our video consultation service. In addition, the retail network acts as a focal point for inventory that accounts for 46% of the Group's warehouse area. The Group uses predictive analytics to place around 50% of its inventory in stores. This highly efficient stock management helps the Group to provide the fastest possible access to in-demand goods. The high density of our stores makes it possible to successfully develop our express delivery and customer pickup services. In this regard, we consider the expansion of our retail network as our main tool for supporting and developing online sales.

A network of 55,000 partner pickup points, as well as over 60 partnerships with delivery services, including taxi aggregators.

Logistics infrastructure with a total fulfillment area of 1 million square meters (including stores), including central distribution warehouses and multiplatforms. The Group's distribution centers cover the entire territory of Russia, providing customers in every region with access to the most in-demand goods.

 100% online coverage in cities where we are present, thanks to our advanced online platform.

Thanks to investments in the retail network and logistics, which have exceeded RUB 150 billion since the Group was established, we are several years ahead of the leading marketplaces in the development of our logistics system and last-mile service. The Group plans to continue to improve the quality of its delivery and pickup services and has set a number of strategic goals in this area. In particular, the Group intends to increase the share of goods available for pickup or ready to dispatch within 15 minutes from 34% to over 50% of GMV (see "Hacking Retail growth strategy", p. 36). **85%** 24-HOUR STOCK AVAILABILITY

100% ONLINE COVERAGE IN CITIES WITH A STORE > RUB 150 bln

>55 ths PARTNER PICK-UP POINTS AND PARCEL LOCKERS

₩AREHOUSING AREA IN 1,074 STORES

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2020 PERFORMANCE HIGHLIGHTS

Dynamic growth and transformation into a leading e-commerce company

100 mln 0 MONTHLY CUSTOMER TRAFFIC ONLINE AND OFFLINE 60% POPULATION COVERAGE BY 24-HOUR STOCK AVAILABILITY OF GMV AVAILABLE FOR PICKUP OR READY TO **DISPATCH WITHIN 15 MINUTES** 7.8 Ó DOWNLOADS OF THE M.VIDEO AND ELDORADO CUSTOMER APPS AS OF THE END OF 2020 8 o mln TRANSACTIONS WITH DIGITALLY ASSISTED CONSULTATIONS ¹ GMV (gross merchandise value) includes in-store purchases (including those from pick-up points), paid and delivered online orders,

* GITVI GROSS NECHANDES VALUE JIACLUES IN-STORE PURCHARSE (INCLUDING THOSE FROM PICK-UP POINTS), PAD AND DEVINEED ONLINE ORDERS, AND PAID ORDERS SHIPPED FROM WAREHOUSES TO CORPORATE CUSTOMES. OFFLINE AND ONLINE PURCHARSE CAN BE MADE BY BOTH INDIVIDUALS AND LEGAL INTITIES. (INVIDUAL TO AND AGRICY SLASS OF GOODS AND SERVICES. GMV INCLUDES VAT AND IS INTO P DISCOUNTS GRANTED TO CUSTOMERS AND RETURNS MADE DURING THE REPORTING PERIOD. GMV DOES NOT CONSTITUTE THE COMPANY'S REVENUE.





Total online sales (RUB BLN)

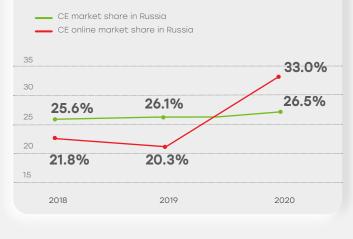


Mobile platform turnover³ (RUB BLN)



² Total online sales by M.Video-Eldorado include all online sales to authorized customers, including home delivery, pickup and sales made at stores through the consultant mobile app. Sales through the consultant mobile app are currently available only at M.Video stores.

Group's positions in the Russian CE market⁴



⁹ Mobile platform turnover includes sales through the M.Video and Eldorado user apps and the consultant app at stores.
⁴ GrK data for 2020.

Expansion of customer base and successful development of the OneRetail platform

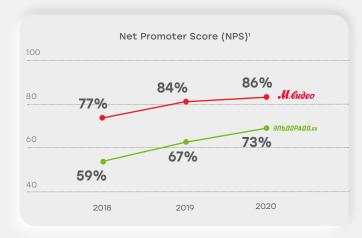
42%

OF THE GROUP'S ACTIVE IDENTIFIED CUSTOMERS ARE ONERETAIL CUSTOMERS-PEOPLE WHO MAKE PURCHASES THROUGH THE CUSTOMER APP, CONSULTANT APP OR WEBSITES

>50%

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OF THE GROUP'S STORES USE SALES CONSULTANT APPS TO IDENTIFY CUSTOMERS AND GIVE THEM PERSONALIZED SERVICE



Active identified customers² (mln)



Sales via consultant app (RUB bln)



³ М. Исво-Евроякоб'я гимисац, явыта как реавятеля и иссовалися чити IFRS (IAS) 17 цикез отнетиче поискетео. For веремятало и арциотнети то EBITDA ило нетисоне, все тне "ОРЕИЛИИ АЛО НИМИСИ. RESULTS" всегои. ⁴ ЕВITDA is арциете гога и пон-вессиятия вечелитиве ог RUB 1,598 мицюи пок мазывая то сосиляте тне вячела об тне поиск осоколичива инестоти (COVID-19) лов го а опе-тне сомремалатов иминате ваява оп тне воляса об Тнее Томако об Трестова то по тне сосока об Трестова по тне воляса об Трестова по те не и сооб собъекта и сосила и поиската и сосила тимиства и сосокой от не воляса об Трестова по тне воляса об Трестова по те не окака со Престова по те те сосока на собъекта и ветеката такиета на сосила те не воляса по те те воляса об Трестова по те не окака со Трестова по те не окака со Трестова по те не окака со Престова по те те сосока на собъекта на техноти по те не воля со Трестова по те те сосока на собъекта на техноти по те не воля со Трестова по те те сосока на собъекта на техноти такиета на сосока техноти по те не кака со Трестова по те те совака на собъекта на техноти такиета на сосока на техноти такиета на собъекта на техноти такиета на собъекта на техноти такиета на сосокака на техноти такиета на собъекта на техноти такиета на собъекта на техноти по те не кака собъекта на техноти такиета на сосока на техноти такиета на собъекта на техноти такиета на собъекта на техноти такиета на Strong financial performance³ and value creation

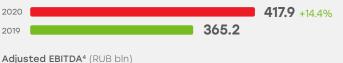


IN DIVIDENDS PAID TO SHAREHOLDERS THROUGHOUT THE YEAR

≥100 %

OF THE GROUP'S NET PROFIT UNDER IAS 17 GOES TOWARDS DIVIDEND PAYMENTS UNDER THE NEW DIVIDEND POLICY

Revenues (RUB bln)



(ROB DIT)



Adjusted net profit⁵ (RUB bln)



⁶ NET PROFIT IS ADJUSTED FOR THE LOSS OF ASSOCIATES AND JOINT VENTURES (2019: RUB 1,953 MILLION; 2020; RUB 2,468 MILLION), AS WELL AS FOR NOR-RECURRING EXPENSES IN THE AMOUNT OF RUB 1,278 MILLION (RUB 1,598 MILLION INCLUDING TAKES) FOR THEASURES TO COUNTER THE SPREAD OF THE NOVE CORDANNIPUS INFECTION (COVID-19) AND A ONE-OFF PAYIENT OF COMPENSATION (INCLUDING TAKES) BASED ON THE DECISION OF THE BOARD OF DIRECTORS FOR THE SUCCESSFUL IMPLEMENTATION OF THE COVID-19 CRISS MANAGEMENT PROJECT AND THE SEFECTIVE TRANSFER OF CONTROL TO THE NEW CEO.

¹ According to M&P Analytics LLC, data NPS for Q1 2020; based on 39 M.Video and 35 Eldorado stores; survey conducted at the store bat. ² THE GROUP defines active identified customers as customers who have logged in and made at least one purchase using any sales.

I HE GARGUP DEVICES ACTIVE IDENTIFIED CUSTOMERS AS CUSTOMERS WHO HAVE LOGGED IN AND MADE AT LEAST ONE PURCHASE USING ANY SALES CHANNEL DURING THE YEAR. Focus on sustainable business development

>1,000 tons

OF HOUSEHOLD APPLIANCES AND

>1 min BATTERIES RECYCLED

31%

ONE OF THE LOWEST EMPLOYEE TURNOVER RATES IN THE INDUSTRY

6

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UN SUSTAINABLE DEVELOPMENT GOALS AT THE CORE OF THE GROUP'S NEW ESG¹ STRATEGY

Employee turnover²

The Group has one of the lowest levels of average employee turnover in the industry. In 2020, we maintained this at 30.5%,² despite all the challenges and limitations of the pandemic.



Employee engagement³

The Group is also a leader in terms of employee engagement, which stands at 80% versus the industry average of 68%.³



¹ COMPREHENSIVE VIEW OF THE BUSINESS WITH AN ANALYSIS OF ITS ENVIRONMENTAL AND SOCIAL RESULTS, AS WELL AS MANAGEMENT APPROACHES.

² Employee turnover by industry is based on Human Resources Performance Indicators, AMT Consult and KPMG, 2020.

³ Employee engagement by industry is based on Employee Engagement Survey, Kincentric (Aon Hewitt), 2020.

Effective response to the challenges of the COVID-19 pandemic

A highly efficient hybrid business model and a professional, engaged team have enabled the Group not only to overcome the challenges related to the COVID-19 pandemic but also to take its development to the next level. We have introduced the necessary safety rules, implemented measures to support employees and improve efficiency, and launched projects to develop the last mile and contactless shopping methods. We have also continued to roll out innovative solutions and services on the market using the OneRetail platform.

Caring for customers and employees

- Health protection measures in retail stores and at all the Group's facilities (including health monitoring, treatment of premises and use of markings in stores);
- Staff not employed at stores were given the opportunity to move to other departments. Additional life insurance, health insurance, financial assistance and other measures were offered to employees who contracted the coronavirus.

┍♡

Development of the last mile while retaining the advantages of the retail chain

- New partnerships with X5 Retail Group and Russian Post, which significantly increased the number of pickup points for orders in Moscow and other regions;
- Six operating modes at stores, including pickup points, mobile stores and dark stores;
- Express order delivery by taxi.

Innovative solutions to develop online sales

- · Launch of an online video consultation service;
- New 24/7 customer support channel via WhatsApp messenger;
- Improved contact center efficiency amid increased numbers of calls.

Cost optimization

- Universal savings mode and optimization of all operating expenses while fulfilling social obligations to employees;
- Optimization of the investment program with a focus on the further development of online services and ways to improve the shopping experience;
- Optimization of payments and terms for working with partners.



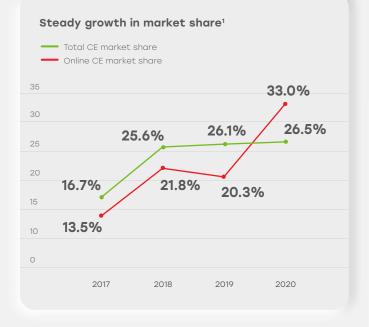
OUR **INVESTMENT STORY**

An undisputed leader in business and innovation

M.Video-Eldorado is constantly striving to bolster its market positions in Russia. In 2020, amid an increase in the share of online shopping accelerated by the pandemic, we successfully completed the transformation of the Group into an online business with a strong logistics infrastructure based at stores, increasing our share in the online segment of the market from 20.3% to 33.0%. For many years, we have been an innovative leader and a pioneer in the Russian consumer electronics retail market, shaping key trends and industry standards.

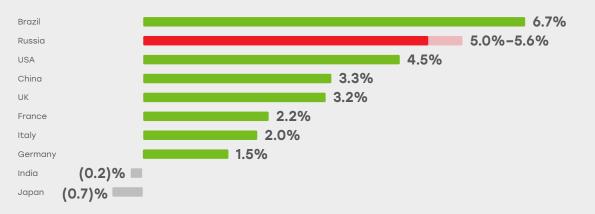
A market with considerable potential for further structural growth

At a time when household consumption and preferences for remote lifestyles are increasing, home appliances and electronics are now increasingly seen as essential items. At the end of 2020, the Russian consumer electronics retail market had an estimated value of RUB 2,025 billion², according to GfK, ranking it among the 10 largest markets in the world. It continues to have significant growth potential due to the low penetration of certain categories and the increasing demand for traditional and innovative equipment and their related services.



According to GfK, total market growth in the next five years may amount to 30%, or RUB 600 billion.

CE markets,² GAGR in 2020-2024 in national currencies (%)



According to GFK.
 This figure (2,025) includes 10% of the CE market value not covered by GFK panel data.



Flexible hybrid business model expands growth opportunities

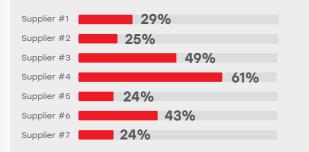
We are developing on the basis of a successful business model that involves the full integration of online sales channels and brick-and-mortar stores. Since its inception, the Group has invested heavily in the development of IT infrastructure and the expansion of its retail and logistics network, having created strong competitive advantages over purely online retailers and traditional offline retailers. The hybrid model, powered by the OneRetail platform, enables the Group to successfully adapt to market changes and grow its business profitably both online and offline

Price leadership driven by vendor relationships and purchasing power

Thanks to strong relationships with partners and merchants, we are able to offer customers an assortment of 75 thousand SKUs featuring a high share of exclusive items, as well as offer customers the best prices, while still maintaining solid margins.

Key suppliers' share of overall sales in the Russian Federation attributable to M.Video-Eldorado Group

M.VideoEldorado



A clear strategy for growth and value creation

The Group's main strategic goal is to double its business and achieve a GMV of RUB 1 trillion through 2025, while maintaining a high level of operating profitability and comfortable leverage. In order to implement this strategy, we plan to increase the share of total online sales from 60% to more than 85% and greatly increase the number of identified customers and OneRetail customers, while also achieving a number of other indicators (see "Hacking Retail growth strategy", p. 36). At the same time, according to the new dividend policy, the Group intends to distribute at least 100% of its IAS 17-based net profit as dividends.

As part of the strategy, the Group intends to move toward implementing three key overarching objectives, ensuring the best customer experience at each stage of selection and purchase:

Complete coverage of shoppers' consumer electronics needs by creating the largest assortment in the market and increasing the share of innovative and premium products in the assortment.

Moving sales to the mobile platform: developing the mobile platform to provide shoppers with the best possible customer experience and access to all our products and services via a mobile device.

Availability of any order for pickup within 15 minutes of purchase through further improvements to our fulfillment infrastructure and logistics platform.

An experienced management team backed by strong shareholders

The Group's top management team consists of leading professionals in the Russian market with an average of over 20 years of relevant business experience. The Group's largest shareholders are the leading Russian financial and industrial holding Safmar Group and one of the largest consumer electronics retailers in Europe, Ceconomy AG.

¹ IDENTIFIED CUSTOMERS WHO HAVE MADE AT LEAST ONE PURCHASE IN THE PREVIOUS 12 MONTHS USING THE BUYER AND SELLER MOBILE APPS OR ON THE GROUP'S WEBSITES.

STRATEGIC REPORT

HACKING RETAIL WITH THE HELP OF MOBILE TECHNOLOGIES WE ARE TRANSFORMING THE USUAL APPROACH

TO RETAIL, COMBINING ONLINE AND STORES

M.VIDEO-ELDORADO

STATEMENT FROM PJSC M.VIDEO CHAIRMAN OF THE BOARD SAID GUTSERIEV

Dear shareholders and partners,

Over the past year, the spread of the novel coronavirus, COVID-19, has exposed the global community to unprecedented external challenges, which have changed the way we live. We have witnessed how not only individual companies or markets but also the economies of entire countries and world regions have had to adapt to new conditions rapidly, accelerate transformational processes and start acting to stay ahead of the curve. The retail sector has felt the effects of the pandemic acutely, though it has also received a powerful impetus to develop in an entirely new way.

In 2020, the Group's overriding priorities were to ensure the safety and wellbeing of customers, partners and employees, as well as to meet the soaring demand for online shopping and delivery. M.Video-Eldorado successfully rose to these challenges. Over the past few years, we have progressively transformed into a company whose successful hybrid business model demonstrates great flexibility and efficiency even in the face of uncertainty.

We had much that we could rely on during this challenging period: we were already fairly well developed in terms of digitalization and an omnichannel model, and we had a universal business model and two leading Russian retail brands that everyone knows, a loyal customer base, an extensive network of stores nationwide, efficient logistics and, of course, a professional and tight-knit team.

During this time, the involvement of M.Video's founders, Alexander Tynkovan and Pavel Breev, in operational work was crucial. During the most severe restrictions in the second quarter of 2020, their experience and knowledge played a major role in the Group being able to navigate the crisis successfully. In this challenging environment, M.Video-Eldorado demonstrated robust growth in its business, once again confirming its leadership in innovation, and the ability to anticipate and respond to new market challenges quickly. M.Video-Eldorado was one of the few non-food retailers that retained staff and expanded its business despite all the restrictions imposed. Our team's dedication throughout the year resulted in M.Video-Eldorado becoming one of Russia's largest retailers in terms of online sales.

In 2020, one of the Group's priority focuses was to improve its corporate governance system, and there were several key changes to the Board of Directors. Enrique Fernandez, who previously served as the Group's CEO for many years, joined the Board. In August, the Group announced the creation of a Strategy and Digital Transformation Committee under the Board, and Alexander Tynkovan was elected its chairman. This move reaffirms our focus on the further digital transformation and development of M.Video-Eldorado's online business. In 2021, we plan to continue developing the Group's corporate governance systems in line with international best practices. Specifically, we intend to increase the proportion of independent directors on M.Video-Eldorado's Board, which will allow us to strengthen the expertise that the Group will need in order to grow further.

The Group also bolstered its management team last year. In October, Alexander Izosimov became the new CEO of M.Video-Eldorado Group. His experience in developing rapidly growing businesses and his strategic vision are fully in line with our leadership ambitions, which is particularly important when the Group is starting a new page in its development with the adoption of its Strategy 2025. Today, we can confidently say that M.Video-Eldorado has one of the strongest teams in Russian retail.

Throughout the whole of 2020, the Group worked to identify new points of long-term growth and formulated key development priorities. All this work resulted in the approval in December of a new strategy. We have set the ambitious goal of doubling GMV to RUB 1 trillion by the end of 2025, while keeping the EBITDA margin at its historical high and debt comfortable.

Most importantly, the Group's further development in accordance with the strategy will help to simultaneously work towards the goals of doubling the business and investing in further growth to deliver strong shareholder returns. To this end, in early 2021, the Group adopted a new dividend policy that reflects both its ability to generate significant free cash flow and its confidence in the prospects for growth and business sustainability. M.Video-Eldorado intends to make regular payments to shareholders of at least 100% of IFRS (IAS) 17 net profit. This will enhance the appeal and transparency of our investment track record for the entire market and enable the Group's shareholders to benefit from further growth in the business. The Company's success is reflected today in the growing investor interest in its shares. In March 2021, Safmar Group successfully placed 13.5% of M.Video-Eldorado shares totaling RUB 17.6 billion via an SPO on the Moscow Exchange. Leading international and Russian funds participated in the offering, as did retail investors. The result of the placement was that we doubled the share of M.Video-Eldorado stock in free float to 24%, which will allow the shares' liquidity to increase to the benefit of all shareholders.

As a strategic player in the market, we are fully aware of our responsibility to a wide range of stakeholders, so we carefully evaluate and consider the long-term positive effects of each strategic decision made by the Group. In this regard, sustainable development issues have become not only an integral part of our corporate culture and business model but also strategic in nature. In early 2021, we adopted a sustainable development strategy with specific goals to create value for partners and society as a whole as well as reduce the environmental impact of our business and the entire consumer electronics sector. Our social and environmental initiatives have already gained widespread recognition in society, and we intend to continue working on these issues and developing new products to achieve our strategic goals.

In conclusion, I am confident that the solid foundation built by our team will enable M.Video-Eldorado to achieve all the strategic goals it has set, while creating even greater value for our customers, employees, partners, shareholders and society as a whole.

MESSAGE FROM THE CEO OF M.VIDEO-ELDORADO GROUP, ALEXANDER IZOSIMOV

Dear colleagues, shareholders, investors and partners,

It was an honor for me to take over the helm of M.Video-Eldorado Group at one of the key moments in its history. The events of the past year have tested the strength of retail as a whole and set in motion processes that will result in a profound transformation of our industry. Amid the COVID-19 pandemic, we are facing new challenges: health risks, explosive demand for online shopping and ultrafast delivery, and supply chain disruptions. Under these conditions, the Group's competitive advantages-our flexible hybrid business model, innovative leadership, efficient fulfillment infrastructure and a committed team of employees-have shone especially bright. As a result, we have overcome challenges, achieved excellent results and set the stage for continued profitable growth.

2020 results confirmed the resiliency of our hybrid business model and its focus on technology

The Group's GMV increased 15% from 2019 to RUB 505 billion, and our number of active, identified customers increased to 19 million. At the same time, we enjoyed strong financial results: adjusted EBITDA grew by 7% to RUB 28 billion, and our adjusted EBITDA margin was 6.8%, which remains one of the best results among global retailers in the consumer electronics segment, especially in light of the extraordinary business conditions that we experienced in 2020.

However, the year's defining outcome was undoubtedly the accelerated transformation of our business into a leading e-commerce platform. The Group's total online sales more than doubled to a record RUB 300 billion, accounting for 60% of GMV, up from 33% in 2019. The mobile platform's turnover grew 2.5x to RUB 154 billion, and the number of installations of the M.Video and Eldorado mobile customer apps nearly reached 7.8 million, a 5.5x increase from the previous year. The explosive growth in our online business was reflected in the jump in the Company's market share in the online segment of the Russian consumer electronics market to 33%, up from 20% in 2019. At the same time, the size of total online turnover put M.Video–Eldorado among some of the largest players in Russian e-commerce–not only in our segment but also in Russian retail as a whole.

These results are a testament to our focused efforts to combine technology with the expansion of our retail network, which today consists of more than 1,000 stores throughout the country and a unique logistics infrastructure with more than 1 million square meters in total fulfillment area. This business model, which we call *hybrid*, enables us to adapt quickly to changing market conditions and to maximize our competitive advantages. We successfully launched new services such as remote video consultations, introduced flexible modes of operations at our stores and considerably strengthened our last-mile capabilities thanks to new delivery and ordering partnerships.

OneRetail's mobile technologies are the foundation of our sustainable growth in new market conditions

Our achievements in 2020 created a strong foundation for the further sustainable growth of our business, and two factors that we expect to drive this growth are the dynamics of our market and the rapid development of the Group's business.

The Russian market for household appliances and electronics remains one of the most attractive and most promising in the world. According to GfK estimates, it may grow by about 30% in the next three years-from its current RUB 2 trillion to RUB 2.7 trillion.¹ The main driver of this growth, as expected, will be e-commerce, but at the same time, both traditional and online shoppers will continue to use the possibilities offered by brick-and-mortar stores as pickup points or to test out products (even during the pandemic, more than 90% of M.Video-Eldorado customers purchasing appliances and electronics are interacting with our stores in one way or another). This means that our hybrid business model will continue to create a competitive advantage for us in terms of both customer service and business efficiency.

The smartphone is becoming an increasingly important tool for making purchases, which means it is therefore a key instrument in the competition for customers. In developing the Group as a digital company, we rely on our OneRetail technology platform, which includes a customer mobile app and a sales consultant mobile app, as well as the M.Video and Eldorado websites.

¹ Including 10% of market volume not covered by GrK's panel.



OneRetail technologies have solved the main problem facing retail companies: identifying customers. Today e-com players are able to identify customers through mobile apps or web-based personal accounts. OneRetail enables us to do this across all sales channels, including in stores through the consultant app, which has access to the same data as the customer app. This enables a seamless customer experience in a single retail space regardless of the sales channel, and it allows us to create a truly personalized shopping experience.

Our Hacking Retail strategy is the pathway to doubling our business

We believe that further expansion of the OneRetail platform with a focus on mobile technologies is the key to gaining unquestioned leadership in the market and to creating what is known as a destination brand. This vision is reflected in our new medium-term strategy, which we call Hacking Retail or Retail Transformation. As part of the strategy, we have determined the Group's key goals: doubling our business to RUB 1 trillion in GMV by 2025, maintaining an EBITDA margin in the range of 5%-7% and paying out dividends at the level of at least 100% of IAS 17-based net profit¹ while keeping debt at a comfortable level

First of all, we aim to create a user-friendly technological environment for customers in which they can meet any need related to household appliances and electronics. To do this, we are planning a major expansion of our assortment from 75 thousand SKUs up to 250 thousand SKUs in the medium term. We are going to accomplish this by using a marketplace model and also by increasing the share of innovative and premium products in sales and expanding our range of available services. We can not only offer customers a wide range of products but also make the most of our advantages by providing customers with expert support-a factor that plays a special role in the consumer electronics market. Last year, we made 5 million deliveries and completed almost 500 thousand installations of appliances and equipment in customers' homes. Our engineers and consultants are trusted experts, and we intend to use this to strengthen our connection with customers and entice them to come back to us again and again.

Second, we intend to do everything we can to ensure that the majority of our customers shop exclusively on the OneRetail platform. Why? Because these clients are the most loyal and the most active part of our customer base. They get the most personalized, most innovative service available; as a result, they are going to use our services more often and in larger volumes. In addition to making purchases more frequently, OneRetail customers also have an average check that is 46% higher than that of traditional customers. Thus, an increase in the share of OneRetail business in our GMV will mean that we are reaching a new level of loyalty, sustainability and monetization of our entire customer base.

At the end of 2020, our OneRetail customers accounted for 42% of the total base of our active identified customers. Our strategic goal is to increase this figure to at least 85%. To do this, we have to provide customers with an opportunity to use the full range of our services on a mobile platform-from expert advice to purchase financing and delivery management.

We expect the rollout of the OneRetail platform at Eldorado to be one of our most important growth drivers. At the same time, we plan to continue to work on improving the personalization of the service and our price offer based on artificial intelligence technologies and the introduction of innovations that simplify the shopping process-for example, a single shopping cart and new payment and credit options, among others.

Stores as part of our logistics infrastructure

Today, at a time when consumers increasingly want to receive their purchases "here and now." it is critical for retailers to fight to ensure that deliveries are fast and accurate. For us, a decisive advantage in this struggle is our advanced loaistics infrastructure, which includes our store network, where about 46% of the Group's inventory is concentrated. As of the end of 2020, the Group covered 60% of the Russian population and 85% of orders with its 24-hour delivery. Orders that account for 34% of our GMV are available for collection within 15 minutes. Although these results are unsurpassed among Russian retailers, we are going to continue to improve them. As part of our strategy, we have set a goal of increasing the share of orders available 15 minutes after purchase to over 50% of GMV. To achieve this goal, we are going to expand our logistics network and ramp up the opening of new stores that are more digitazed, more flexible and more convenient for our customers. In the medium term, we want to open about 500 new stores and enter 100 new towns, expanding the option of delivery within 24 hours to cover 70% of the Russian population. At the same time, we plan to further develop our lastmile capacities, expanding the delivery options available to customers and our network of partner pickup points.

We believe that the OneRetail platform combined with well-developed infrastructure is the very weapon that will enable us to win the battle for customers and hack traditional retail. blurring the boundaries between online and offline sales channels. OneRetail creates value not only for customers but also for our vendors and suppliers. In an environment that has become increasingly competitive for consumer attention, it is critical for vendors to be able to present their products to customers in the best way possible. And in this, nothing can help them more than our platform, which brings together loyal customers and a wide range of expert customer support tools.

Developing as a sustainable technology company

The accomplishment of our strategic objectives is impossible without continuing the in-depth digitalization of customer service and all of the Company's business processes. In this regard, we are working hard to carry out a large-scale digital transformation program, building up the Group's competence in software development and analysis, rebuilding our IT architecture and promoting technological thinking at all levels of the management structure.

Sustainability principles are also an important element of our strategy. Last year, we formulated a sustainable development strategy for the Group and are now moving from managing ESG tasks as a large number of discrete

projects to implementing a single ESG program integrated into all aspects of the Group's operations. During the year, we analyzed the key stages of value creation for all Group stakeholders and focused on three areas in which we can have the greatest impact on the world around us: the Planet, People and Communities, and Contomers and technologies. For each of these areas, we have formulated a number of goals; to achieve these goals, we are carrying out specific projects that you can learn about in detail in this report.

The combination of a clear strategy and technological thinking with a constant drive for the sustainability of our business gives us every opportunity to further strengthen our leadership in Russian retail based on our competitive advantages and profound expertise in the consumer electronics retail market. At the same time, we intend to share the Company's success with our shareholders by paying out at least 100% of the Group's net profit in the form of dividends, while increasing the size of our business and improving our financial results.

As such, I would like to note that in March 2021 Safmar Group (the company's majority shareholder) took an important step towards making our shares an even more attractive investment proposition: it successfully placed 13.5% of PJSC M.video shares totaling RUB 17.6 billion via an SPO. The offering, which attracted significant interest from both international and Russian investors, increased share liquidity and their availability to a wide range of investors as we continue to implement initiatives to create shareholder value.

Without doubt, our successes in 2020 and the further development of M.Video-Eldorado would have been impossible without the involvement and hard work of our employees and partners. I would like to thank our entire team, our vendors and merchants, as well as the Group's shareholders for their unsurpassed professionalism, trust and commitment to doing everything for the achievement of our shared success.

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<sup>1</sup> EXCLUDING THE SHARE OF PROFIT (LOSS) OF ASSOCIATED ENTERPRISES AND JOINT VENTURES.
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MARKET OVERVIEW

Macroeconomic situation

In 2020, the main event affecting both individual sectors and economic regions was the COVID-19 pandemic. The consumer electronics (CE) market was no exception and underwent a major transformation during the year amid new conditions for doing business and, of course, changes in the customary way of life for most of the world's population.

The pandemic accelerated numerous existing trends by several years and set the stage for new ones that will affect how the CE market develops in the near future and the medium term. One example of this is people working and studying from home, as numerous companies and employees became accustomed to the *new normal* of a completely remote or hybrid work format. As a result, the accelerated transition to an online lifestyle led to higher demand not only for equipment to create work and study spaces at home but also for products that people specifically need to be comfortable during their extended stay at home. As quarantine restrictions were imposed, people began to pay more attention to their living conditions and, as such, were more willing to invest in their own comfort, for example, by buying higher-quality durable equipment.

40%

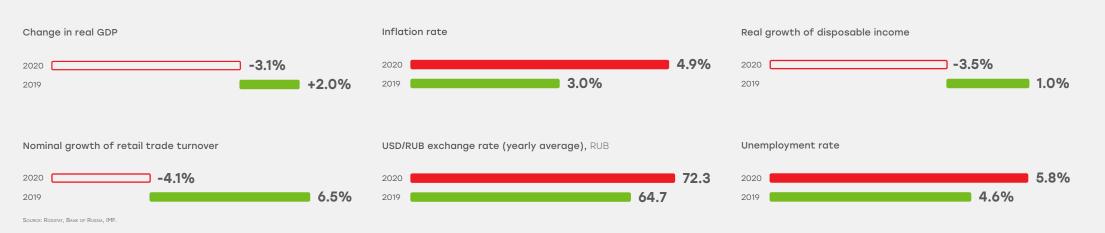
THE SHARE OF ONLINE COMMERCE IN THE CE SEGMENT IN 2020

Consumers are increasingly shopping online, which boosted the share of online commerce in the CE segment to 40% of total market value in 2020. The effect of all these structural changes will persist for years to come and contribute to the further transformation of not only the CE market but also the entire retail sector.

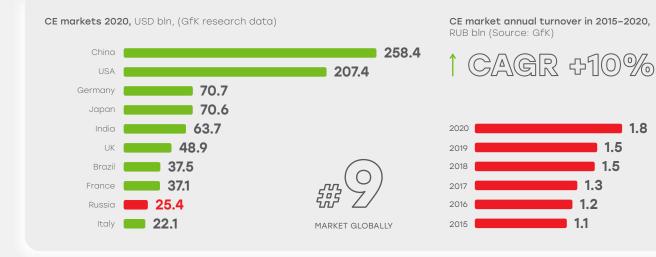
Alongside the pandemic, other important macroeconomic trends that affected the Group's business in 2020 included:

- 17% depreciation of the Russian ruble against the US dollar
- Growth in consumer inflation to 4.9%
- Continued easing of monetary policy
- Launch of a preferential mortgage lending program
- Deferred demand as quarantine restrictions were eased

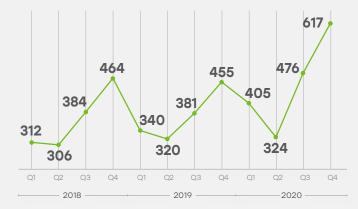
Key macroeconomic indicators for 2020, %



CE market in 2020: strong growth despite pandemic challenges







Russia is one of the largest and fastest-growing consumer electronics markets in the world. GfK has estimated it at more than USD 25 billion, making it one of the 10 largest markets globally.

Key segments of consumer electronics sales are:

- Telecommunication equipment and products (smartphones/phones, wearable smart gadgets and accessories)
- IT/office equipment (laptops, desktops, printers and peripherals)
- Major home electrical appliances (refrigerators, stoves and washing machines)
- Small home appliances (for kitchens, homes and personal care)
- Consumer electronics/photo (audio and video players and devices, cameras and accessories)

The market of consumer electronics and home appliances grew steadily in 2020. According to GfK, it expanded by 22% year-on-year in value terms and 1% year-on-year in volume terms. Over the past five years, its average annual growth rate in ruble-equivalent value terms was 10%.

All segments experienced double-digit growth. However, the pandemic and self-isolation measures altered shopping behavior and, consequently, the breakdown of consumer demand. While over the last few years the fastest-growing segment was telecom products, during self-isolation and the transition to remote working, demand also soared in major home electrical appliances (+29% in value terms), IT/office equipment (+28%) and small home appliances (+27%). Notably, premium goods primarily accounted for the greater demand for the main categories of consumer electronics.

1.8

1.5

Self-isolation and augrantine restrictions accelerated the transition of retailers to online shopping. According to GfK, during the first weeks of guarantine, online sales soared to 60%-70% of total CE market turnover and remained at 40% even after the main restrictions were lifted, well above pre-pandemic levels. This shows that the Russian CE market has made a structural leap in the transition to online shopping.

Home appliance market trends in 2020 by key sectors in value terms, y-o-y (Source: GfK)

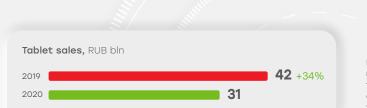


Telecommunication products

According to GfK, in recent years, telecom products have been the main driver of the CE market. However, as quarantine restrictions were imposed, shoppers shifted their focus to products needed for working from home.

Nevertheless, the segment continued to grow steadily in value terms, by 17% year-on-year, despite a 7% decline in commercial product units sold.

Within this segment, smartphones remain the top-selling product. However, they have now become fairly common in the Russian market, so most sales now are due to consumers replacing old models with new ones. While Apple and Samsung remain the market leaders, Chinese brands continue to expand into the market, offering devices that perform well at lower prices.



+17%

INCREASE IN TELECOMMUNICATION PRODUCTS IN THE RUSSIAN MARKET IN VALUE TERMS

Smartphone sales, RUB bln





RUSSIAN TABLET MARKET VOLUME

In 2020, the Russian tablet market expanded by 10% year-on-year to 2.6 million tablets in volume terms and 34% year-on-year in value terms to around RUB 42 billion. At M.Video-Eldorado, demand for tablets grew by 14% in units and 45% in value. Tablets were among the most popular technical consumer products in 2020, as Russians purchased them as an additional screen for remote work, learning tasks, watching videos, chatting and mobile games.

The average ticket across the telecom category grew by around 28% to RUB 16,500 due to increased interest in devices in the middle and upper price ranges. People are investing in such items for the long term and want a device with a large, high-quality screen, high level of performance and broad range of functions. For the third year in a row, Huawei maintained its lead in the Russian market in terms of items sold, followed by Samsung and Apple.

IT and office equipment

Following global trends, the IT and office equipment segment of the Russian market has shrunk in recent years due to market saturation and competition from telecom products. However, demand for laptops spiked in 2020, as employees self-isolated and transitioned to working from home. According to GfK, over the year, the segment expanded by 28% in value terms and 5% in volume terms.

Sales in the segment were bolstered primarily by the need to update or replace devices that have become unserviceable. In addition, the replacement of computers with smartphones, which are able to handle most of the average user's needs, had a noticeable impact. Despite this, demand for laptops surged in 2020 (+53% year-on-year in value terms) as people began working remotely.



+28%

EXPANSION OF IT AND OFFICE EQUIPMENT SEGMENT OF THE RUSSIAN MARKET IN VALUE TERMS

Major home appliances

In 2020, demand for major home appliances soared as a result of people self-isolating amid quarantine restrictions. Over the year, the segment expanded by 29% in value terms and 20% in volume terms. Another reason for the greater demand was the ruble's depreciation in early 2020, as consumers moved to make purchases before prices increased.

The Russian electronics market has a low degree of penetration-around 30%-the level of households and per capita spending, in the conventional categories of major and small home appliances, such as microwaves and dishwashers, as well as new products and solutions, such as built-in top ranges, air conditioners and dishwashers. As such, these products are expected to remain in stable demand in the foreseeable future, while their share of all major home appliances will increase.

68



Small home appliances

Sales of cooking items, RUB bln

The small home appliances segment saw the third highest growth in the market in 2020, as sales rose by 27% in value terms and 11% in volume terms. Driving the increase were new and innovative products such as handheld and robot vacuum cleaners, hot drink machines and dental care devices.

In the foreseeable future, the market is poised to see further growth in sales of products for personal hygiene, personal care and healthy lifestyles.

2020 16.5 +25.1% 2019 13.1

+27%

EXPANSION OF SMALL HOME APPLIANCES SEGMENT OF THE RUSSIAN MARKET IN VALUE TERMS

+14%

EXPANSION OF CONSUMER ELECTRONICS AND PHOTOGRAPHY EQUIPMENT SEGMENT OF THE RUSSIAN MARKET IN VALUE TERMS

Consumer electronics / photography

GfK has reported that, in 2020, the consumer electronics and photography equipment segment expanded by 14% in value terms and 11% in volume terms. Flat-screen TVs accounted for the overwhelming share of sales in this category, at almost 80%.

4K technology is gradually gaining in popularity, partly due to lower prices for devices with 4K functions. In addition, there has been increasing demand for virtual assistant technology, making smart speakers with voice assistant functions one of the fastest-growing product groups in the segment in 2020.

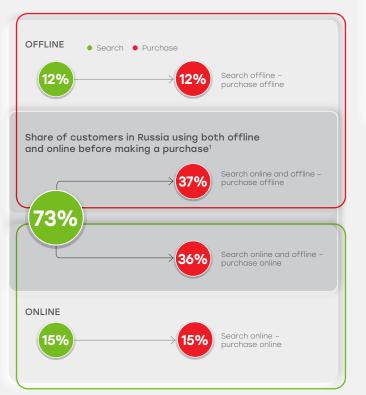
In 2020, the share of digital cameras in the value of sales continued the downward trend seen in recent years. For the year, digital cameras accounted for 3% of total consumer electronics / photography sales by value, mainly due to the high quality of photos taken on mobile phones.

Demand for game consoles remains stable: this product's share of sales has been unchanged at 6% in value terms over the past three years.

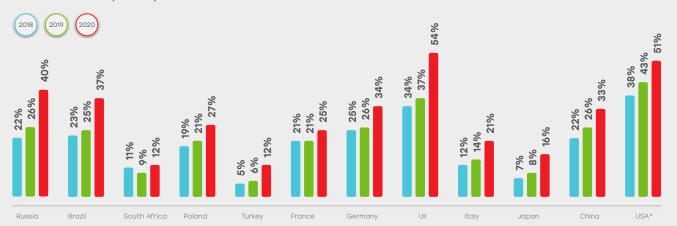
2019

ONLINE SALES TAKE CENTER STAGE

The most obvious trend caused by the restrictions due to COVID-19 was growth in online sales. Within the first few days of isolation, numerous omnichannel market players managed to adapt to the new conditions and began focusing on online sales. Retailers that had devoted significant attention to this before the pandemic gained a competitive edge. As a result of the restrictions, GFK estimates that the share of online sales reached 60%–70% in the first weeks when people began self-isolating. More importantly, though, even after the strictest restrictions were lifted, the share of online sales remained around 40%, well above the 25%–30% seen in early 2020, before the pandemic.



Online sales share by country



In 2020, online sales of electronics and home appliances in Russia continued to grow faster than the rest of the market, soaring by 88% in value terms while store sales declined by 1%.

According to a study by IRC LLC,¹ the share of Russian consumers who used both online and offline channels to find information about a product in 2020 was high, at 73%. Only 15% of shoppers search for product information and then purchase it exclusively online.

This means that hybrid business models have an advantage over online formats in the consumer electronics market, as they better meet the needs of consumers. By seamlessly combining the online format with actual stores, M.Video-Eldorado offers customers flexible opportunities for interaction to maximize the benefits of both formats.

While online sales are growing globally, the share of online consumer electronics retail varies markedly across the world. For example, in certain Western countries (the US and UK), it exceeds 50%, while Internet sales in countries such as South Africa, Turkey, Italy and Japan make up less than 20%.

+88%

GROWTH OF ONLINE SALES OF ELECTRONICS AND HOME APPLIANCES

This phenomenon can be attributed to cultural differences, the wide availability of traditional stores and consumer caution about credit card purchases. The Russian market ranks third (behind only the US and UK). GfK has reported that, in 2020, online sales amounted to 40% of overall market turnover in Russia.

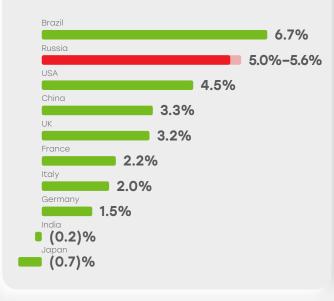
¹ According to study of consumer behavior in the market of household appliances and electronics conducted by IRC LLC in 16 cites with a population of hose than 500 thousand people. Base: buyerse who made a pulk-meet in the previous sex monthe, her no worken, aced 18–56. Data was collected between March and November 2020.

GROWTH OUTLOOK FOR RUSSIAN CE MARKET

The Russian market for CE products has significant potential for growth in both traditional subsegments and those offering innovative products. GfK has forecast average annual market growth for 2020-2025 of 5.6%, the second highest after Brazil.

Further growth in Russia's CE market will continue to be driven by the low penetration of goods in household expenses as compared with peers.

CE markets CAGR 2020–2024 in local currency (%)

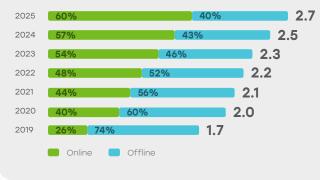


60% SHARE OF ONLINE SALES IN CE MARKET BY 2025 (GFK)

Russia's CE market has a high propensity for innovation and will largely continue to develop thanks to growth in new product categories. While categories such as gaming devices, drones and smart homes currently have a small market share, they are expanding rapidly and outpacing average market growth rates.

GfK has forecast the share of online sales in Russia at 60% by 2025. The global trend of further developing marketplaces will also be evident in the country. However, given the complexity of the consumer electronics categories and the need to view a product range before making a purchase, as well as receive additional expert advice and maintenance, the share of specialized chains that combine online and offline sales will also surge.

Dynamics of the CE market, RUB trn (GfK)



Dynamics of the CE market structure, % (GfK)



¹ PER GFK CLASSIFICATION, INCLUDES REGIONAL CHAINS, OTHER PURE PLAYERS, CSS, OPERATORS, OTHER OER/TCR AND ALL OTHERS

HACKING RETAIL GROWTH STRATEGY



The rapid development of technology is constantly changing the rules of the game in business and consumer behavior. We believe that only the most flexible and innovative players will be able to succeed in such an environment. M.Video-Eldorado's medium-term strategy is built on using our leadership in innovation and efficient model to double business volumes and generate high shareholder returns. We call this strategy "Hacking Retail" because we believe that OneRetail's mobile-first hybrid business model will enable us to hack traditional retail, while blurring the boundaries between traditional business channels and online sales as well as creating a better service for our customers.

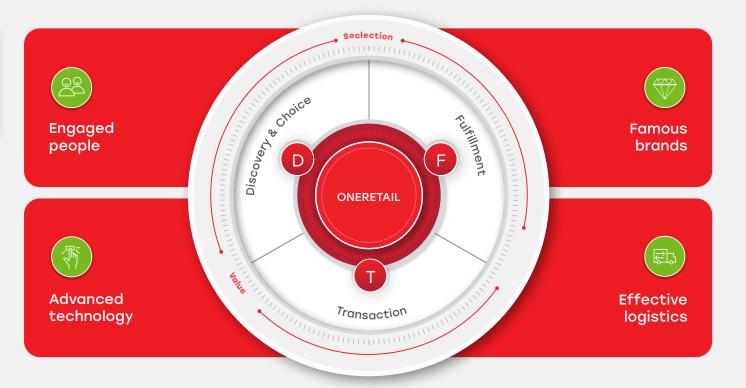
Our strategy aims to strengthen the Group's position as the number one choice for Russians' consumer electronics needs. M.Video–Eldorado's updated strategy¹ has set the goal of doubling the size of the business by increasing the Group's GMV to RUB 1 trillion by 2025.



We are also aiming to maintain a high operating profit margin and comfortable leverage ratio, as well as pay annual dividends of at least 100% of IAS 17-based net profit.

Like the hybrid business model that combines online and offline shopping experiences, the Group's strategy is based on customers' needs and aims to increase market share and create competitive advantages by meeting the changing needs of consumers at all stages of interaction: we help consumers to discover, select, purchase and choose their preferred fulfilment option.

¹ Approved by the Board of Directors of the Group on December 17, 2020.



Alexander Izosimov, CEO of M.Video–Eldorado Group

STRATEGIC AIM: SCALE UP AND ENHANCE GROWTH "FLYWHEEL"

We intend to scale up these advantages and maximize the efficiency of OneRetail technologies at each stage of the customer journey, as we move toward three key overarching objectives, each of which has its own strategic initiatives.

As part of our goal of doubling the size of the business, we are harnessing the Group's key competitive advantages: advanced technology, effective logistics, famous brands and engaged people.

Strategic initiative #1

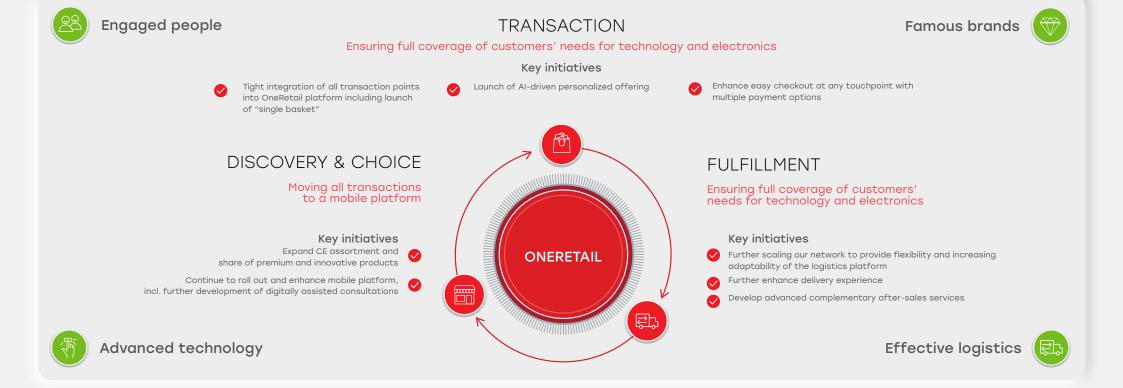
Ensuring full coverage of customers' needs for technology and electronics by creating the widest assortment in the market and increasing the share of innovative and premium products in the range.

Strategic initiative #2

Moving all transactions to a mobile platform by developing a mobile platform to give customers the best experience and access to all our products and services via a smartphone.

Strategic initiative #3

Having any order ready for pickup or delivery in 15 minutes by developing the logistics platform.



OVERARCHING OBJECTIVES AND STRATEGIC INITIATIVES



We are committed to creating an environment for our customers that fulfills any requirement for household appliances and electronics. This means providing access to the widest range of technology and innovative products, as well as offering quality consultation support and the ability to choose an optimal solution. In doing so, we increase customer loyalty, reduce the risk of losing customers to competitors and strengthen the perception of our brands as the touchpoint for meeting any consumer electronics needs.

Continued focus on high-growth premium and innovative categories

As technology expands further into people's lives, innovative and premium products, such as smart home devices and solutions, speakers with virtual assistants, healthcare wearables and home robotic appliances, are becoming an increasingly important driver of our market. In 2020, in the midst of the pandemic, demand increased sevenfold in volume terms for smart home products and fourfold for smart speakers. We are aiming to increase the share of premium and innovative products in our assortment from 21% in 2020 to 27% in the medium term. Since innovative products are increasingly complex, one of the Group's key competitive advantages is our extensive ability to provide expert support to customers through consultations, both online and in stores.



Significant expansion of CE assortment

The Group's key goal in this regard is to more than triple the product range from 75,000 SKUs at the end of 2020 to around 250,000 SKUs in the medium term. We plan to achieve this by developing our endless shelf (selling goods from warehouses of accredited suppliers through the Group and on its terms and conditions), as well as our own marketplace specializing in CE (see "Further development of partnerships with suppliers", page 83).



Innovative/premium products:

Image: Second state

Image: Second state
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Scaling and developing the mobile platform

The ability to quickly navigate a wide range of information, appliances and technology is becoming an increasingly difficult task, even for the most sophisticated customers. We are developing our mobile platform to make the OneRetail journey as efficient and valuable as possible for everyone. For us, the core elements of the customer experience are the customer mobile app and the sales consultant app, which can replace or supplement the customer app for store visitors (see "Unique customer experience through seamless integration of online and offline channels", page 67). Our strategic goal is to expand the reach of the sales consultant app to the Group's entire retail network in the medium term, rolling it out at both new M.Video stores and all existing and new Eldorado stores. Simultaneously, in response to new customer needs, we are continuing to improve the functionality of both applications, enhancing personalization of the service, increasing the speed and accuracy of product searches and expanding the ability to use smartphones in stores.

Development of digitally assisted consultations for customers

Support from sales consultants enables customers to make better decisions more quickly. Customers also appreciate being able to choose an item with an expert, which increases their psychological comfort when making expensive purchases. As a result, the average ticket and number of items per order for purchases made with the help of a consultant significantly exceed the corresponding indicators for individual purchases. The Group is aiming to increase the number of purchases made annually with the help of consultations to 16 million in the medium term, up from 8.7 million in 2020. To this end, we are developing digital customer support services, such as digitally assisted consultations, a web chat, telephone consultations and in-person store consultations, all of which we launched successfully in 2020. We are also launching new user-friendly services, including smart chatbots.

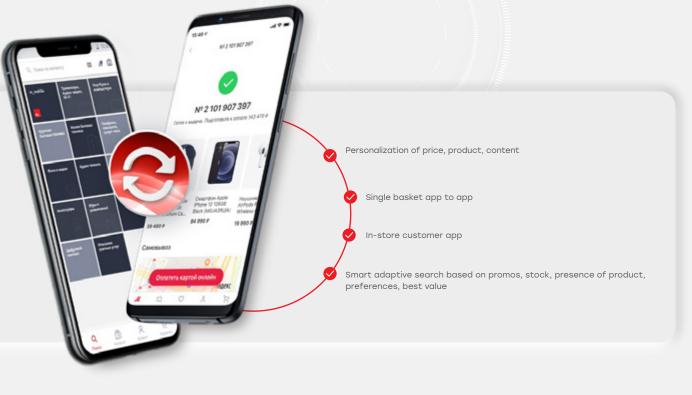
Aim – **16** mln purchases

MADE ANNUALLY WITH THE HELP OF CONSULTATIONS IN THE MEDIUM TERM

¹ As of the end of 2020, the sales consultant app was being used at all M.Video stores (about 50% of the Group's stores).

Further rollout of mobile platform across our store network and evolution of mobile platform functionality to transform customer experience





OVERARCHING OBJECTIVES AND STRATEGIC INITIATIVES



Enhance easy checkout at any transaction point with multiple payment options

The payment stage is one of the most important components of the customer journey. For that reason, we are committed to providing customers with various and convenient ways to pay for and finance a purchase, regardless of where they are located or how they prefer to pay. Just like with the app or website, most in-store transactions are done online and are contactless. People can pay for a purchase in-store without going to the checkout counter by simply using their smartphones to visit a payment link provided by a sales consultant. We provide our customers with the opportunity to pay for items on credit by filling out loan applications online or offline. The Group has plans to provide a service of preapproved credit limits or installments for identified customers and also launch virtual credit cards, instant credit accounts and other innovative options.

We believe the mobile platform is our most flexible and powerful tool for creating the best shopping experience. To this end, the Group will seek to encourage more customers to use the customer and sales consultant mobile apps at all points of purchase. Working towards this overarching goal will help us to continue increasing customer loyalty while maintaining sales efficiency.

Launch of AI-driven personalized offering

Al-powered tools will become the foundation of the Group's personalized marketing and assortment management. Machine learning and data analysis algorithms enable us to create tailored offers for OneRetail customers' that take into account shoppers' history of interaction with our brands. Customers can then receive offers for products and accessories of interest, as well as attractive prices that reflect individual discounts and accumulated bonus points. As a result, we expect shifting sales to the mobile platform could increase conversion rates by 0.35–0.5 p.p. as well as support sales margins.

Launch of single basket to lead tighter integration of all transaction points into OneRetail platform

The Group aims to increase the share of purchases made through the OneRetail platform (purchases by identified users through customer and consultant mobile apps and websites) from 42% in 2020 to over 85% in the medium term. As of the end of 2020, the number of active identified customers had grown to 18.7 million,² of which 42% were OneRetail customers. During the year, the overall number of OneRetail customers increased by almost 79%.

Using the OneRetail platform, we aim to unify all points of purchase in an environment centered around the single basket. This service will enable our customers to freely add to and continue to update their baskets from any touchpoint with us, both online or offline. The introduction of the single basket is critical to creating a seamless online and offline experience, while increasing customer satisfaction and customers' desire to make purchases using the OneRetail platform.

² AUTHORIZED CUSTOMERS WHO HAVE MADE AT LEAST ONE PURCHASE IN ANY SALES CHANNEL IN THE PREVIOUS YEAR

 FASTER PAYMENTS SYSTEM

 Image: Description of the system

 Image: Descript

Enhancing the checkout experience using new payment options

¹ Authorized customers who have made at least one purchase in the previous year through websites, user apps and merchant apps.

OVERARCHING OBJECTIVES AND STRATEGIC INITIATIVES



The speed and timeliness of order fulfillment determines how competitive retailers are and which ones customers choose. We believe it is a key advantage for the Group to have an extensive retail network that is fully integrated with its online platform. Our infrastructure already enables us to ensure that in most Russian cities, 34% of orders are ready within 15 minutes for pickup from a store after they are placed online. The Group also intends to provide customers with a wide range of delivery or pickup options to ensure even greater comfort and an overall high level of satisfaction with their purchases.

Scaling the retail network and increasing the flexibility and adaptability of the logistics platform

As of the start of 2021, the Group could provide around 60% of the Russian population with delivery within 24 hours from the moment their orders were placed, which is something that no other Russian online retailers can do. We are planning to substantially increase our network's reach by developing our presence in regions outside Moscow and St. Petersburg. The Group is aiming to open over 500 new stores in more than 100 new cities in the medium term (in addition to the 279 cities where we were already operating as of December 31, 2020), thereby increasing its ability to deliver goods within 24 hours to more than 70% of the Russian population. The store network will mainly expand as a result of small-format Eldorado 250 stores, which already proved effective in 2020.

In terms of developing the logistics platform, the Group's main goal is to increase the share of orders ready for pickup within 15 minutes after being placed from 34% of GMV at the end of 2020 to more than 50% in the medium term. Inventory management efficiency needs to be significantly improved to achieve this goal. To this end, we are paying greater attention to digital logistics technologies, including Al-powered solutions. As of the end of 2020, demand forecasting algorithms covered about 50% of the Group's product range. Further expanding their use will substantially increase the accuracy of stock placement. In addition, we use AI technologies to better use warehouse space, which also improves the efficiency of all logistics.

> 500 new stores

IN THE MEDIUM TERM

Improving the shopping experience through order fulfillment

The last mile of the customer experience is a crucial part of our strategy. To further enhance our customers' delivery experience, we plan to increase the number of pickup points via new partnerships **to more than 100,000 in the medium term from 55,000 as of the end of 2020.**

In 2020, we launched a delivery service for digital and home appliances weighing up to 20 kg in partnership with taxi aggregator services, and we have made good progress with the project. We continue to develop all types of courier services in line with our strategy, with a particular emphasis on eco-friendly delivery methods such as couriers on foot or bicycle. We are also planning to actively invest in developing a courier application that can track orders in real time, has a chat function and offers the option of adjusting orders.

> 100 ths partnership pickup points

INCREASE FROM 55,000 AS OF THE BEGINNING OF 2021



£5

LARGE NETWORK OF PICKUP POINTS

ENVIRONMENTALLY FRIENDLY DELIVERY OPTIONS

END-TO-END REAL-TIME TRACKING OF ORDERS, CHAT WITH COURIER, ONLINE ADJUSTMENT OF ORDERS VIA CUSTOMER

TECHNOLOGY: THE FOUNDATION FOR THE FURTHER DEVELOPMENT OF THE ONERETAIL PLATFORM

Innovation and technological development are an integral part of all the Group's strategic initiatives. M.Video-Eldorado has always actively invested in developing IT systems, which has enabled the Group to successfully scale up its business by launching innovative products and services.

In an effort to speed up the introduction of technological solutions (time to market), we are developing an approach powered by microservice and agile product teams. Priority areas for the expansion of technological systems include:

- Mobile platform and a seamless space for OneRetail;
- Development of CE marketplace solution;
- Further development of AI-driven predictive instruments for both stock management and pricing;
- Migration of Eldorado onto OneRetail technological stack

As we develop the OneRetail platform, we adhere to the principles of the autonomy and portability of technologies, which creates the potential for us to apply this platform to retail businesses outside the CE segment.

Investments in proprietary software development and increase in tech personnel

We believe the Group's further digital transformation as a tech company is a key strategic objective. To this end, we plan to expand our IT team and in-house capabilities to create high-quality tech products and solutions. Our strategy calls for increasing the number of our tech personnel from 487 employees at the end of 2020 to more than 1,000 employees by the end of 2021. The share of in-house developments in the Group's total spending on software development is set to increase to 53% by the end of 2021. We are also continuing to scale up our product approach, which includes building agile product teams responsible for the continuous development of key IT products.

STRATEGY OF PROFITABLE GROWTH: MEASURING OUR SUCCESS

Key medium-term performance indicators

Alongside the goal of doubling the size of our business and our strategic overarching objectives, we have established a number of KPIs that enable us to more accurately assess the success of our strategy.

The Group plans to increase the number of loyal active customers from 19 million to 25 million, partly by boosting the share of OneRetail customers from 42% to more than 85% in the medium term. We believe that the further transformation of our business and the dynamic development of the mobile platform will enable us to boost the share of total online sales to more than 85% of GMV (60% in 2020) and the share of sales through the mobile platform to 60% of GMV (31%). We also intend to increase the proportion of orders available within 15 minutes after being placed from 34% of GMV in 2020 to more than 50% of GMV

The Group firmly believes that these operational goals must be achieved in conjunction with strong financial results and strong financial discipline. We expect our EBITDA margin to remain in the historical range of 5%-7%. We plan to maintain a comfortable debt profile, with an IAS 17-based net debt / IAS 17-based EBITDA ratio of less than 2.0x, and we do not intend to increase CAPEX to more than 2% of GMV annually.

In addition to its financial goals, the Group has adopted a new dividend policy that calls for the allocation of at least 100% of its IAS 17-based net profit¹ for dividend payment.

1 NET PROFIT ADJUSTED FOR PROFIT/(LOSS) IN RELATED AND JOINT VENTURES





Sustainable development is an integral part of the Group's strategy. We recognize our responsibility to society and aim to attain leading positions in sustainable development by promoting social and environmental responsibility through everything we do.

Our approach in this regard is becoming more organized and structured, as reflected in both the public's recognition of our social and environmental initiatives and our adoption of new and even more ambitious challenges and obligations. In early 2021, the Group approved a sustainability strategy that identifies key priorities and focuses for development: our Planet, People and Communities, Customers and technologies. The Group has also prioritized the UN Sustainable Development Goals to which it will make significant and tangible contributions for the global sustainable development agenda (see "Sustainability Strategy," page 143).



M.VIDEO-ELDORADO GROUP MANAGEMENT

M.Video-Eldorado Group is managed by a skilled team of professionals with many years of experience in positions of leadership and broad knowledge of how to lead companies within various industries. In 2020, the configuration of the Group's management team underwent a number of important changes in order to achieve the following key strategic objectives:

- Further development of the OneRetail model and digital transformation of the Group's business;
- Strengthening the Company's leading position as an online player in the Russian home appliances and electronics market;
- Growth in shareholder value and the liquidity of the Company's shares.

Key business decisions taken by the Group's operating companies are made at the level of the executive bodies of PJSC M.video, in particular by the Company's Management Board and sole executive bodies.

As part of the management strategy for the Group's two brands, M.Video's operating retail business is headed up by Managing Director Dagmara Ivanova, and the Eldorado brand's business is headed up by Managing Director Sergey Li. The managing directors of both brands report directly to the Group's CEO, Alexander Izosimov. The Group's Chief Financial Officer is Ekaterina Sokolova.

More information is available in the «Corporate Governance" section on page 88.



Alexander Izosimov CEO, Chairman of the Management Board of PJSC M.video

Alexander has over 20 years of experience in management positions and as a member of the doard of directors in various industries.

He began his management career in 1991 at the Stockholm office of McKinsey & Company. In 1995, he received his MBA from the INSEAD business school and then resumed his role at McKinsey & Company's London office.

In 1996, he joined the Russian division of Mars Inc., where he held the positions of Planning Manager, CFO, Sales Director and General Director. Then, in 2001, he joined the board of Mars Inc, as the Regional President for the CIS, Central Europe and Scandinavia.

Between 2003 and 2011, he headed up OJSC VimpelCom as both CEO and President.

Since 2011, Alexander has focused on working on various boards of directors and at different times has been a member of the Boards of such companies as Ericsson AB, MTG AB, East Capital AB, Transcom Worldwide SpA, Teleopti AB and Baltika. He is currently a member of the Board of Directors of EVRAZ Plc, Nilar AB, Hövding Sverige AB and is on the Supervisory Board of the Moscow Exchange (MOEX).

In October 2020, he became the CEO of M.Video-Eldorado Group.



Ekaterina Sokolova Chief Financial Officer, Member of the Management Board of PJSC M.video

Ms. Sokolova has 20 years of experience in finance. She began her career at Deloitte, where she spent eight years working in various departments.

In 2004, she moved to TNK-BP during the merger of TNK and BP, where she headed up the financial service for the retail business. After six years, she became the head of the finance function for the processing and trading unit.

As a result of TNK-BP's merger with Rosneft, Ms. Sokolova took a similar position in 2013 as the head of finance for the processing and trading unit.

She joined M.Video in 2016 as Finance Director.

She holds an MBA from California State University, ACCA (Association of Chartered Certified Accountants) professional certification, as well as certificates of participation in INSEAD programmes in France and Singapore and at the Kellogg School of Management in the United States.

She is currently the Chief Financial Officer of M.Video-Eldorado Group.



Dagmara Ivanova Managing Director of the M.Video brand, Member of the Management Board of PJSC M.video

Dagmara graduated from the Faculty of Mechanics and Mathematics of Moscow State University in 2002.

She has over 20 years of experience working in and leading companies in the consumer and retail sector.

She served as Marketing Director at a number of large Russian and international companies, including X5 Retail Group, Tsentrobuv and Orkla (Norway).

Prior to joining M.Video-Eldorado Group, Dagmara held the position of Senior Vice President at Svyaznoy-Euroset (until 2018 when she became the Commercial Director of Svyaznoy).

In the middle of 2019, she joined M.Video as Deputy Managing Director and was appointed as Managing Director of the M.Video brand in February 2020.



Sergey Li Managing Director of Eldorado, Member of the Management Board of PJSC M.video

Mr. Li has held managerial positions in household appliances and consumer electronics companies for over 15 years.

Before moving to Eldorado, he worked as Director of the Consumer Electronics Division of M.Video.

From 2004 to 2008, he held the positions of Manager and Executive Director of Eldorado and Sulpak (Kazakhstan); from 2001 to 2004, he was responsible for business development at the Philips Consumer Electronics Export representative office in Russia.

He graduated from the Moscow Technical University of Communications and Informatics.

On 1 January 2018, Mr. Li was appointed Managing Director of Eldorado, where he is responsible for operational management of the company, retail and marketing, and customer service.



Alexander Sokolovsky Chief Information Officer

Alexander Sokolovsky has been the head of M.Video-Eldorado Group's integrated IT Department since the middle of 2020 and is responsible for improvements to the technological platform and overall technological development of both the Company as a whole and the two distinct retail brands.

Prior to joining M.Video-Eldorado, Alexander held the position of Managing Director at SberDevices (Sberbank ecosystem).

In 2002, he graduated from in February 2020 State Aerospace University with a degree in Automated Information Processing and Control Systems and has over 20 years of experience in the IT field, including in the field of digital transformation, microservice architecture development and the creation of platforms for working with big data.

He has held executive positions in leading companies in Russia (Sberbank, Leroy Merlin, Russian Direct Investment Fund, EPAM Systems), France and Kazakhstan.



Victoria Kunina Director of Digital Transformation

Victoria has over 15 years of professional experience and extensive expertise in project management and the implementation of large-scale transformational changes.

In 2004, Victoria joined Deloitte, where she worked for five years as a consultant for transforming logistics and production processes, and for implementing data and technological systems.

She joined M.Video in 2009 and worked her way up from project manager to department director, coordinating the launch of innovative projects and playing an active role in all key business changes.

In 2017, she headed up the integration office for the merger of M.Video and Eldorado.

Victoria graduated from Moscow State Industrial University with a degree in Applied Computer Science in Economics in 2005.



Natalya Maleeva Human Resources Director

Natalya's professional experience covers more than 20 years in HR managment in leading foreign and Russian companies.

Natalya graduated from Moscow State University with a degree in Psychology, is a Candidate of Psychological Sciences and has a university degree in Economics.

She has received an MBA degree from the Thunderbird School of Global Management. In 2017, Natalya studied at the Skolkovo Moscow School of Management ("Managing a Company in the Context of Digital Transformation"), and she has a certificate from the INSEAD business school for its Leading Digital Transformation and Innovation program.

Natalya's professional career began at Troika Dialog, one of the leading Russian investment companies. Subsequently, Natalya headed HR departments in a number of large Russian and international corporations, including Mary Kay, Provident Financial PLC, IFH Kapital, and Detsky Mir.

Since 2011, she has been the Human Resources Director at M.Video.

Since 2018, she has been in charge of the combined HR function of M.Video-Eldorado Group.



Valeriy Simanov Group Retail Expansion Officer

Mr. Simanov graduated from the Riga Higher Military Aviation Engineering School and completed postgraduate studies at the N.E. Zhukovsky Air Force Engineering Academy. He holds a PhD in Technical Sciences.

In 2003, he graduated from the Russian Presidential Academy of National Economy and Public Administration (Russian–German Higher School of Management) with a specialisation in Economics and Enterprise Management.

He holds an MBA. He has 21 years of experience in retail.

He started his career at Sportmaster as a store manager, and then worked as the retail manager at Pan Sportsmen and as the sales director at Tvoe.

In 2006, he moved to M.Video as the Regional Expansion Director for Siberia before later becoming the Operating Director for Expansion. He has been the Retail Expansion Director for M.Video-Eldorado Group since 2018.



Alexey Sukhov Corporate and Legal Relations Director

Mr. Sukhov graduated from the Peoples' Friendship University of Russia with a degree in Law, and he has an LLM degree. He began his professional career at Transmashholding, a leader in the Russian transport engineering market.

His professional activities have included numerous mergers and acquisitions, including JSC Metrowagonmash, PJSC Luhanskteplovoz (Ukraine), JSC REZ (Latvia), JSC Lisichanskaya soda (Ukraine), LLC Russian Coal-Kuzbass, LLC Eldorado and others.

Since 2008, Mr. Sukhov has headed up various departments in the companies of Safmar Group; since February 2011, he has been the Deputy CEO for Corporate and Property Relations of JSC Russian Coal.

In May 2017, he became Vice President for Corporate and Legal Relations of Eldorado.

Since 2018, he has been the head of the Corporate and Legal Relations Division of M.Video-Eldorado Group.



Oleg Muraviev Commercial Director

Has over 20 years of experience in consumer electronics and digital equipment.

He came to PJSC M.video in 2009 as the head of the Audio-Video direction, and he has been the head of the Commercial Division since 2016.

He previously held various management positions at LG Electronics Rus (LG representative office in Russia) and BSH Hausgeräte (the Bosch/Siemens representative office in Russia).

Mr. Muraviev has expertise in the areas of management and marketing, with higher degrees in two specialisations: the first in management (MAMI) and the second in marketing (MIRBIS).

In 2005, he also received an MBA in marketing (MIRBIS).



Irina Dementieva Head of the Supply, Distribution and Logistics Department

Ms. Dementieva has been working for M.Video since 1996.

She has extensive experience in various areas of distribution and logistics: strategic modeling, warehousing and transport logistics, customs clearance and import, fulfillment of online sales, as well as procurement and inventory management.

For the last four years, she has been the head of Supply, Distribution and Logistics at M.Video, and she has been in charge of this function in the consolidated M.Video-Eldorado Group since 2018.

Ms. Dementieva is among the top three logistics and supply chain directors in her segment, according to the Top 1,000 Russian Managers rating by the Russian Managers Association.

She holds an Executive MBA from the Skolkovo Moscow School of Management.



Denis Golyshev Security Director

In 1996, Mr. Golyshev graduated from the Institute of the Federal Security Service of Russia; in 2003, from the Academy of the Federal Security Service of Russia; and, in 2008, from the Russian Civil Service Academy under the President of the Russian Federation.

From 1994 to 2009, he served in the Federal Security Service of Russia. He is a lieutenant-colonel in the reserves.

From 2009 to 2016, he worked in senior positions at KIN Group, where he oversaw the safety of production and commercial processes, as well as the security of tangible and intangible assets.

In 2017, he was appointed Deputy CEO of Eldorado, and he has been the Security Director for M.Video-Eldorado Group since 2018.

OPERATING AND FINANCIAL RESULTS

M.Video-Eldorado continued to grow steadily in 2020, increasing total sales by 15.4% year-on-year to RUB 504.8 billion (including VAT). This was primarily due to the successful scaling of our online business and development of our innovative OneRetail platform.

88

Total online sales surged by 108.6% to a record RUB 300.4 billion (including VAT), accounting for 59.5% of the Group's GMV.

Smartphones are becoming an increasingly important shopping tool in Russia and worldwide, which also makes them a key tool in the battle for customers. In the reporting period, sales through the Group mobile platform soared 2.5 times to RUB 154 billion, or more than half of the Group's total online sales. By the end of 2020, almost 8 million users had installed the M.Video and Eldorado applications, although this is only the beginning. We plan to further develop the customer mobile app under both brands, we will continue to introduce the mobile platform at all our stores, and we expect to increase the share of stores with a mobile online platform from 50% to 100% in the medium term. Despite the economic challenges caused by the COVID-19 pandemic, M.Video-Eldorado delivered strong financial results. In 2020, the Group increased revenues by 14.4% year-on-year and adjusted EBITDA by 6.5% year-on-year, while the adjusted EBITDA margin remained high at 6.8%. Adjusted net profit, which M.Video-Eldorado plans to use when recommending dividends under the new policy, increased by 9.3% to RUB 12.2 billion.

As of 31 December 2020, the Group's net debt amounted to RUB 40.5 billion, down 9.4% year-on-year, while the net debt / adjusted EBITDA ratio was 1.42x, down 0.25x.

These results indicate that M.Video-Eldorado continues to implement the digital transformation of its business successfully, based on a flexible business model and robust fulfillment infrastructure, is enhancing efficiency and remains financially stable.

> Ekaterina Sokolova, CFO

OPERATING RESULTS FOR 2020

In the reporting period, the Group increased GMV¹ by 15.4% year-on-year to RUB 504.8 billion. This was due to the leap in total online sales amid a higher average ticket on the mobile and web platforms, as well as a surge in the number of active identified customers with a higher average ticket and frequency of purchases.

In 2020, M.Video-Eldorado's total online sales² surged by 108.6% yearon-year to a record RUB 300.4 billion, or 59.5% of the Group's total sales.



Total Online Sales 2020 (RUB bln)



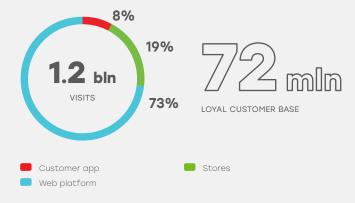
60% Share of online sales in gmv +109%

+152% MOBILE PLATFORM SALES GROWTH

¹ GMV (gross here-handler value) includes in-store purchases (including those from pick-up points), paid and delivered online orders, and paid orderes supped from warehouses to corporate customers, Orfune war online purchases can be made by ordin homodulas and legal entities. GMV includes own and agency sales of goods and services. GMV includes VAT and is net or discounts granited to customers and returns have during frequency for Goods of Construct the Company's retruine. ² The Group's total online sales include all online sales to authorized customers, including home delivery, pickup and sales made at stores through the consultant mobile app are available only at M.Video stores.

Besides general market trends, the key driver of this was the further development of the Group's mobile platform, which combines the customer app and consultant app in the store based on OneRetail technology. The **mobile platform's turnover** soared by 152.3% year-on-year to RUB 154.1 billion, or 51.3% of total online sales. Sales through the web platform also surged, by 76.3% to RUB 146.3 billion. In the reporting period, installations of the M.Video and Eldorado mobile apps reached almost 7.8 million, up 5.5 times, while the **monthly active users (MAUS) of the customer mobile app** exceeded 2 million. The **number of average monthly visits to the Group's websites** increased by 28.9% year-on-year to 74.7 million. The number of active identified customers reached 18.7 million, of which 41.6% were OneRetail customers: that is, those who made purchases through the customer app, consultant app or the Group's web platform. The **number of OneRetail customers** soared by 79.5% year-on-year.

Traffic FY2020





>**7X** CUSTOMER APP TRAFFIC GROWTH

Identified active customers FY2020 (mln people)



+**79%** INCREASE IN ONERETAIL CUSTOMERS

+12%

Transactions FY2020 (mln tickets)



In 2020, the average ticket for all categories of M.Video-Eldorado customers climbed by 16.2% year-on-year to RUB 8,980. The average ticket was RUB 11,732 for OneRetail customers and RUB 8,012 for others.

Average ticket (RUB)



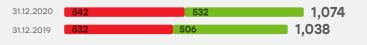
HIGHER AVERAGE TICKET FOR ONERETAIL CUSTOMERS

Strong online sales were supported by the following factors:

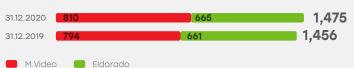
- a reorientation of the marketing, operating and retail models to ensure that the customer journey runs through the mobile platform for a seamless shopping experience;
- growth in traffic, the website conversion rate and the M.Video user mobile app; the launch of the Eldorado mobile app; and a simultaneous increase in the number of OneRetail customers, which in turn drove the volume of deliveries and self-pickup of online orders;
- high availability of the most popular items due to the presence of up to 46% of stock at retail stores throughout the network; an increase in partner pickup points to more than 55,000 as of year-end; and the successful development of 60 last-mile partnerships;
- an expanded range of home appliances and electronics due to more direct contracts with suppliers based on the vendor-catalogue model, the launch of a new line of private label goods, and the integration of the product range from the goods.ru marketplace based on the white label model.

In 2020, M.Video–Eldorado expanded its chain by 36 stores (including closures), including 10 M.Video and 26 Eldorado ones. As of December 31, 2020, the Group's retail chain consisted of 1,074 stores.

Number of stores



Floor space, ths sq. m.



+16% AVERAGE TICKET GROWTH

+46%

FINANCIAL RESULTS IN 2020

Key financial indicators¹ in 2020

- 0 REVENUES INCREASED BY 14.4% Y-O-Y TO RUB 417.857 MILLION Θ GROSS PROFIT GREW BY 6.9% Y-O-Y TO RUB 97.275 MILLION Ó SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A) EXCLUDING DEPRECIATION TOTALED RUB 74,682 MILLION, OR 17.9% AS A PERCENTAGE OF REVENUES, DOWN 1.2 P.P. Y-O-Y Θ ADJUSTED EBITDA ROSE BY 6.5% Y-O-Y TO RUB 28,474 MILLION
- Θ ADJUSTED EBITDA MARGIN WAS 6.8%
- Θ ADJUSTED NET INCOME INCREASED BY 9.3% Y-O-Y TO RUB 12,212 MILLION
- Θ NET DEBT STOOD AT RUB 40.483 MILLION AS OF DECEMBER 31, 2020 (DOWN 9.4% Y-O-Y), AND THE NET DEBT / ADJUSTED EBITDA RATIO WAS 1.42X (DOWN 0.25X Y-O-Y)
- Θ IN LINE WITH THE NEW DIVIDEND POLICY. M.VIDEO-ELDORADO PLANS TO ALLOCATE NO LESS THAN 100% OF ITS NET PROFIT, EXCLUDING THE SHARE OF PROFIT (LOSS) OF ASSOCIATES AND JOINT VENTURES UNDER IAS 17, FOR SEMI-ANNUAL DIVIDEND PAYMENTS.

¹ HEREINAFTER, M. VIDEO-ELDORADO'S FINANCIAL RESULTS ARE PRESENTED IN ACCORDANCE WITH IFRS (IAS) 17 UNLESS OTHERWISE INDICATED. ² HERRINATER, EBITDA HAS BEEN ADJUSTED A ONE-OF EXPENSE OF RUB 1,598 MILLION DUE TO MEASURES TO CONBAT COVID-19 AND FOR A one-off compensation payment based on a decision by the Board of Directors to implement a COVID-19 crisis management project and TRANSFER CONTROL TO THE NEW CEO.

	IAS 17			IFRS 16		
RUB mln (excluding VAT)	2020	2019	уоу	2020	2019	уоу
Revenues	417,857	365,216	+14.4%	417,857	365,216	+14.4%
Gross profit	97,275	91,015	+6.9%	97,335	91,073	+6.9%
Gross margin, %	23.3%	24.9%	-1.6 p.p.	23.3%	24.9%	-1.6 p.p.
Adjusted EBITDA ²	28,474	26,746	+6.5%	48,618	46,617	+4.3%
Adjusted EBITDA margin, %	6.8%	7.3%	-0.5 p.p.	11.6%	12.8%	-1.1 p.p.
Adjusted net profit ³	12,212	11,178	+9.3%	10,287	9,089	+13.2%
Adjusted net margin ³	2.9%	3.1%	-0.1 p.p.	2.5%	2.5%	0.0 p.p.

Revenue

In 2020, the Group's revenue increased by 14.4% year-on-year to RUB 417,857 million, as online sales more than doubled (+108.6% year-on-year), the average ticket on the mobile and web platforms rose, and the number of active identified customers with a higher average ticket and frequency of purchases soared.

Gross profit

Gross profit rose by 6.9% year-on-year to RUB 97,275 million, while the gross margin decreased by 1.6 p.p. year-on-year to 23.3%. This came as the Group sought to increase the share of spot purchases in an effort to keep sales growth high, improve inventory management and change the structure of market demand by increasing the share of digital categories and decreasing that of high-margin services and services involving employees' direct contact with customers as COVID-19 restrictions were introduced.

³ HEREINAFTER, NET PROFIT HAS BEEN ADJUSTED FOR THE LOSS OF ASSOCIATES AND JOINT VENTURES (2019: RUB 1,953 MILLION; 2020: RUB 2,468 MILLION), AS WELL AS FOR NON-RECURRING EXPENSES OF RUB 1,278 MILLION (RUB 1,598 MILLION; AUCUMING TAXES) ON MEASURES TO COUNTER THE SPREAD OF COVID-19 AND A ONE-OFF PAVIMENT OF COMPRENSITION (INCLUDING TAXES) BASED ON A DECISION BY THE BOARD OF DIRECTORS TO INFLUENT A COVID-19 CRISS MANAGEMENT ROLECT AND TRANSFER CONTROL TO THE NEW CEO.

Revenues, RUB bln



Adjusted net profit RUB bln



Selling, general and administrative expenses (SG&A)

SG&A, excluding depreciation, amounted to RUB 74,682 million. As a percentage of revenues, it decreased by 1.2 p.p. year-on-year to 17.9% amid operational efficiency measures that affected staff, lease, advertising and marketing expenses.

Staff expenses edged down by 0.1 p.p. to 6.3% as a percentage of revenues in 2020, amid greater retail staff efficiency due to projects to universalize staff and optimize office operations as part of the transition to remote working, as well as the suspension of vacancies in the first half of the year.

Lease expenses fell by 0.9 p.p. to 5.2% as a percentage of revenues due to negotiations with the lessors of Group stores in the first half of 2020 to agree on new conditions to reduce fixed payments and tie leases to turnover at most stores.

Depreciation expenses rose to RUB 8,194 million, up from RUB 7,047 million in 2019, in connection with investments in the Group's IT infrastructure.

EBITDA

In the reporting period, adjusted EBITDA rose by 6.5% year-on-year to RUB 28,474 million, while the adjusted EBITDA margin decreased by 0.5 p.p. to 6.8%. The higher EBITDA was due to the increase in revenues and effective management of selling, general and administrative expenses (excluding depreciation), which as a percentage of revenues decreased by 1.2 p.p. to 17.9%. Several of the abovementioned factors also reduced the EBITDA margin. However, despite all the extraordinary events of 2020, the EBITDA margin remained above the average of recent years and closer to the upper end of the 5%-7% range in the Group's Strategy 2025.

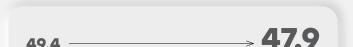
Net profit

Adjusted net profit climbed by 9.3% year-on-year to RUB 12,212 million in the reporting period, compared with RUB 11,178 million in 2019, due to growth in revenues and the operational efficiency measures mentioned above.

Debt ratio

As of December 31, 2020, the Group's total debt had decreased by RUB 1,481 million year-on-year to RUB 47,928 million. Cash and cash equivalents were up by RUB 2,707 million to RUB 7,445 million. Net debt had fallen by RUB 4,188 million to RUB 40,483 million. All debt obligations are denominated in rubles.

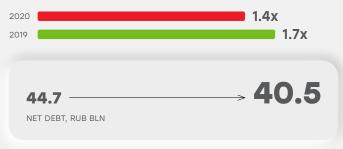
As a result, the net debt / adjusted EBITDA ratio was 1.42x as of December 31, 2020, down 0.25x year-on-year.



IAS 17-based gross debt / IAS 17-based EBITDA



IAS 17-based net debt / IAS 17-based EBITDA



Cash flow

GROSS DEBT. RUB BLN



1 INCLUDING PROCEEDS FROM THE DISPOSAL OF PROPERTY, PLANTS AND EQUIPMENT AND INTEREST RECEIVED

² INCLUDING RENTAL PAYMENTS.

Impact of IFRS 16 on financial statements

The introduction of IFRS 16, effective from January 1, 2019, affected the Group's EBITDA, operating profit and net income in 2020.

Effect on gross profit

The disparity in gross profit in accordance with IFRS 16 is negligible and can be attributed to the difference in accounting for leased vehicles. In 2020, gross profit was RUB 97,335 million under IFRS 16, compared with RUB 97,275 million under IAS 17. The gross margin was 23.3% based on both standards.

Effect on EBITDA

EBITDA was significantly higher under IFRS 16, since the majority of lease expenses previously recognized in selling, general and administrative expenses are recognized under IFRS 16 as debt on the Group's balance sheet, as well as in interest expense on loans in the income statement.

In 2020, lease and utilities expenses were down by RUB 18,150 million under IFRS 16. Adjusted EBITDA was RUB 48,618 million under IFRS 16, compared with RUB 28,474 million under IAS 17. The adjusted EBITDA margin was 11.6% under IFRS 16, 4.8 p.p. higher than the 6.8% under IAS 17.

Effect on net profit

In 2020, net profit was impacted by additional expenses of RUB 15,900 million on the amortization of right-of-use assets under IFRS 16. The effect of these additional amortization expenses was fully offset by the deduction of long-term lease expenses from operating expenses, as mentioned above.

In the reporting period, financial expenses increased by RUB 6,464 million under IFRS 16 due to additional interest expenses on lease liabilities. The introduction of IFRS 16 also resulted in less income tax expenses due to lower pretax profit.

As a result, in 2020, the Group's adjusted net profit was RUB 10,287 million under IFRS 16, compared with RUB 12,212 million under IAS 17. The adjusted net margin was 2.5% under IFRS 16, down slightly from the 2.9% under IAS 17.

Effect on the cash flow statement

The introduction of IFRS 16 does not affect the net change in cash in the cash flow statement. However, it does affect the presentation of the cash flow statement, as the principal lease payments are classified as financing activities, prepayments as investing activities and interest payments as interest paid in operating activities.

RUB 48,618 / 28,474 mln

ADJUSTED EBITDA UNDER IFRS 16 / IAS 17

RUB 10,287 / 12,212 mln

ADJUSTED NET INCOME UNDER IFRS 16 / IAS 17

TECHNOLOGY FOR BUSINESS

HACKING RETAIL

ONERETAIL MOBILE PLATFORM DELIVERS THE BEST CUSTOMER EXPERIENCE AT ANY

TOUCHPOINT

3

M.VIDEO-ELDORADO

A TECHNOLOGY-ORIENTED RETAILER

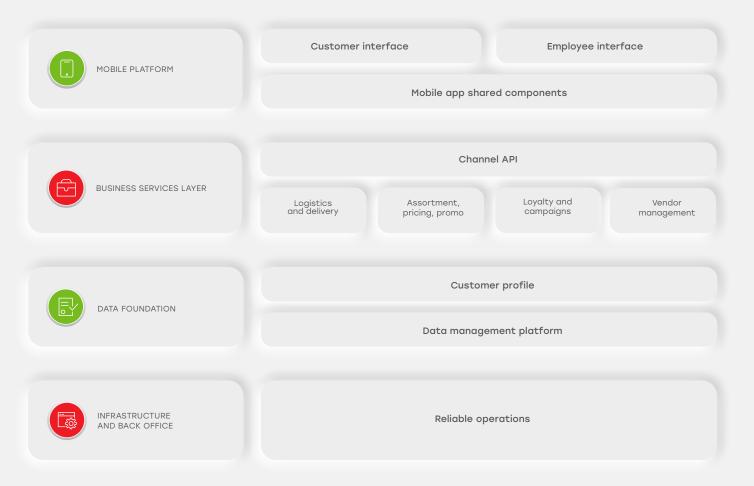
Being a leader in innovative technologies is one of M.Video-Eldorado's key strengths that we are counting on as part of our medium-term strategy to double the size of the business to RUB 1 trillion. Proven IT capabilities and a high level of digitalization of business processes enable the Group to create the best shopping experience and offer unique services using the OneRetail platform, while also ensuring customer loyalty, vendor and partner engagement, and superior operational efficiency. Since its foundation, the Company has accomplished a lot by pioneering the market and constantly innovating–in terms of technology, its business model and its approach to market consolidation. And over nearly the last 30 years, it has grown into a mighty force. We are constantly innovating with a wide range of technologies: from machine learning algorithms to biometrics and blockchain.

In 2020, our IT team accomplished a major task: ensuring that the Group's online platform continued to operate reliably as the volume of transactions through mobile applications and websites surged (mobile platform turnover soared by 150% to RUB 154 billion, and web platform turnover increased by 76% to RUB 146 billion during the year). The Group also rapidly launched and further developed digital services to improve the shopping experience, including a video consultation service and contactless payment methods. In addition, when restrictions were imposed due to COVID-19, our IT team acted quickly to ensure that central office employees could work reliably and securely from home.

Technology: the foundation of the OneRetail platform

OneRetail is an integrated IT platform that helps to identify customers from the first moment they engage with the Group, regardless of sales channel, and to create the best experience for them at every step along the way to making a purchase.

OneRetail was built based on software systems that use a data management platform and customer profiles to provide seamless access to the information that each customer needs: from potentially interesting products and promotions to delivery options and purchasing merchandise on credit. The Group interacts with customers via a mobile platform that uses the integrated interfaces of customer and in-store consultant applications. We believe the OneRetail platform is structured in such a way that it could be converted to another business, including outside the consumer electronics segment, although this is at the moment beyond our current strategy.



DIGITAL TRANSFORMATION OF M.VIDEO-ELDORADO GROUP

In recent years, we have invested heavily in developing IT, thereby creating extensive, highly reliable infrastructure that supports work with large data streams in all key business functions.

Strong technological platform processing sizable data

ERP >1k transaction types ~30k users LOGISTICS >36k shipments daily

POS >200k tickets

SUPF >2k (

SUPPLIERS >2k offers daily

CRM >15 mln clients >3.5 bln messages sent annually 8 SAP EWM-powered warehouses ~500 trucks daily

However, the accelerated development of the OneRetail platform and transition of the retail business online require even greater efficiency and flexibility in rolling out new IT solutions to the market. For us, these challenges mean that we need to evolve as a full-fledged technology retailer, one that uses IT best practices in customer service and all business processes.

The Group is currently carrying out an ambitious digital transformation program, while also restructuring its corporate culture, IT architecture and approaches to software development on the basis of three principles: integration of technologies into all business processes, decision-making based on data analytics and the technological development of all key functions.

Key areas for digital transformation

DIGITAL ENVIRONMENT

PEOPLE Development of internal technological capabilities

PROCESSES Adaptation of support processes

TECHNOLOGIES Increased flexibility and reliability of the IT landscape

Key areas for digital transformation

DIGITAL PRODUCTS AND PROJECTS

DEVELOPMENT OF THE ONERETAIL PLATFORM AND COMMON SPACE

- Bringing the offline experience online and vice versa, integrating customer and consultant apps
- Service personalization, an AI-powered offer
- Migration of Eldorado to the OneRetail tech stack

FULFILLMENT AND LOGISTICS

• High fulfillment speed, order tracking tools, AI tools in logistics

CUTTING-EDGE PRODUCT RANGE AND MARKETPLACE

• Effective product range management, pricing and promotions using AI

BACK OFFICE

· Process digitalization, development of data analytics

Tech / IT Employees

2020 23%

Dec 2021

Aug 2021

Apr 2021 Dec 2020

2021

Development of internal technological capabilities

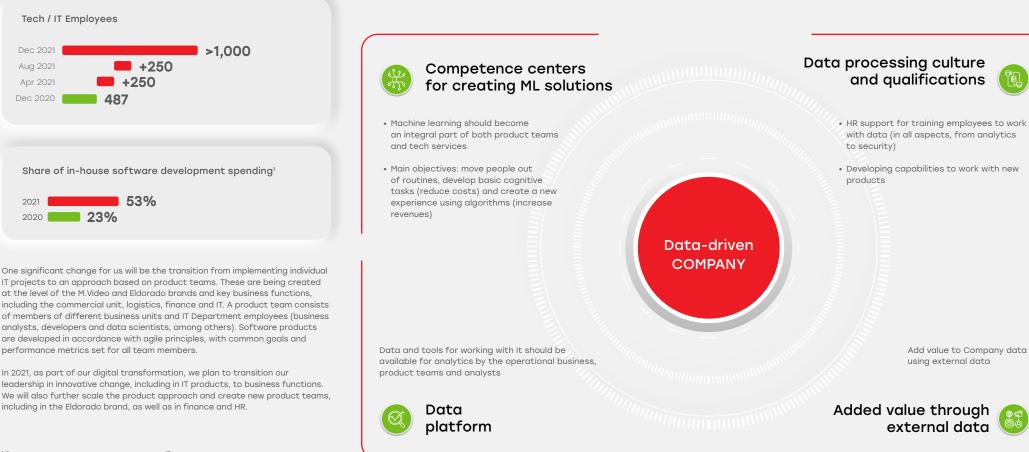
In 2020, we made the strategic decision that all software used to support the OneRetail platform and create a competitive advantage for our business would be developed in-house. This approach requires bolstering internal resources and capabilities in new developments. This year, we plan to double the number of IT specialists and increase the share of spending on in-house software development to more than 50%, compared with 23% in 2020. In the medium term, we plan to increase this figure to around 70%.

Technological thinking: the new corporate mentality

The launch of the OneRetail model requires us to realign our corporate culture and shift towards technological thinking among all team members: sales consultants, business function and back-office employees, as well as all management. We are committed to ensuring that our in-store retail staff serves as the vehicle for our approach to integrating online and offline shopping experiences, and our central-office staff is effective in cross-teaming with an agile approach. In an effort to ensure the Group's employees are developing diaital capabilities and skills, we have created and are expanding the Digital Academy, a center of competency and new knowledge in technology.

A company built on data

One key focus of the Group's digital transformation is to develop as a datadriven company and integrate data analysis into decision-making at all levels. We are committed to making machine learning an integral part of product teams and technology services, and ensuring that data tools are used widely throughout core business and back-office functions.



A flexible and reliable IT landscape

In an effort to enhance the flexibility and reliability of the Group's IT landscape, we continue to reshape our IT architecture using a microservice approach, are developing a data platform and products based on machine learning and are implementing projects in information security and the transition to cloud infrastructure.

The Group is assembling a modern microservice platform built on hundreds of independent components (services). This approach involves supporting independent competing front-end products (mobile apps and websites) and common back-end systems used by both of the Group's brands, including the logistics, finance, IT and HR modules. A microservices-based architecture helps to rapidly respond to the demands of the business by adapting current products, while ensuring that applications run quickly and smoothly as workloads grow.

In 2020, the Group transitioned to using cloud services as the basic infrastructure for digital products. In addition, as part of our goal of making our IT infrastructure more resilient, we plan to lease a new data processing center in 2021 and transfer to it IT systems that are critical to sales. These include the M.Video and Eldorado customer mobile apps and websites, as well as the consultant app and CRM systems. In doing so, the Group plans to fully eliminate any risks to continuous business operations.

	DRIVER	WHY?	WHAT'S NEXT?
	 Architecture and flexible services 	Providing the ability to create digital products quickly, autonomously, efficiently and competently	Realign the architecture and develop flexible canonical services
INCREASING THE FLEXIBILITY AND RELIABILITY OF THE IT LANDSCAPE	Data processing	As an integral part of creating services in digital products	Develop a data platform as well as ML/AI services and products
	Production process	Enabling changes to be made reliably and rapidly	Build a target process for IT systems and move product teams to common tools and standards
	• Information security	Support the business in the secure introduction of new technologies	Enhance the security of products, data and IT infrastructure
	Cloud infrastructure	Promote technologies and investment in business value rather than the commodity infrastructure of products	Use cloud services as the underlying infrastructure for digital products

Bolstering the IT function

In 2020, the Group continued to strengthen and develop the IT function based on the goals for digital business transformation. In August, Alexander Sokolovsky, former Managing Director at SberDevices (part of Sberbank's ecosystem), was appointed CIO of M.Video-Eldorado. The CIO's main objectives include formulating and implementing the IT strategy, supporting the Group's digital transformation and developing IT architecture, mobile products and services based on data analysis.

Last year, the IT Department established six technology competency centers, which supply IT specialists for product teams in IT architecture development, software development, and data analysis and machine learning.

DATA ANALYTICS AND MACHINE LEARNING

M.Video-Eldorado uses data analytics and machine learning tools extensively to create innovative and personalized shopping experiences, as well as to improve operational efficiency and cut costs.

The Group has created a Data Science Center that develops solutions based on data analysis and machine learning algorithms in numerous areas: communicating with customers, creating personalized offers and working with the product range and promotional plan. In 2020, the center's team more than tripled in size, from 20 to 75 people.

The center's key achievements in 2020 were:

- developing and introducing solutions for customer analytics and recommender services across all touchpoints with customers: the mobile app and website, contact center and seller apps
- creating a competency center to develop solutions for assortment planning, pricing management and promotions; a newly developed in-house pricing solution was introduced in late 2020, and product assortment planning and promo solutions will be launched in 2021
- introducing a chatbot for the M.Video website and application, which automates around 30% of customer queries on several different topics
- implementing pilot solutions for video analytics in stores, which help to assess customer engagement regarding different product categories and improve service quality by analyzing queues and individual shopper behavior



Recommender services and personalization

Creating predictive models for personalization in the consumer electronics segment requires extensive research and experimentation, as well as innovative approaches to working with data and algorithms due to the wide range and low frequency of purchases. Nevertheless, the team at M.Video-Eldorado's Data Science Center has successfully introduced models that can:

- predict customers' susceptibility to different types of promotional tools (accruing bonus rubles, discounts or purchases by installments);
- determine interest in purchases in certain product categories;
- recommend accessories, consumables and replacement products.

Using these models across various customer touchpoints (marketing campaigns, the mobile app, website and retail) enables the Group to personalize the shopping experience and interaction, as well as increase conversion rates and the average ticket.



Speech analytics

In mid-2020, the Data Science Center began focusing on ways to develop speech analytics. Analytical models are primarily applied by creating chatbots that automate standard customer queries, thereby reducing the load on call center operators and boosting service speed.

In addition to chatbots, models have been introduced in speech analytics to analyze customer product reviews and highlight key features from them.

Analyzing customer reviews and queries helps to identify important product features for use in assortment planning, as well as improve scenarios for recommendations and product selection.

Demand forecasting with machine learning

Machine learning algorithms help to make demand forecasting for certain items more accurate and take into account correlations in data that are not obvious to humans.

We are developing two areas in our forecasting models: for regular demand and during promotional periods. Demand forecasting is used for 30,000 items at more than 1,000 M.Video and Eldorado retail stores on a weekly basis. It takes into account store location, traffic, seasonality, the speed of retail sales and potential volume of online orders collected in person.

As such, the introduction of machine learning algorithms can significantly optimize not only forecasting itself but also associated costs, such as for the use of storage facilities or transport.

Cloud infrastructure

In 2020, the Data Science Center team was one of the first in the market to use cloud technologies to manage machine learning infrastructure by creating environments in the cloud for the development and use of their products. By transitioning to the cloud, we managed to triple the amount of resources for machine learning development, which made it possible to simultaneously conduct around 100 pilot projects and experiments, while also significantly reducing costs. In 2020, the cloud was used for machine learning tasks. In 2021, we plan to transfer analytical data storage to the cloud in an effort to gain even greater flexibility and further growth opportunities.

The Data Science Center's priorities for 2021 are:

- strengthening the team to prioritize work on product range, pricing and promotions;
- creating a team of recommender services for the Eldorado brand;
- optimizing the logistics platform by introducing products based on machine learning algorithms into the main logistics processes: replenishment, transport management and planning delivery quotas, among others;
- building a data platform that provides Company analysts with an environment and methodology to test hypotheses and create interactive dashboards.

ONER ETAIL: RE ATIN (C_{7}) (\mathbf{G}) Δ

HACKING RETAIL

BLURRING THE BOUNDARIES IN RETAIL

13490

M.VIDEO-ELDORADO

ONERETAIL: CREATING VALUE FOR CUSTOMERS AND PARTNERS

Unique customer experience through seamless integration of online and offline channels

Structural changes in purchasing behavior during the pandemic

In 2020, people's lives changed as a result of the spread of the novel coronavirus infection COVID-19, which, in turn, had an impact on retail. The pandemic accelerated a number of consumer trends, the most important of which was the digitalization of the shopping process:

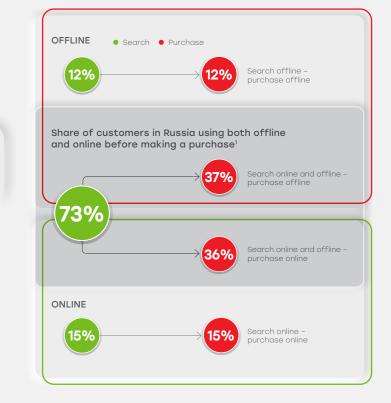
- Appliances and electronics became essential goods. Throughout 2020, people around the world set up workplaces at home; they also looked to innovation to help them find new ways to spend their leisure time in changed circumstances. Devices became an integral part of everyone's life, having a qualitative impact on their work and downtime. People are spending more time at home and are more demanding of the devices that surround them as well as of everyday items in general.
- Considerable growth in online shopping penetration. Amid the COVID-19
 pandemic, many customers became active online shoppers, and they
 remained committed to online shopping even after formal restrictions on
 in-store shopping were lifted. At the same time, in certain segments-for
 example, electronics-the ability to test a device and the availability
 of expert assistance and related services continue to play an important role
 in the selection and purchase.
- Further complicating the customer journey. Shoppers use both online channels and brick-and-mortar stores in the process of selecting items and making purchases.
- Delivery. Delivery methods are being developed, and customers are demanding options that enable them to receive their purchases as quickly as possible.
- Secure online payment. There has been a shift in favor of payment by credit card or contactless payment through a mobile app using a QR code or link.
- Mobile first. With the increasing penetration of online shopping into retail, the smartphone has become the main shopping channel.

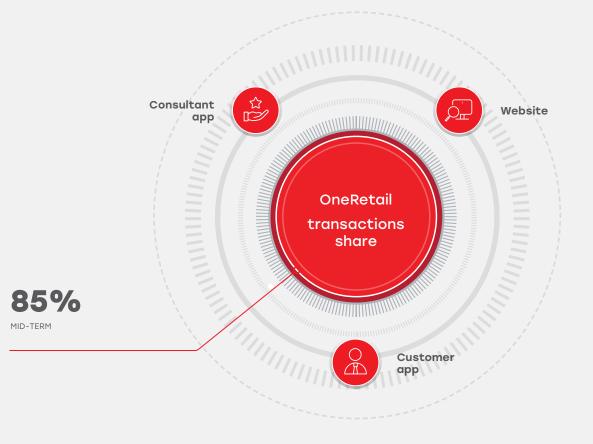
85%

OF THOSE PURCHASING APPLIANCES AND ELECTRONICS INTERACT WITH BRICK-AND-MORTAR STORES IN ONE WAY OR ANOTHER¹

The key to creating a seamless shopping experience has been the development of IT systems and logistics, which have made it possible to qualitatively improve speed and delivery and installation services, making the shopping experience as convenient and secure as possible. These trends are fully in line with the Group's long-term vision, which was developed long before the pandemic. Therefore, our hybrid sales model – the smartphone became the focal point of our sales model in an organic way – our extensive network of stores and our logistics infrastructure are a solid foundation for the development of a seamless and highly personalized customer experience online and offline.

¹ According to the study of cossistere relevance in the market of Housewood Appliances and Electronics, conducted by IRC LLC in 16 cities with a population of pole than 500 thousand people. Base: Bureas who made a precisive on the CE market in the prevous set notifies, then and working, adde 18–55. Dark was collected between Macei and Novemere 2020.





M.Video–Eldorado Group's response is further integration between online and offline channels based on a mobile platform

As the boundaries between online and offline retail are blurring, competition for customers requires an increasingly complex approach. With the goal of creating a better shopping experience, the Group has identified three key stages in the customer journey:



Providing the best service at each of these stages requires the ability to identify the customer at any point of contact with the seller and to have an in-depth understanding of the shopper's needs at every stage of the journey.

To solve these problems, the Group is developing its own proprietary technological platform, OneRetail, which brings together the sales consultant's mobile app with that of the customer along with the websites of the Company's retail networks. The solution makes it possible to identify customers at the stage when they are searching for items and making a selection regardless of whether the contact occurs online or at a store. OneRetail's architecture relies on back-end systems that enable us to leverage customer profile data and correlate it with a full range of

internal data, from logistics and assortment information to promotions and personalized offers. Based on data analytics, customers receive personal offers, recommendations and other information in their app or during authorization through the consultant app at a store, which can prompt a potential customer to make a new purchase, and our advanced logistics solutions and the range of additional services available within the hybrid model help maximize the number of customer journeys that end in a purchase. OneRetail shoppers, by which we mean customers who have logged in and made at least one purchase during the year through the web platform or the mobile platform, which includes the customer app and the consultant app, have a higher average ticket thanks to the convenient purchase process and personalization.

The number of OneRetail customers increased by 79% in 2020; the average ticket was RUB 11,732, 31% higher than the average for non-OneRetail customers.

The share of OneRetail transactions in the Group's total transactions reached 42%, and we plan to increase it to 85% in the medium term.

MOBILE PLATFORM

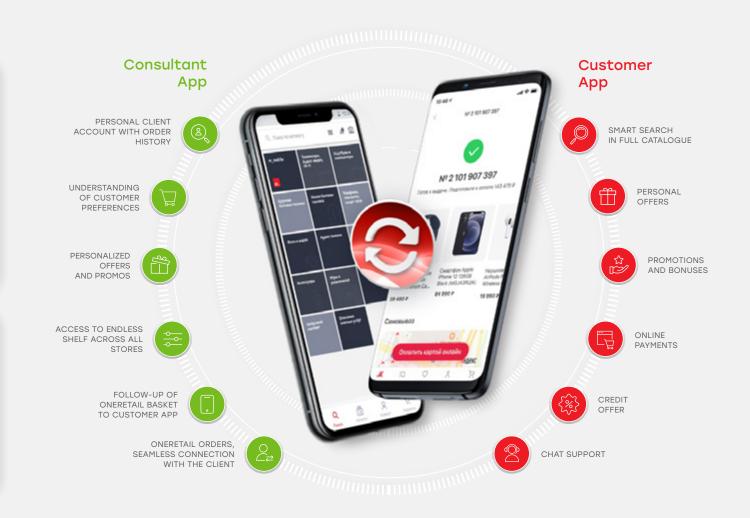
The M.Video-Eldorado mobile platform, combining customer and consultant apps, represents the next step in the digital transformation of the Group's business, aimed at creating a unique, unified experience at all points of interaction between the Company and its customers.

The consultant app makes it possible to authorize the buyer at a store at the stage of consultation and product selection, to get a complete picture of the customer and also to see all possible solutions in terms of goods and services that can be offered thanks to:

- · Access to the customer's order history;
- An understanding of customer preferences;
- Awareness of possible personalized offers and promotions;
- The sales consultant's access to the so-called endless shelfthe Company's complete assortment, including the vendor catalogue and marketplace;
- The ability to make a customer's OneRetail shopping cart accessible in the customer app.

The customer app gives our customers access to a wide range of tools to enrich their shopping experience:

- Access to our complete assortment and to a smart adaptive search engine;
- Generation of personalized offers and conditions;
- Notification about promotions and bonuses;
- The ability to pay for purchases online;
- Access to a credit platform;
- Access to support resources.



Key changes to the consultant app in 2020

In 2020, as part of further development of OneRetail, we introduced a single shopping cart—the ability for the consultant app and the customer app to interact. The OneRetail shopping cart has been implemented 100%—a customer's shopping cart can be created in the consultant app, and the customer can continue the purchase process for the items in the cart either on the website or in the customer app at any time. The process of completing orders based on our best price guarantee was simplified, and a free-delivery option was added. Also, personal recommendations based on data science were introduced; a service was launched that sends sales receipts to the customer's phone number, as was a personal collections service for the seller (simplifies operations involving the catalogue and the forwarding of a OneRetail shopping cart without reservations).

The service, which is available through our mobile apps, is in high demand among customers, and the mobile platform's performance has generally exceeded our expectations. In 18 months since its launch in 2019, 100% of M.Video stores, or about 50% of all Group stores, have already been connected to the platform.

> During 2020, the share of sales through our mobile platform increased by almost 2.5x and now accounts for about 31% of GMV.

Our aspiration: completing all purchases through our mobile platform

Currently, the M.Video-Eldorado mobile platform is the most powerful element in our toolkit, and we will continue to work to ensure that as many of our customers as possible switch to using it. Our efforts will focus on the following strategic initiatives, which will further enhance the customer experience that we offer:

- the formation of fully customized and personalized offers (for more on this, see the section "Technology for business" on page 57);
- creation of a single shopping cart;
- improved ordering options.

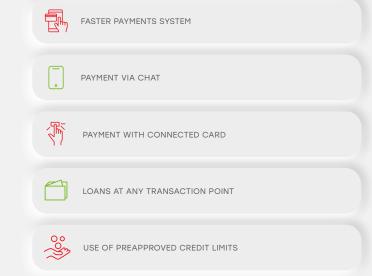
Creating a single shopping cart

One of the strategic directions for the further development of the customer experience is the creation of a single shopping cart. OneRetail technologies make it possible to combine all points of purchase: the website, the customer app and the consultant app. At the center of this process is the single shopping cart. This solution is a cart that the customer can fill and change using any interface of their choice-at a store or online-at any time when searching for and selecting items. The creation of the single shopping cart is an extremely important step in terms of maintaining a high level of satisfaction among the Group's customers.

Improving ordering options

Decisions on how to pay for purchases are an important part of the customer experience. With respect to shopping carts, our aim is to improve customers' ability to pay at any touchpoint so that every cart results in a completed order regardless of the customer's location and payment preferences.

To this end, we are constantly expanding the payment and credit processing options available to our customers. As one example, we plan to set preapproved credit limits for every identified customer so that they can purchase goods on credit or in installments as quickly and easily as with any regular purchase. This also applies to virtual credit cards and instant credit accounts. Enhance checkout experience via new payment options



DEVELOPMENT OF COMPREHENSIVE CUSTOMER SERVICE

In the context of the pandemic and ongoing restrictions, one of the Group's important focal points in 2020 was the development of comprehensive customer service, which involved both the launch of new solutions and tools and the development of existing ones.

Digital consultations are an important step in the development of our mobile platform.

We continue to develop digital consultations for our customers through various channels, including chats with consultants, digital in-store consultations, video consultations, chatbot communication and others. We plan to double the number of transactions carried out using digital consultations from 8.7 million in 2020 to more than 16 million in the medium term.

A breakthrough solution that was launched last year and that has been enjoying a great response from our customers is video consultations with experts from our stores. Using the mobile app on their smartphone or our website, the customer, regardless of their own location, can get advice through a video consultation with the expert they need. An expert from M.Video identifies the customer in their own app, where they can see their search history, profile and available discounts. Based on the information in the customer's profile, our artificial intelligence will suggest a suitable model, services and accessories, and the consultant will be able to explain in detail the advantages of a particular product, as well as offer related products and services. The experience from last year proved the high degree of efficacy of this tool: online customers who communicated with a consultant and received a personal offer were more likely to complete a purchase.



Delivery and Installation

We strive to meet the needs of our customers not only when they are looking for something they need but also after they purchase it. Our service for the delivery and installation of large household appliances is one of our major competitive advantages; this service is provided both through our own resources (a team of more than 500 specialists) and with the help of partners–of which there were more than 150 in 2020. These services are in high demand among Group customers. Last year, we completed about 5 million deliveries of household appliances purchased at our retail network stores. Our installation service was used about 463 thousand times last year–in other words, installation was ordered for about 10% of deliveries. Installation takes place in strict accordance with European service standards. Revenue from installation services reached RUB 1 billion in 2020.

INSTALLATION SERVICE IS ESSENTIAL FOR PURCHASES

Differentiated fulfillment qualification



INSTALLATION SERVICES IN ACCORDANCE WITH EU SERVICE STANDARDS



OWN BRANDED INSTALLATION SERVICE

Credit purchases and cashless payments

One of M.Video-Eldorado Group's competitive advantages is its innovative consumer lending platform that enables customers to buy goods on credit both at Group stores and online, including through the mobile platform.

The ability to purchase consumer electronics by installments or on credit enjoys considerable demand among shoppers in Russia. In 2020, credit purchases accounted for 17% of the Group's sales. We are convinced that we will be able to continue to improve these results by automating processes and expanding our partner network.

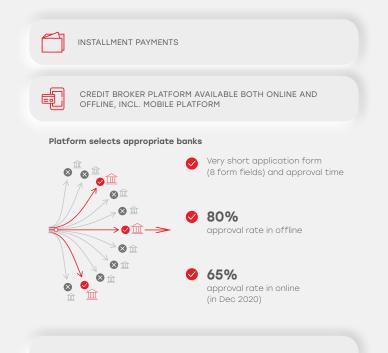
Thanks to the availability of online credit services, the percentage of loan applications approved is growing considerably: it reached 65% onlineand 80% offline-as of the end of December 2020.

At the same time, the number of online loan applications increased by 19% over the year. The application and approval procedure takes only a few minutes, which was made possible due to both the constant improvement of the system itself and the increase in the number of banks processing an application at the same time.

As of the end of 2020, nine banks and three microcredit organizations were operating through the Group's lending platform.

Since 2020, the ability to pay for goods in installments has also been a standard option for our customers at all points of contact with them.

The Group is also developing tools for non-cash and contactless payments for purchases and aims to reduce cash payments to a minimum over the next few years. The share of contactless payments for home delivery reached 60% in 2020. Last year, the Group also continued working on the development of a pilot project to pay for retail purchases using dynamic QR codes through the Faster Payments System.





PAYMENTS VIA DYNAMIC QR CODES One of the first pilots launched in Russia with VTB Bank (Moscow stores)

Additional technical and digital services

An important part of serving our customers is offering them the possibility of obtaining additional technical and digital services from consultants working in stores. After purchasing digital equipment, for example, our consultants can help with the selection and installation of protective films for device screens, and also with setting up and installing any necessary software and applications.

Insurance

The household appliances and electronics that our customers buy are often capital purchases. In this regard, it is natural to provide insurance services for purchased goods. The Group offers a wide range of insurance programs for household goods, health, travel, etc. In 2020, about 700 thousand insurance plans were sold.

Processing

Very often, after buying new appliances, customers want to know if they can recycle their old ones. Not only have we developed a solution to this problem, but we did it in a very environmentally friendly way. M.Video-Eldorado Group launched the first program in Russia for the recycling of household appliances, thus giving them a second life. The program has already been rolled out in 17 regions across Russia; since its launch, more than 1,000 tons of electronics have been processed. The Group intends to continue rolling out the program, increasing its regional coverage to 100% by 2024.

Installation

• Installation on a turnkey basis

• ~0.5 mln installations per year (~10% of all deliveries)

Credit platform

- 12 partners offering (9 banks)
- Credit availability online via 10-minute application process

In-store assembly and digital services

- Adhesive screen protectors
- Settings and software/apps installation for devices



Certificates

Expanded conditions for returns (30 days vs. 14 days by law)
Quick service-repair or exchange in 72h

Insurance

 Wide range of insurance programs: goods, home, health, travel, car, pet
 ~700k insurance plans sold per year

Recycling

Russia's first project for the recycling of electronics
 1 kt of electronics recycled per year



M.Video mobile app

Since we launched a fully functional mobile app that enables users to make purchases online, access the product catalogue, etc., we have seen an upward trend in customers' use of and demand for the app. The M.Video app was downloaded over 7.1 million times last year. Mobile devices running on the Android operating system account for 66% of installations; iOS, 34%. The core of the app's users are aged 18 to 46, are interested in technology and innovation, are active users of social media and instant messaging apps, and are used to using apps on a frequent basis. The M.Video app is one of the highest-rated apps in its category. In the Google Play store, the rating from customers is 4.7; in the App Store, it's 4.5.

7.8 mln installations

M.VIDEO AND ELDORADO MOBILE APPS (A 5.5X INCREASE FROM THE PREVIOUS YEAR)

2 mln

AVERAGE NUMBER OF MONTHLY ACTIVE USERS (MAUS)



Eldorado mobile app

In December, the Eldorado brand launched a mobile app for Android and iOS that enables users to make purchases for delivery or to place orders inside stores, as well as to receive personal promo offers, up-to-date reviews of new products and to manage their bonus account. With the help of geolocation, customers can find the nearest store on a map as well as a complete list of retail outlets in the city, along with their addresses, opening hours and other information for convenient online ordering. The app is also useful at stores: shoppers can scan the barcode on a price tag and get detailed information about the product's features and price without contacting a consultant.

The most popular sections are available on the home page: personal account, bonus balance, current promotions, products of the day, previously viewed items and popular items, order status, "EldoPlay" and "EldoTube" videos, as well as a product search function. When searching, the user's search history and recommendations based on predictive analytics are active.

Members of the Eldoradosti loyalty program get quick access to the main features in the mobile app: checking their available points, spending bonus points, operation details, complete information about their balance and bonus types. 74 min AVERAGE MONTHLY VISITS TO GROUP WEBSITES (INCREASE BY 29% YEAR-ON-YEAR)

Brand web platforms

The brands' web platforms, like the mobile apps, are an important element of the Group's OneRetail technology stack, through which the Company aims to provide a seamless online and in-store customer journey with convenient smartphone access to all products and services. In Q4 2020. M.Video redesigned its website, which was the first step in updating its digital platforms. In the updated version of the site, the visual concept was completely changed, making the key pages on the customer journey more user-friendly. During the first stage, changes were made to the home page, the catalogue-including its structure-and product cards. To improve usability, the width of the site was increased, the number of banners on the slider of the home page was reduced, and a section with vertical banners was added that will soon be animated in the same way that the stories function works. The most popular promotions and products are listed beneath the advanced search box. In the header, the list of stores, contact information, delivery information and the M.Club loyalty program were made more prominent, as was the link to M.Mag, a hub with useful content about appliances and electronics. Significant changes were also made to our product cards: the change to a three-column desktop display enables users to get a better idea of what products actually look like.

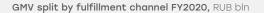
As a result of the redesign, search engine speed and indexing improved, and improvements were made in a number of other business and technical metrics.

RETAIL NETWORK

What M.Video and Eldorado stores give our customers

- Our stores are an extension of our online presence and an integral
 part of the OneRetail infrastructure. Their role is changing: they also offer
 a space for inventory, enabling a rapid response to online purchases;
 they are a technology showroom and a space for customer consultations,
 as before-but this is also online now-and an interactive warehouse for
 those who want to minimize communication. Despite the restrictions
 during the lockdown period, the Group's stores played an important role
 in the growth in online sales. In 2020, our customers placed and picked up
 about 90% of orders at stores.
- Additional traffic and brand awareness. In 2020, our stores were visited
 over 238 million times.
- Customer experience. Taking into account the specifics of the goods available, people visit stores to get advice and to make purchases. According to research prepared by IRC LLC,¹ 73% of consumers used the offline- and online channels before making a purchase in 2020, while only 15% of all shoppers made a purchase exclusively online without any interaction with traditional channels-that is, 85% of those purchasing appliances and electronics interact with brick-and-mortar stores in one way or another.¹
- Additional services and related products. Stores help us sell services and goods in higher-margin categories, as well as related products. Often, customers are not ready to make an expensive purchase blindly and prefer to first look at the product in person and consult with in-store experts.
- M.Video-Eldorado stores are a showcase for our vendors, which helps each of our partners build long-term relationships with customers.

More than 90% of orders were completed using store infrastructure, which is the most cost-effective solution for the Group.





GROWTH IN PICKUP ORDERS

Retail security technologies

Last April, the Group switched entirely to an online platform and revised the operation of its stores. During the period of major restrictions, the Group's stores operated in different formats, depending on the restrictions in force in each specific region.

During the lockdown in Russia, more than 90% of the Group's stores continued to operate in various formats.

With the gradual easing of restrictions, beginning in June 2020, the Group announced the restart of retail in a new format in selected regions. First of all, there were changes to payment methods-now all in-store operations are available online and in a contactless form. It is now possible to pay for in-store purchases without going to a checkout counter-customers just need to use their smartphone to click on a link they get from the sales consultant. Loan processing and sales consultations are also possible without direct contact with staff. Contactless payment terminals are available in all Group stores. Additional contactless payment terminals have been installed in the shopping area at the 250 largest M.Video and Eldorado stores. The next important innovation was to enable M.Video customers-and also Eldorado customers following the launch of the Eldorado app-to use the mobile app to scan QR codes on price tags in stores to instantly receive complete product information. In addition, a number of services were launched to expand opportunities for customers to receive purchases without visiting stores:

- a mobile sales assistant-delivery of purchases by store employees;
- order pickup in the parking lot of a store or shopping center;
- delivery of orders from a store by taxi within two hours;
- · delivery to partner pickup points;
- contactless exchange and return (request a courier to one's home through an online form);
- stores functioning as pickup points (the stores' only function is to fulfill online orders);
- the opening of "islands" and "corners" outside stores at shopping centers;
- partner pickup points (about 55,000 pickup points in partner networks as of the end of 2020).

When paying on the website or through the app, customers received a 5% discount on their order. The Company extended the period for the return or exchange of functioning products–all purchases at M.Video and Eldorado, including online orders, could be returned or exchanged within 60 days (instead of the standard 14 days stipulated by law); non-functioning products could be returned or exchanged within 30 days of purchase, thus encouraging people to stay at home during the public health emergency without worrying about their purchases.

The Company also automatically extended those orders that had already been issued for pickup from stores and paid for but that were not received for some reason. This initiative was aimed at enabling people to plan a convenient time to pick up their purchase and to do so without contact.

M.Video and Eldorado employees undergo daily temperature checks both before the start of their shift and during the day; they wear masks and gloves at work. Markings have been added to the sales area of stores; antiseptics and personal protective equipment are available for shoppers. Cleaning and disinfection of all surfaces in stores is carried out every three hours, and the air is disinfected. Store employees and management also receive regular training on compliance with measures aimed at preventing the spread of infection. Stores also provide regular audio and video information on available safeguards.

¹ According to the study of consumer behavior in the market of Household Appliances and Electronics, conducted by IRC LLC in 16 cities with a population of hose than 500 thousand people. Base: Buryes who make a pulcicuse on the CE market in the previous ski months, but now oversh, add 18–55. Data was collection Betries March and November 2020.

M.VIDEO-ELDORADO RETAIL FORMATS

M.Video stores

We identify the target audience of our M.Video stores as customers seeking medium to premium price products and complementary services who are willing to pay a premium for a superior customer experience and place a high value on technology and customer service. M.Video stores are located mainly in larger cities in prime locations with high consumer traffic, such as in large shopping centers, often as an anchor store of the center.



Eldorado stores

Eldorado stores' target audience is characterized as customers seeking mass-market and medium price segment products whose preferences tend to favor cost savings and optimize price value. Eldorado store customers also value simplicity in shopping and the proximity of stores to the customer. Eldorado stores are mainly located in cities with populations of more than 50,000.

> Over the next three years, we plan to open more than 500 new stores, including the Eldorado 250 format.

Eldorado 250

The Eldorado 250 format comprises compact stores with floor space of 250-500 square meters and offering an extensive range of appliances and electronic goods via an online catalogue. The stores are located primarily in small and medium-sized towns. The new format will help Eldorado enter more than 100 new towns over the next three years and strengthen the brand's position in existing locales. Integration of the online platform and stores, rapid delivery and after-sales service will help the brand to boost its online sales. Indeed, online sales have tripled in towns where we offer this store format, due mainly to the convenient option of collecting online orders. Meanwhile, unlike most order-collection points, these stores will offer the most popular items for customer collection within 15 minutes.

To help simplify the operating model, our next pilot project will be Eldorado-Express stores. These will comprise an average floor space of 50 square meters, and will focus on click & collect orders. They will offer a narrower range of so-called fast-own goods, which is one of the key aspects of Eldorado's CVP. Format testing will begin in 2021. Shops in the Eldorado 250 format will help the Group to enter more than 100 new cities over the next three years.

Development plans for the M.Video-Eldorado retail network

We plan to continue expanding our logistics platform by opening stores in various formats, including small-format stores in small cities. In 2021-2023, we plan to open more than 150 stores annually, about half of which will be in our new format, Eldorado 250. Thus, we plan to open more than 500 new stores in total over the next three years and add more than 100 new cities to our coverage area.

LOYALTY PROGRAMS AND CUSTOMER SATISFACTION

Loyalty programs

Our goal is to develop an extensive base of loyal and engaged customers. A cohort analysis of our customers shows that we are able to keep approximately 30% of our clients active even after a lapse of five years. This helps us constantly increase the share of sales generated by our loyal customer base: as of the end of 2020, this indicator was 68%, which was 23 percentage points higher than five years ago. These dynamics are reflected in the Group's results.

Strong retention profile



Year 3

Year 4

Year 5

M.Video brand loyalty program-M.Club: the maximum for members

One of the program's main conditions is that bonus rubles will remain valid indefinitely upon the performance of any action in the user's bonus account every six months.

GET 3% CASH BACK FOR ANY PURCHASES AND UP TO 25% FOR PERSONAL OFFERS

USE EACH ACCUMULATED BONUS RUBLE TO PAY FOR PURCHASES AT M.VIDEO

UP TO 50% PAYMENT FOR PURCHASES AT M.VIDEO WITH 50% BONUS RUBLES

Updated in 2019, the M.Club loyalty program operates digitally, as customers use virtual cards linked to their personal mobile phone number. In the context of the strict lockdown restrictions in force and the increased demand for online orders, the fact that the card is digital has had a positive effect on the use of the card. The bonus card can also be added to any of the digital wallets available in various ecosystems (e.g., Apple Wallet, Google Pay, etc.).

In 2020, M.Video launched a new channel for communication with customersmobile push notifications, thanks to which our users were the first to learn about ongoing promotions and offers. **68**%

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SHARE OF SALES GENERATED BY OUR LOYAL CUSTOMER BASE
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30% OF OUR CLIENTS ACTIVE EVEN AFTER A LAPSE OF FIVE YEARS

Eldorado loyalty program

The Eldorado bonus program works on a similar basis. Program participants receive from 3% to 30% of the cost of each purchased product or service in the form of bonus points in their personal accounts. Bonus points can be used to pay for up to 50% of the cost of a subsequent purchase in stores or on the eldorado.ru website. The bonus card is also available in virtual form and can be linked to the customer's digital wallet. Upon registration in the Eldoradosti loyalty program, the customer receives a gift of bonus points.

Last year, both Eldorado and M.Video took a particularly sensitive approach to initiatives for their customers in order to make interaction with them even simpler and more convenient. Both brands extended the lifespan of bonus points for all customers during the lockdown period.

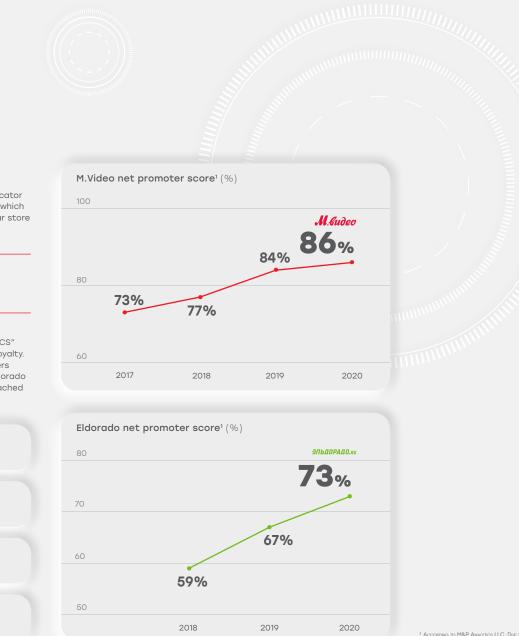
¹ Data for M.Video (without Eldorado) including identified customers only.

Year 2

Year 1

30

20



Customer satisfaction

The M.Video and Eldorado brands are constantly working to improve customer loyalty, which is also something they measure. The main indicator of customer loyalty that the Group uses is net promoter score (NPS), which measures shoppers' willingness to recommend a retailer or a particular store as a preferred place to buy consumer electronics.

Our main goal is to turn unauthorized casual shoppers into loyal customers who are devoted to the Group's brand.

According to the marketing research conducted by LLC "M&P ANALYTICS" in 20201, M.Video and Eldorado brands enjoy a high level of customer loyalty. Compared to 2019, the Net Promoter Score (NPS) for M.Video customers continued its upward trend and reached 86% (+2 p.p.). The NPS for Eldorado customers showed a more dynamic growth over the past year and reached 73% (+6 p.p.). This success is based on the following factors:



¹ According to M&P Avalytics LLC. Due to the unfavorable epidemiological situation, only one survey session was conduct ed in 2020 (in the 1st quarter of 2020).

ORDER FULFILLMENT: SPEED AND EFFICIENCY AT EVERY STEP

Order fulfillment, which includes the processes involved in storing goods and delivering them to customers after an order is placed, plays a critical role in the success of a retail business. With consumers' increasing desire to receive goods "here and now," the speed and precision of delivery, as well as the availability of appliances in stores, are becoming key factors in the competition for customers.

Thanks to our advanced logistics platform and expansive retail network, investments in which have exceeded RUB 150 billion, we already offer unsurpassed delivery and pickup services throughout most of Russia. As of December 2020, 60% of the country's population was covered by stock availability within 24 hours.

At the same time, products that account for 34% of the Group's GMV, are available for pickup within 15 minutes after an order is placed– a result that is unmatched in Russian retail.

Our infrastructure for the storage, distribution and delivery of goods throughout the entire territory of Russia includes **more than 1 million square meters** of fulfillment area. The most important element of this infrastructure is the M.Video and Eldorado store networks, which account for 540 thousand square meters of warehouse space and about 46% of the Group's inventory. The density of the retail network greatly increases the availability of goods and the speed of delivery in regions outside Moscow and St. Petersburg. Taking into account the expansive size of Russia, the Group considers the fact that it has stores located in every region of the country to be its most important competitive advantage over marketplaces and other online players.



- Distribution centers
- Regional distribution centers
- Stores

>150 RUB bln

INVESTED IN STORES AND LOGISTICS INFRASTRUCTURE SINCE 1993



WAREHOUSING AREA IN 9 DISTRIBUTION CENTERS ~540 km²

WAREHOUSING AREA IN 1,074 STORES

~83 km²

WAREHOUSING AREA IN 58 MINI REGIONAL DISTRIBUTION CENTERS

85% 24-HOUR STOCK AVAILABILITY

67%

Inventory storage

- 46% Stores
- **43%** Distribution centers
- 10% Regional distribution centers

Further development of logistics and fulfillment is a key element of our strategy aimed at doubling business volumes by 2025. We have set for ourselves the goal of increasing the share of goods available for delivery or pickup within 15 minutes to more than 50% of GMV.

Strategic goal: increase the share of orders available within 15 minutes to >50% of GMV.

To achieve this goal, the Group will focus on the following areas:

- Expansion of the logistics system, including by opening new stores. The Group plans to open more than 500 stores and expand into more than 100 new cities, which will make it possible to offer same-day stock availability to up to 70% of the Russian population. Implementation of these plans will include the development of the small format Eldorado 250, which demonstrated success in 2020.
- Further improvements in last-mile speed and service quality. We plan to expand cooperation with operators of pickup points and develop partnerships with courier services. In addition, the Group will invest in real-time order tracking services.
- Improving inventory and transportation management, including through the use of machine learning algorithms. Innovation and AI-based solutions will enable us to allocate inventory more precisely, to make better use of warehouse capacity and to automate a considerable portion of storage and delivery processes.

The Group continues to develop a mixed logistics model using both outsourcing and in-house resources. Our unified logistics infrastructure supports both brands–M.Video and Eldorado–in every region where the Group operates, which increases the flexibility of our business model and enables us to take advantage of the full effect of economies of scale.

In 2020, the Group's logistics function successfully passed a COVID-19 stress test. Our multisite logistics network and high level of business digitalization made it possible to quickly switch to a remote procurement and distribution management process and to move our network of stores to flexible operations (see "2020 Performance Highlights," page 18). In addition, the Group quickly restructured delivery processes and entered into a number of important partnerships to launch express delivery using taxi operators. As a result, we were able to drive sales growth in the face of heightened health and safety requirements and a tripling of home delivery orders.

Storage and distribution of goods

The storage and distribution system includes retail stores, large central distribution centers in Moscow and Russian regions (an assortment of 10–21 thousand items) and smaller multiplatform warehouse centers (with an assortment of up to 10 thousand items).

In 2020, despite pandemic-related restrictions, the Group successfully implemented a large-scale project to transform its distribution system. The assortment in distribution warehouses in regions outside Moscow and St. Petersburg was expanded 2x-3x to 10-14 thousand items, which greatly improved the availability of the Group's products outside Russia's largest cities. At the same time, we continued to open multiplatforms (small distribution centers) in less accessible cities, particularly in the north of Russia.

Group distribution network as of December 31, 2020

	Facilities	Description and functionality	Geography
1,074 46%	M.Video and Eldorado stores in 279 Russian cities of inventory	 Storage of small household appliances and digital devices Distribution of online and offline orders to buyers and couriers Presentation of equipment samples in showcases 	200 Russian regions
9 43%	Central distribution warehouses of inventory	 Concentration of all goods purchased by the Group from over 300 suppliers in a total area of 250 thousand square meters Distribution of goods to stores and regional multiplatforms 	Moscow (2), St. Petersburg, Novosibirsk, Kazan, Rostov-on-Don, Yekaterinburg, Nizhny Novgorod, Vladivostok
58 11%	Regional multiplatforms of inventory	 Storage of large household appliances Delivery of goods to stores and customers within a radius of 150–200 kilometers 	Large and medium-sized cities in various regions of Russia (Novorossiysk, Tyumen, Irkutsk, Ulyanovsk, Yakutsk, etc., including a new warehouse in Murmansk)

Group logistics in 2020 in figures

• **1** min sq. m.

67% OF CUSTOMERS PICK UP ONLINE ORDERS THEMSELVES

>5 min

• >98% OF DELIVERIES MADE ON TIME

55 thousand

85% OF ONLINE ORDERS AVAILABLE WITHIN 24 HOURS AFTER CHECKOUT

• >3.2 mln cubic meters

OF CARGO TRANSPORTED OVER THE YEAR

Stores are an increasingly important element of order fulfillment

Every store in the network is also used as a storage center for inventory available for pickup or delivery by courier. Thus, stores support online sales in their region and greatly reduce the costs involved in developing the logistics infrastructure. The standard product mix for one M.Video or Eldorado store includes 8-9 thousand items, depending on the size, geographic location and specifics of the outlet (up to 10 thousand items in cities with a large number of stores). Our assortment of less-in-demand products, which exceeds 22 thousand items, is stored in central warehouses in Moscow or at the supplier's warehouse.

Distribution of inventory

Every year, more than 50 thousand vehicles transport goods from more than 300 suppliers to the Group's nine central distribution warehouses. From there, appliances and electronics are transported to regional warehouses and to M.Video and Eldorado stores throughout Russia.

In 2020, the Group began using the SAP Yard Logistics system, which enables us to arrange and monitor the movement of transport from suppliers to all distribution warehouses, and also to automate work planning at all sites. Next year, the system will also cover shipments leaving warehouses.

In 2020, our endless shelf project underwent considerable development: now orders are executed without storing goods at Group warehouses—they are shipped directly from suppliers' warehouses instead. In connection with the further development of the project and the launch of marketplace sales, we are planning to open a specialized warehouse in 2021 to handle such goods.

¹ INCLUDING PARTNER TAXI SERVICES.

Transportation

The focus of the Group's transport logistics is the constant improvement of delivery times for the entire range of household appliances and electronics.

All long-haul shipments are carried out by Group counterparties. The choice of transport service providers, including for long-haul transport and home delivery of goods to customers, is based on tender procedures. For those products that customers cannot get within the available assortment in a particular city, the Group speeds up delivery by shipping consolidated cargo from central warehouses, while also using cross-docking technologies.

Since 2020, the Group has been using daily cross-docking shipments between all its distribution warehouses to move its exclusive assortment along with customer orders to remote communities located a long distance from cities with a population of over 1 million. For expedited delivery of goods to remote regions, the Group also uses air transportation.

Group transportation

TYPE OF TRANSPORT	NUMBER OF TRIPS	
Road transport	58,092	
Rail transport	1,708	
Air transport	9,226	
Consolidated cargo	10,865	

Last mile: delivery and pickup

We are also partnering with the major Russian food and FMCG retailing chain Pyaterochka (X5 Retail Group), as well as Russian Post, whose service networks provide us with pickup points for our customers. This allows our customers to pick up their purchases on the go. Our network of partner pickup points and parcel lockers across Russia include more than 55,000 locations.

Home delivery is provided by Group partners. In 2020, M.Video-Eldorado increased its total deliveries to 5.4 million, up from 3.2 million in 2019. Moreover, more than 98% of deliveries were on time. During the year, the Group launched an express delivery service for digital equipment and household appliances weighing up to 20 kilograms through its partner services Yandex Taxi and Gett Delivery. In 2020, a total of some 400 thousand deliveries were made by taxi.

In Moscow and a number of large cities in Russia with a population of over 1 million people, standard home delivery is possible the same day. In other cities where the Group has stores, more than 90% of goods ordered from the assortment available in the city are, as a rule, delivered the next day. In some cases, we can schedule delivery the next day or later if the customer wishes to purchase a product with specific features. The Group is developing two aspects of its delivery and pickup services: increasing the speed of delivery and the number of delivery options available.

One of the key projects in this area is the launch of our own proprietary app for couriers that is integrated with our websites and our customer apps. The app will inform customers about the status of their order in real time and adjust the delivery process based on the customer's schedule.

As part of the expansion of our last-mile tools, we intend to develop new delivery methods, including environmentally friendly delivery services on foot or by bike. In this regard, we also plan to launch a new tool: a platform that will automatically select the optimal vehicle for each order based on the specifications of the items and the terms of the order. This technology will reduce errors in the delivery of goods and increase our last-mile precision.

The Group also plans to expand its pool of pickup service providers and also to continue to improve the quality of these services, as well as introduce a digital process for the generation of receipts.

Key areas of development of the last mile



New proprietary app for couriers

Increases the accuracy of orders, oversight, the transparency of E2E delivery and architectural optimisation.



Everything from everywhere

Stock from all our stores is available for delivery, with the possibility of combining goods from different facilities into one basket.

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Platform for selecting delivery method

Offers selection of efficient delivery options and optimises the choice of shipment facility.

Expanding our network of order collection points



Expanding our network of collection points through partnerships to reach up to 100,000.

Digital technologies in logistics

Continuous improvements in efficiency and the digitalization of our inventory and transportation management systems are prerequisites for increasing the availability of goods for customers and successfully expanding our online business.

M.Video-Eldorado has been investing for many years in state-of-the-art IT systems to support logistics; the introduction of most of these systems has helped the Group become an industry pioneer and a major source of unique expertise in the market.

The Group has a process of end-to-end inventory planning from supplier to store. The Group has developed its own planning system that uses mathematical models to predict the optimal level of inventory at each stage in the supply chain. Machine learning technologies are used to predict the volume of inventory for each store based on sales dynamics, seasonality, traffic, promotions and the likely volume of goods to be reserved for pickup.

In 2020, the Group became the first company in Russia to start commercial use of the SAP Yard Logistics warehouse management solution. Modified specifically for M.Video-Eldorado, the solution is helping set up a unified, centralized system for managing and monitoring all product flows, increasing the capacity of warehouses and the quality of logistics services.

The Group has introduced a system for managing customer data and product features that makes it possible to customize recommendations for accessories for the main products on our websites and through our mobile apps, to create and edit SEO collections to simplify product searches, and to create and highlight data indicating differences in the technical features of goods (for example, color, memory size, etc.) in order to view them more quickly. In 2020, thanks to updates to this system, the Group processed an additional 14 thousand new product cards for its endless shelf project.

The Group is introducing electronic document interchange (EDI) for most of its settlements with contractors and service providers to speed up the processing and sending of documents, and also to ensure closer monitoring of information exchange at all stages of the supply chain. Information exchange in accordance with EDI standards was implemented with more than 100 key suppliers, which greatly facilitated procurement procedures.

An SAP SRM-based electronic tender platform makes the process of purchasing noncommercial services as transparent as possible. In 2019, the Group's Supply, Distribution and Logistics Department held several tenders and entered into about 250 new long-term agreements with counterparties in order to improve the efficiency of its existing warehouse capacities and reduce transportation costs. The Group also continued to develop cooperation with selected partners in 2020.

FURTHER DEVELOPMENT OF PARTNERSHIPS WITH SUPPLIERS

SUPPLIER PARTNERSHIPS

The Group pays special attention to building trust-based and mutually beneficial relationships with all suppliers, since its assortment, the quality of its goods and complex solutions are important elements of M.Video-Eldorado's business model and have a significant impact on the customer experience at the selection stage. Everyone benefits from successful and effective cooperation with suppliers: the Group, our partners, our customers and the market as a whole.

According to the study conducted by IRC LLC,' in 2020 85% of consumers used brick-and-mortar stores to select appliances and electronics. Thus, the hybrid/omnichannel model is better suited to the needs of today's shoppers, and it gives suppliers an opportunity to demonstrate the most complex features of their products and innovations, which is extremely important for manufacturers. The Group, together with suppliers, is constantly working to find and promote new ways to interact with customers. In 2020, the Group launched new services, including video consultations with promotional staff inside stores, and continued to promote brands online as well as partner promotions on third-party platforms.

In 2020, the coronavirus pandemic had a major impact on the nature of supplier relations. The majority of the key changes and challenges were related to supply restrictions due to the introduction of lockdowns and other restrictive measures affecting production. Given the fact that the Group is the largest retail player in the Russian consumer electronics market, relationships with all key suppliers are long-term in nature and are based on a joint planning process for confirmed, guaranteed deliveries over a horizon of several months. In turn, suppliers maintain an agreed inventory in their warehouses. Thanks to all this, the Group was able to minimize the impact of the restrictions on the supply chain and quickly adapted to the new business environment.

One of the results of adapting to the changed conditions was the modification and improvement of the system for evaluating and selecting suppliers in terms of the speed of decision-making about the possibility of concluding contracts.

Also in 2020, M.Video-Eldorado Group continued its switch to EDI for commercial purchases. To date, the Group has digitalized 80% of its commercial procurement transactions. The total monthly number of packages of electronic documents exceeded 40 thousand; 85% of incoming documents are handled automatically, which reduces the risk of errors in routine operations, reduces costs and accelerates payments and financial closure.

As a result, in 2020 the Group continued to implement initiatives aimed at developing strategic partnerships with suppliers and launched a number of projects with key counterparties:

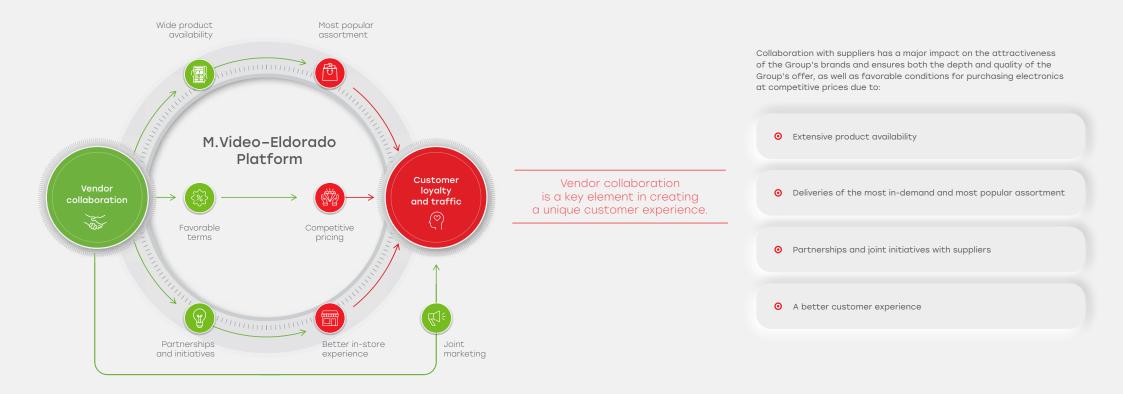


- The launch of sales of the exclusive Whirlpool brand;
- The expansion of sales of the WMF brand at key Group points, as well as sales at in-store brand zones;
- The transition to an agent model for selective distribution of the Kenwood brand;
- The achievement of leading positions in terms of smart household devices and smart speakers;
- Implementation of a number of partnerships aimed at expanding product content through the Vendor Catalogue 2.0 project and the development of non-CE segments, which resulted in a twofold increase in the available assortment.

80%

OF COMMERCIAL PROCUREMENT TRANSACTIONS DIGITALIZED BY THE GROUP

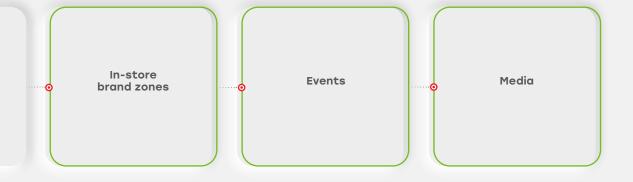
¹ Accorona to a survey of consumer behavior in the market of Household Appliances and Electronics, conducted by IRC LLC in 16 drills with a pollution of more than 500 thousand people. Base surveis who made a purchase in the CE market in the last six months, here had working, addition 318-550. Data was collected between March and November 2020.



Our vendor collaboration also extends to joint marketing campaigns

Since our store shelves give our vendors a key point of contact with customers and a place to promote their products, they are an important part of the Group's marketing and advertising activities.

There are three key areas in the implementation of joint marketing initiatives with suppliers: the arrangement of in-store brand zones, events and media opportunities.



M.Video-Eldorado Group is a key partner for the world's largest consumer electronics vendors in the Russian market.

To date, the Group has established relationships with more than 300 suppliers. The largest vendors include global leaders in the household appliances and consumer electronics sector such as Samsung, Apple, LG, Sony, Huawei, Bosch and others. The assortment presented at M.Video and Eldorado accounts for about 73% of all sales in the Russian CE market. which is an indication of the successful management of the Group's product portfolio. The Group is a very important partner for major global vendors.

> consumers who could not visit stores were able to place orders and receive much-needed products quickly and on time.

> > Anton Chumakov. General Director, Whirlpool Corporation, EMEA (Russia and Asian Republics)

M.Video-Eldorado Group has built a unique business culture in the Russian market, combining the best parts of European and Russian business practices. The most important ingredient of M.Video-Eldorado Group's success is the trust they have earned from consumers and their ability and willingness to follow new trends. The Group is in a unique position in the world to create a successful and exemplary hybrid model combining offline retail with the efficiencies and opportunities of online and data-based consumer engagement.

Whirlpool considers the Group a powerful strategic business

partner. The Group's strategy to promote the OneRetail mobile

platform enabled a fast adjustment when stores were closed

due to the spread of the coronavirus. During this difficult period,

Oguzhan Olmez, General Manager, Groupe SEB

Throughout Samsung's 30-year history in Russia, we always have been passionate about providing our high-quality products and services to Russian consumers. This wouldn't be possible without a highly developed retail presence and support. We appreciate that M.Video-Eldorado Group has been helping us make this possible for 28 years already.

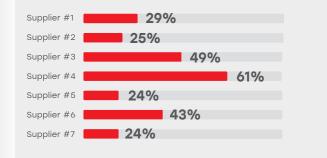
> D. H. Kim. **President of Samsung Electronics CIS**

While the world is rapidly changing, it's becoming more vital than ever for every vendor to offer a proper customer experience both online and offline. HP believes that M.Video-Eldorado's streamlined and solid omnichannel approach, with a seamless and transparent offline-online experience for customers, is a unique opportunity for vendors to talk to customers and offer them a full portfolio of the best products and solutions in the most optimal way.

> Cédric Coutat. Head of ISE Personal Systems, HP

Key suppliers' share of overall sales in the Russian Federation attributable to M.Video-Eldorado Group

M.VideoEldorado



ASSORTMENT MANAGEMENT

Together with its suppliers, M.Video-Eldorado Group is constantly working to expand and improve its assortment by studying its customers' preferences and needs and maintaining high standards in terms of the products it offers.

75 ths SKU

GROUP'S ASSORTMENT

>11 ths SKUs

EXCLUSIVE SKUs

>14%

GROUP'S ASSORTMENT IS MADE UP OF INNOVATIVE PRODUCTS REQUIRING EXPERT SERVICE

The premium segment accounts for 7% of the Group's GMV. The Group previously identified a trend toward an increase in the gradient between products in the first price quartile and premium segment products.

At the moment, two consumer trends stand out in the market:

- Goods with a basic set of features are being purchased at low prices.
- Highly functional equipment made of the highest-grade materials is being purchased at higher prices.

To meet the demand for basic household appliances and consumer electronics on the part of price-sensitive customers and to create models that were previously represented only in high price segments, in 2019 the Group began the production and sale of appliances under its own private label Hi brand, which is available through its Eldorado network. In 2020, the Group introduced mid-price TVs to the Russian market under the Novex brand, an M.Video private label. The Group continues to develop its own private labels: as of the end of 2020, it was selling more than 150 models of large and small household appliances under its own private labels. In the future, the Group's private label products may account for up to 15% of unit sales in the categories where they are represented.

The premium segment is another area for developing the assortment available at Group stores. The household appliances and customer electronics industry is one of the most innovative, with new products, services and solutions constantly appearing. M.Video-Eldorado Group has traditionally been a strong player in the market for innovative premium technology, including smart household devices, equipment for remote security (such as security cameras), all kinds of household robots, wearable devices for health monitoring, etc. At the moment, innovative and premium products account for about 21% of the Group's GMV, and we plan to increase it to 27% in the medium term.

Moreover, the Group is constantly working to develop an ecosystem approach to retail, within which M.Video-Eldorado, in addition to its own product assortment, offers customers opportunities for promotions and events, additional services, accessories and content that greatly enrich the customer experience, including the installation of appliances, extended insurance and guarantees, digital services for the protection and configuration of smartphones and laptops, trade-ins and paid recycling of old equipment. In 2020, M.Video and Eldorado sold

~500 ths

PRODUCT INSTALLATIONS,

~10% of all home deliveries

~700 ths

~1.9 mln CERTIFICATES SOLD DIGITAL

MARKETPLACE AND VENDOR CATALOGUE AS A CATALYST FOR FUTURE GROWTH

In 2020, M.Video–Eldorado Group increased the number of products presented through its online platforms and stores by 2.5x to more than 75 thousand SKUs thanks to the development of its vendor catalogue, endless shelf as well as marketplace format. Over the next three years, the Company plans to expand its assortment to 250 thousand items, continuing to focus on and strengthen its expertise in household appliances and electronics.

Medium-term plans

Expansion of the assortment up to 250 thousand SKUs through the further development of the vendor catalogue and its endless shelf project, as well as the launch of its own third-party marketplace with a focus on consumer electronics.

At the moment, M.Video-Eldorado Group is developing its marketplace format in three areas:



COLLABORATION WITH GOODS.RU: AN END-TO-END MARKETPLACE (FULFILLMENT INCLUDES GOODS STORAGE)

	DEVELOPN
\sim)	(INCLUDES

DEVELOPMENT OF ITS OWN MARKETPLACE WITH LOGISTICS (INCLUDES ONLY LAST-MILE DELIVERY)



VENDOR CATALOGUE: A MARKETPLACE THAT FUNCTIONS LIKE A BULLETIN BOARD

With goods.ru, M.Video and Eldorado follow a white label format-that is, they integrate the necessary product categories and partners on their sites using their platform and marketplace solutions. For goods that are placed in the online storefront under the goods.ru brand, last-mile arrangements and service are provided by goods.ru, and a customer pickup option is also available.

At the moment, within the framework of integration with goods.ru, more than 10 thousand items and complementary goods are available to customers in 250 categories. The Group also works under direct contracts with more than 100 suppliers: major appliance manufacturers such as Bosch, SEB, Smeg and Whirlpool, as well as leading retailers in their segments, such as 220 Volt and holodilnik.ru. In the future, the Group plans to connect with Decathlon, Koleso.ru, Dochki-Sinochki and a number of other major players.

Devices sold through the marketplace are marked as "partner goods" on the retailers' websites. M.Video and Eldorado provide logistics, warranties and service for merchants' goods; service for goods sold through the goods.ru platform is provided by the partner. If a customer needs to exchange or return a purchase, they can contact the network's stores and follow the standard procedures.

The Group's marketplace will focus on further expanding and deepening the range of household appliances and electronics and complementary goods and services available, and also maintaining and working with inventory as the foundation of its business model. A wider assortment will enable the Group to optimize operations with search queries, attract additional traffic and increase conversions on its websites.

In addition, M.Video and Eldorado have already been working for several years with partners through the vendor catalogue, offering customers individual models from the inventory of accredited manufacturers. The online catalogue enables shoppers to access both the regular product line and additional offers from suppliers. Retail partners are able to display their product offerings through the online storefront. In this case, the Group does not purchase these goods but can facilitate their sale, delivery and all related services for customers. This approach enables the Group's customers to order any appliance model, including rare or exclusive ones, thus expanding its assortment without additional risks in terms of working capital, and the manufacturer increases sales and can test customer demand for experimental models.

CORPORATE GOVERNANCE

HACKING RETAIL

 \blacklozenge

TURNING CHALLENGES INTO OPPORTUNITIES

56 990 .

mmmm

M.VIDEO-ELDORADO

STATEMENT OF THE COMPANY'S BOARD OF DIRECTORS

on compliance with the principles and recommendations of corporate governance stipulated by the Corporate Governance Code

In its activities, the Board of Directors of the Company undertakes to fully and accurately follow and adhere to the principles set forth in the Corporate Governance Code approved by the Bank of Russia and recommended for use by joint-stock companies whose securities are admitted for organized trading (Letter No. 06-52 / 2463 dated April 10, 2014), hereinafter referred to as the "Code", as well as the clarification given in the Letter of the Bank of Russia dated February 17, 2016 No. IN-06-52 / 8 "On disclosure of compliance with principles and recommendations of the Corporate Governance Code in the Annual Report of public joint-stock companies", which establishes the principles of corporate governance in joint-stock companies. At the same time, the Board of Directors of the Company declares that certain provisions (principles) of the Code are currently not being implemented (partially or fully) due to a number of circumstances described in detail in the section "Explanations of noncompliance with the corporate governance principles" in the Appendix "Report on the Company's compliance with the principles and recommendations of the Corporate Governance Code" of this Annual Report.

The methodology used by the Company to assess compliance with the principles and recommendations of corporate governance set out in the Code was based on the recommendations set out in the Bank of Russia's Letter № IN-06-52/8 "On disclosure of compliance with principles and recommendations of the Corporate Governance Code in the Annual Report of public joint-stock company".

Information on compliance with the principles and recommendations of the Code is reviewed by the Company's Board of Directors as part of this Annual Report.

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M.VIDEO-ELDORADO GROUP CORPORATE STRUCTURE

As of 31 December 2019, M.Video-Eldorado Group included the following legal entities:



M.VIDEO-ELDORADO

THE GROUP'S CORPORATE GOVERNANCE SYSTEM

The company considers the establishment of an effective corporate governance model to be a key factor in ensuring shareholders' rights and creating trusting relationships with investors and other Group stakeholders.

As part of the development of its corporate governance system and improving the quality of corporate governance of PJSC M.video, the Group is guided by the requirements of the laws of the Russian Federation, including Federal Law dated 26 December 1995 №208-FZ "On Joint Stock Companies", Federal Law dated April 22, 1996, No. 39-FZ on the Securities Market, the Listing Rules of PJSC Moscow Exchange and the Principles and Recommendations of the Corporate Governance Code Recommended for Use by the Bank of Russia.

Key elements of corporate governance

1) Governing bodies:

- > General meeting of shareholders of the Company;
- > Board of Directors of the Company;
- > Management Board-the collegial executive body of the Company;
- > CEO-the sole executive body of the Company.
- The Auditing Commission is a body for control over financial and economic activities;
- 3) Internal Audit department;
- 4) Department of Internal Control and Risk Management.

To audit financial and economic activity, the Company engages an external (independent) auditor.

The Corporate Secretary, appointed by the Company, is called upon to ensure the preparation and holding of the General Meeting of Shareholders, as well as meetings of the Board of Directors and its committees, in accordance with the requirements of the legislation of the Russian Federation, the Charter of the Company and other internal documents of the Company. The duties of the Corporate Secretary include the proper implementation of procedures to ensure the rights and protection of the legitimate interests of shareholders, and control over their implementation. Furthermore, the Corporate Secretary is the individual responsible for the disclosure of the use of insider information.

The Company strives to follow the basic principles of the disclosure of information, ensuring that it is done regularly and efficiently, and that said information is available to shareholders and other interested parties, whilst being reliable and complete. The Company complies with the requirements of public disclosure, providing shareholders and other interested parties with the opportunity to obtain reliable information about the Company and its daughter companies. The Company regularly and in a timely manner publishes information in the dedicated public source updated in real time and provided by LLC News Agency Interfax (hereinafter referred to as the News Feed) and on the Internet, using the Internet page provided by LLC News Agency Interfax (base and on the Internet, and the Internet Page), as well as on its own website.

Access to the information posted on the Company's website, in the News Feed and on the Internet Page is provided free of charge and does not require additional efforts (i.e., obtaining passwords, registration or other technical restrictions) to access.

Key principles of corporate governance

The Company adheres to the following key principles designed to safeguard the interests of shareholders and ensure a reasonable balance between the powers of the management and control bodies:

- Providing shareholders with a genuine opportunity to exercise their rights related to investing in the Company;
- Strategic management of the Company's operations by the Board of Directors and its effective oversight of the activities of the Company's executive bodies, as well as accountability of the members of the Board of Directors to its shareholders;
- Implementation by the executive bodies of the management of the Company's day-today activities in the interests of ensuring its long-term sustainable development, shareholder value and accountability of executive bodies to the Board of Directors and the Company's shareholders;
- Implementation of timely disclosure of complete and accurate information about the Company that is necessary for shareholders to make informed decisions;
- Ensuring effective oversight of the Company's financial and commercial operations in order to protect shareholders' rights and legitimate interests;
- Social responsibility and respect for the rights and legitimate interests of other stakeholders.

DEVELOPMENT OF THE CORPORATE GOVERNANCE SYSTEM IN 2020

Improving corporate governance is an important element in increasing the efficiency of the Company

In the reporting year, as part of improving the corporate structure to ensure the most efficient management of the Group and its affiliated subsidiaries, a series of restructuring procedures were undertaken, namely the merger of Ellin LLC with Invest-Nedvizhimost LLC (date of restructuring completion: 25 February 2020), the liquidation of Eldomarket LLC (date of termination: January 27, 2020) and the liquidation of BT Trading Solutions LLC (date of termination: 23 January 2020) were finalized.

In the reporting year, a further liquidation of MVEL Investition GmbH also took place (to be included after the reporting date).

In the reporting year, the Committee of the Board of Directors for Strategy and Digital Transformation of PJSC M.video was formed, which consists of five members. The regulatory body for the Committee of the Board of Directors for Strategy and Digital Transformation of PJSC M.video was also approved.

The Company is working on updating its internal documents. On November 9, 2020, the Extraordinary General Meeting of Shareholders of the Company approved new versions of the following documents of the Company:

- Articles of Association of the Company;
- > Regulations for the Company's General Meeting of Shareholders;
- Regulations for the Company's Board of Directors;
- > Regulations for the Company's Management Board;
- > Regulations for the Company's sole executive body (CEO);
- > Regulations for the Company's Auditing Commission.

The Company has changed the structuring of the sole executive bodies. The new version of the Company's Charter allows for the presence of one sole executive body - the CEO, while the previous version of the Company's Charter stipulated otherwise, that the Company should establish two sole executive bodies: the President and the CEO.

Also in the reporting year, the Charter of MVM LLC (an organization controlled by the Company) was approved and released in a new version, which also allows for the presence of one sole executive body: the CEO, while the previous version allowed for two sole executive bodies: the General Director and the Chief Executive Officer.

From October 1, 2020, the CEO of the Company and MVM LLC is Aleksandr Vadimovich Izosimov.

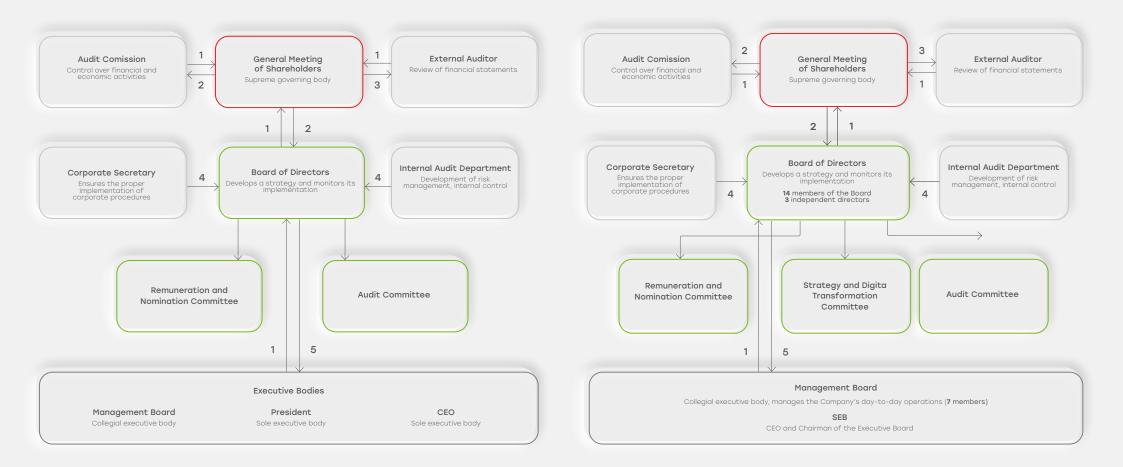
The Extraordinary General Meeting of Shareholders in November of the reporting year, based on the recommendation of the Board of Directors, decided to pay dividends in the amount of RUB 30 and zero kopeks from the retained net profit following the results of 2019 per one ordinary share of PJSC M.video.

On December 28, 2020, the extraordinary General Meeting of Shareholders of the Company determined the number members on the Company's Board of Directors should be nine. The number of members of the Board of Directors determined by this resolution should be applied when forming the Board of Directors at General Meetings of Shareholders of PJSC M.video following this extraordinary General Meeting of Shareholders of PJSC M.video whose agenda includes the issue of electing members of the Board Directors of PJSC M.video.

Before this time, in 2020, the Board of Directors consisted of 14 members.

Corporate governance structure as of the start date of the reporting year

Corporate governance structure as of the end date of the reporting year



 1 - Reports to
 2 - Elects
 3 - Approves
 4 - Functionally subordinate to

 5 - Develops a strategy and monitors its implementation

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the Company's supreme governing body. The remit of the General Meeting of Shareholders is determined by Federal Law No. 208-FZ "on Joint-Stock Companies" and the Company's Charter.

The General Meeting of Shareholders is convened by the Board of Directors at least once a year.

In 2020, three General Meetings of Shareholders were held. In order to reduce the risk of spreading the coronavirus (COVID-19) and in accordance with the recommendations of the Bank of Russia, the General Meetings of Shareholders were held in the form of absentee voting.

Annual General Meeting of Shareholders June 22, 2020

On June 22, 2020, the Annual General Meeting of Shareholders was held, at which the following decisions were made:

- The distribution of the net profit of PJSC M.video for the 2019 reporting year was approved as follows:
- part of the net profit in the amount of RUB 5,998,865,734.99 was allocated to the payment of dividends for the nine months of 2019, with interim dividends previously paid for the nine months of 2019 from the profit of 2019 in accordance with the decision of the extraordinary General Meeting of Shareholders of PJSC M.video dated 03.12.2019 (Minutes No. 29 dated 03.12.2019);
- > It was decided not to distribute the rest of the net profit at the end of 2019, and not to pay dividends.
- The following members of the Company's Audit Commission were elected:
 1 Bezlik Evgeny Vladimirovich;
- 2 Gorokhov Andrey Alexandrovich;
- 3 Rozhkovsky Alexey Leonidovich.
- The number of members of the Board of Directors of the Company was determined: 14 people. The number of members of the Board of Directors determined by this resolution should be applied when forming the composition of the Board of Directors at the annual General Meeting

of Shareholders of the Company, as well as when forming the Board of Directors at any and all General Meetings of Shareholders following this Annual General Meeting of Shareholders, the agenda of which includes the issue of electing members of the Board of Directors of the Company.

- Members of the Board of Directors of the Company were elected:
- 1 Andreas Blase
- 2 Breev Pavel Yurievich
- 3 Vagapov Eldar Rstamovich
- 4 Gutseriev Said Mikhailovich
- 5 Derekh Andrey Mikhailovich
- 6 Eliseev Vilen Olegovich
- 7 Zhuchenko Anton Alexandrovich
- 8 Lella Janusz Alexander (Janusz Aleksander Lella)
- 9 Makhnev Alexey Petrovich
- 10 Mirakyan Avet Vladimirovich
- 11 Preobrazhensky Vladimir Vladimirovich
- 12 Tynkovan Alexander Anatolievich
- 13 Uzhakhov Bilan Abdurakhimovich
- 14 Fernandez Aisa Enrique Angel.
- The amount of remuneration and compensation for expenses of members of the Board of Directors and members of the Audit Commission of the Company for the period from July 2020 to June 2021 was determined:
- remuneration to the members of the Board of Directors should not exceed the total amount of RUB 52 million;
- compensation for expenses incurred by members of the Board of Directors whilst performing their duties as members of the Board of Directors should not exceed the total amount of RUB 10 million;
- > remuneration to the members of the Company's Audit Commission should be in the total amount of RUB 150,000.
- Joint-Stock Company Deloitte & Touche CIS was approved as the auditor for the audit of the financial and economic activities of the Company for 2020.

Extraordinary General Meeting of Shareholders on November 9, 2020

On November 9, 2020, an extraordinary General Meeting of Shareholders was held, at which the following decisions were made:

- The Pay out of the retained net profit following the results of 2019, dividends in the amount of RUB 30.00 per one ordinary share of PJSC M.video;
- To pay dividends on shares of PJSC M.video in cash;
- To approve November 20, 2020 as the date on which the persons entitled to receive dividends are determined;
- Determine that the payment of dividends is carried out in the following terms from the date on which the persons entitled to receive dividends are determined:
- within 10 working days to a nominee holder and a trustee who is a professional participant in the securities market, and who is registered in the register of shareholders;
- within 25 working days to other persons who are registered in the register of shareholders.
- The new version of the Charter of PJSC M.video was approved;
- The new version of the Regulations for the General Meeting of Shareholders of PJSC M.video was approved;
- The new version of the Regulations for the Board of Directors of PJSC M.video was approved;
- The new version of the Regulations for the Management Board of PJSC M.video was approved;
- The new version of the Regulations for the Sole Executive Body (CEO) of
 PJSC M.video was approved.
- The new version of the Regulations for the Auditing Commission of PJSC M.video was approved.

Extraordinary General Meeting of Shareholders of PJSC M.video December 28, 2020

On December 28, 2020, an extraordinary General Meeting of Shareholders of PJSC M.video was held, at which the following decision was made:

 The number of members of the Board of Directors of PJSC M.video was determined: 9 people. The number of members of the Board of Directors determined by this resolution is applied when forming the the Board of Directors at General Meetings of Shareholders of PJSC M.video following this extraordinary General Meeting of Shareholders of PJSC M.video, the agenda of which includes the issue of electing members of the Board directors of PJSC M.video.

BOARD OF DIRECTORS

The Board of Directors is responsible for the overall management of the activities of the Company, with the exception of resolving issues referring to the efficiency of the General Meeting of Shareholders.

The Board of Directors of the Company is responsible for the strategic management of the Company and determines the basic principles and approaches of risk management and internal management systems of the Company. In order to perform these functions, the Charter of the Company assigns the following powers to the Board of Directors:

- To determine the priorities of the Company's activity; to approve (change) the long-term strategic development plans (strategy) of the Company and its subsidiaries, including and not limited to marketing strategy, brand development and operational strategy (the creation, management and development of trademarks of the Company and its subsidiaries), to approve reports on the implementation of the Company's strategy and the strategy of its subsidiaries, as well as to determine the format and frequency of submission of such reports;
- To approve the risk management and internal management systems of the Company, to approve the Company's policies pertaining to risk management and internal management systems, to approve the Company's risk matrix.

In the reporting year, the Board of Directors Committee on Strategy and Digital Transformation of PJSC M.video was formed and carried out its work.

The Board of Directors also exercised other duties as defined by the Federal Law of December 26, 1995 N 208-FZ "On Joint-Stock Companies" and the Company's Charter.

One of the most important functions of the Board of Directors of the Company is the formation of effective executive bodies and ensuring effective control over their activities. In order to perform this function, the Charter of the Company assigns the following powers to the Board of Directors:

 Election of the sole Executive Body and early termination of their powers, approval of the terms of the agreement concluded by the Company with the sole Executive Body of the Company, including the conditions for early termination of their powers, approval of the amount of their salary, the size and payment of bonuses, compensations and benefits provided; determination of the person authorized to sign the agreement (supplementary agreement to the agreement, agreement on termination of the agreement) with the sole Executive Body of the Company; granting consent for the CEO to combine positions in the management bodies of other organizations, as well as other paid positions in other organizations; ON THE BOARD OF DIRECTORS

- Submitting a proposal to the General Meeting of Shareholders on transferring the powers of the sole Executive Body to a managing organization or a manager, approving such a managing organization (manager) and defining the terms of an agreement concluded by the Company with them;
- Making a decision on whether to create collegial executive body (Management Board);
- Election of members of the Management Board and early termination
 of their powers, making a decision about payment of remuneration to
 members of the Management Board and / or compensation for expenses
 related to the performance of their duties, determining the amount to
 be paid as remuneration to members of the Management Board and / or
 the amount of compensation for expenses related to the performance of
 their duties; providing consent for members of the Management Board to
 hold positions in the management bodies of other organizations;
- Control over the how the Company's executive bodies carry out the decisions made by the Company's Board of Directors and the Company's General Meeting of Shareholders.

Members of the Board of Directors are elected annually by the annual General Meeting of Shareholders in the manner prescribed by the Charter of the Company, the Regulations for the Company's General Meeting of Shareholders and the Company's Regulations for the Board of Directors. By decision of the General Meeting of Shareholders, the powers of all members of the Board of Directors may be terminated early. In this case, the powers of the newly elected members of the Board of Directors are valid from the moment of their election by the General Meeting until the moment of election (re-election) at the next Annual General Meeting of the new configuration of the Company's Board of Directors.

In accordance with the Company's Charter, the Board of Directors is elected with at least seven members. The number of members of the Board of Directors is determined by the decision of the General Meeting of Shareholders.

In the reporting year, the Company had a 14-member Board of Directors.

On December 28, 2020, an Extraordinary General Meeting of Shareholders of the Company determined the number of members of the Board of Directors to be nine people. The number of members of the Board of Directors determined by this resolution should be applied when forming the Board of Directors at General Meetings of Shareholders of PJSC M.video following this extraordinary General Meeting of Shareholders of PJSC M.video whose agenda includes the issue of electing members of the Board Directors of PJSC M.video.

The procedure and timing for convening and holding meetings of the Board of Directors, the decision making processes, the rights and obligations of the members of the Board of Directors and other matters related to the activities of the Board of Directors are governed by the legislation of the Russian Federation, the Company's Charter the Regulations for the Board of Directors of the Company.

The directors and officers of M.Video-Eldorado Group are covered by liability insurance.

Orientation program for new members of the Board of Directors

The Company has an established programme of orientation events for newly elected members of the Board of Directors.

Fernandez Aisa Enrique Angel was elected to the Board of Directors during the reporting year, having previously served as CEO (sole executive body) of MVM LLC (M.Video-Eldorado Group's main operating company); he also sat on the Management Board, and so did not need to attend the aforementioned induction programme.

BOARD OF DIRECTORS MEETINGS



Meetings of the Board of Directors were held regularly on a scheduled basis, in addition to when it was necessary to make decisions on issues falling within the remit of the Board of Directors. In total, 18 meetings of the Board of Directors were held in the reporting year, of which fourteen were in person and four were in the form of absentee voting.

In the reporting year, due to the spread of Coronavirus (COVID-19), the Board of Directors switched the format of in-person meetings to using videoconferencing.

In March 2020, at a meeting of the Board of Directors:

- Reports on the results of the work of the Committees of the Board of Directors for 2019 were approved;
- A report on the results of the activities of the Company and its subsidiaries for the Q4 2019 and FY 2019 was approved;
- A report on the execution of the budget of the Company and its subsidiaries for 2019 was approved;
- The consolidated financial statements of the Company for 2019, prepared in accordance with International Financial Reporting Standards, were approved;

- The accounting (financial) statements of the Company for 2019, prepared in accordance with Russian accounting standards, were approved;
- The amount to be paid for the services of the Company's auditor, who audits the accounting (financial) statements of the Company for 2019, was increased.

At a second meeting of the Board of Directors in March 2020:

- A report on the work of the Head of the Internal Audit Department of the Company for 2019 was approved;
- Maxim Mamonov was appointed head of the Internal Audit Department as of April 9, 2020, and the terms of his employment contract were approved;
- A report on the work of the Corporate Secretary of the Company, the results of the review of his work in 2019, and the amount of the bonus paid to him were approved.

In March 2019, based on proposals received from the Company's shareholders, the list of candidates for voting in elections to the Board of Directors and the Audit Commission was approved at the Annual General Meeting of Shareholders in 2019.

In May 2020, at a meeting of Board of Directors:

- The number of members of the Management Board was determined to be 7 persons from June 7, 2020, with a new number of members of the Management Board to be decided from June 7, 2020;
- The annual report of the Company for 2019 was approved;
- It was decided to convene the annual General Meeting of Shareholders on June 22, 2020 (the deadline for accepting ballots) in the form of absentee voting, and decisions were made on other issues relating to the preparation, calling and holding of the Annual General Meeting of Shareholders;
- The report on the self-assessment of the activities of the Board of Directors and Committees of the Board of Directors was approved.

On June 23, 2020, after the Annual General Meeting of Shareholders, the Board of Directors elected Gutseriev Said Mikhailovich as the Chairman of the Board of Directors.

On June 29, 2020 the Board of Directors:

- Elected the Chairman and members of the Audit Committee of the Board of Directors, in addition to the Chairman and members of the Remuneration and Nomination Committee of the Board of Directors;
- Approved the amount to be paid for the services of the auditor, Deloitte & Touche CIS, to audit the financial and economic activities of the Company for 2020, including additional services;
- Decided to terminate the employment contract with the Head of the Internal Audit Department of the Company, Mamonov Maxim Alexandrovich on June 30, 2020.

At a meeting of the Board of Directors on August 20, 2020:

- A decision was made to form the Board of Directors Strategy and Digital Transformation Committee, consisting of five members;
- The members and the Chairman of said committee were elected, and the Regulations on the Board of Directors Strategy and Digital Transformation Committeewere approved.

At a meeting of the Board of Directors on September 18, 2020:

- The powers of the CEO of the Company, Bilan Abdurakhimovich Uzhakhov, were terminated (September 30, 2020 was to be the last day of his duties);
- Aleksandr Vadimovich Izosimov was elected the General Director for a period of 3 years (from October 1, 2020 to September 30, 2023) and the terms of his employment contract were approved;
- The number of members of the Management Board of the Company was determined from October 1, 2020, to be 8 people. Alexander Vadimovich Izosimov was elected to the Management Board;
- It was decided to terminate the employment contract with Boris Andreevich Ogarkov, the head of the Company's internal management and risk management department, from September 30, 2020 and to appoint Olga Yuryevna Solodchenkova to said position from October 1, 2020;
- Yanko Artem Nikolaevich was appointed to the position of the Head of the Internal Audit Department from September 21, 2020.

On October 5, 2020, the Board of Directors made a decision to convene, on its own initiative, an Extraordinary General Meeting of Shareholders of the Company in the form of absentee voting as of November 9, 2020 (the deadline for accepting ballots) with the following agenda:

- 1 Payment (declaration) of dividends.
- 2 Approval of the new edition of the Charter of PJSC M.video.
- 3 Approval of the new version of the Regulations for the General Meeting of Shareholders of PJSC M.video.
- 4 Approval for the new version of the Regulations for the Board of Directors of PJSC M.video.
- 5 Approval for the new version of the Regulations for the Management Board of PJSC M.video.
- 6 Approval for the new version of the Regulations for the Sole Executive Body (General Director) of PJSC M.video.
- 7 Approval for the new version of the Regulations for the Auditing Commission of PJSC M.video.

At this meeting, the Board of Directors also made decisions on other issues related to the preparation, calling and holding of an extraordinary General Meeting of Shareholders of the Company, and also recommended to the General Meeting of Shareholders:

- 1 To pay dividends in the amount of RUB 30.00 per one ordinary share of PJSC M.video from the retained net profit at the end of 2019;
- 2 To pay dividends on shares of PJSC M.video in cash;
- **3** To approve November 20, 2020 as the record date;
- 4 Determine that the payment of dividends is carried out in the following terms from the record:
- within 10 working days to a nominee holder and a trustee who is a professional participant in the securities market, who is registered in the register of shareholders;
- > within 25 working days to other persons registered in the register of shareholders.

Also, the Board of Directors recommended to the General Meeting of Shareholders to approve:

- > The new version of the PJSC M.video Charter;
- The new version of the Regulations for the General Meeting of Shareholders of PJSC M.video;
- > The new version of the Regulations for the Board of Directors of PJSC M.video;
- > The new version of the Regulations for the Management Board of PJSC M.video;
- The new version of the Regulations for the sole executive body (General Director) of PJSC M.video;
- The new version of the Regulations for the Revision Commission of PJSC M.video in a new edition.

At a Board of Directors meeting on November 23, 2020:

- The powers of Alexander Anatolievich Tynkovan, a member of the Company's Management Board, were terminated;
- The number of members of the Management Board was determined (7 people);
- A decision was made to convene, on the initiative of the Board of Directors, an extraordinary General Meeting of Shareholders of the Company in the form of absentee voting as of December 28, 2020 (the deadline for accepting ballots) with the agenda item "On determining the number of members of the Board of Directors of PJSC M.video;
- Decisions were made on other issues related to the preparation, convocation and holding of an extraordinary General Meeting of Shareholders.

On December 10, 2020, the Board of Directors made a decision to approve the strategy of the Company and the Group companies.

At a meeting on December 21, 2020, the Board of Directors:

- Approved the budget and plan for the activities and development of the Company and its subsidiaries for the 2021 calendar year;
- Approved the risk matrix of the Company and its subsidiaries;
- · Approved the internal audit plan for the 2021 calendar year;
- Approved the new version of the Regulations for the Committee of the Board of Directors for Strategy and Digital Transformation.

Also during the reporting year, the Board of Directors took decisions as part of the preliminary approval of actions and decisions of the General Director and (or) the Company's representatives at meetings of shareholders (participants) of the daughter entities and other entities, where the Company acts as shareholder (participant), and when making decisions as the sole shareholder (participant).

In the reporting year, the Board of Directors paid special attention to measures taken by management in the framework of a difficult global pandemic.

At the above meetings, decisions were made on other issues on the agenda.

A full list of issues considered by the Board of Directors in 2020 is given in the **Annexes** to this Annual Report.

PERFORMANCE EVALUATION OF BOARDS AND DIRECTORS

The report on the self-assessment of the activities of the Board of Directors and its committees was approved by the Board of Directors on May 14, 2020.

Evaluation period:

The work of the Board of Directors for the 2018–2019 corporate year was analyzed and evaluated.

Criteria for evaluation:

The members of the Board of Directors assessed the statements given in the column "Criteria and indicators" on a five-point scale. Assigning the maximum score reflected full compliance with the statement; the minimum, noncompliance with the evaluated criterion.

Also, the members of the Board of Directors were offered open questions about the current state of affairs in the Company, they were given the opportunity to reflect on ways to optimize the role and performance of duties of the Board of Directors, in order to improve its performance.

The extent to which compliance was effectively adhered to for each criterion in the questionnaire was determined according to the following rules:

- If the overall score of the criterion was more than 4.5 points inclusive (excellent/effective), then this signifies that the approach is in line with best practice, for most of the assessed parameters;
- If the overall score of the criterion ranged from 3.5 points inclusive to 4.5 points (good/effective): then this signifies that the approach as a whole corresponds to good practices, but some aspects of it require adjustment and can be improved;
- If the overall score of the criterion ranged from 2.5 points inclusive to 3.5 points (satisfactory/ineffective): then this signifies that most aspects of the approach do not correspond to good practice and require adjustment;
- If the overall score of the criterion was less than 2.5 points (critical), then urgent intervention and significant changes are required.

The final results of the evaluation:

The overall performance of the Board of Directors and its committees was assessed as "good/effective" (from 3.5 points inclusive to 4.5 points).

Key recommendations based on the results of the evaluation:

- 1 To change the number of Board members to between 9 and 11 inclusive;
- 2 To increase the number of Committees of the Board of Directors by creating a Strategy and Digital Transformation Committee, specifically with the involvement of external experts, not exclusively members of the Board of Directors.

The main recommendations implemented in the Company during the reporting year were:

- 3 The number of members on the Board of Directors for PJSC M.video was determined to be 9 at the extraordinary General Meeting of Shareholders of the Company on 28 December 2020. Nine members were to be elected to the Board of Directors at the Company's next Meeting of Shareholders.
- 4 The Board of Directors Strategy and Digital Transformation Committee was formed.

MEMBERS OF THE BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS AT THE BEGINNING OF THE REPORTING YEAR	MEMBERS OF THE BOARD OF DIRECTORS AS OF JUNE 22, 2020
Said Mikhailovich Gutseriev - Chairman of the Board	Said Mikhailovich Gutseriev - Chairman of the Board
Andreas Blase	Andreas Blase
Breev Pavel Yurievich	Breev Pavel Yurievich
Vagapov Eldar Rstamovich	Vagapov Eldar Rstamovich
Gutseriev Mikail Safarbekovich	Derekh Andrey Mikhailovich
Derekh Andrey Mikhailovich	Eliseev Vilen Olegovich
Eliseev Vilen Olegovich	Zhuchenko Anton Aleksandrovich
Zhuchenko Anton Aleksandrovich	Makhnev Alexey Petrovich
Makhnev Alexey Petrovich	Mirakyan Avet Vladimirovich
Mirakyan Avet Vladimirovich	Preobrazhensky Vladimir Vladimirovich
Preobrazhensky Vladimir Vladimirovich	Tynkovan Alexander Anatolievich
Tynkovan Alexander Anatolievich	Uzhakhov Bilan Abdurakhimovich
Uzhakhov Bilan Abdurakhimovich	Fernandez Aisa Enrique Angel
Janusz Aleksander Lella - Independent Director	Janusz Aleksander Lella

Тив сочновлюно от тие Волер ог Directores was Lector и тие Анжии. Свекели. Меттико от Билевноисовся он 26 June; 2019 (Минител No. 28 анжо 28 June; 2019). Тие Силиянил от тие Волер ог Directores was Lector to и тие меттико от тие Волер ог Directores on June 300, 2019 (Мините No. 184/2019) лите June 30, 2019).

THIS COMPOSITION OF THE BOARD OF DIRECTORS WAS ELECTED AT THE ANNAUK GENERAL MEETING OF SWAREHOLDERS ON JUNE 22, 2020 (MAUTES NO. 30 OATED JUNE 22, 2020). THE CHARMAN OF THE BOARD OF DIRECTORS WAS ELECTED AT THE MEETING OF THE BOARD OF DIRECTORS ON JUNE 23, 2020 (MAUTES NO. 184/2020 DATEJ JUNE 23, 2020).

In the reporting year, the composition of the Company's Board of Directors underwent the following changes: Mikail Safarbekovich Gutseriev left the Board of Directors and Fernandez Aisa Enrique Angel joined.

INDEPENDENT EVALUATION OF THE PERFORMANCE OF THE BOARD OF DIRECTORS

We at PJSC M.video are dedicated to optimizing activities that benefit our shareholders, investors and all other interested parties. To this end, we never cease our efforts to improve the performance of the Board of Directors (BoD). Pursuant to the Corporate Governance Code of the Bank of Russia (2014) and the Corporate Governance Code of the United Kingdom, the Company issues regular performance reviews of the BoD and its committees.

In 2020, an independent external evaluation of the Company's BoD was conducted by KPMG. Regarding the BoD's activities in 2018–2020, the independent consultant reviewed the following:

- The composition and structure of the Board of Directors and its committees.
- the organizational efficiency of the operations of the BoD, its committees, and the activities of the Chairman of the Board.
- the implementation by the BoD of its primary functions, as well as those of its committees.

The independent external evaluation included a questionnaire filled out by the directors, and an analysis of internal Company documents related to the activities of the Board of Directors and its committees. A special analysis was carried out to ensure the operations of PJSC M.video's BoD were fully in compliance with international codes and guidelines for corporate governance.

The findings of the independent consultant were that the BoD and its committees were both professional and highly efficient. The share accorded to foreign directors on the Board is comparable to global standards, and ensure wide-ranging opinions and expertise. Other strengths singled out in the evaluation were the high rate of attendance at the meetings of the BoD, the efficiency of operations carried out by the Board, and the key role of the Chairman.

The BoD's committees are involved in all of the core operations. In line with best corporate governance practices, the Audit Committee and the Remuneration and Nomination Committee are composed entirely of independent directors.

The independent consultant gave high marks to the degree of implementation of the key functions of the BoD and its committees. The Company's BoD considers a wide range of issues, focusing in particular on matters deemed strategically important by the holding company. These include the management of the Group's companies, consideration and approval of major transactions and related-party transactions, as well as performance results and reporting, including financial, and the provision of an independent external audit. In 2020, the BoD also oversaw changes to operations required by the COVID-19 pandemic.

In response to the evaluation, and to further improve the functioning of the Board of Directors, a list of fundamental areas for development was drawn up, including reducing the number of members serving on the Board of Directors, increasing the share of independent directors and ensuring gender balance, as well as strengthening the expertise of members of the Board of Directors in key areas for the Company. These areas for development will be factored into our plan for streamlining and enhancing operations by the Board of Directors in 2021.

The independent consultant separately noted the impressive willingness of each member of the Board of Directors to engage in the evaluation process by providing active feedback and a focus on results.

Structure of the Board of Directors in terms of the status of directors as of December 31, 2020

BOARD MEMBER		STATUS			
	Non-executive Director	Executive Director	Independent Deirector		
Andreas Blase	+				
Breev Pavel Yurievich		+			
Vagapov Eldar Rstamovich	+				
Gutseriev Said Mikhailovich	+				
Derekh Andrey Mikhailovich			+		
Eliseev Vilen Olegovich	+				
Zhuchenko Anton Aleksandrovich	+				
Makhnev Alexey Petrovich	+				
Mirakyan Avet Vladimirovich	+				
Preobrazhensky Vladimir Vladimirovich			+		
Tynkovan Alexander Anatolievich	+				
Uzhakhov Bilan Abdurakhimovich		+			
Fernandez Aisa Enrique Angel	+				
Janusz Aleksander Lella			+		

Participation of Board members on behalf of the Board of Directors and its committees

MEMBERS OF THE BOARD OF DIRECTORS IN THE REPORTING YEAR	INDEPENDENT DIRECTOR	PARTICIPATION IN MEETINGS OF THE BOARD OF DIRECTORS (18 meetings)	AUDIT COMMITTEE (11 meetings)	REMUNERATION AND APPOINTMENT COMMITTEE (10 meetings)	STRATEGY AND DIGITAL TRANSFORMATION COMMITTEE (<i>3 meetings</i>)
Andreas Blase		18/18			
Pavel Breev		18/18			
Eldar Vagapov		18/18			3/3
Said Gutseriev		18/18			
Mikail Gutseriev		8/7			
Andrey Derekh	+	18/18	11/11	10/10	
Vilen Eliseev		18/18			3/3
Anton Zhuchenko		18/17			
Alexey Makhnev		18/18			
Avet Mirakyan		18/18			
Vladimir Preobrazhensky	+	18/18	11/11	10/10	3/3
Aleksandr Tynkovan		18/18			3/3
Bilan Uzhakhov		18/18			
Fernandez Aisa Enrique Angel		10/10			3/3
Janusz Aleksander Lella	+	18/18	11/11	10/10	

Key: The data in the table, shown for example in the format "5/3", means that the Board member was able take part in five meetings of the Board of Directors (committee), and took part in three meetings.

INFORMATION ABOUT THE BOARD MEMBERS during the reporting year



Said Gutseriev Chairman of the Board of Directors

1) Stake of indirect ownership:

(through Ericaria Holdings Limited and its subsidiaries);

2) Stake of indirect ownership:

(through Veridge Investments

Limited / Weridge Investments Limited and their subsidiaries);

63.5058%

9.9999%

Born in 1988 Education:

• Plymouth Business School, University of Plymouth in 2011,

• Oxford University (St. Peter's College) in 2014.

Current position: General Director of JSC ForteInvest.

First elected to the Board of Directors at the General Meeting of Shareholders on August 7, 2017.

Direct ownership of shares: Ownership of shares in the Company's charter capital

0.0455%

Ownership of the Company's ordinary shares

0.0455%

The Company does not have information on the execution of Mr. Gutseriev'sacquisition or disposal of Company shares during this reporting period.

Indirect ownership of shares:

Mr. Gutseriev was an interested party to transactions in the reporting period. This fact was taken into account when the Company's management bodies approved such transactions. The Company is unaware of the existence of a conflict of interest involving Mr. Gutseriev! (including inrelation to his participation in the management bodies of the Company's competitors).

Positions

All positions held in the Company and other organizations over the past five years, in chronological order, including part-time:

TERM FROM	UNTIL	COMPANY	POSITION
16.12.2014	Present	JSC ForteInvest	General Director
17.12.2014	_	PJSC NK RussNeft	Member of the Board of Directors
25.12.2014	_	JSC Russian Coal	_
25.06.2015		PJSC Orsknefteorgsintez	
29.06.2015		JSC NK Neftisa	
22.09.2015		JSC ForteInvest	
17.12.2015	_	LLC Geoprogress	Member of the Board of Directors (Chairman of the Board of Directors since 18 December 2015)
08.12.2014		JSC Preobrazhenskneft	Member of the Board of Directors, Chairman of the Board of Directors since 22 January 2015
20.02.2015	_	JSC Oilgastet	Member of the Board of Directors, Chairman of the Board of Directors since 24 February 2015
09.11.2016	_	LLC A101	Member of the Board of Directors
30.11.2016	_	JSC Korporatsiya A.N.D	
28.12.2016	25.09.2017	JSC INTEKO	
12.01.2017	02.03.2018	PJSC Mospromstroy	
13.01.2017	Present	LLC Pioneer Estate	
30.01.2017	_	JSC A101 DEVELOPMENT	
31.01.2017	_	JSC Safmar Group	
22.02.2017	_	JSC KOMPANIYA ADAMAS	
03.03.2017	26.05.2017	JSC Doverie National Pension Fund	
06.03.2017	11.05.2018	LLC Safmar Retail	Member of the Board of Directors, Chairman of the Board of Directors since 4 May 2017
10.03.2017	10.11.2017	JSC SAFMAR National Pension Fund	Member of the Board of Directors
01.03.2017	25.02.2019	LLC ELDORADO	Member of the Board of Directors, Chairman of the Board of Directors since 13 March 2017
17.04.2017	10.11.2020	JSC Proekt-grad	Member of the Board of Directors
15.06.2017	18.11.2020	JSC Avgur Estate	
08.08.2017	Present	PJSC M.video	Member of the Board of Directors (Chairman of the Board of Directors)
26.06.2017	_	PJSC Safmar Financial Investments	Member of the Board of Directors
23.10.2017	11.02.2020	LLC Larnabel Ventures	
22.11.2017	Present	JSC Europlan Leasing Company	
22.12.2017	30.03.2018	JSC Doverie National Pension Fund	
18.01.2018	Present	JSIC VSK	
06.02.2018	29.03.2019	FLLC Slavkali	
23.09.2019	Present	LLC Afipskiy Refinery	Member of the Board of Directors, Chairman of the Board of Directors since 18 October 2019
15.05.2020	_	OJSC Paritetbank	Member of the Supervisory Board
17.06.2020		PJSC CPC	Member of the Board of Directors
16.11.2020		LLC Specialized developer A101	
17.11.2020		LLC Project Grad	
08.12.2020	28.01.2021	JSC KNPZ KEN	_



Andreas Blase

Born in 1983 Education: • Dipl.- Kaufmann (2007). Current position: Investment Director and member of the Management Board of MediaMarktSaturn Retail Group.

First elected to the Board of Directors at the General Meeting of Shareholders on 18 January 2019.

Ownership of shares in the Company's charter capital

0%

Ownership of the Company's ordinary shares

Positions

Positions

in chronological order, including part-time:

in chronological order, including part-time:

0%

The Company did not have any information about transactions made by the individual related to the acquisition or disposal of the Company's shares in the reporting period.

The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual's participation in the management badies of the company's competitors).

TERM FROM	UNTIL	COMPANY	POSITION
05.2015	10.2016	Federal Mogul GmbH	M&A Director
10.2018	Present	MediaMarktSaturn Retail Group	Chief Investment Officer, member of the Management Board
10.2016	31.07.2019	Ceconomy AG	Vice-President for M&A and portfolio management
18.01.2019	Present	PJSC M.video	Member of the Board of Directors
11.2020	_	MediaMarktSaturn Technology	Chief Technology Officer, Managing Director

All positions held in the Company and other organizations over the past five years,

All positions held in the Company and other organizations over the past five years,



Born in 1967 Education:

 S.K Tumansky Moscow Aviation Engine-Building Technical college, 1986

Pavel Breev

Current position: Advisor of MVM LLC.

First elected to the Board of Directors at the General Meeting of Shareholders on 1st July 2006.

Ownership of shares in the Company's charter capital

0%

Ownership of the Company's ordinary shares

0%

The Company did not have any information about transactions made by the individual related to the acquisition or disposal of the Company's shares in the reporting period.

The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual 's participation in the management badies of the company's competitors).

TERM FROM	UNTIL	COMPANY	POSITION
01.07.2006	Present	PJSC M.video (formerly – OJSC Kompaniya M.video	Member of the Board of Directors
04.04.2013	22.08.2017	MVM LLC	General Director
03.04.2013	27.11.2020	PJSC M.video	Executive Director
05.2016	04.12.2017	Private Limited Liability Company Svece Limited	Director
07.06.2017	Present	PJSC M.video	Member of the Management Board
03.07.2017	25.02.2019	LLC ELDORADO	Member of the Board of Directors
21.08.2017	30.09.2020	MVM LLC	Vice-President
22.09.2017	Present	Tonesino Limited	Director
07.12.2017	_	Starwolf Limited	Alternative Director
10.07.2018	25.02.2019	LLC ELDORADO	Member of the Management Board
01.10.2020	Present	MVM LLC	Advisor



Eldar Vagapov Member of the Board of Directors Strategy and Digital Transformation

Born in 1981 Education: • University of Cambridge, Economics, 2002.

Current position: General Director of LLC Larnabel Ventures

First elected to the Board of Directors at the General Meeting of Shareholders on 29 June 2018.

Committee



Andrey Derekh

Independent member of the Board of Directors Member of the Board of Directors Audit

Committee Member of the Board of Directors Remuneration and Appointment Committee

Born in 1968 Education:

• Minsk Radio Engineering Institute, 1992;

- International Institute of Management of the Republic of Belarus, 1994;
- Diploma of the Royal Institute of Marketing, 2000,
- specialized training in development and management in the oil and gas sector for managers of the CIS through the SABIT program in the USA, 2003.

Current position: Chairman of the Board of Directors, Deputy Director for Foreign Trade of CJSC UNITER Investment Company.

First elected to the Board of Directors at the General Meeting of Shareholders on $7^{\rm th}$ August 2017.

Ownership of shares in the Company's charter capital

0%

Ownership of the Company's ordinary shares

0%

The Company did not have any information about transactions made by the individual related to the acquisition or disposal of the Company's shares in the reporting period.

The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual's participation in the management bodies of the company's competitors)

Ownership of shares in the Company's charter capital

0%

Ownership of the Company's ordinary shares

0%

The Company did not have any information about transactions made by the individual related to the acquisition or disposal of the Company's shares in in the reporting period.

The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual 's participation in the management bodies of the company's competitors).

Positions

Positions

All positions held by this individual in the Company and other organizations over the past five years and currently, in chronological order, including part-time:

All positions held by this individual in the Company and other organizations over the

past five years and currently, in chronological order, including part-time:

TERM FROM	UNTIL	COMPANY	POSITION
2012	Present	CJSC UNITER Investment Company	Chairman of the Board of Directors, Deputy Director for foreign trade
03.2016	04.09.2017	FLLC Slavkali	Member of the Board of Directors
09.2016	Present	PJSC NK RussNeft	Member of the Board of Directors (independent director)
08.08.2017	Present	PJSC M.video	Member of the Board of Directors (independent director)
05.2017	02.2019	New Economic Strategy Fund of the Republic of Belarus	Member of the Management Board

TERM FROM	UNTIL	COMPANY	POSITION
10.03.2009	16.10.2015	LLC ERFID	General Director
18.04.2014	Present	Association of automatic identification "UNISCAN / GS1 RUS"	Member of the Board of Directors
16.10.2015	_	LLC ERFID	Member of the Board of Directors
07.12.2015	01.12.2016	JSC ForteInvest	Advisor to the General Director
01.12.2016	29.12.2017	JSC ForteInvest	Investment Director
23.10.2017	11.02.2020	LLC Larnabel Ventures	Member of the Board of Directors
23.10.2017	Present	LLC Larnabel Ventures	General Director
29.06.2018	_	PJSC M.video	Member of the Board of Directors
01.08.2019		LLC Region Estate	Finance Director
31.03.2020	_	LLC MARKETPLACE	Member of the Board of Directors (Chairman to Board of Directors since 07.05.2020)
16.10.2020	_	LLC Region Estate	Director (sole Executive Body)



Vilen Eliseev

Member of the Board of Directors Committee on Strategy and Digital Transformation

Born in 1987 Education:

- Kuban State University (qualified as an IT manager with a specialization in applied informatics in management), 2009;
- Kuban State Agrarian University (diploma in economics with a specialization in finance and credit) 2010;

Current position: Director of the Investments and Capital Markets Department of PJSC SAFMAR Financial Investments.

First elected to the Board of Directors at the General Meeting of Shareholders on 18 December 2017.

Ownership of shares in the Company's charter capital

0%

Ownership of the Company's ordinary shares

0%

The Company did not have any information of transactions made by the individual related to the acquisition or disposal of the Company's obscient the constitue pariad
shares in the reporting period.

The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual 's participation in the management bodies of the company's competitors.

Positions

All positions held in the Company and other organizations over the past five years, in chronological order, including part-time:

TERM FROM	UNTIL	COMPANY	POSITION
10.2014	09.2015	LLC PwC Russia Consulting	Junior Manager, M&A Department, Business consulting
09.2015	01.2016	PJSC BINBANK	Head of the Centre for Attracting Share Capital, Corporate-Investment Banking
01.2016	01.02.2018	JSC SAFMAR Group	Investment Director, Investment Department
07.2017	01.02.2018	PJSC SAFMAR Financial Investments	Investment Director, Investment Department
16.10.2017	25.02.2019	LLC ELDORADO	Member of the Board of Directors
19.12.2017	Present	PJSC M.video	Member of the Board of Directors
01.02.2018	Present	PJSC SAFMAR Financial Investments	Director of the Investments and Capital Markets Department
01.02.2018	Present	JSC SAFMAR Group	Director of the Investments and Capital Markets Department

Positions

All positions held in the Company and other organizations over the past five years, in chronological order, including part-time:

TERM FROM	UNTIL	COMPANY	POSITION
28.08.2008	Present	GCM Global Energy PLC	Director
29.09.2010	-	JSC Russian Coal	Member of the Board of Directors
23.06.2011	19.06.2020	PJSC Mosstroyplastmass	
25.10.2011	Present	FLLC Slavkali	
28.10.2013	_	JSC NK Neftisa	
16.04.2014	29.06.2018	OJSC Arsenal Machine-Building Plant	
22.09.2015	Present	JSC ForteInvest	
12.10.2015	26.07.2017	JSC Caspian Oil	
04.07.2016	Present	LLC Green Point	
28.07.2016	_	LLC SAFMAR Plaza	
05.08.2016	-	LLC SAFMAR CAPITAL Group	
16.08.2016	-	LLC Pioneer Estate	
08.2016	-	JSC Grand Hotel	Chairman of the Board of Directors
08.2016	-	LLC Hotel Avrora-Lux	Member of the Advisory Board
08.2016	_	JSC Sadko Hotel	Chairman of the Board of Directors
08.2016	-	LLC Mospromstroy Hotel Management	Member of the Advisory Board
08.2016	-	JSC MPS-GRAND	Chairman of the Board of Directors
08.2016	-	JSC MPS-LUX	
08.2016	-	JSC MPS-STAR	
08.2016	-	JSC MPS-MIR	
08.2016	-	JSC MPS-FOREST	
07.09.2016	-	JSC Mospromstroy	Member of the Board of Directors
30.11.2016	-	JSC Korporatsiya A.N.D	
22.12.2016	21.09.2017	LLC ROST CAPITAL	
28.12.2016	25.09.2017	JSC INTEKO	
30.01.2017	Present	JSC A101 DEVELOPMENT	
31.01.2017	-	JSC SAFMAR Group	
21.02.2017	-	LLC A101	
07.03.2017	25.09.2017	LLC Strategiya Construction Company	
09.03.2017	25.09.2017	JSC PATRIOT	
15.03.2017	25.09.2017	JSC Delovoi Tsentr	
17.04.2017	10.11.2020	JSC Proekt-Grad	
15.06.2017	18.11.2020	JSC AVGUR ESTATE	
06.2017	Present	CJSC GOSTINITSA TVERSKAYA	Member of the Board of Directors (Chairman of the Board since August 2017)
08.08.2017	_	PJSC M.video	Member of the Board of Directors
09.08.2017	28.05.2018	PJSC SAFMAR Financial Investments	
23.10.2017	11.02.2020	LLC Larnabel Ventures	
28.04.2018	12.05.2020	LLC PO Mekhovye Promysly	
24.07.2018	Present	CJSC IP Slavneftekhim	Member of the Board of Directors (Chairman of the Board of Directors since July 2 2018)
07.02.2019		FLLC U-stroy	Member of the Board of Directors
27.06.2019		PJSC KTK	Member of the Board of Directors (Chairman of the Board of Directors since 5 July 2019 18 November 2019)
24.07.2020	-	OJSC Paritent	Member of the Supervisory Board
16.11.2020	-	LLC Specialized developer A101	Member of the Board of Directors
17.11.2020	-	LLC Project-Grad	



• Lomonosov Moscow State University, 1997; Current position: Director of GCM Global Energy PLC.

Shareholders on 07 August 2017.

First elected to the Board of Directors at the General Meeting of

Anton Zhuchenko

The Company did not have any information about transactions made by the individual related to the acquisition or disposal of the Company's shares in the reporting period.

The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual 's participation in the management bodies of the company's competitors).

Ownership of shares in the Company's charter capital

Born in 1975 Education:

0%

Ownership of the Company's ordinary shares

0%



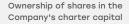
Janusz Lella Independent Director Chairman of the Board of Directors Remuneration and Appointment Committee Member of the Board of Directors Audit Committee

Born in 1957.

Education: • Warsaw Technical University, 1980

Current position: Janusz Lella Consulting.

First elected to the Board of Directors at the General Meeting of Shareholders on 7 August 2017.



0%

Ownership of the Company's ordinary shares

0%

The Company did not have any information about transactions made by the individual related to the acquisition or disposal of the Company's shares in the reporting period.

The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual's participation in the management bodies of the company's competitors).

TERM FROM	UNTIL	COMPANY	POSITION
2012	Present	Janusz Lella Consulting	Individual private company, owner
05.2015	08.10.2017	Malpka S.A.	Chief Executive Officer
01.2017	08.2017	OJSC Sedmoi Kontinent	Member of the Board of Directors
08.08.2017	Present	PJSC M.video	Member of the Board of Directors (independent director)
14.09.2017	_	BRW S.A. (Black Red White)	Member of the Advisory Board
10.2018	30.09.2019	TXM S.A.	Member of the Advisory Board

All positions held in the Company and other organizations over the past five years,

All positions held by this individual in the Company and other organizations over the past

five years and currently, in chronological order, including part-time:



Alexey Makhnev

Born in 1976. Education:

- St. Petersburg State University of Economics and Finance, 1998
- St. Petersburg State University of Economics and Finance
 Postgraduate School, 2001

Current position: Chief Executive Officer of the Investment Banking in Global Markets Department of JSC VTB Capital.

First elected to the Board of Directors at the General Meeting of Shareholders on 7 August 2017.

Positions

Positions

in chronological order, including part-time:

Ownership of shares in the Company's charter capital

0%

Ownership of the Company's ordinary shares

0%

The Company did not have any information about transactions made by the individual related to the acquisition or disposal of the Company's shares in the reporting period.

The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual 's participation in the management badies of the company's competitors).

TERM FROM	UNTIL	COMPANY	POSITION
25.01.2013	15.03.2018	JSC VTB Capital	Head of the Consumer Sector, Retail and Real Estate Division, Corporate and Investment Department
25.01.2013	15.03.2018	PJSC VTB Bank	Head of the Retail, Agro, Consumer Goods and Pharmaceu- ticals Unit in the Department for Client Relations with Mar- ket Industries, and Senior Vice President
16.03.2018	Present	JSC VTB Capital	Chief Executive Officer of the Investment Banking in Global Markets Department
16.03.2018	_	PJSC VTB Bank	Advisor to the First Deputy President and Chairman of the Management Board, Senior Vice President of the Depart- ment for Client Relations with Market Industries
04.2015	_	PJSC LSR Group	Member of the Board of Directors
08.08.2017	_	PJSC M.video	
13.03.2018		LLC VTB Nedvizhimost	
19.04.2018	_	PJSC Magnit	

Positions

All positions held in the Company and other organizations over the past five years, in chronological order, including part-time:

(mark

Avet Mirakyan

Born in 1974. Education: • Yerevan State University, 1996 Current position: General Director of JSC SAFMAR Group.

First elected to the Board of Directors at the General Meeting of Shareholders on 07 August 2017.

Ownership of shares in the Company's charter capital

0.000807%

Ownership of the Company's ordinary shares

0.000807%

The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual 's participation in the management bodies of the company's competitors).

TERM FROM	UNTIL	COMPANY	POSITION
07.12.2009	31.12.2015	Ernst & Young (CIS) B.V., Moscow branch	Partner, Head of Advisory Services for Transaction Support in Financial Markets
01.01.2016	Present	JSC SAFMAR Group	General Director
06.06.2016	-	PJSC SAFMAR Financial Investments (formerly - PJSC Europlan)	Member of the Board of Directors
4.06.2016	-	JSIC VSK	Member of the Board of Directors
5.12.2016	_	JSC SAFMAR National Pension Fund	Member of the Board of Directors, Chairman of the Board since 17 November 2020
8.12.2016	08.11.2017	JSC INTEKO	Member of the Board of Directors
1.01.2017	Present	JSC SAFMAR Group	—
0.01.2017	19.09.2017	JSC ROST BANK	_
0.02.2017	Present	LLC A101	—
8.02.2017	23.03.2018	PJSC BINBANK	Member of the Board of Directors (resignation letter submitted on 20 September 2017)
1.03.2017	03.07.2017	LLC ELDORADO	Member of the Board of Directors
6.03.2017	Present	JSC A101 DEVELOPMENT	_
5.03.2017	11.05.2018	LLC Safmar Retail	_
4.03.2017	27.05.2017	JSC Doverie National Pension Fund	—
.03.2017	Present	FLLC Slavkali	_
7.06.2017	01.2021	PJSC NK RussNeft	
8.08.2017	Present	PJSC M.video	—
.08.2017	_	PJSC SAFMAR Financial Investments	General Director
.06.2017	18.11.2020	JSC Avgur Estate	Member of the Board of Directors
04.2017	10.11.2020	JSC Proekt-Grad	—
3.10.2017	11.02.2020	LLC Larnabel Ventures	—
2.11.2017	Present	JSC Europlan Leasing Company	Member of the Board of Directors, Chairman of the Board since 8 December 2017
.03.2018	06.03.2019	JSC Doverie National Pension Fund	Member of the Board of Directors
.12.2018	Present	LLC DIREKT KREDIT TSENTR	Member of the Board of Directors, Chairman of the Board
.06.2019	_	JSC Mospromstroy-Fund National Pension Fund	Member of the Board of Directors, Chairman of the Board since 17 November 2020
.03.2020		SAFMAR GROUP (UK) LIMITED	Director
5.05.2020		OJSC Paritetbank	Member of the Supervisory Board (Chairman of the Supervisory Board)
.06.2020		PJSC CPC	Member of the Board of Directors
.11.2020		LLC Project-Grad	
.11.2020		LLC Specialized developer A101	

POSITION



Vladimir Preobrazhensky Independent member of the Board of Directors Chairman of the Board of Directors Audit Committee

Member of the Board of Directors Remuneration and Appointment Committee Member of the Board of Directors Strategy and Digital Transformation Committee

Born in 1961.

Education:

• Moscow Aviation Institute, 1985

Current position: Visiting Professor at the National Research University Higher School of Economics».

First elected to the Board of Directors at the General Meeting of Shareholders on 20 June 2016.

Ownership of shares in the Company's charter capital

0.0025%

Ownership of the Company's ordinary shares

0.0025%

Positions

All positions held in the Company and other organizations over the past five years, in chronological order, including part-time:

COMPANY

In the reporting year, V. Preobrazhensky executed a transaction for the acquisition of Company's	2013	Present	National Resear Economics
shares:	05.2014	05.2020	LLC Volga-Dnep
Reference of the transaction: acquisition of shares of the Public Joint-Stock Company M.video Date of the transaction: 29 September, 2020	20.06.2016	Present	PJSC M.video
Categories (types) of the Company's shares that were the subject of the transaction: registered	10.2016	09.2020	LLC MULTIKUBIK

TERM FROM UNTIL

ordinary shares.	-
ordinary shares.	
	1
The number of the Company's shares that were	1
the subject of the transaction: 4.481.	

The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual 's participation in the management bodies of the company's competitors).

2013	Present	National Research University Higher School of Economics	Visiting professor
05.2014	05.2020	LLC Volga-Dnepr Moskva	Member of the Board of Directors
20.06.2016	Present	PJSC M.video	Member of the Board of Directors, Independent Director
10.2016	09.2020	LLC MULTIKUBIK	Chairman of the Board of Directors
11.2018	05.2020	Volga-Dnepr Logistics B.V.	Member of the Board of Directors, Independent Director
04.2019	Present	BI Capital Group (Republic of Kazakhstan)	Member of the Board of Directors, Independent Director
09.2020	01.11.2020	LLC MULTIKUBIK	Member of the Board of Directors



Alexander Tynkovan Chairman of the Board of Directors Committee on Strategy and Digital Transformation

Born in 1967 Education:

• Moscow Power Engineering Institute (diploma cum laude), 1992. Current position: Advisor of MVM LLC.

First elected to the Board of Directors at the General Meeting of Shareholders on 01 July 2006.

Ownership of shares in the Company's charter capital

0%

Ownership of the Company's ordinary shares



The Company did not have any information about transactions made by the individual related to the acquisition or disposal of the Company's shares in the reporting period.

The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual 's participation in the management bodies of the company's competitors).

Positions

TERM FROM	UNTIL	COMPANY	POSITION
01.07.2006	Present	PJSC M.video (formerly – OJSC Kompaniya M.video)	Member of the Board of Directors
10.2010	05.2017	LLC Avtoritet	First Deputy CEO (part time)
02.04.2013	20.12.2017	PJSC M.video (formerly – OJSC Kompaniya M.video)	General Director
01.04.2013	30.09.2020	MVM LLC	President
05.2016	04.12.2017	Private Limited Liability Company Svece Limited	Director
07.06.2017	23.11.2020	PJSC M.video	Chairman of the Management Board
03.07.2017	25.02.2019	LLC ELDORADO	Member of the Board of Directors
21.12.2017	27.11.2020	PJSC M.video	President
07.12.2017	Present	Norateno Holding Limited	Director
07.12.2017	_	Starwolf Limited	Director
10.07.2018	25.02.2019	LLC ELDORADO	Member of the Management Board
31.03.2020	Present	LLC MARKETPLACE	Member of the Board of Directors
01.10.2020	_	MVM LLC	Advisor



Bilan Uzhakhov

Born in 1987 Education:

University of Hamburg, 2010

• Plekhanov Russian University of Economics, 2011

- Sberbank Corporate University in cooperation with the London
 Business School, 2017
- National Research University Higher School of Economics, 2014 Current position: Advisor of MVM LLC.

First elected to the Board of Directors at the General Meeting of Shareholders on 07 August 2017.

Ownership of shares in the Company's charter capital

0%

Ownership of the Company's ordinary shares

0%

The Company did not have any information about transactions made by the individual related to the acquisition or disposal of the Company's shares in the reporting period.

Bilan Uzhakhov was an interested party to transactions in 2020. This fact was taken into account when approving such transactions by the Company's management bodies. The Company is unaware of the existence of a conflict of interest of the individual is participation in the management bodies of the company's competitors).

Positions

TERM FROM	UNTIL	COMPANY	POSITION
24.07.2013	13.07.2017		General Director
08.10.2013	Present	JSC Russian Coal	Member of the Board of Directors
10.03.2017	_	JSC SAFMAR National Pension Fund	
06.03.2017	11.05.2018	LLC Safmar Retail	
03.03.2017	26.05.2017	JSC Doverie National Pension Fund	
28.04.2017	20.12.2017	PJSC M.video	Deputy General Director
14.07.2017	Present	JSC Russian Coal	Advisor to General Director
07.06.2017	_	PJSC M.video	Member of the Management Board
26.06.2017	_	PJSC SAFMAR Financial Investments	Member of the Board of Directors
01.03.2017	25.02.2019	LLC ELDORADO	
08.08.2017	Present	PJSC M.video	
10.08.2017	17.10.2017	MVM LLC	Vice-President
18.10.2017	30.09.2020	MVM LLC	General Director
22.11.2017	Present	JSC Europlan Leasing Company	Member of the Board of Directors
21.12.2017	30.09.2020	PJSC M.video	General Director
01.01.2018	25.02.2019	LLC ELDORADO	
18.01.2018	Present	JSIC VSK	Member of the Board of Directors
31.03.2018	06.03.2019	JSC Doverie National Pension Fund	
10.07.2018	25.02.2019	LLC ELDORADO	Chairman of the Management Board
19.06.2019	Present	JSC Mospromstroy-Fund National Pension Fund	Member of the Board of Directors
09.09.2019	_	PJSC KTK	
06.2020	23.07.2020	PJSC KTK	Acting General Director
23.07.2020	Present	PJSC KTK	General director
01.10.2020		MVM LLC	Advisor



Enrique Fernandez Member of the Board of Directors Strategy and Digital Transformation Committee

Born in 1968 Education:

- University of Zaragoza, Faculty of Economics, 1991
- MBA from the ICADE School of Business and Economics (Madrid)
 1993.

Current position: not available.

First elected to the Board of Directors at the General Meeting of Shareholders on 22 June 2020

Ownership of shares in the Company's charter capital

0%

Ownership of the Company's ordinary shares

0%

The Company did not have any information about transactions made by the individual related to the acquisition or disposal of the Company's shares in the reparting period.

Enrique Fernandez was an interested party to transactions in 2020. This fact was taken into account when approving such transactions by the Company's management bodies. The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual 's participation in the management bodies of the company's competitors).

Positions

TERM FROM	UNTIL	COMPANY	POSITION
24.06.2009	30.11.2016	MVM LLC	Commercial Director
01.12.2016	21.08.2017		CEO
22.08.2017	17.10.2017		General director
18.10.2017	28.08.2020		CEO
17.02.2018	06.06.2020	PJSC M.video	Member of the Management Board
10.07.2018	25.02.2019	LLC ELDORADO	Member of the Management Board
22.06.2020	Present	PJSC M.video	Member of the Board of Directors

Positions

All positions held in the Company and other organizations over the past five years, in chronological order, including part-time:



Mikail Gutseriev¹

The Company did not have any information about transactions made by the individual related to the acquisition or disposal of the Company's shares in the reporting period.

Gutseriev M.S. was an interested party to transactions in 2020. This fact was taken

transactions in 2020. Inis tact was taken into account when approving such trans-actions by the Company's management bodies. The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual (including one related to the individual is patiopation in the management bodies of the company's competitors).

Born in 1958

Education:

• Institute of Technology, Dzhambul (now Taraz), Kazakh SSR;

- Gubkin Russian State University of Oil and Gas, Moscow, 1989;
- Financial Academy under the Government of the Russian

Federation, Moscow, 2002;

• St. Petersburg Law University.

First elected to the Board of Directors at the General Meeting of Shareholders on 07 August 2017.

Ownership of shares in the Company's charter capital

0.000006%

Ownership of the Company's ordinary shares

0.000006%

¹ As of the end of the reporting year, he is not a member of the Board of Directors of the Company.

TERM FROM	UNTIL	COMPANY	POSITION
29.06.2010	02.02.2015	PJSC NK RussNeft	President
8.06.2010	03.02.2015	_	Member of the Board of Directors
3.02.2015	Present	_	Chairman of the Board of Directors
0.06.2010	-	JSC Russian Coal	Member of the Board of Directors (Chairman of the Board since 12 July 2010)
3.11.2011	-	FLLC Slavkali	Member of the Board of Directors, Chairman of the Board
5.11.2013	-	JSC NK Neftisa	Chairman of the Board of Directors
2.09.2015	05.10.2015	JSC ForteInvest	Member of the Board of Directors
5.10.2015	Present	_	Chairman of the Board of Directors
3.11.2015	24.07.2018	CJSC IP Slavneftekhim	Member of the Board of Directors
6.05.2016	19.09.2017	LLC PO Mekhovye Promysly	
2.09.2017	12.05.2020	_	Chairman of the Board of Directors
5.08.2016	15.08.2016	LLC SAFMAR CAPITAL Group	
5.08.2016	27.09.2019	=	
7.09.2019	Present	_	Member of the Board of Directors
8.07.2016	15.08.2016	LLC SAFMAR Plaza	
5.08.2016	27.09.2019	_	Chairman of the Board of Directors
7.09.2019	Present	-	Member of the Board of Directors
0.08.2016	17.08.2016	LLC Pioneer Estate	
.08.2016	27.09.2019	-	Chairman of the Board of Directors
7.09.2019	23.10.2019	-	Member of the Board of Directors
3.10.2019	03.12.2019	-	Chairman of the Board of Directors
3.12.2019	30.01.2020	-	Member of the Board of Directors
0.01.2020	Present	-	Chairman of the Board of Directors
7.09.2016	16.09.2016	PJSC Mospromstroy	Member of the Board of Directors
09.2016	Present		Chairman of the Board of Directors
2.12.2016	23.12.2016	LLC ROST CAPITAL	Member of the Board of Directors
3.12.2016	21.09.2017		Chairman of the Board of Directors
8.12.2016	12.01.2017	JSC INTEKO	Member of the Board of Directors
2.01.2017	25.09.2017		Chairman of the Board of Directors
3.09.2016	27.01.2017	JSC Korporatsiya A.N.D.	Member of the Board of Directors
7.01.2017	Present		Chairman of the Board of Directors
1.01.2017	10.02.2017	JSC SAFMAR Group	Member of the Board of Directors
).02.2017	13.02.2018		Chairman of the Board of Directors
3.02.2018	Present		President-Chairman of the Board of Directors
).02.2017	17.02.2017	JSC ROST BANK	Member of the Board of Directors
.02.2017	19.09.2017		Chairman of the Board of Directors
2.02.2017	14.04.2017	JSC KOMPANIYA ADAMAS	Member of the Board of Directors.
1.04.2017	Present		Chairman of the Board of Directors
8.02.2017	20.09.2017	PJSC BINBANK	Member of the Board of Directors (Chairman of the Board of Directors)
March 2017		LLC ELDORADO	
1.03.2017	25 February 2019 25.02.2019		Member of the Board of Directors Member of the Board of Directors
7.03.2017	25.09.2017	LLC Stroitelnaya kompaniya Strategiya JSC ROST BANK	
9.03.2017	25.09.2017	JSC PATRIOT	

TERM FROM	UNTIL	COMPANY	POSITION
15.03.2017	25.09.2017	JSC Delovoi tsentr	Member of the Board of Directors
09.11.2016	18.03.2017	LLC A101	
18.03.2017	22.08.2018		Chairman of the Board of Directors
23.08.2018	07.11.2018		Member of the Board of Directors
07.11.2018	Present		Chairman of the Board of Directors
27.03.2017	_	JSC Servis-Reestr	Member of the Board of Directors
30.01.2017	29.03.2017	JSC A101 DEVELOPMENT	
29.03.2017	06.06.2018		Chairman of the Board of Directors
07.06.2018	Present		Member of the Board of Directors
17.04.2017	20.05.2017	JSC Proekt-Grad	
20.05.2017	10.11.2020		Chairman of the Board of Directors
03.03.2017	25.04.2017	JSC Doverie National Pension Fund	Member of the Board of Directors
25.04.2017	30.03.2018		Chairman of the Board of Directors
31.03.2018	26.06.2018		Member of the Board of Directors
26.06.2018	06.03.2019		Chairman of the Board of Directors
10.03.2017	25.04.2017	JSC SAFMAR National Pension Fund	Member of the Board of Directors
25.04.2017	30.03.2018		Chairman of the Board of Directors
31.03.2018	26.06.2018		Member of the Board of Directors
26.06.2018	29.09.2020		Chairman of the Board of Directors
15.06.2017	23.06.2017	JSC Avgur Estate	Member of the Board of Directors
23.06.2017	06.06.2018		Chairman of the Board of Directors
07.06.2018	18.11.2020		Member of the Board of Directors
18.08.2016	01.06.2017	LLC Green Point	
01.06.2017	Present		Chairman of the Board of Directors
08.08.2017	22.06.2020	PJSC M.video	Member of the Board of Directors
09.08.2017	Present	PJSC SAFMAR Financial Investments	
23.10.2017	24.10.2017	LLC Larnabel Ventures	Member of the Board of Directors
24.10.2017	12.02.2018		Chairman of the Board of Directors
12.02.2018	11.02.2020		Member of the Board of Directors
30.10.2017	17.12.2017	Mospromstroy-Fund National Pension Fund	Member of the Board of Directors
18.12.2017	14.12.2018		Chairman of the Fund's Board of Directors
14.12.2018	09.01.2019	JSC Mospromstroy-Fund National Pension Fund	Member of the Board of Directors
09.01.2019	29.09.2020		Chairman of the Board of Directors
07.02.2019	Present	FLLC U-stroy	Member of the Board of Directors
18.11.2019	_	PJSC KTK	Member of the Board of Directors (Chairman of the Board since 21 November 2019
16.11.2020	-	LLC Specialized developer A101	Member of the Board of Directors (Chairman of the Board of Directors)
17.11.2020	_	LLC Project Grad	Member of the Board of Directors (Chairman of the Board of Directors)

COMMITTEE WORK

Board of Directors Committees in 2020

mittee
Committee
C

The decision to form the Strategy and Digital Transformation Committee was made by the Board of Directors on August 20, 2020.

The Board of Directors committees were created to facilitate the work of the Board of Directors and resolve issues that fall within the Board's remit.

Audit Committee

Members of the Audit Committee in 2020:

- 1 Preobrazhensky Vladimir Vladimirovich, independent director, Committee Chairman;
- 2 Derekh Andrey Mikhailovich, independent director;
- 3 Janusz Aleksander Lella, independent director.

In the reporting year, the Audit Committee held 11 meetings, seven of which were in person and 4 were in the form of absentee voting.

In connection with the spread of COVID-19, the Audit Committee switched from in-person meetings to videoconferencing.

Information on the participation of members of the Audit Committee in the work of the committee is provided in the "Board of Directors" section of this Annual Report.

Remuneration and Nomination Committee

Members of the Remuneration and Nomination Committee in 2020

- 1 Janusz Aleksander Lella, independent director, Committee Chairman;
- 2 Preobrazhensky Vladimir Vladimirovich, independent director;
- 3 Derekh Andrey Mikhailovich, independent director.

The Remuneration and Appointments Committee held **10 meetings** in the reporting year, nine of them in person and one in the form of absentee voting.

In connection with the spread of COVIS-19, the Remuneration and Nomination Committee switched from in-person meetings to videoconferencing.

Information on the participation of members of the Remuneration and Nomination Committee in the work of the committee is provided in the "Board of Directors" section of this Annual Report.

Reports on the work of the Audit Committee and the Remuneration and Nomination Committee are provided in the Annexes to this Annual Report.

Strategy and Digital Transformation Committee

Members of the Committee in 2020:

- 1 Tynkovan Alexander Anatolievich Committee Chairman;
- 2 Vagapov Eldar Rstamovich;
- 3 Eliseev Vilen Olegovich;
- 4 Preobrazhensky Vladimir Vladimirovich independent director;
- 5 Fernandez Aisa Enrique Angel.

The Strategy and Digital Transformation Committee held **3 meetings** in the reporting year. All meetings were held in person.

In connection with the spread of COVID-19, the Strategy and Digital Transformation Committee switched from in-person meetings to videoconferencing.

Information on the participation of members of the Strategy and Digital Transformation Committee is provided in the "Board of Directors" section of this Annual Report.

CORPORATE SECRETARY

The Corporate Secretary appointed by the Board of Directors, and takes all necessary measures to ensure the preparation and holding of the General Meeting of Shareholders and meetings of the Board of Directors and its committees, in accordance with the requirements of the legislation of the Russian Federation and the Company's Charter and bylaws. The Corporate Secretary ensures the proper implementation of procedures aimed at exercising the rights and protecting the legitimate interests of shareholders, and oversight of their execution and is the person responsible for disclosing insider information.

The Corporate Secretary ensures the communication of the Company with government bodies, trade organizers, the registrar, and other professional participants in the securities market and executes their instructions within the framework of his powers.

The functions of the Corporate Secretary also include organizing, monitoring and/or implementing the legal requirements for the timely, complete and reliable disclosure of information by the Company; maintaining a list of the Company's insiders; and notifying Company insiders of their inclusion on or exclusion from the list of the Company's insiders.

Information about the Corporate Secretary



Olga Shalgacheva

Born in 1983

Education:

- Peoples' Friendship University of Russia, (specializing in "economics and business management (by industry)", qualification - engineereconomist),2007 r.
- Peoples' Friendship University of Russia (translator from English into Russian in technical specialties), 2007
- A.S. Griboedov Institute of International Law and Economics (specializing in Jurisprudence, qualified lawyer, 2011 Current position: Corporate Secretary of PJSC M.video

The Corporate Secretary was elected by the Board of Directors of the Company (Minutes No. 144/2018 dated April 24, 2018).

Ownership of shares in the Company's charter capital

0%

Ownership of the Company's ordinary shares

0%

The Company did not have any information about transactions made by the individual related to the acquisition or disposal of the Company's shares in the reporting period.

The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual 's participation in the management bodies of the company's competitors).

Positions

TERM FROM	UNTIL	COMPANY	POSITION
04.2014	01.2017	PJSC MDM Bank	Corporate Secretary
01.2017	04.2017	PJSC FG Budushcheye	Head of Corporate Affairs
04.2017	04.2018	PJSC FG Budushcheye	Corporate Secretary
04.2018	Present	PJSC M.video	

MANAGEMENT BOARD

The Management Board is a collegial executive body that manages the Company's day-to-day operations.

The management of the day-to-day activities of the Company is carried out by the Management Board and the sole executive body, within the framework of their respective duties.

The formation of the Management Board, including the determination of the number of members and their election, with the exception of the CEO, who is a member of the Management Board ex officio, is determined by decision of the Board of Directors.

The Management Board is accountable to the Board of Directors and the General Meeting of Shareholders.

The Management Board acts on the basis of the Company's Articles of Association, in addition to the Regulations on the Management Board.

In its activities, the Management Board is guided by the legislation of the Russian Federation, the Company's Charter, decisions of both the General Meetings of Shareholders and the Board of Directors, the Regulations on the Management Board, in addition to any and all internal documents relating to the activities of the Management Board.

Members of the Management Board

MEMBERS OF THE MAN-AGEMENT BOARD AS OF THE BEGINNING OF THE REPORTING YEAR

MEMBERS OF THE MAN-AGEMENT BOARD FROM JUNE 07, 2020

1 Tynkovan Alexander Anatolievich -

MEMBERS OF THE MAN-AGEMENT BOARD FROM OCTOBER 1, 2020

MEMBERS OF THE MANAGEMENT BOARD FROM NOVEMBER 23, 2020

- 1 Tynkovan Alexander Anatolievich -Chairman of the Management Board
- 2 Breev Pavel Yurievich
- 3 Sokolova Ekaterina Feliksovna 4 Uzhakhov Bilan Abdurakhimovich
- 5 Fernandez Aisa Enrique Angel
- Chairman of the Management Board
 - 2 Breev Pavel Yurievich
- 3 Ivanova Dagmara Aleksandrovna 4 Lee Sergey Anatolievich
- 5 Sokolova Ekaterina Feliksovna
- 6 Sukhov Alexey Mikhailovich
- 7 Uzhakhov Bilan Abdurakhimovich

- 1 Tynkovan Alexander Anatolievich - Chairman of the Management Board until November 18, 2020
- 2 Breev Pavel Yurievich
- 3 Ivanova Dagmara Aleksandrovna 4 Izosimov Alexander Vadimovich-
- Chairman of the Management
- Board from November 18, 2020
- 5 Lee Sergey Anatolievich
- 6 Sokolova Ekaterina Feliksovna 7 Sukhov Alexey Mikhailovich
- 8 Uzhakhov Bilan Abdurakhimovich

Chairman of the Management Board 2 Breev Pavel Yurievich

1 Izosimov Alexander Vadimovich -

- 3 Ivanova Dagmara Aleksandrovna
- 4 Lee Seraev Anatolievich
- 5 Sokolova Ekaterina Feliksovna
- 6 Sukhov Alexey Mikhailovich
- 7 Uzhakhov Bilan Abdurakhimovich

A. Tynkovan.P. Breev and B. Uzhakhov were elected to the Board By the Board of Directors on June 7, 2017 In February 2018, the Board of Directors decided to expand the number of members on the Management Board to 5 people and included two new members of the Management

Board (E. Sokolova, E. Fernandez

On May 14, 7 members from June 7, 2020. The new members of the Management Board were elected, and the following personnel changes took place: E. Fernandez left the Management Board and D. Ivanova, S. Lee, and Management Board. A Sukhov joined

decided to expand the Management Board to 8 members from October 1, 2020 and from October 1, 2020 A Izosimov was elected to the number of members of the Management

On September 18, 2020 the Board of Directors

On November 9, 2020, the General Meeting of Shareholders of PJSC Myideo approved the new version of the Charter of PJSC Myideo which stipulates that one sole executive body, the General Director, will be formed in PJSC M.video. This registration of the Charter was made on November 18, 2020. Thus, in accordance with clause 14.6. Of the new edition of the PJSC M.video Charter from November 18, 2020, the duties of the Chairman of the Management Board were performed by the General Director (A. Izosimov)

On November 23, 2020, the Board of Directors terminated the powers of A. Tynkovan. member of the Management Board, and Board was determined in the amount of 7 neonle

Meetings of the Management Board



Absentee voting

 In person (including meetings conducted via videoconvferencing)

In connection with the spread of Coronavirus (COVID-19), the Management Board switched from in-person meetings to videoconferencing in the reporting year.

The overwhelming majority of issues considered by the Management Board in 2020 were questions for a preliminary approval of the actions and decisions of the CEO and/or the Company's representatives at meetings of shareholders (participants) of) the Company's controlled entities and other entities, where the Company acts as a shareholder (participant), and when making decisions as the sole shareholder (member) on issues within the remit of the Company's Management Board.. The Management Board periodically reviewed the management accounts during the reporting year. The Management Board also made decisions on other issues within its remit, including the approval of the Code of Business Conduct and the Anti-Corruption Policy.

INFORMATION ON THE MEMBERS OF THE MANAGEMENT BOARD IN 2020



Alexander Izosimov Chairman of the Management Board since November 18, 2020

Positions

in chronological order, including part-time:

Born in 1964 Education: • Systems Engineer MAI, 1987; • MBA, INSEAD 1995. Current position: General Director of MVM LLC.

Ownership of shares in the Company's charter capital

0.1279%

Ownership of the Company's ordinary shares:

0.1279%

In the reporting year, A. Izosimov executed a transaction for the acquisition of Company's shares: Reference of the transaction: acquisition of shares of the Public Joint-Stock Company M.video Date of the transaction: 30 September, 2020 Categories (types) of the Company's shares that were the subject of the transaction: registered ordinary shares.

The number of the Company's shares that were the subject of the transaction: 230,000 The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual's participation in the management bodies of the company's competitors).

TERM FROM	UNTIL	COMPANY	POSITION
2007	2015	MTG AB	Member of the Board of Directors
2012	2015	LM Ericsson AB	
2012	2015	Transcom AB	
2012	Present	DRCAdvisors AB	General director
2012		EVRAZ Plc.	Member of the Board of Directors
2017	_	Nilar AB	
2018	_	PJSC Moscow Exchange	Member of the Supervisory Board
2019		Hövding AB	Member of the Board of Directors
01.10.2020	_	MVM LLC	General director
01.10.2020		PJSC M.video	
	_		Member of the Management Board (Chairman of the
01.10.2020			Management Board since November 19, 2020)
25.12.2020	_	MV FINANCE LLC	General Director

All positions held in the Company and other organizations over the past five years,



Dagmara Ivanova

Born in 1980 Education: • Lomonosov Moscow State University, Faculty of Mechanics and Mathematics, 2002 Current position: Managing Director of MVM LLC.

Ownership of shares in the Company's charter capital

0%

Ownership of the Company's ordinary shares

0%

The Company did not have any information about transactions made by the individual related to the acquisition or disposal of the Company's shares in the reporting period.

The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual 's participation in the management badies of the company's competitors).

Positions

TERM FROM	UNTIL	COMPANY	POSITION
10.09.2014	07.04.2016	CJSC PEREKRESTOK	Director
20.06.2016	07.09.2016	Svyaznoy Logistics JSC	Marketing Director
08.09.2016	30.09.2018		Commerical Director
01.10.2018	08.10.2018		Senior Vice-President of Commercial Activities
02.04.2018	31.12.2018	Svyaznoy N. V.	Member of the Board of Directors
19.08.2019	09.02.2020	MVM LLC	Deputy Managing Director of the M.video brand
10.02.2020	Present		Managing Director
07.06.2020	_	PJSC M.video	Member of the Management Board



Sergey Li

Born in 1975
Education:
Moscow Technical University of Communications and Informatics, 1996
Current position:
Managing Director of MVM LLC

Ownership of shares in the Company's charter capital

0%

Ownership of the Company's ordinary shares

0%

The Company did not have any information about transactions made by the individual related to the acquisition or disposal of the Company's shares in the reporting period.

The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual 's participation in the management bodies of the company's competitors).

Positions

TERM FROM	UNTIL	COMPANY	POSITION
01.07.2010	01.01.2017	MVM LLC	Head of the Department of Large Household Applianc-es
01.01.2017	29.12.2017	_	Director of the Department of Consumer Electronics
09.01.2018	25.02.2019	LLC ELDORADO	Managing Director
03.02.2018	25.02.2019		Member of the Board of Directors
25.02.2019	Present	MVM LLC	Managing Director
07.06.2020		PSJC M.video	Member of the Board of Directors



Ekaterina Sokolova

Born in 1974

Education:

- ACCA Diploma in International Financial Reporting,
- Institute of Business and Economics at the Russian Presidential Academy of National Economy and Public Administration,
- California State University, MBA;

Current position:

Chief Financial Officer of MVM LLC.

Ownership of shares in the Company's charter capital

0%

Ownership of the Company's ordinary shares

0%

The Company did not have any information about transactions made by the individual related to the acquisition or disposal of the Company's shares in the reporting period.

The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual 's participation in the management badies of the company's competitors).

Positions

TERM FROM	UNTIL	COMPANY	POSITION
01.2016	Present	PJSC M.video	Chief Financial Officer
01.2016		MVM LLC	
17.02.2018		PJSC M.video	Member of the Management Board
10.07.2018	25.02.2019	LLC ELDORADO	



Alexey Sukhov

Born in 1978 Education: • Peoples' Friendship University of Russia, "Jurisprudence". Current position: Director for Corporate and Legal Relations, MVM LLC.

Positions

All positions held in the Company and other organizations over the past five years, in chronological order, including part-time:

TERM FROM	UNTIL	COMPANY	POSITION
28.02.2011	21.06.2017	JSC Russian Coal	Member of the Board of Directors
10.03.2011	22.05.2017	_	Deputy General Director for Corporate and Property Relations
26.12.2014	01.07.2016	JSC Krasnoyarskkrayugol	Member of the Board of Directors
23.05.2017	21.01.2018	LLC ELDORADO	Vice President for Corporate and Legal Relations
03.07.2017	25.02.2019	_	Member of the Board of Directors
22.01.2018	25.02.2019	_	Director for Corporate and Legal Relations
22.01.2018	Present	MVM LLC	Director for Corporate and Legal Relations
31.08.2018	_	BT HOLDING LLC	General director
01.09.2018	02.10.2018	BT HOLDING LLC (until 02.10.2018, then Media-Saturn- Russland LLC)	Member of the Directorate
07.06.2020	Present	PJSC M.video	Member of the Management Board
01.10.2020	_		Director of Legal Support and Compliance

The Company did not have any information about transactions made by the individual related to the acquisition or disposal of the Company's shares in the reporting period.

Ownership of shares in the Company's charter capital

Ownership of the Company's

0%

0%

ordinary shares

The Company is unaware of the existence of a conflict of interest of the individual (including one related to the individual's participation in the man-agement bodies of the company's competitors).



Pavel Breev

Biography on page 103.



Alexander Tynkovan¹ Chairman of the Management Board until 18 November 2020.

Biography on page 109.

¹ At the end of the reporting year, he was not a member of the Management Board.



Bilan Uzhakhov

Biography on page 110.



Enrique Fernandez²

Biography on page 111.

² At the end of the reporting year, he was not a member of the Management Board.

SOLE EXECUTIVE BODIES

The sole executive body manages the current activities of the Company and organizes the implementation of decisions made by the General Meeting of Shareholders, the Board of Directors and the Management Board.

The sole executive body has the right to make decisions on any issues that are not within the remit of the General Meeting of Shareholders, the Board of Directors and the Management Board of the Company.

The sole executive body is accountable to the Company's General Meeting of Shareholders and the Company's Board of Directors.

Organization

BEFORE NOVEMBER 18, 2020	AFTER NOVEMBER 18, 2020
President Alexander Tynkovan	CEO Alexander Izosimov
CEO until September 30, 2020 Bilan Uzhakhov;	
from October 1, 2020 Alexander Izosimov.	
The sole executive bodies (President and CEO) acted	On November 9, 2020, the Gener

The solie executive bodies other within the remit provided for by independently of each other within the remit provided for by the Charter. In the reporting year, the Company applied the Regula-tions on the Sole Executive Body (CEO) with regard to the sole executive bodies. On November 9, 2020, the General Meeting of Shareholders of the Company approved the new version of the Charter of PJSC M.video, which stipulates that the Company shall have one sole executive bady-the CEO. The state registration of this version of the Charter came into force on November 18, 2020. Information about the individuals holding the position of the sole executive body (bodies) in 2020



Alexander Izosimov CEO from October 1, 2020

Biography available on page 117.



Alexander Tynkovan¹

Biography available on page 109.



Bilan Uzhakhov²

Biography available on page 110.

¹ During the reporting year, he was the President of the Company. As of the end date of the reporting year, he is not the President of the Company.
² In the Reporting year, he was the CEO of the Company. As of the end date of the reporting year, he is not the CEO of the Company.

RISK MANAGEMENT

The Board of Directors and Management of PJSC M.Video are responsible for developing, introducing and implementing an effective risk management and internal control system. It was created to monitor progress in achieving the Company's strategic and operational goals, ensure reliable information disclosure and oversee regulatory compliance. The system aims to promptly identify all key risks; assess likelihood of occurrence, damage and implications; and determine measures to minimize any adverse consequences; and create control mechanisms to ensure that businessprocesses function sustainably.

When dealing with issues related to creating shareholder value, the Company has to make management decisions based on various factors that could have both a positive and negative impact on achieving its goals. One way to reduce the uncertainty caused by such factors is to raise awareness among shareholders, management and employees about the existence of factors that could influence the achievement of these goals, and to assess their possible impact.

Key initiatives and results of internal control and risk management in 2020

In 2020, the Company undertook several key initiatives aimed at improving the internal control and risk management system. Below are some of the key ones.

- Conduct a comprehensive assessment of internal and external risks at least once a year;
- Alongside a qualitative assessment of key risks, conduct a quantitative assessment of the impact of various types of risks; at present, 70% of risks have been quantified;
- Identify and assess strategic risks for the Company;
- · Implement measures to prevent risks from occurring;
- Update internal regulations governing internal control and risk management procedures.

Internal control system

To ensure that internal processes are efficient, the Company employs the following three-tier model to support control mechanisms:

- Tier 1 Business: risk management is conducted daily, implementing and carrying out control procedures;
- Tier 2 Dedicated department for risk management and internal control, compliance and other departments work to introduce and maintain an effective internal control system;
- Tier 3 Internal audit: conduct audits and test the internal control system to further confirm the effectiveness of control mechanisms.

Risk management system

Risk management at M.Video-Eldorado is centralized within the holding company, PJSC M.Video.

As part of the Company's strategic management, the risk management system consists of comprehensive measures and interrelated processes that aim to:

- Develop risk management as a continuous cyclical management process;
- Integrate risk management principles and tools into the Company's operational processes;
- Develop risk management as one of the key management skills of the Company's employees;
- Develop risk management as an integral part of the Company's corporate culture and all its business processes.

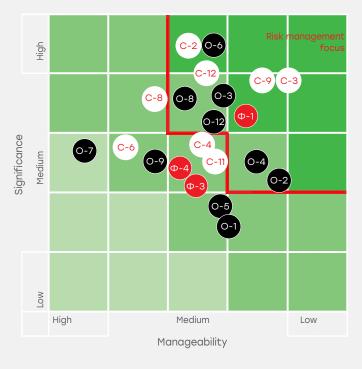
The Company's risk management system has identified the following key areas:

- The Company ensures that an appropriate organizational structure, internal policies and capabilities are in place to support risk management processes. Each employee must understand the importance of risk management. Risk-based approaches should be developed and applied in all the Company's activities.
- Based on long-term strategic goals, operational objectives and plans, the Company has designated measures to identify and control risks.
- The Company ensures that effective and efficient procedures are in place to identify internal and external events that may affect the achievement of its goals.
- The Company develops criteria to assess risks in terms of likelihood, potential damage and manageability so as to rank them and allocate resources based on these criteria.
- For each risk, an owner is appointed from the Company's senior management to quickly respond to emerging risks and establish a systematic approach to risk management.
- The Company's management is responsible for developing action plans that aim to mitigate risks identified to an acceptable level, or to respond to them in another appropriate manner.
- The Company approves processes and procedures to monitor the proper and timely implementation of the risk management plans developed.

Risk communication channels aim to ensure that this information is complete, timely, accurate and optimal; is addressed to the proper parties; and complies with data confidentiality requirements and appropriate feedback. To build an effective risk management system, the Company divides all risks into the following categories:

- Strategic risks risks that affect the Company's strategic long-term goals and influence its activities, particularly issues concerning the effectiveness of corporate governance, political risk, natural risks, risk of changes in legislation or the consumer market, and risk of the Company's reputation deteriorating, among others
- Operational risks events in the Company's business processes of an unregulated nature that occur due to internal and external factors and result in operational losses
- Financial risks risks that potentially have a negative impact on the Company's financial management. These include credit, interest-rate, currency and liquidity risks, as well as those associated with changes and ambiguities in tax legislation

Risk matrix for 2020



NO RISK

С

Strategic

C-2	Pressure on sales margin
C-3	Change in market environment and loss of market share
C-4	Deterioration in reputation
C-6	Violation of antimonopoly legislation
C-8	Risk of application of Law on Trade
C-9	Risk of ineffectiveness of IT architecture
C-11	Risk of introduction of Russian software
C-12	Risk of COVID pandemic
O-1	Disruption in supply chain
0-2	Failure of IT systems
O-3	Risk of safeguarding of assets
O-4	Risk of increased employee turnover
O-5	Risk of failing to comply with occupational and fire safety requirements
O-6	Risk of data leak
0-7	Risk of short-term lease agreements
O-8	Risk of cyberfraud
0-9	Risk of breach of licensing agreements
O-12	Risk of disruption in operations due to lack of access to \ensuremath{DPCs}
F-1	Risk of volatility in working capital and liquidity
F-3	Ineffective internal control
F-4	Tax risk

Operational

Financial

The Company conducts proper monitoring and promptly takes measures to mitigate corporate risks identified. This helps to stabilize potential damage from risks at an acceptable level and, consequently, to avoid significant losses from them.

Risk management: part of the Company's corporate culture

The Company acknowledges that risk management is an integral part of its corporate culture and is committed to increasing employees' awareness about the risk management system and encouraging them to embrace risk management as part of their daily activities. The Company views employees' involvement in risk management, including identifying and assessing risk, as a valuable and obligatory contribution to its successful development.

Key plans for internal control and risk management in 2021

In 2021, the Company intends to further develop the internal control and risk management system. Plans will focus on:

- Introducing a risk-oriented approach to the investment process
- Developing and introducing an approach to risk appetite
- Transitioning to a quarterly update of the risk matrix, risk mitigation measures and quantitative risk assessment
- Identifying shortcomings in the control procedures of the Company's key
 processes and developing measures to correct them
- Automating the risk management and internal control system
- Continuing the process of updating internal regulations governing internal control and risk management procedures.

CONTROL AND AUDIT

Control over the financial, economic and ownership activities of the Company is carried out by the Audit Commission.

The Audit Commission consists of three members. The Audit Commission is elected by the General Meeting of Shareholders for the period until the next annual General Meeting of Shareholders.

The audit of the financial and economic activities of the Company is carried out by the Audit Commission based on the results of the Company's activities for the year, in addition to: at any time at the initiative of the Audit Commission, by decision of the General Meeting of Shareholders, by decision of the Board of Directors or at the request of any shareholders owning in aggregate at least 10% of the voting shares of the Company.

The Audit Commission periodically monitors the Company's financial and business operations, and the activities of its executive bodies and officials through documentary and factual audits of the following points:

- the legality, economic merits and efficiency (expediency) of business and financial operations performed by the Company during the audit period;
- the completeness and veracity of the information on business and financial operations reflected in the Company's management documents;
- the legality, economic merits and effectiveness of actions taken by Company executives and heads of structural divisions in terms of compliance with the laws of the Russian Federation, as well as the Company's Charter, approved plans, programmes and other bylaws.

Members of the Audit Commission in 2020:

- 1 Bezlik Evgeny Vladimirovich
- 2 Gorokhov Andrey Aleksandrovich
- 3 Rozhkovsky Alexey Leonidovich

Information on Audit Commission members

Evgeny Bezlik

Born in 1975 Education:

• Tashkent Military Technical College, 1996.

Positions

All positions held by this individual in the Company and other organizations over the past five years and currently, in chronological order, including part-time:

Ownership of shares in the Company's charter capital

0%

Ownership of the Company's ordinary shares

0%

TERM From	Till	COMPANY'S NAME	POSITION
02.11.2011	2018	MVM LLC	Head of the Internal Investigations Department
06.06.2013	currently	PJSC M.video (formerly – OJSC Kompaniya M.video)	Chairman of the Audit Commission
01.05.2018		MVM LLC	Head of the Internal Investigations Department
30.10.2018		LLC MARKETPLACE	Auditor

Positions

All positions held by this individual in the Company and other organizations over the past five years and currently, in chronological order, including part-time:

TERM From	Till	COMPANY'S NAME	POSITION
07.2007	10.2015	LLC PromSvyazKapital	Head of Financial and Investment Analysis Department
10.2015	02.2017	PJSC Promsvyazbank	Head of the Financial and Investment Analysis Division
28.02.2017	currently	LLC Corporate Investment and Technologies (LLC KIIT)	Deputy General Director for Management Accounts, Reporting and New Projects
21.06.2017		JSC Russian Coal	Member of the Board of Directors
08.08.2017		PJSC M.video	Member of the Audit Commission
11.2017	28.05.2018	PJSC SAFMAR Financial Investments	Member of the Board of Directors
03.11.2017	currently	PJSC Mospromstroy	_
30.03.2018	06.03.2019	JSC Doverie National Pension Fund	Auditor
30.03.2018	18.06.2019	JSC SAFMAR National Pension Fund	Auditor
18.06.2019	currently		Member of the Audit Commission
28.05.2018	28.05.2019	PJSC SAFMAR Financial Investments	Auditor
28.05.2019	currently		Member of the Audit Commission
04.06.2018		JSC Europlan Leasing Company	_
24.07.2018		CJSC IP Slavneftekhim	Member of the Board of Directors

Andrey Gorokhov

Born in 1980Education:Ivanovo State University of Chemistry and Technology 2002;

Ownership of shares in the Company's charter capital

0%

Ownership of the Company's ordinary shares

0%

Positions

All positions held by this individual in the Company and other organizations over the past five years and currently, in chronological order, including part-time:

Rozhkovsky	Alexey	Rozhkovsky
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Born in 1984

Education:

- Novosibirsk State University of Economics and Management, 2005
 and 2006
- Diploma in International Financial Reporting (DipIFR ACCA), 2012
- Management College of South Africa, PhD in Economics, 2013

Ownership of shares in the Company's charter capital

Ownership of the Company's ordinary shares

TERM From Till COMPANY'S NAME POSITION 01.08.2012 31.12.2015 PJSC MDM Bank Head of the Analytical Department Head of the Department for Work with Non-bank 11.01.2016 28.12.2017 JSC SAFMAR Group Financial Institutions Director of the Finance Department and Deputy 29.12.2017 currently PJSC SAFMAR Financial Investments Finance Director 08.08.2017 Member of the Audit Commission PJSC M.video 16.05.2018 JSIC VSK 04.06.2018 JSC Europlan Leasing Company 28.05.2019 PJSC SAFMAR Financial Investments

INTERNAL AUDIT DEPARTMENT

An Internal Audit Department has been created in the Company.

Heads of the Internal Audit Department 2020

FROM 9 APRIL 2020 TO 30 JUNE 2020

Maxim Mamonov Maxim Aleksandrovich

FROM 21 SEPTEMBER 2020

Yanko Artem YankoNikolaevich

The head of the internal audit subdivision is accountable to the Board of Directors of the Company, is appointed and dismissed by the sole executive body based on the decision of the Board of Directors.

The activities of the Internal Audit Division are governed by the Regulation on Internal Audit of the Open Joint-Stock Company M.video, approved by the Company's Board of Directors (minutes No. 94/2014 of 15 December 2014).

The key competences of the Internal Audit Division are as follows:

- Assisting the executive bodies and employees in the implementation and monitoring of procedures and measures for the development of risk management, internal control and corporate governance
- Coordination with the external auditor and consultants in the field of risk management, internal control and corporate governance
- Conduct internal audits of subsidiary companies
- Preparation and submission to the Board of Directors and executive bodies of reports on the results of the activities of the Internal Audit Division
- Verification of compliance on the part of the Company's Executive Bodies and employees with the provisions of laws and the Company's internal policies regarding insider information and the fight against corruption, compliant with the requirements of the Code of Ethics.

The Audit Committee of the Board of Directors and the Board of Directors regularly review the reports of the Head of the Internal Audit Department and evaluate their effectiveness.

Information on the head of the Internal Audit Department

Artem Yanko

Born in 1985 Education:

• Economics specializing in Accounting and Audit at Nizhny Novgorod State University, 2007.

Ownership of shares in the Company's charter capital

Ownership of the Company's ordinary shares

All positions held by this individual in the Company and other organizations over the past five years and currently, in chronological order, including part-time:

TERM From	Till	COMPANY'S NAME	POSITION
03.08.2015	31.01.2019	LLC Media-Markt-Saturn	Head of Internal Audit Department
21.09.2020	currently	PJSC M.video	Head of Internal Audit Department
21.09.2020	currently	MVM LLC	Head of Internal Audit Department

Maxim Mamonov ¹	Ownership of Company's ch
Born in 1978	0 /0
Education: • Higher School of Economics; Moscow State Law Academy, 2006.	Ownership of ordinary share

Ownership of shares in the Company's charter capital

Ownership of the Company's ordinary shares

All positions held by this individual in the Company and other organizations over the past five years and currently, in chronological order, including part-time:

TERM From	Till	COMPANY'S NAME	POSITION
2012	June 2020	PJSC MTS	Member of the Audit Commission
2013	2020	PJSC MTS	Director of Internal Control and Audit
2014	2020	JLLC Mobile TeleSystems	Member of the Audit Commission
2014	currently ²	JSC RTK	
2014	June 2020	PJSC MGTS	Member of the Audit Commission, Member of the Audit Committee under the Board of Directors
2014	currently ²	CJSC MTS-Armenia	The auditor
2014	2019	PRJSC VK Ukraine	Member of the Audit Commission
2016	currently ²	JSC NVIsion Group	Member of the Board of Directors
2016	2020	HO MTS Turkmenistan	Member of the Audit Commission
2018	currently ²	LLC IT-GRAD 1 CLAUD	Member of the Board of Directors
2019	currently ²	JSC ORK	
2019	June 2020	PJSC MTS-Bank	Member of the Audit Committee
09.04.2020	30.06.2020	PJSC M.video	Head of Internal Audit Department
09.04.2020	30.06.2020	MVM LLC	Head of Internal Audit Department

¹ During the reporting year, he was the Haad of the Internal Audit Department of the Company. At the end date of the reporting year, he is not the Head of the Internal Audit Department of the Company. ² Information is given as of 9 April 2020.

INTERNAL CONTROL AND RISK MANAGEMENT DEPARTMENT

The Company has established an Internal Control and Risk Management Department.

Heads of the Internal Control and Risk Management Department in the reporting year

UP TO 30 SEPTEMBER 2020 FROM 1 OCTOBER 2020 Boris Ogarkov Boris Andreevich Olga Solodchenkova Olga Yuryevna

The objectives of the Internal Control and Risk Management Department are as follows:

- Implementation and coordination of building a risk management system;
- Identification and assessment of risks and risk response methods;
- Provision of the efficient operating of the risk management system;
- Methodological support of the internal control and risk management system.

Key regulations in the field of internal control and risk management are as follows:

- Bylaw on internal control over the financial and economic activities of the Company, approved by the Board of Directors of the Company (minutes No. 81/2013 of 12 December 2013);
- Risk Management Policy approved by the Company's Board of Directors (minutes no.116/2016 of 16 December 2016).

At the meeting of the Board of Directors of the Company, held on December 21, 2020, a new version of the Risk Matrix was approved.

Information about the head of the Internal Control and Risk Management Department in the reporting year

Positions

All positions held by this individual in the Company and other organizations over the past five years and currently, in chronological order, including parttime:

TERM From	Till	COMPANY'S NAME	POSITION
01.01.2015	30.09.2015	LLC PwC Consulting	Senior Manager, Business Management Consulting Services
01.10.2015	19.05.2019		Director, Business Management Consulting Services
20.05.2019	31.10.2019		Work under a service agreement
18.11.2019	31.05.2020	MVM LLC	Finance Transformation Leader
01.06.2020	currently		Head of Internal Control, Risk Management and Financial Transformation Department
01.10.2020		PJSC M.video	Head of Internal Control and Risk Management Department

Positions

All positions held by this individual in the Company and other organizations over the past five years and currently, in chronological order, including part-time:

TERM From	Till	COMPANY'S NAME	POSITION
17.09.2014	01.10.2015	CJSC Independent Oil and Gas Company	Head of the Department of Financial Control, Contracting Systems and Working Capital Management in the Department of Economics and Finance
01.10.2015	18.12.2015	JSC Independent Oil and Gas Company	Head of the Department of Financial Control of the Economy and Finance Unit
15.01.2016	18.03.2016	LLC Sibirskaya internet-kompaniya	Deputy Finance Director
21.03.2016	31.10.2017	MVM LLC	Head of the Internal Control and Risk Management Department, Finance Department
01.11.2017	31.05.2020	MVM LLC	Head of the Internal Control and Tender Procedures Department
15.06.2016	30.09.2020	PJSC M.video	Head of the Internal Control and Risk Management Department
01.06.2020	02.10.2020	MVM LLC	Head of Non-Commercial Procurement and Settlement Department

Olga Solodchenkova

Born in 1974 Education: MIPT (U), Engineer-Physicist, 1997, Higher School of Economics, Master's degree in Management, 1999 Ownership of shares in the Company's charter capital **0%**

Ownership of the Company's ordinary shares

Boris Ogarkov¹

Born in 1987 Education:

• Moscow State Institute of International Relations (MGIMO), 2008, Bachelor of Commerce, 2010 Master's in International Finance. Company's charter capital

Ownership of shares in the

Ownership of the Company's ordinary shares

¹ During the reporting year, he was the Head of the Internal Control and Risk Management Department of the Company. At the end date of the reporting year, he is not the Head of the Internal Control and Risk Management Department.

EXTERNAL AUDITOR

The Company engages an external auditor who carries out an audit of the Company. The external auditor is approved by the General Meeting of Shareholders..

The objectivity of the selection of the auditor is ensured through a tender procedure. The tender procedure is carried out by a subsidiary of the Company, LLC "MVM" on the basis of a service agreement concluded between MVM LLC and PJSC M. video (hereinafter – the Tender Committee). Only applicants who meet the requirements for the independence of audit providers set out in article 8 of Federal Law No. 307-FZ of 30 December 2008 "On Audit Activities" are invited to participate in the tender. Evaluation of bids of participants in the tender procedure is carried out using the following criteria:

The remit of the Board of Directors is to be responsible for determining the amount of to be paid for the auditor's services, approving the terms of agreement with the auditor who audits the Company's Financial Statements prepared in accordance with both Russian Accounting Standards and IFRS.

The issue of approval of the Company's auditor falls within the exclusive competence of the General Meeting of Shareholders.

On 15 April 2020 the decision of the Tender Committee initiated tender procedures for selecting an external auditor to audit the business and financial activities for the Company in 2020. The tender was conducted in the form of a secured request for price proposals among such provider of audit services as JSC Deloitte and Touche CIS, JSC PwC Audit, JSC KPMG, LLC Ernst & Young.

The Companies PwC Audit JSC and KPMG JSC refused to participate in the tender procedure.

The tender specification for the provision of audit services for PJSC M. video included the following services:

- Review of the condensed consolidated financial statements of PJSC M.video for the 1st half of 2020;
- Audit of the annual consolidated financial statements of PJSC M.video for 2020 within the terms established by the Company;
- Audit of the financial statements of PJSC M.video in accordance with RAS for 2020;
- Audit of an additional section of the semi-annual and annual consolidated statements of PJSC M.video with financial indicators calculated in accordance with IAS 17;
- Additional services.

As part of the tender process, commercial offers (bids) of applicants were collected and evaluated. At the Tender Committee, whose regular meeting was held on April 23, 2020, it was decided to recommend Deloitte & Touche CIS AO as the auditor of the Company.

The Audit Committee of the Board of Directors gave the Board of Directors appropriate recommendations for the matter of selecting an auditor at the Annual General Meeting of Shareholders to audit the financial and business procedures of the Company for 2020 (Minutes No. 82/2020 dated April 29, 2020).

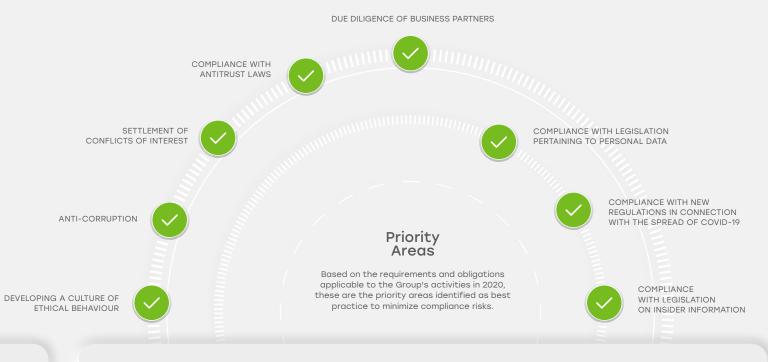
Based on the recommendation of the Audit Committee of the Board of Directors (Minutes No. 82/2020 dated April 29, 2020), the Board of Directors advised the General Meeting of Shareholders of the Company to make the following decision on the issue of approving the Company's auditor: "Approve Joint-Stock Company Deloitte & Touche CIS as the auditor to audit the financial and economic records of the Company for 2020".

At the Annual General Meeting of Shareholders of the Company on June 22, 2020 (Minutes No. 30 dated June 22, 2020), it was decided to approve Joint Stock Company Deloitte & Touche CIS as the auditor to audit the financial and economic records of the Company for 2020.

After the appointment of the Company's auditor at the annual General Meeting of Shareholders held on June 22, 2020, (Minutes of the Annual General Meeting of Shareholders No. 30 dated June 22, 2020), the Board of Directors, based on the recommendation of the Audit Committee of the Board of Directors, (Minutes No. 82 / 2020 dated April 29, 2020) approved the payment for the services of the auditor - Joint Stock Company Deloitte & Touche CIS - for the audit of the financial and economic records of the Company for 2020 for an amount not exceeding RUB 19,000,000 (nineteen million) excluding VAT, inclusive of additional services (Minutes of the meeting of the Board of Directors No. 185/2020 dated June 30, 2020).

There are no deferred or overdue payments for the services rendered by the auditor.

COMPLIANCE



Compliance and Ethical Business Conduct

M.Video-Eldorado Group strictly observes the the current legislation and principles of business ethics. The Group's Management is constantly working to reduce the risks of illegal and unethical behavior on the part of Russian market participants. Corresponding procedures of control are in operation both at an external and internal level.



Go to the «Compliance» section of the Company's official website

General information

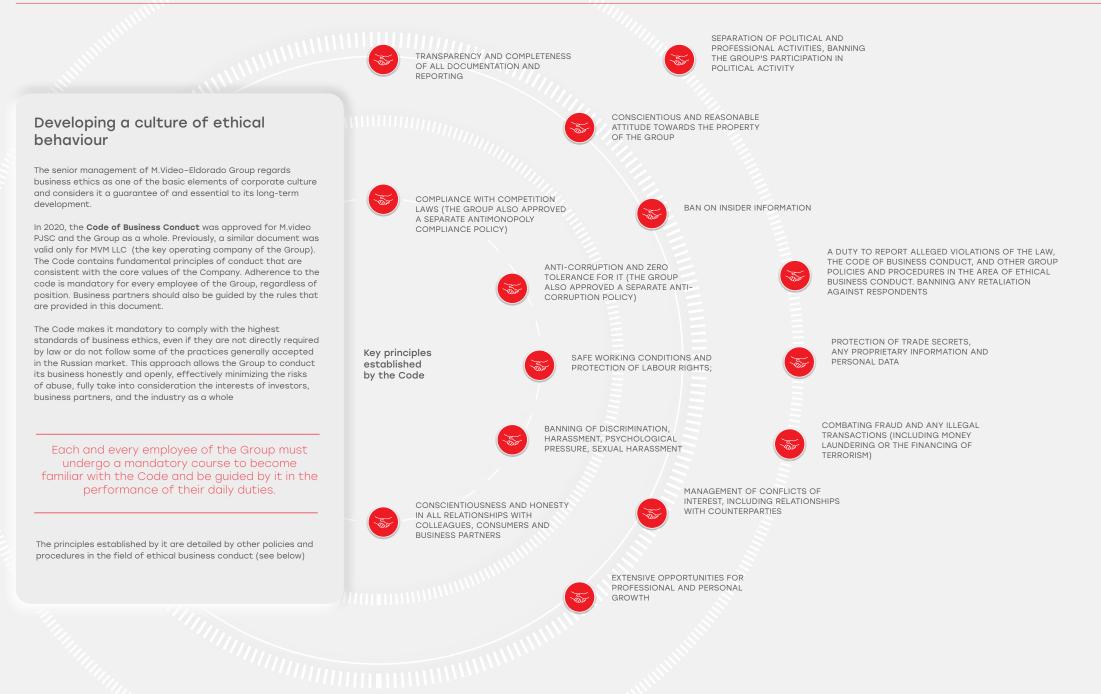
Compliance with legislation and the priniples of business ethics for employees and business partners of the Group is regulated by the Code of Business Conduct of PJSC M.video, in addition to a number of special policies and procedures approved during its development. Through adhereing to them, each employee and business partner of the Group ensures that any risks that may arise from violations, applicable to the respective relationships, are mitigated. Employees from specialized divisions of the Group are involved in the implementation of procedures to minimize these risks.

In 2020, the Group approved the Anti-Corruption Policy and automated the corresponding procedures. The processes of declaring conflicts of interest, in addition to reporting alleged legal violations and infringements of business ethics were also automated. Thus, making it possible to reduce the influence of human error, and therefore to make these processes incresingly transparent and efficient. If information is received about an alleged legal violation or business ethics infringement, an internal investigation is carried out, and feedback will be provided to all relevant parties. Retaliation against relevant parties is strictly prohibited.

The Group not only improves internal compliance control procedures, but also exchanges best practices in this area..



Anyone can report intended violations through a special application administered by an independent provider



Conflict of interest is a term to describe a situation in which an employee's personal interest affects or may affect the proper, objective and impartial performance of their duties (Section 9 of the Code of Business Conduct)

Reviewing conflicts of interest

According to the Code of Business Conduct of PJSC M.video, each employee is obliged to behave responsibly with regard to their personal interests and remember that all the resources and opportunities that they are endowed with by virtue of their position must be used exclusively in the interests of the Group.

MVM LLC (the main operating company of the Group) has a **Conflict of Interest** Regulation, which provides a mandatory procedure for the declaration and resolution of relevant situations. Each employee is required to report a real or perceived conflict of interest to the Ethics & Compliance Committee in writing. A risk-based conflict of interest investigation is conducted annually, involving any and all employees whose personal interests may affect the proper, objective and impartial performance of their duties.

Since 2020, the declaration process has been automated and takes place electronically. The protection of the received personal data is of extremely high value to the management of the Group, all information is sent to an independent server and is encrypted, thus, preventing leaks and preserving anonymity.

Based on the considered results of the received declarations, the Business Ethics and Compliance Committee is able to takes measures to minimize the identified risks

Antitrust Compliance

M.Video-Eldorado Group operates on a competitive basis, requiring all its employees and business partners to strictly comply with competition laws.

The Group has an **Anti-Monopoly Compliance Policy**, which sets forth requirements and procedures aimed at ensuring full compliance with competition laws and at mitigating the risks of violations. This document is mandatory for every employee of the Company, regardless of their position. Business partners should also be guided by the rules that are provided in this document. The system for reducing the risks of violating antimonopoly legislation is constantly updated based on any changes taking place in said legislation, law enforcement practices and advise of the Federal Antimonopoly Service

Policy.

economic operations.

Anti-corruption

M.Video-Eldorado Group enacts and adheres to a principle of zero

tolerance for any manifestation of corruption, be it commercial

In 2020, the Anti-Corruption Policy was approved, which sets out

the requirements and procedures aimed at preventing corruption.

This document is mandatory for every employee of the Group,

regardless of their position. Business partners should also be

guided by the rules provided in this document. The established

applicable foreign law, as well as national or regional specifics

practice of relations between market participants, the norms of

are not grounds for ignoring the requirements provided for by the

bribery, bribery or any other form of the abuse of power. Any

possibility of corruption is viewed by the management of the

Company as a direct threat to its business reputation and

M.Video-Eldorado Group bears responsibility for the future state of the Russian market and will always protect the interests of its investors. We will make every effort to ensure that the activities of our employees and business partners continue to be strictly legal and comply with the principles of business ethics.

Due diligence of business partners

M.Video-Eldorado Group strives to maintain business relations exclusively with individuals who comply with the requirements of the law. Before starting partnerships, the Company checks each business partner so that the relationship with them is as mutually beneficial and transparent as possible for each of the parties. The due diligence checks are undertaken by the **Counterparty Verification Policy.**

The checks are carried out by employees from various departments, who also request documents from the potential business partner, aiding them to assess possible risks. After considering the received information, a joint decision is made to minimize possible risks. If a business partner is assigned a high level of risk, the issue of cooperation with them is subject to consideration by the Committee for the selection and approval of counterparties.

The Group respects the confidentiality practices established by business partners for their documents and information. All information received from counterparties cannot be transfered to third parties.

Compliance with legislation on personal data

M.Video-Eldorado Group is responsible for the collection, storage, processing and destruction of personal data. Regardless of who the subject of personal data is, be it a consumer, an employee or a business partner of the Group, any interactions or exchanges are carried out in strict accordance with the law. Requirements and procedures for said adherence to the law can be found in the Group's **Personal Data Processing Policy**.

Compliance with insider information laws

M.Video-Eldorado Group ensures that its employees comply with the legislation pertaining to insider information, seeking to prevent any case of its use to the detriment of the interests of the Company. The relevant issues are regulated by the **Regulations for Insider Information**.

Plans for 2021

M.Video-Eldorado Group will not stop here.

For 2021, it is planned to actively develop internal communications, conduct new training events, identify and minimize new compliance risks, and test existing control procedures.

PRINCIPLES FOR THE DETERMINATION AND AMOUNT OF REMUNERATION PAID TO MANAGEMENT AND CONTROL BODIES

According to the Regulation on Remuneration and Compensation Paid to Members of the Board of Directors of the Company (hereinafter referred to as the 'Regulation on Remuneration'), the total amount of remuneration and compensation paid to members of the Board of Directors and to members of the Audit Commission is approved by the General Meeting of Shareholders.

For participation in the work of the Board of Directors and (or) committees of the Board of Directors, members of the Board of Directors are entitled to the following types of remuneration

Basic remuneration is paid for:

- 1 participation in in-person meetings of the Board of Directors:
- 2 participation in strategic or budget sessions;
- 3 participation of a member of the Board of Directors at the request of the Chairman of the Board of Directors, chairmen of the committees of the Board of Directors or the CEO in meetings of thematic working groups, meetings or discussions related to the activities of the Company and its subsidiaries that are held at the Company's office or elsewhere.

Compensation for performing additional duties is paid for:

- 1 Performing duties of a member of a Board of Directors committee;
- 2 Performing duties of a Chairman of a Board of Directors committee;
- 3 Performing the duties of a Chairman of the Board of Directors.

Members of the Board of Directors who are residents of the Russian Federation are paid remuneration in Russian roubles. Members of the Board of Directors who are not residents of the Russian Federation are paid remuneration in a foreign currency at the exchange rate of the Bank of Russia on the date of payment.

In accordance with the Regulation on Remuneration, each member of the Board of Directors may be reimbursed for the following expenses:

- actually incurred and documented transportation costs associated with the travel of a member of the Board of Directors to the venue of a meeting of the Board of Directors and/or a Board of Directors committee and back, other transportation costs incurred in connection with travel associated with the Board of Directors:
- living expenses of a member of the Board of Directors during meetings of the Board of Directors and/or meetings of Board of Directors committees;
- expenses for meals for a member of the Board of Directors during meetings of the Board of Directors and/or meetings of Board of Directors committees;
- · miscellaneous expenses (payment for communications, fuel, meals and entertainment expenses, etc.).

The maximum amount of compensation for expenses for members of the Board of Directors is approved by the General Meeting of Shareholders upon a proposal of the Board of Directors.

Based on a decision of the Annual General Meeting of Shareholders of 26 June 2019, and the Annual General Meeting of Shareholders of 22 June 2020 the following amount of remuneration was determined to be paid to members of the Board of Directors:

- Remuneration to members of the Board of Directors in the total amount: not exceeding RUB 52,000,000 for the period July 2019 - June 2020 and not exceeding RUB 52,000,000 for the period July 2020 - June 2021;
- Reimbursement of expenses incurred by members of the Board of Directors as part of the performance of the functions of members of the Board of Directors, in the total amount: not exceeding RUB 10,000,000 for the period July 2019 - June 2020 and not exceeding RUB 10,000,000 for the period July 2020 - June 2021.

In relation to the members of the Management Board, the authorized bodies in the reporting year did not make decisions on the amount of remuneration to be paid and (or) the amount of expenses subject to compensation. Individual members of the Management Board receive remuneration as employees of the Company who work for the Company and perform work duties not related to their performance of the duties as members of the Management Board. There are no other agreements regarding the amount of remuneration to be paid and I or the amount of expenses subject to compensation.

Compensations paid in 2020, RUB thousand

Board of Directors

Type of renumeration	for 12 months, ending on 31 December 2020
Remuneration for participation in the work of the executive body	32,798
Wages	0
Performance bonuses	0
Fees	0
Other types of remuneration	0
Total	32,798

The Management Board

Type of renumeration	for 12 months, ending on 31 December 2020
Remuneration for participation in the work of the executive body	0
Wages	771
Performance bonuses	0
Fees	0
Other types of remuneration	0
Total	771

Reimbursement

Type of renumeration	for 12 months, ending on 31 December 2020
The Board of Directors	215
The Management Board	0

CAPITAL, SHARES AND DIVIDENDS



Information on the number of Company shares

O INFORMATION ON THE NUMBER OF THE COMPANY'S SHARES:



• STOCK CATEGORY: • ordinary. THESE SHARES OF THE COMPANY ARE VOTING SHARES..

Information on the number of Company shares held by the Company, as well as the number of Company shares held by legal entities controlled by the Company

Number of shares of the Company at the disposal of the Company:

In the reporting year, there were no shares of the Company at the disposal of the Company.

The number of shares in the Company held by the legal entities under its control: 1,976,170 shares (1.0993% of the authorized capital) are owned by MVM Limited Liability Company. Category, share type: **ordinary registered**.

Capital movements for the year

(changes in the number of entities which have the right to directly or indirectly control at least five percent of the votes attributable to the voting shares of the Company), %

SHAREHOLDER NAME	SHARE IN AUTHORIZED CAPITAL AS OF DECEMBER 31, 2020	SHARE OF VOTES AS OF 31.12.2020	SHARE IN THE AUTHORIZED CAPITAL AS OF 31.12.2019	SHARE OF VOTES AS OF 31.12.2019
ERICARIA HOLDINGS LIMITED	63.5058	63.5058	73.5058	73.5058
MS CE Retail GmbH	0	0	15	15
Media-Saturn-Holding GmbH	15	15	0	0
WERIDGE INVESTMENTS LIMITED	9.9999	9.9999	0	0
Other shareholders	11.4943	11.4943	11.4942	11.4942
TOTAL	100	10 0	100	100

During the reporting year, the share of ERICARIA HOLDINGS LIMITED in the authorized capital of the Company decreased from 73.5058% to 63.5058%.

In the reporting year, WERIDGE INVESTMENTS LIMITED acquired a share in the authorized capital of the Company in the amount of 9.9999%.

In the reporting year, the share of MS CE Retail GmbH in the authorized capital of the Company decreased from 15% to 0%.

In the reporting year, Media-Saturn-Holding GmbH acquired a 15% share in the authorized capital of the Company

Information on the total number of **Company shareholders**

The total number of persons with non-zero balances on personal accounts registered in the register of shareholders of the Company, as of the date of the end of the reporting year: 19.

The total number of nominee shareholders of the Company: 1.

The total number of individuals included in the last list of persons who had (have) the right to participate in the general meeting of shareholders of the Company (another list of individuals is drawn up for the purpose of exercising (implementing) rights to the shares of the Company and for the compilation of which nominal shareholders of the Company provided data on persons in whose interests they owned (own) shares of the Company): 20,155.

The date of compilation of the list of persons included in the last list of persons who had (at present or in the past) the right to participate in the General Shareholder Meeting of the Company (another list of persons drawn up for the purpose of exercising rights to the shares of the Company and for which nominee holders shares of the Company provided data on persons in whose interests they own (at present or in the past) shares of the Company): 4 December 2020.

Holders of ordinary shares of the Company, which were to be included in such a list: 20,155.

The Company's executive bodies declare that the Company does not possess any information about the existence of ownership interests in shares exceeding five percent, in addition to those already disclosed by the Company.

The Company has no information about the acquisition / possible acquisition by certain shareholders of a degree of control disproportionate to their participation in the Company's equity, including on the basis of shareholder agreements or due to the presence of common and preferred shares with different nominal value

PJSC M.video charter capital

The charter capital of PJSC M.video is RUB 1,797,682,270. The charter capital is formed by the placing of 179,768,227 ordinary registered nondocumentary shares with a par value of RUB 10 each among shareholders. The Company's charter capital has been paid in full.

Information on PJSC M.video securities

Type of securities	Shares (nominal)
Stock category	Ordinary shares
Form of securities	Nondocumentary
State registration number of the securities issue and the date of the state registration	1-02-11700-A August 23, 2007
Par value of each share	RUB 10
Par value of each share Total number of outstanding shares	RUB 10 179,768,227 pcs.

Shares included in the main Russian stock indexes:

- Index of the Moscow Exchange of medium and small capitalization (MCXSM)
- Moscow Exchange Broad Market Index (MOEXBMI)
- Consumer Sector Index (MOEXCN)
- RTS Consumer Sector Index (RTScr)
- RTS Index of Medium and Small Capitalization (RTSSM)
- RTS Broad Market Index (RUBMI)

Code assigned to the shares of PJSC M.video

SECURITY CODE	MVID
MARKETPLACE	Moscow Exchange
TYPE AND CATEGORY OF SECURITY	Ordinary share
LISTING	First (highest) level quotation list

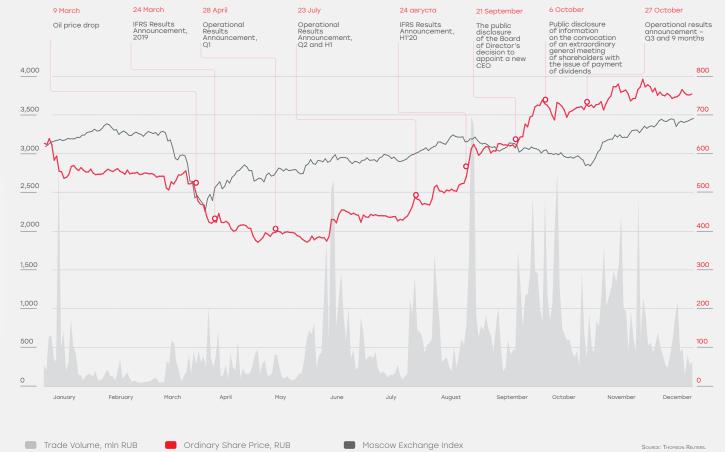
The number of authorized shares

nondocumentary shares, each with par value of RUB 10.

Trade of shares

In 2020, the shares of PJSC M.video showed a steady upward trend: the price growth amounted to 34.4% since the beginning of the year. On October 27, the day of the announcement of successful results for the 3rd quarter, the Group's shares renewed their all-time high: trading on the Moscow Exchange was held at a price of RUB 775 per share. The liquidity of the shares also increased: in November, the average daily trading volume (ADTV) reached a record RUB 267 million, breaking the previous October record of RUB 242 million.





Report on the declared and paid-out dividends on Company shares

Category of the shares: ordinary shares.

Individual state registration number of the securities issue/ISIN: 1-02-11700-A.

Date of state registration number: 23 August 2007.

The dividend policy is an important factor in terms of the Group's investment case; it is necessary to take into account both the need to finance the long-term growth of the Company along with the desire to balance the interests of key stakeholders and shareholders.

In February 2021, the Group's Board of Directors approved a new dividend policy, according to which:

- Recommendations from the Board of Directors on dividends will be determined by a ratio of net debt under IAS 17 to EBITDA under IAS 17, at or less than 2.0, at the end of the last reporting year;
- If the ratio of the company's IAS 17 net debt to IAS 17 EBITDA at the end of the last reporting year is higher than 2.0, then the amount of dividend payments will be determined by the Board of Directors taking relevant factors and solutions into account, at the time of adoption;
- The company intends to pay out dividends twice a year. The Group plans to pay the first dividends under the new policy based on the results of operations for 2020, taking into account the payment of interim dividends in December 2020, in the amount of RUB 5.4 billion, which corresponded to 100% of the consolidated net profit¹ under IAS 17 for the six months period ending on 30 June 2020.

The new dividend policy reflects the company's focus on capital distribution and regular dividend payments to shareholders. The policy fully takes into account the company's capital structure and its capital expenditure needs, including all new strategic initiatives and further digital transformation, and also provides flexibility to ensure financial stability in the implementation of the new strategy. At the same time, the new policy provides a more transparent mechanism for investors to assess the potential dividend income.

History of dividend payments on shares of PJSC M.video

ate of the s of meeting ch resolution			
General Meeting of Shareholders held on 05.06.2017 (Minutes No. 22 of 08.06.2017) decided not to pay dividends for 2016.			
General Meeting of Shareholders held on 29.06.2018 (Minutes No. 26 of 02.07.2018), decided not to pay dividends for 2017.			
General Meeting of Shareholders held on 26.06.2019 (Minutes No. 28 of 28.06.2019), decided not to pay dividends for 2018.			

1 NET PROFIT ADJUSTED FOR PROFITS/(LOSSES) IN ASSOCIATES AND JOINT VENTURES.

Increasing free float and expanding the shareholder base

On March 12, 2021, M.Video-Eldorado Group announced the successful completion of a secondary public offering (SPO), which increased the Company's free float to 24%. The SPO offered 24,279,174 shares of PJSC M.Video, which were sold by ERICARIA Holdings Limited. at a price of RUB 725.00 per share.

Credit ratings

In March 2020, the RAEX rating agency (Expert RA) confirmed the credit rating of the non-financial company PJSC M.video at ruA-, and maintained a positive rating outlook. The high diversification of revenues by the regions and the strong and competitive position of the Group have had a positive impact on the rating.

The agency also positively assessed the block of corporate risks, due to the high quality of strategic support, risk management and corporate governance. In addition, the publication of information on material facts pertaining to the company's activities and the disclosure of annual and quarterly reports in the public domain characterizes a high level of information transparency from the company.

In March 2021, the Analytical Credit Rating Agency (ACRA) assigned PJSC M.video a credit rating of A+(RU) with a stable outlook. According to ACRA, the A+(RU) rating was based on the Company's strong market position and its highly rated business profile.

ACRA experts pointed to the Company's high level of corporate governance associated with the successful implementation of the Company's business development strategy and its well-established management practices. The agency highlighted the regulated risk management procedures enabling the Company to minimize the major types of risk. ACRA noted a high degree of the Company's financial transparency.

Interaction with shareholders and investors

One of the priorities of the Group is open and transparent relations with investors and shareholders, based on the current legislation and generally accepted world practice. Among the main features of this interaction are:

1 Providing direct access to the investment community:

- · Focus on direct searching and engagement using digital platforms
- Joining the Closir platform for a digital IR experience:
- Access to a wide investment audience - Roadshow planning
- IR calendaring and other administrative benefits.

2 Focusing on the online channel:

• Increased focus on the disclosure of online business metrics.

3 Coverage of ESG factors:

- Approval of the Group's sustainability strategy
- A "We care" approach, which is supported by management and shareholders

4 Transparency and Accountability:

- New disclosure tools to be introduced in the second half of 2020
- Launch of a new corporate website

Key achievements of the Group in the area of relationships with investors and shareholders

>100 funds

100%

POSITIVE FEEDBACK FROM SELL-SIDE ANALYSTS FOLLOWING THE H1 2020 RESULTS ANNOUNCEMENT

REINITIATING ANALYTICAL COVERAGE FROM BROKERS (THREE OUT OF FOUR WITH A "BUY" RATING)

NEW IR TOOLS:

~30

IR EVENTS/CONFERENCES

- IMPLEMENT CRM
- LAUNCH OF CORPORATE SITE
- BITE-SIZE MARKET REPORTS FOR MANAGEMENT

Key 2020 events in terms of interaction with the investment community

28 January	Operating Results Announcement, Q4 and 2019
24 March	IFRS Results Announcement, 2019
28 April	Operational Results Announcement, Q1 2020
23 July	Operational Results Announcement, Q2 and H1 2020
24 August	IFRS Results Announcement, H1 2020
27 October	Operational results announcement – Q3 and 9 months 2020

Material or interested party transactions

Lists of transactions made and approved in 2020 and recognized under Federal Law "On Joint-Stock companies" as major or interested party transaction could be found in the Annexes to the Annual Report (in Russian).

Information on the registrar maintaining the register of holders of registered securities of the Company

Full company's name: Joint-Stock Company Service-Register

Short company's name: JSC Service-Register.

Location: 107045, Moscow, 12 Sretenka str.

Postal address: 107045, Moscow, 12 Sretenka str.

Taxpayer number: 8605006147

OGRN code: 1028601354055

Phone, fax (if available): +7 (495) 608-10-43, +7 (495) 783-01-62 https://servis-reestr.ru

The full and abbreviated name of the Company

Full company's name: Public joint-stock company M.video.

Short company's name: PJSC M.video.

The Company was created as a result of the reorganization in the form of a transformation of the Company M.video limited liability company.

Information about the State Registration of PJSC M.video

The date of the State Registration: 25 September 2006. The Primary State Registration Number: 5067746789248.

SUSTAINABLE DEVELOPMENT

HACKING RETAIL

STRENGTHENING GROWTH POTENTIAL

THROUGH SUSTAINABLE DEVELOPMENT

M.VIDEO-ELDORADO

SUSTAINABILITY STRATEGY

We place social responsibility at the heart of our business. In 2020, health concerns and economic instability came to the fore, along with the need to take urgent actions against environmental and social challenges. At the same time, we have felt the unprecedented collaboration of the teams, with each employee's abilities stemming from their own unique life experiences, talents and interests. As such, health and well-being are one of the top sustainability priorities for this year. By continuing to expand education and development opportunities, create an inclusive work culture, and encourage our employees to broaden their attention from solely economic results prio to social and environmental goals, we are building a future to be proud be proud of.

> Natalya Maleeva, Human Resources Director

SUSTAINABILITY STRATEGY

M.Video-Eldorado's goal is to be a leader in sustainable development. Hence, we take a proactive approach to setting standards that meet the principles of social, environmental and economic sustainability, act as a benchmark for other market players and, in doing so, transform the industry as a whole.

The Group has always taken environmental and social responsibility seriously, which is why we devised the key objectives of our sustainability strategy in 2020. To do this, we assessed the entire value chain and selected three areas in which we believe we can achieve the most significant changes and contribute to the global sustainable development agenda. We named these "Planet," "People and Communities," and "Customers and technologies." For each, we have identified priority goals and set a timeline for achieving them.

Goals and indicators of M.Video-Eldorado's sustainability strategy¹



¹ 2020 USED AS THE BASE YEAR FOR CALCULATIONS.

Contribution to achieving the UN Sustainable Development Goals

Our goals are consistent with the UN Sustainable Development Goals (SDGs). They are designed to address global environmental and social challenges in six key areas where we can contribute the greatest value to the world.



Independent assessment

The non-financial information disclosed in this report has been prepared in accordance with GRI Standards. The disclosure table of mandatory reporting items is given in the Appendix. In the future, we also plan to disclose information in accordance with SASB and SA8000 standards.

This year, we did not engage an auditor to verify the non-financial information disclosed in this report. However, we plan to conduct an independent audit to verify our goals and non-financial information in the near future. We will also verify our emission reduction targets in accordance with the Science Based Targets Initiative.¹

ESG management system

Consistency, transparency and accountability in the sustainable development agenda are the foundation of our work. As such, we have prepared a comprehensive action plan to achieve our strategic goals and identified areas in the management system in which changes will make us more transparent and open to stakeholders, including by:

• Publicly disclosing policies that support the achievement of the Sustainable Development Goals;

• Engaging with stakeholders to promote responsible consumption practices;

• Improving information disclosure on matters concerning sustainable development and obtaining ESG ratings.

¹ A science-based target is a goal that is consistent with scientific guidelines for reducing adverse climate impacts. The targets announced by community for reducing grean-lose gas pressions are consistent subscience subscience that can anatam the reducing larget or anticopheric Decargonization to maintain actional temperature consistence that the reducing larget or the temperature tempo.

Stakeholder engagement

Relations with stakeholders are a key component of M.Video-Eldorado's success. We regard stakeholders as individuals or organizations that may be directly or indirectly affected by our activities, as well as those who can influence decisions made by the Group. Our key stakeholders are customers, employees and their families, shareholders and investors, partners, non-profit organizations and associations, and local communities, among others.

M.Video-Eldorado seeks to actively cooperate with stakeholders, build open, respectful and mutually beneficial relationships with them, and promptly inform them about events within the Group, as well as challenges and achievements in matters concerning sustainable development. The Stakeholder Engagement Policy defines the overall approach to managing stakeholder relations.



Employees

In relations with employees, we work to:

- provide a comfortable, safe and motivational environment to achieve the best results:
- continuously improve the system of financial and non-financial incentives;
- obtain feedback from employees to improve internal processes and increase engagement;
- communicate opportunities for growth and development as well as existing programs and initiatives.

The Group aims to:

- Offer employees flexible conditions to realize their potential and resolve issues in the most efficient way;
- Use convenient workspace organization formats to improve
- productivity and ensure safety;
- Provide access to the latest technologies.

Frequency of interaction: daily.



Shareholders and investors

The Group pays special attention to engagement with shareholders and investors in an effort to:

- Raise awareness about M.Video-Eldorado's investment appeal and its development while seeking to increase market capitalization;
- Disclose information about the Group's operations, the implementation of its development strategy, and financial and non-financial indicators;
- Expand and diversify M.Video-Eldorado's investor base to provide access to a wide range of capital market instruments;
- Provide feedback from the investment community and generate new ideas through dialogue with investors;
- Inform the investment community about the Group's efforts to make the business sustainable.

M.Video-Eldorado is committed to creating value for shareholders and investors by:

- Implementing a strategy for profitable growth, strengthening its market position and realizing its investment potential;
- Diversifying the shareholder base and observing high standards of transparency and corporate governance;
- Increasing transparency and openness in matters concerning sustainable development.

Frequency of interaction: daily.



Customers

In relations with our customers, we work to:

• Build trust-based and transparent relationships with customers before, during and after a purchase.

- Increase recognition of the M.Video and Eldorado brands;
- Convey key information to them about new products, services and special offers;
- Obtain feedback from them to improve products and services;
- Provide them with information about the Group's contribution to important social and environmental issues.
- to important social and environmental issue

M.Video-Eldorado aims to:

Create new consumer experiences based on the mobile web;
Provide convenient formats and tools to make purchases and create a single service space for customers in sales areas and online stores;
Provide shoppers with access to the latest technology and leading brands.

Frequency of interaction: daily.

Suppliers and partners

Our work with suppliers and partners is built on the principle of longterm mutually beneficial cooperation and aims to:

• Develop long-term relationships with suppliers and other counterparties to ensure that M.Video-Eldorado products are high-quality and competitive over the long term;

• Raise partners' awareness of the Group's activities, as well as its long-term plans and development;

- Improve communications with partners, as well as search for and introduce new tools and channels of interaction:
- Provide a common understanding of the mutual obligations and expectations from cooperation.

M.Video-Eldorado adheres to the following principles of cooperation:

- Be a reliable partner and major counterparty for a wide range of suppliers;
- Observe high standards in quality control and corporate conduct and require suppliers to comply with them;
- Introduce modern IT solutions to improve the automation and efficiency of the supply system.

Frequency of interaction: daily.

PLANET

OUR GOALS



As part of our sustainability strategy strategy, we have made large-scale commitments to help improve our society.

As we operate in the home appliances and consumer electronics market, we can and must play a leading role in tackling pressing environmental issues such as e-waste and climate change. More than 1,000 of our stores, warehouses and distribution centers consume energy, accumulate and recycle waste, and use other resources. Our goal is to improve the environmental performance of our own operations and the supply chain. As such, reducing greenhouse gas emissions and supporting the principles of a circular economy are key factors that shape our impact on the environment.

Reducing greenhouse gas emissions

• Long-term goals

Our goals by 2030:

- Reduce certain emissions in our own operations by 30% (Scope 1 and 2);
- Reduce certain emissions in the supply chain by 20% (Scope 3).

Our goals by 2050:

· Become carbon-neutral in our own operations.

2020 results

More than 200 stores were equipped with remote power control systems.

Circular economy and waste management

O Long-term goals

Our goals by 2025:

- Increase the collection and processing of e-waste to 10,000 tons per year;
- Expand our consumer electronics recycling program to all regions;
- Enroll at least 10 million people in circular economy education programs;
- Recycle 85% of our own waste in our own operations.

📀 2020 results

- 449 stores in 17 regions of Russia were included in the country's first permanent electronics recycling project;
- Over 1,000 tons of electronics was recycled;
- Around 20 tons of batteries was recycled;
- Educational initiatives: School of Ecology at MEGA Khimki, online tour
 of the Ecotechprom machinery processing plant, home-based ecoquest "Thirtieth Kingdom: An Environmentally Unfriendly State" and
 involvement in the "Useful City" program.

CURRENT INITIATIVES

Reducing greenhouse gas emissions

Climate change is the most urgent problem facing our planet today. It impacts our customers, employees, the employees of our partners and also the natural resources used to make products. We can help tackle climate change by reducing greenhouse gas emissions and improving the energy efficiency of our operations and our entire supply chain.

Fully aware of the complexity of this task, we analyzed our partners' goals as well as the time horizon of the Paris Agreement and the UN Sustainable Development Agenda. Our climate goals are more long-term than our other sustainable development goals because this is the time frame in which we can achieve tangible joint results in reducing greenhouse gas emissions.

In an effort to correctly and systematically account for direct and indirect greenhouse gas emissions, we have developed an emissions accounting model that will enable us to calculate emissions from our operations and partners' activities in the supply chain on an annual basis. When developing the greenhouse gas emissions model, we took into account the recommendations of the generally recognized standards (GHG Protocol), as well as the best practices of peer companies that are leaders in the CDP rating. Emissions calculations take into account both international and Russian requirements, which is why the model will include the approaches of the Intergovernmental Panel on Climate Change and the Methodological Guidelines of the Russian Ministry of Natural Resources (Order No. 300 dated June 30, 2015 and Order No. 330 dated June 29, 2017).

Mitigating the climate change

In our work to combat climate change, we have established three priorities:

- Improving resource efficiency: we are always looking for new ways to improve energy efficiency and mitigate environmental impact.
- Introducing innovative solutions: we invest in new technologies to
 optimize our operations in the supply chain. We will focus on alternative
 transportation and delivery channels, the use of hybrid vehicles and
 optimizing the supply chain and our own operations as a whole.
- Analyzing the life cycle of the products we sell: we understand that the stage during which equipment and gadgets are used, as well as the average service life of goods, has a major impact on our carbon footprint.

Improving the energy efficiency of stores

We strive to use modern lighting systems and reduce our impact on electrical networks. Since 2015, we have only installed LED lighting when building new M.Video and Eldorado stores, and we have begun the process of modernizing lighting at older stores, particularly those over seven years old. About 50 projects are being implemented annually to modernize lighting in sales areas, warehouses and offices.

Starting in 2017, we launched a project to introduce remote power supply control. Since the project began, more than 200 of the Group's stores have been equipped with such systems, which has significantly reduced electricity consumption and minimized fire risks.

Circular economy and waste management

We understand our responsibility for products sold even after consumers stop using them. As such, we have set the goal of promoting a circular economy in which there is no waste, but there are resources for new production. Our goal is to reduce the amount of hazardous waste in landfills by creating a convenient service to accept equipment and raise awareness of the impact that e-waste has on the environment.

Promotion of circular economy principles

In 2020, our aims for the "Planet" section were to scale up programs to dispose of equipment and batteries properly, reduce the amount of waste, raise awareness of consumption among the public in accordance with **SDG 12 Responsible Consumption and Production**, and reduce electricity consumption in accordance with **SDG 13 Climate Action**.

Proper disposal of equipment and batteries

Electronic waste recycling

According to the World Economic Forum, the global consumer electronics market produces around 2–50 million tons of waste worldwide. Recycling e-waste is particularly important because, even though it accounts for about 2% of the total volume of solid waste, it makes up almost 70% of hazardous waste that ends up in landfills worldwide. However, if conditions for safe recycling are observed, 50%–80% of the materials contains different can be returned to the economy. E-waste contains precious metals (such as gold, copper and nickel) and strategic rare materials (indium and palladium). The problem is the incredible complexity of objects recycled, since a product can consist of more than a thousand elements.

In 2019, we launched "Proper Disposal", the first project in Russia that aims to recycle home appliances and electronics with full control at all stages. Our main objective was to establish a transparent and reliable process to dispose of home appliances and electronics for all parties involved: consumers, equipment manufacturers and importers, and recyclers themselves. When developing the project, we were guided by two key criteria: the proper processing of all product elements and the traceability of the life cycle.

> The goal of proper disposal is to reduce hazardous waste in landfills and contribute to a circular economy.

To solve the problem, an independent association was created and began the process of collecting old equipment through stores and in the form of a special service. The process is monitored through a three-way IT system involving the retailer, the association and recycling companies. M.Video-Eldorado assumed all the costs of collecting equipment related to paperwork, organizing storage at each store and training personnel. The association pays for the transportation of equipment to recycling enterprises and all recycling processes.

Through well-coordinated work with our partners, we have demonstrated the importance of proper waste management and how simple and easy it is to dispose of equipment and batteries. In addition, we have created a new option for handling e-waste: bring it to a store, place an order for collection services, and stop storing it at home or throwing it away.

In 2020, we continued to scale up the recycling project and, together with our partners, achieved impressive results:

• The project's reach was expanded by 50%: as of December 2020, 231 M.Video stores and 218 Eldorado stores were accepting equipment and electronics from the public in 17 regions of Russia;

• The volume of e-waste that was collected and recycled tripled yearon-year and amounted to around 1,000 tons;

• The Group's "Proper Disposal" project won a People Investor 2020 award in the category of Environmental Efficiency;

 The M.Video brand received an Effie silver prize in the Positive Change / Environmental Protection and Sustainable Development category, as well as a Special Recognition award for supporting sustainable development principles as a result of the Group's sequential projects to promote the proper disposal of household appliances.

In September 2020, we began properly disposing of obsolete equipment from the head office and stores. In November, we launched a service in the Eldorado online store to collect equipment for recycling as well as a similar service for legal entities. We also launched a training course on the "Proper Disposal" project for employees who work at M.Video and Eldorado stores.

We use our reach and influence to encourage the entire industry to support recycling technologies, use recycled materials and involve consumers in the process. These initiatives not only contribute to environmental protection but also are commercially viable because the cost of extracting and processing new materials is higher than that of recycling.

We are proud of our achievements in the "Proper Disposal" project and are setting even more ambitious goals for 2021. In particular, we plan to increase the volume of e-waste collected to 1,500 tons by involving an additional 200 M.Video and Eldorado stores and 10 new regions of Russia in the recycling program.

Disposal of batteries

In late 2018, M.Video-Eldorado launched a battery recycling program. In 2020, almost all M.Video and Eldorado stores were equipped with containers to collect batteries, and the scale of the project tripled, as visitors handed in some 20 tons of used batteries for recycling (compared with around 7 tons from October 2018 to the end of 2019). In 2021, we plan to increase the volume of batteries collected to 28 tons.



In December 2020, M.Video's "Proper Disposal" project won a prestigious People Investor award in the Environmental Efficiency category. The Association of Managers has been holding the People Investor project since 2008. The project's mission is to identify and share the best experience and practices of socially responsible business

Raising awareness about circular economy principles

We understand that a move towards sustainable development must be twosided, with both the consumer and the retailer working together to ensure an eco-friendly way of life. To support this movement, the Group works actively with the public to provide information and educate people about such issues as conscious consumption, treating the environment responsibly and promoting proper disposal services for home appliances and batteries. We firmly believe that this is a key ingredient for success in terms of minimizing hazardous waste in landfills and developing a circular economy in Russia. For example, M.Video-Eldorado websites have a special section with educational information on proper disposal. We also undertook several new educational initiatives in 2020: we became a member of the MEGA School of Ecology, held a home-based eco-quest for children about how to treat home appliances and electronics responsibly, and organized an exclusive online tour of a recycling plant.

In March 2021, we plan to hold a national interactive environmental tutorial called "The Adventures of Electronics." which we worked on with our partners throughout 2020. The tutorial will teach schoolchildren how to take care of gadgets and home appliances, learn about all the resources that are needed to create familiar products, and understand how to properly take care of devices so that they last as long as possible. It will also teach schoolchildren how to responsibly handle equipment that can no longer be used: they will understand how dangerous it is for electrical appliances to end up in landfills and why the alternative of recycling gadgets is much better for people and the environment. The teaching materials will include a procedural guide and a video with instructions on how to prepare for and conduct the tutorial, an animated presentation, game materials and pocket-sized notepads in which students can write down their most important thoughts about the tutorial. We hope that our lesson will fit well with the curriculum of a wide range of humanitarian and natural science subjects in accordance with the recommendations for the environmental component of the school curriculum.

"Don't Dump on Nature"



In October 2020, we gave a lecture on proper disposal titled "Don't Dump on Nature" at the School of Ecology. The lecture resulted in a cordial conversation about how to treat home appliances and electronics responsibly, as well as M.Video's approach to recycling them. Along with guests, adults and children, we discussed what would happen if an old microwave were thrown into an ordinary dumpster and whether responsible recyclers exist. We also saw what happens to old equipment after it is recycled. We showed how our project can reduce the negative impact on the environment and how easy it is to be responsible: all you have to do is bring your old equipment or batteries to M.Video stores at any time you like.

Ways to live an eco-friendly lifestyle



ECO-EXHIBITS AT THE MEGA SHOPPING CENTER THAT PROMOTE AN EQUIPMENT RECYCLING PROJECT.

From November 23 to December 6, 2020, we held an event to promote conscious consumption at Mega shopping centers where M.Video and Eldorado stores are located. On Black Friday, we educated customers about ways to live an eco-friendly lifestyle, how to make informed product choices and how to make such products last longer. Exhibits at shopping centers introduced visitors to the Group's "Proper Disposal" project. At our stores, we have also attached special tags to products with exceptional environmental performance to show our customers how they can reduce their environmental footprint and resource consumption.

Online tour at the Ecotechprom plant



In December 2020, we held a unique online tour at the Ecotechprom plant, which recycles old equipment from Moscow, the Moscow region and other nearby areas. Plant workers showed the online audience how equipment is disassembled, how individual materials are obtained that can be returned to the production cycle, how recycled materials are used and why this is important. We emphasized how equipment recycling can work in Russia with a visual demonstration and a detailed explanation about all the stages of recycling. We firmly believe that such events to enhance the transparency of this process are an important step toward minimizing hazardous waste in landfills and developing a circular economy.

"Green Recycling"



We highlight ways to recycle equipment with the help of bloggers and opinion leaders and also through popular channels. In October 2020, Eldorado reported on the conditions of the "Green Recycling" campaign together with Vitaly Nalivkin (a popular YouTuber playing a fictional regional apparatchik cracking down on crime and city's long-standing problems), who not only caught a group of robbers (unscrupulous recyclers) but also returned stolen home appliances to the city's residents and reminded them that they can bring their old equipment to Eldorado stores and help save the environment.

Eco-quest "Thirtieth Kingdom: An Environmentally Unfriendly State"

People generally learn about the principles of treating the environment responsibly from an early age. We have developed an ecological quest called "Thirtieth Kingdom: An Environmentally Unfriendly Stat" to convey to children in the format of a game the idea of a circular economy and how each of them is personally responsible for the future of our planet. The game

helps children and their parents to start noticing all the technology around them, learn how it affects the environment and find out where they can bring old equipment to help the planet. In 2021, we will continue holding major educational initiatives for our communities and employees. One such initiative will be a special eco-lesson in Russian schools.

Promoting eco-friendly paper bags

M.Video was one of the first companies in the Russian market to abandon the sale of plastic bags at stores. It replaced them with FSC-certified paper bags produced in the most eco-friendly way possible.

When purchasing a bag with the FSC label on it, the Group's customers promote sustainable forest management and the protection of forest flora and fauna. Part of the proceeds from the sale of these paper bags has been used to restore the historical landscapes of deciduous forests at Ugra National Park as part of the "Restoring Forests-Returning Bison" project, which is being organized jointly with the Beautiful Children in a Beautiful World charitable foundation. The next step for the Group is the sale of reusable bags that can replace disposable bags.

Handling in-house waste

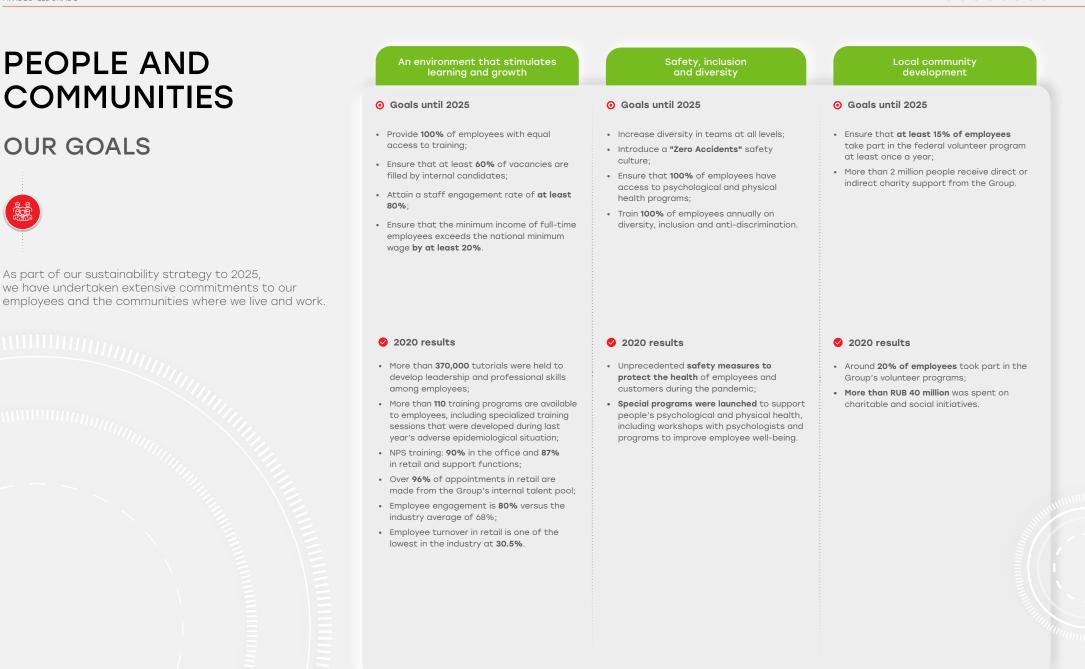
We see two priority areas for waste management: reducing the volume of recyclable materials that our stores and warehouses generate, as well as establishing a single process for collecting and accumulating recyclable materials. In 2020, we disposed of more than 935,000 tons of waste. Increasing the share of recyclable materials generated at our stores and warehouses will remain one of our top priorities in 2021.



After-sales service and repair of equipment and electronics

Another way for the Group to support the circular economy is to develop a network of after-sales service and repair centers. As of the end of 2020, our customers could bring in their equipment for repairs to 191 service centers throughout Russia. Last year, we repaired a total of 93,700 units of equipment, including around 69,400 units received from customers and 24,200 units owned by the Group.

NDICATOR	2019	2020
otal volume of equipment repaired, units	95,361	93,691
Total volume of equipment repaired based on customer complaints, units	68,059	69,444
Volume of customer equipment repaired based on warranty certificates, units	54,167	47,462
Volume of customer equipment repaired for which diagnostics were carried out, units	8,224	14,494
Volume of customer equipment repaired without warranty certificates, units	5,668	7,488
Volume of repaired equipment owned by the Group, units	27,302	24,247
lumber of service centers	200	191



PERSONNEL MANAGEMENT

M.Video-Eldorado is a major retailer of home appliances and consumer electronics in Russia and ranks among the top 10 electronics retailers in the world. Over its 28 years in the Russian market, it has evolved from a small store in Moscow to a leader in its sector and a major publicly traded online retailer in the country. All the Group's achievements are due to the achievements of its employees. As such, people are our main asset, and we are committed to creating a safe and comfortable working environment where everyone can realize their potential and contribute to the development of society.

We have been recognized as the best employer in retail for five years. In 2020, according to the hh.ru rating, M.Video-Eldorado was the only retail brand among the top 10 employers of Russia.

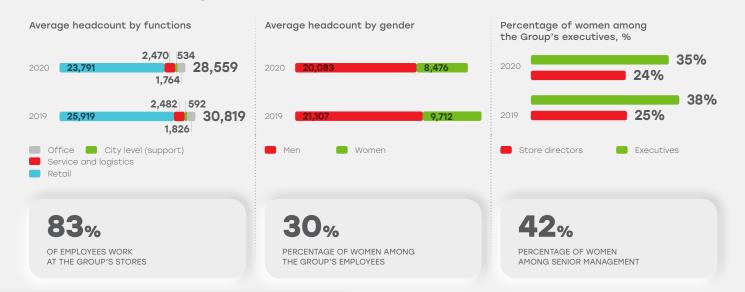
¹ According to Thomson Reuters for 2019.

² № 2020, те басие вклеже па всемило воссовае непосодог ило всам цаять те былам. Reporting lamane (GRI) неписордог и Lona кат повк то па и одняте то Russau им. In this всамор, те зате траняе (see 2019) и те имица всеот гот таки таке ми отете ягон те поцезе ревелята и тех воссителя. В Заката транечате имистате в село па Нимам Вессирога Револенано Килистова. И Слуката им КИМА (2020)

STAFF TURNOVER BY INDUSTRY IS BASED ON HUMAN RESOURCES PERFORMANCE INDICATORS, AMT CONSULT AND KPMG, 2020.
 Employee Engagement by industry based on Employee Engagement Survey, Kincentric (Aon Hewitt), 2020.

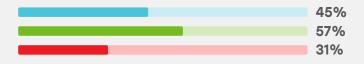


Key facts and figures²



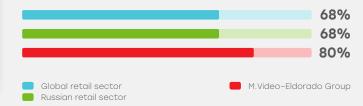
Employee turnover³

The Group has one of the lowest levels of average employee turnover in the industry. In 2020, we maintained employee turnover at **30.5%**³ despite all the challenges and limitations of the pandemic.



Employee engagement

The Group is also a leader in terms of employee engagement, which stands at ${\bf 80\%}$ versus the industry average of $68\%.^4$



KEY EVENTS AND RESULTS OF 2020

The HR community has recognized M.Video-Eldorado's achievements as an employer. In 2020, we won prestigious awards and prizes for our staff management and internal communications.

M.Video-Eldorado Group unites brands with a strong corporate culture.

М.видео

>90%

OF MANAGERIAL VACANCIES ARE FILLED FROM THE TALENT POOL

THE FIRST M.VIDEO STORES OPENED IN THE COUNTRY'S EASTERN REGIONS: IN PETROPAVLOVSK-KAMCHATSKY AND MAGADAN

30.4% EMPLOYEE TURNOVER (-0.8 P.P. COMPARED WITH 2019)

ЭПЬДОРАДО.RU

>90% OF MANAGERIAL VACANCIES ARE FILLED FROM THE TALENT POOL

99%

OF INTERNAL MANAGERIAL APPOINTMENTS IN THE NEW ELDORADO 250 FORMAT

THE FIRST ELDORADO STORE OPENED IN THE COUNTRY'S WESTERNMOST REGION OF KALININGRAD

34.5%

EMPLOYEE TURNOVER (-6.7 P.P. COMPARED WITH 2019)

Russian employers rating from hh.ru

M.Video-Eldorado Group ranked ninth in the rating of Russia's best employers and first among retailers Rivelty Best Intranets Russia

Intranet of the Year

Grand Prix in the Innovations category for the Digital Show 2020 project

FMBRAS

Step Two

Silver medalist in the international Intranet and Digital Workplace Awards

STAFF MANAGEMENT SYSTEM

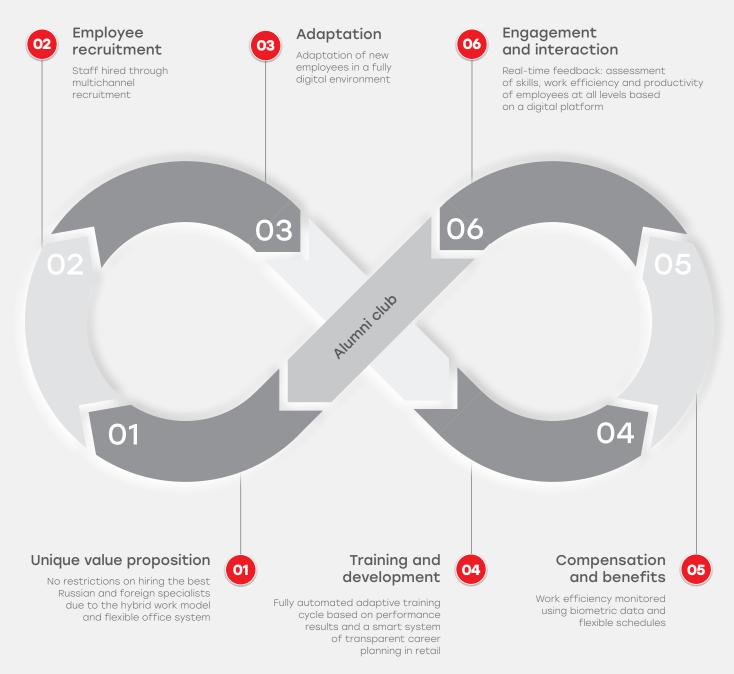
The year 2020 was challenging for businesses worldwide. Due to the pandemic, we faced numerous difficulties: searching for new tools to implement familiar tasks, new ways to harmonize the microclimate in teams and new methods to boost sales. Despite all this, we managed to retain retail staff and ensure a safe working environment.

In 2020, M.Video-Eldorado transitioned to a new integrated staff management model that makes the most of the digital environment. It encompasses all stages of interaction with employees: from hiring, adaptation, development and motivation to support in the Group's alumni club. The new staff model aims to create conditions to maximize efficiency, engagement and innovation among employees.

At the end of 2020, 80% of the Group's employees were working in a hybrid format given the new realities caused by the COVID-19 pandemic: most of them were working remotely from home, while the rest were on a mixed schedule or have a standard work week. Hybrid work formats help to create the most comfortable and safe conditions for different categories of employees, while continuing to solve business-related issues effectively.

Last year, we started several initiatives to address seasonal peaks and make our business more flexible. We ensured that our personnel could move around between the Group's stores and introduced shift exchanges that enable us to cover temporary staffing needs amid employee shortages.

We firmly believe that store, office and service support staff are the key to success when building a sustainable and profitable organization. M.Video-Eldorado offers its employees considerable opportunities for a career, training and professional development. We provide decent working conditions (SDG 8 Decent Work and Economic Growth), respect human rights and do not tolerate discrimination (SDG 10 Reduced Inequalities).



UNIQUE VALUE PROPOSAL IN THE LABOR MARKET

Getting to know a company starts with its reputation in the market. We are transforming from a strong retailer with professional IT to a leading digital company with retail touchpoints. We strive to recruit the best employees from all over Russia and abroad. We offer a hybrid work model with the advantages of office and remote work, flexible schedules, a culture of open dialogue and an engaging environment. Empathy, autonomy and trust are the core values for employee-organization interaction in the new realities.



ENGAGEMENT

- Ensuring all employees are engaged in the Group's culture and working processes, including those who work remotely.
- Transforming the HR brand: from a strong retailer with professional IT to a tech company.



EFFICIENCY

- Achieving maximum employee efficiency and productivity.
- Searching for new synergies and opportunities to enhance business efficiency (in-house services for vendors and banks, lean office).



INNOVATION

- Digital transformation: creating conditions to form new capabilities and boost creativity through a change in mentality.
- Searching for cheaper, faster and more innovative products and services, as well as new formats for interaction and business management.

Basic principles of the hybrid work model:

 UNIFORM RULES FOR INTERACTION IN DIGITAL AND PHYSICAL
 SPACE (STANDARDIZATION, FORMALIZATION AND CHANGES
 IN THE BUSINESS PROCESS)-DIGITAL WORKPLACES FOR EMPLOYEES;

ENSURING EQUAL ACCESS TO ANY INFORMATION FOR ALL CATEGORIES OF EMPLOYEES;

0

 REPLACING PHYSICAL COMMUNICATION TOOLS WITH DIGITAL ONES WITHOUT LOSING ENGAGEMENT (MEETINGS, CONFERENCES)-PHYGITAL;

TRANSITION FROM "A CLASS A" TO A HIGH-TECH AND SECURE OFFICE. THE PURPOSE OF THE PHYSICAL OFFICE IS ALSO CHANGING FROM THE MAIN PLACE OF WORK TO A CHANNEL FOR COMMUNICATION AND SOCIALIZATION;

O CONSTANT FEEDBACK BASED ON A REAL-TIME FEEDBACK TOOL.

Our transition to hybrid work formats will help make our processes more flexible and adaptable. In particular, we have entered the national labor market (and even beyond) and can make attractive proposals to the widest possible target audience regardless of borders. Around 30% of the IT specialists who joined the Group in 2020 live and work in different regions of Russia, not just in Moscow.

RECRUITMENT AND SELECTION

We need people to drive the technological transformation of our business. We are introducing multichannel recruitment designed to improve the quality of the selection process and reduce its cost and length.

In an effort to attract the best people, the Group uses different channels of communication with candidates and also conducts training sessions to train and induct employees. Together, we are strengthening the functionality of the career website, developing intern programs and using a variety of channels to recruit the very best people.

In 2020, 10,500 people joined our team in Russia. Most of the employees-9,900 people-were operational staff (retail, service and logistics divisions), who remained at the forefront of our business despite all the challenges of 2020.

During the year, we began actively developing internal teams with strong digital capabilities. We are transforming the Group in terms of our employer brand and taking a product-based approach to work, where IT equals business. As a result, we are learning within the Group to combine the desires and needs of both parties. We are as open as possible to the IT market: using various opportunities for communication, we show applicants the scale of the projects and innovative approaches in our work. Everyone working in technology, regardless of their level of professional skills, has the same growth potential within the organization because they are implementing a great digital transformation together.

In August 2020, we launched a referral program for IT professionals. We hired 11 people in the first five months and will expand this recruitment channel in 2021. Over 180 people joined our IT team during 2020, and we plan to hire more than 600 people in 2021.

As we scale up internal digital expertise, we are planning cross-platform projects to recruit employees in 2021, which include cooperation with the Russian Internet's main social platform for IT, habr.com. We are launching podcasts, video jobs, community management and other initiatives.

Induction and adaptation

Adaptation and onboarding are among the most important processes for helping new employees immerse themselves in the Group's corporate culture and join the team. We use the opportunities offered by the digital environment to immerse employees in our business in the most convenient, interesting and effective manner possible.

To make the adaptation program more effective, we have revised the process for newcomers to our stores. Now the adaptation program will last six weeks, during which new employees will take the necessary courses, study theoretical issues and also fulfill a sales plan. The timef rame can be optimized due to new formats of interaction, such as chatbots. The program helps to assess new employees' adaptability to different communication channels and to constantly remain in touch with them. On completion of the adaptation process, new employees undergo testing and an evaluation of the rexecution of the sales plan. Based on this, they are assigned a category that affects their income.

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TRAINING, DEVELOPMENT AND ASSESSMENT

Training

State-of-the-art training and development programs offer a solid foundation for achieving the Group's long-term goals. We systematically invest in developing our staff's skills and capabilities to deepen their knowledge of our products and services and find tailor-made solutions for any customer. We encourage greater cross-functional interaction between teams, train managers on the principles of effective delegation and work to promote a corporate culture within teams.

In 2020, we continued to scale up our educational programs and promote employee development. Our employees completed over 370,000 tutorials on leadership and professional development. We provided on-the-job training under the guidance of managers, mentors and colleagues. Due to the pandemic, educational programs primarily shifted online, where we used various forms of distance learning, such as asynchronous formats, e-courses and training via social media (an expert zone, messengers and chatbots).

During the year, we gradually expanded the list of programs available on the training portal and also continued to develop the Office Manager School. We devoted special attention to developing communication, technical and digital skills. An adaptation program for occupational and fire safety was devised for the employees of partner companies. In an effort to increase flexibility in turbulent times, we updated some of the training programs, such as the Introductory Course for New Employees, Product Training, and Occupational Health and Safety for Frontline and Support Workers. Today, more than 110 training programs are available to our employees, including a special package of programs on COVID-19.

We regularly evaluate the effectiveness of our educational programs, including through feedback from employees. In 2020, the NPS for training was 90% for office employees and 87% for retail and support workers.

We cultivate an inclusive work environment by encouraging diversity of culture and thought. Through investment in training and development programs, we create a pool of diverse talent and encourage the growth and development of all employees. It is important for us that people feel valued, are treated fairly and have equal opportunities in the workplace. Average hours of training for full-time employees by gender and employee category

	2019	2020
Men	19.1	31.9
Women	18.9	36.7
Total	19.0	33.4
Senior management	1.0	0.9
Managers	1.3	1.6
Store directors	8.6	7.8
Specialists / office employees	2.5	2.3
Retail employees	22.7	38.5
Total	19.0	33.4

Staff evaluation and development

M.Video-Eldorado understands the importance and value of timely feedback on each employee's performance and current skill and competence levels. The Group evaluates the productivity of its employees as part of an annual business assessment and performance review, which analyzes the achievement of individual goals and the effectiveness of the business as a whole. The appraisal and performance review help support talented professionals and create opportunities for them to grow and develop, including through internal competitions for vacant positions.

The performance review of store employees is conducted twice a year and is based on an analysis of their professional experience and skills as well as the fulfillment of their monthly sales plans. Each year, more than 24,000 people undergo performance reviews, the results of which affect the level of salaries of most categories of personnel. In 2020, we had to move away from the standard format for conducting personnel assessments, but the process will resume in 2021, taking into account the new work formats.

In 2020, the annual appraisal of head office employees and retail executives (division directors, regional managers and store directors) encompassed around 3,500 people, or 12% of the Group's total headcount. New innovations in 2020 included an evaluation of digital and leadership capabilities as well as a 360-degree assessment based on feedback from colleagues about an individual's actions in actual work situations and business acumen. In addition to the personnel assessment, we also introduced additional programs to form a pool of future retail managers and provide feedback. Such programs include a pilot project on real-time feedback from teams as well as special development programs that encompassed more than 2,000 people.



¹ The number of store directors who underwint a performance assessment increased due to the Group's diransion in 2020, ² The number of phyloties who underwint a performance assessment decreased due to the postformening of the standard review process causes by the durbers expension(caus) struction in 2020. The fault proc.uke sector in 2020.

As such, the assessment procedures help to comprehensively analyze the development of employees' corporate skills and effectiveness, form a culture of feedback and identify a talent pool for managerial positions in the office and in retail.

In 2020, we continued to implement the "Career without Barriers" project, a talent pool program for retail employees who want to work in the head office. After successfully completing the selection stages, employees join the talent pool and are given priority consideration for open vacancies.



Development of a talent pool

Developing a talent pool enables the Group to manage the potential of its human resources, ensure staff safety and help individuals adapt to new positions more quickly. This offers employees clear career prospects and increases their level of loyalty, involvement and motivation, as well as their desire to achieve the goals they have set.

For office employees, as well as applicants for divisional and regional managers, the members of the talent pool are determined based on an annual evaluation made at meetings of the Group's personnel committees. Initial selection for the talent pool for the positions of store director and manager is based on the principle of self-nomination and obtaining a recommendation from a store director. All potential candidates undergo an assessment of their skills and motivation based on Ecopsy's VCV and WebAssessment platforms. To ensure an independent and comprehensive assessment of an employee's potential, we also conduct an evaluation using the Korn Ferry, RosExpert and TalentQ tools. Based on this, a decision is made to enroll the employee in a modular training program for a target position (Office Manager School).

Through existing programs and opportunities for development, more than 1,800 people are part of the talent pool for the positions of regional and divisional managers, store directors and other leadership positions; more than 50 people are successors to senior executives at the head office. We are proud that over 96% of retail appointments are made from the internal talent pool, and almost 13,570 people, or 48% of total employees, were transferred horizontally or vertically within the Group in 2020.

REMUNERATION AND ACKNOWLEDGEMENT

M.Video-Eldorado takes care of each employee and offers competitive remuneration and a benefits package. We are aware of the current challenges and risks involving the remuneration system in the retail sector. As such, we closely monitor the fairness and balance of our employees' earnings and maintain open and transparent relationships with our colleagues.

M.Video-Eldorado ensures its remuneration system is competitive and fair by conducting an assessment of positions in accordance with the international grading system based on the Mercer methodology. We review employee remuneration each year based on the Group's positioning policy and an analysis of the labor market in all cities where we operate. In addition, remuneration for IT team employees is revised twice a year, since the market for this profession is highly competitive.

A ratio of the constant and target variable portion of income is established for each position based on the extent of the position's influence on business results. The target variable portion in total income increases in light of the position's importance for business. The actual amount of the variable portion is determined based on a centralized system for setting, evaluating and monitoring key performance indicators (KPIs). KPIs provide a fair assessment of both the individual and collective performance of the Group's employees and divisions.

A bonus system based on a direct percentage of sales is used to ensure that employees in retail sales achieve the best-possible results. Salespeople can obtain information about the bonus amounts online using their mobile devices.

All M.Video-Eldorado employees are provided with a social benefits package, which is offered in a format called "Benefits Cafeteria" and includes private medical insurance, workplace accident insurance, medical examinations, vaccinations, the opportunity to sign up for fitness clubs, as well as a package of work-related benefits (compensation for travel expenses, mobile phone expenses and expenses associated with moving to another area as part of the relocation policy). As such, employees can choose the benefits that are most interesting or relevant to them within the limits set for their positions.

The Group also has extensive non-financial incentive programs. We reward the best employees on a quarterly and annual basis, maintain ratings and hold competitions and contests that aim to improve the performance of both individuals and entire divisions. In 2020, some 4,000 employees won such monthly and annual contests as "I Care," "Turn on the Future," "It's All About Attitude," "Bars' and "Electrum." Thanks to its comprehensive staff development and motivation system, M.Video-Eldorado is a leader in terms of employee turnover and engagement among retail companies not only in Russia but also worldwide. In 2020, the Group had employee turnover of 31%, versus an average of 57% in Russia and 45% globally. The engagement rate was 80% for the Group, compared with 68% on average in Russia and worldwide.

Given the current realities, the Group pays special attention to the health, employment and financial security of its employees. To this end, last year we introduced additional support measures for staff:



A stable monthly income was set for all retail employees, which is not dependent on sales results. This was extremely important considering the limited working hours due to COVID-19 restrictions;



Individual goals were canceled and all employees worked according to the Group's common goals;

Idle store employees were given the opportunity to perform other jobs, such as working at the contact center and handling courier deliveries. For instance, 440 salespeople worked as operators at the M.Video-Eldorado contact center. The Group also agreed to transfer store employees to partner companies;



All the Group's employees became members of the life insurance program;



M.Video-Eldorado offered free access to a 24-hour telemedicine line run by therapists and medical specialists;

Employees underwent free weekly COVID-19 testing;



A fund of more than RUB 7.5 million was established to provide financial assistance to all employees testing positive for COVID-19 in 2020;



More than 10,000 of the Group's employees took part in programs to support their physical and psychological health, and also participated in the Health Week project, an interactive marathon under the slogan "Get into Healthy Habits." The marathon included online sports, lectures on nutrition and ways to deal with stress, as well as materials on conscious and responsible consumption.

ENGAGEMENT AND CULTURE

In 2020, as the world changed rapidly and unexpectedly, corporate communication and support measures played a key role in ensuring the continuity of work processes and boosting employee morale.

When building communications, we adhered to three key principles:

- **Speed** news should be released promptly because a newsworthy event may lose its relevance quickly.
- **Regularity** consistent communication is linked to stability, which people particularly appreciate in times of crisis and uncertainty.
- **Transparency** an open dialogue with the team helps to maintain employee trust.

Last year, we successfully launched business communications for retail staff, thereby eliminating distance between the head office and store personnel. By October 2020, the conversion rate for reading business communications was 80%–87%, while that for their execution was 65%–82% among employees of M.Video and Eldorado stores.

In 2020, EM Life 2.0 was declared the best communication and service ecosystem in Russia at the Russian Intranet Awards and one of the best in the world at the Intranet and Digital Workplace Awards (London-Sydney).

Following the integration of M.Video and Eldorado in 2019, we created a fundamentally new solution called EM.Life 2.0, which conveys the Group's strategy effectively and unites employees throughout Russia from their first day of work. In 2020, EM Life 2.0 was recognized as the best communication and service ecosystem in Russia at the Russian Intranet Awards and one of the best in the world at the Step Two Intranet and Digital Workplace Awards.

During the COVID-19 restrictions, we were among the first to transfer employees at the head office to remote work from home. The Group's flexible infrastructure helped to organize full-fledged workplaces outside the office as quickly as possible without losing efficiency. A digital workplace for employees was set up by the services in charge of training and development (EM.Study), personnel administration and digital recruiting, self-service, team collaboration and electronic document management. In-store Operations and mRTD, digital tools for organizing work and sales at stores combine to form a unified digital ecosystem.

During the pandemic, the M.Video-Eldorado intranet became a key source for obtaining information and consolidating the staff's attention. Today, 6,000-10,000 people visit this communication channel daily, including employees of our partners and former M.Video-Eldorado employees who are part of the digital Alumni Club.

"Make a Name for Yourself!"



In 2020, the Group confirmed its leadership in retail by organizing the "Make a Name for Yourself!" contest for CE salespeople, the first of its kind in Russia. The project aims to bolster and improve the prestige of the sales profession and support employees who are helping people choose the technology they need despite the situation with COVID-19. The contest featured 3,500 CE salespeople from 50+ networks. The names of the winners were announced at the DIGITAL SHOW gala concert. In addition, the contest resulted in an entry in the *Records of Russia* book for **"the largest number of registered salespeople at an online store attending a single event in Russia."**



M.Video-Eldorado continues to develop its corporate accounts on the leading social media platforms in Russia: VKontakte and Instagram. In 2020, we posted about our Group on digital channels, such as our career pages, career website and specialized media resources, to show current and future employees what life is like at M.Video-Eldorado as well as how our colleagues in different regions are working. In 2020, the overall reach of corporate communities on social media doubled to more than 2.3 million users, with 616,955 users on Instagram, 1,289,180 on VKontakte, 210,000 on Facebook and 180,000 on Habr. Total traffic from communities to the website showing vacancies exceeded 20,000 clicks, up 50% compared with 2019.

The Group also actively supports corporate volunteering. We understand the importance of developing local communities and encourage our employees to change the world around us for the better.

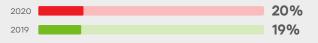
M.Video-Eldorado's volunteer movement currently has around 5,500 people. Our employees plant trees, clean and develop protected areas, take part in charity races, help children, the elderly and veterans, as well as support animal shelters. In doing so, they contribute to the achievement of **SDG 3 Good Health and Well-being** and **SDG 17 Partnerships for the Goals**.

Group employees who took part in volunteer initiatives

Number of volunteers among the Group's employees



Percentage of volunteer employees among the Group's employees



During the pandemic, we undertook a wide range of initiatives to maintain engagement and help employees adapt to the new realities and processes:

• Regular updates about the main news within the Group, in Russia and around the world through additional emails, newsletters and digests.

 Online workshops given by employees for other employees: workouts, cooking shows, life hacks and an event called "random coffee". Provision of materials on financial awareness in times of economic uncertainty, as well as training sessions and consultations with psychologists to support people working from home, including employees with children.

 Monitoring of engagement and health among teams: monthly pulse surveys tied to the main news events. Weekly events for people to show off their remote workspace and talk about what they are going to do when the pandemic ends, as well as extended pulse surveys.

 Sixteen major corporate events online, including 12 divisional conferences and eight large retail events, one major roadshow and two top salesperson conferences. We talked about our achievements and plans for the future, presented awards to the best employees, demonstrated innovations in home appliances and electronics, and developed new skills.

• We organized the following additional support measures for employees of the retail, service and logistics departments, who continued to work on the front line throughout the year:

• We launched information campaigns and flash mobs on social media and intranets with the hashtags #TOGETHER and #ICHOOSE as a sign of solidarity with employees on the front line.

• We implemented new training programs that aim to develop universal skills.

• We informed employees about opportunities for reorientation and employment at partner companies.

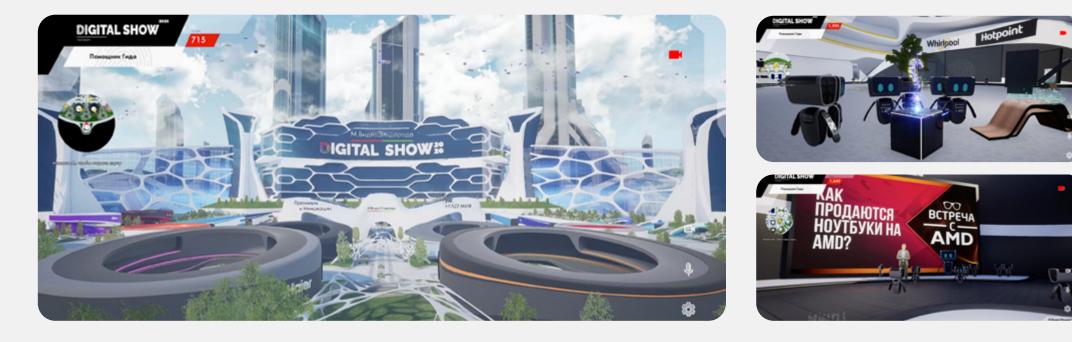
"Running for a Smile!" charity race



On September 5, 2020, the Group launched the sixth Russian charity race "Running for a Smile!," which aims to help small children who are awaiting maxillofacial surgery as part of the "Beautiful Children in a Beautiful World" program. Charitable registration fees from the race participants are used to cover the huge and sometimes unaffordable expenses for the families of these children. We traditionally hold the charity races in autumn and bring together employees from different cities for joint races. However, 2020 made its own adjustments to the usual format of the campaign and, for the first time, the charity race was open to everyone. Runners took part in small teams while observing social distance. The race involved 5,558 participants from 212 cities and raised almost RUB 1.5 million, which helped give a smile to 10 children!

ALUMNI CLUB

In 2020, we launched the Alumni Club to provide career counseling and support to former M.Video-Eldorado employees. We care about what they are doing in their careers and lives, so we organized a closed course just for them called "Anti-Crisis: Details for Building a Career," which aimed to provide strategies for finding a job in an unstable time. More than 500 people learned about the principles of building a career in this period of uncertainty, opportunities in freelance professions and the growing demand for digital specialists. We also shared practical tips on how to prepare for interviews and how to design their CVs and cover letters.



DIGITAL SHOW 2020

• Each year, M.Video-Eldorado holds a major exhibition at which our partners present new home appliances and electronics to our best sales consultants. In 2020, we were faced with the challenge of preserving this traditional event and held it entirely online.

• We held the unique two-week interactive exhibition DIGITAL SHOW 2020 in massively multiplayer online game format, which brought together 25,000 of the Group's employees and 27 partners to an area of 30,000 virtual square meters. A special virtual Expocenter was set up as part of the exhibition, and its main "venue" included a common online space, a training center, an exhibition with 27 vendor booths and a special networking area for participants.

• DIGITAL SHOW 2020 was attended by over 25,000 of the Group's employees, who were trained on new products and took part in gamification mechanics with the ability to accumulate points and exchange them for prizes from partners. A personalized avatar was created for each participant, which then moved between virtual studios, interacted with vendor representatives, experts and the Group's management and even appeared on stage during the awards ceremony for the best brand salespeople.

• The event provided an opportunity for the M.Video and Eldorado retail teams to become involved in the technological processes of online retail, get to know the new products of 2020–2021 in close detail and maintain employee engagement during the pandemic and the information vacuum that accompanied it. Our salespeople received a motivational boost ahead of the high sales season and broadened their expertise on new home appliances and electronics.

• DIGITAL SHOW 2020 concluded with a gala concert that was broadcast live from the Okko online cinema, which gave the whole country a chance to learn the names of the best CE sellers in Russia.

HEALTH AND SAFETY

We are responsible for a safe and comfortable environment for more than 28,000 employees, over 220 million customers and more than 300 partners. We adhere to a policy of zero tolerance for violations of safety rules and neglect for people's lives and health.

In 2020, we intensified health and safety measures and undertook a range of complementary actions to protect people's lives and health in line with **SDG 3 Good Health and Well-being and SDG 8 Decent Work and Economic Growth**. In accordance with federal and local regulatory requirements, we take additional measures to protect the health of our employees and customers. Store employees always wear personal protective equipment, regularly take their temperatures and wash their hands with antiseptics. All our premises are regularly cleaned and sanitized, including equipment samples on display. All stores have recirculation units to disinfect the air, and checkout areas have special markings to ensure social distancing as well as protective screens. In addition, we have visual aids and audio announcements that inform customers about the need to comply with the prescribed measures, give recommendations on safe behavior in stores and provide other important messages.

Reach of the occupational health and safety management system¹

management system ¹	2019	2020
Percentage of employees covered by the OHS management system	100%	100%
Number of employees covered by the OHS management system	28,490	28,364
Total workplaces subject to a special assessment of working conditions (SAWC)	18,600	16,900 ²
Number of workplaces that have undergone an SAWC	9,963	1,690
including class 1 workplaces	714	66
including class 2 workplaces	8,211	1,350
including class 3 workplaces	1,038	274
including class 4 workplaces	_	_

¹ DATA ON THE GROUP'S EMPLOYEES. NO BREAKDOWN OF DATA ON CONTRACTORS IS MAINTAINED.
² THE NUMBER OF JOBS DECREASED DUE TO THE UNIVERSALIZATION OF JOBS AT THE GROUP'S RETAIL STORES.

Occupational health and safety training

Staff training is an essential tool for educating professionals and managers about hazards and risk management in the workplace. Another objective of training is to provide employees with a deeper understanding of legal requirements and best practices in workplace health and safety so that they can also contribute to the development of a strong safety culture within the Group.

In 2020, 100% of employees completed mandatory health and safety training in the workplace, including measures to prevent the spread of COVID-19. All store managers and members of the commissions responsible for testing knowledge of occupational safety and work at heights for store and warehouse employees regularly undergo mandatory training at training centers (upon initial hiring and again after three years).

Reach of occupational health and safety training

Occupational health and safety training	2019 2,139	2020 1,608
Occupational safety training when working at heights	2,997	3,222
Electrical safety training	1,012	1,450
Industrial safety training	570	1,707
Fire safety training	220	321
Mandatory testing of employees' knowledge	26,351	26,756

Injury and illness

In 2020, M.Video-Eldorado recorded 12 lost-time employee injuries associated with its operations, 12 medical incidents and zero deaths. No injuries were reported among contractors associated with the Group's activities. In addition, there were no accidents among employees as a result of occupational diseases with loss of working time or fatal accidents due to occupational diseases.1

Analysis of industrial injuries by type in 2019–2020



Injury rates		
	2019	2020
Fatal accident rate (FAR) ²	0	0
Lost-time incident rate (LTIR) ³	0.20	0.23
Total recordable incident rate (TRIR)4	0.41	0.47
Injury frequency rate is the number of lost-time work injuries per 1,000 employees ⁵	0.39	0.42

		medical	

	2019	2020
Total number of fatalities associated with the Group's operations	0	ο
Total number of lost-time injuries associated with the Group's operations (<i>excluding fatalities</i>)	11	12
Total number of medical incidents ⁶	11	12
Number of working days lost due to accidents	682	627

¹ THERE WAS A TYPO IN THE 2019 ANNUAL REPORT: AS OF 12/31/2019, THERE WERE 11 CASES OF INDUSTRIAL INJURIES.

Пеке кма и тиго к т.н. 2019 илиши, вероги, ка ог 12/3/2/01, типек кибе II 0.0585 оf виратал выднез.
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CHARITY

Charity is an integral part of M.Video-Eldorado's corporate culture. Systemic professional aid not only helps to resolve urgent problems but also has a positive effect on the mental and psychological health of the people who are involved in it.

The Group's charitable endeavors primarily focus on helping to pay for expensive treatments for children (SDG 3 Good Health and Well-being), providing assistance to people in difficult life situations (SDG 17 Partnerships for the Goals) alongside protecting the environment. In addition, starting from March 2020, we have been flexible in responding to the changes that have occurred in the country and suspended work on certain charitable projects, while focusing on the following areas:

1 Support for the most vulnerable members of society due to the adverse epidemiological situation in the country: we have been helping doctors and elderly people in Russia's regions;

2 Helping employees and their families who have found themselves in a difficult situation due to COVID-19.

It was also paramount for us to continue working in our traditional areas of charity, which we do through the Group's corporate foundations: Beautiful Children in a Beautiful World and Our Initiative.

Social investments in 2019–2020	2019	2020
Expenses on charitable activities, including foundations and programs, RUB mln:	65.5	40.1
Beautiful Children in a Beautiful World foundation, including "Beautiful Children" program "Beautiful World" program	31.8 23.1 8.6	27.5 18.7 8.8
Our Initiative foundation, including "Let's Grow Together" program "Teenager's World" program "21st-Century Professions" program "Veteran" program "Commonwealth" program Other	33.8 3.8 5.5 3.2 0.4 19.6 1.3	12.6 1.5 1.0 0.5 0.1 9.1 0.4

Beautiful Children in a Beautiful World

Children and the environment are what we live with, depend on and cherish. They are our shared and enduring values. M.Video-Eldorado established the Beautiful Children in a Beautiful World foundation in 2013 to achieve the following key goals:

 Improvements in health and quality of life: the foundation provides support to families who need assistance for the treatment, rehabilitation and social adaptation of children with maxillofacial trauma;

• Conservation: the foundation helps nature reserves and national parks to implement projects that aim to preserve Russia's natural and cultural heritage;

• Education and engagement: the foundation draws attention to the value of Russia's protected areas and instills a sense of pride in the country's unique nature as well as a desire to take part in its preservation.

In 2020, the foundation continued to implement the two charitable programs "Beautiful Children" and "Beautiful World", while actively attracting external funds and engaging volunteers. In 2020, the foundation raised RUB 38.2 million, with 78% of donations coming from M.Video-Eldorado and its clients. Since the programs were launched, the foundation has implemented 53 nature conservation projects in 21 protected areas, bestowed 1,097 smiles and provided aid to 731 children.

¹ 1 SMILE = 1 OPERATION OR OTHER STAGE OF TREATMENT.

- "B	eau	tiful	Chil	dren"

"Beautiful World"

Objective

To provide organizational and financial assistance for the treatment of children with congenital maxillofacial problems. If they are not treated in time, children not only suffer in terms of their health and physical development but can be negatively impacted for the rest of their lives. Multistage treatment can restore speech functions, return an aesthetic appearance to their nose and lips and ensure their facial bones develop normally. To support nature conservation in Russia-the nature we love, are proud of and want to pass on to our children. These efforts focus on supporting the gold standards of nature: Russia's nature reserves and national parks.

2020 results

The foundation bestowed smiles upon 147 children, with 64% of children receiving support for the first time. Surgical treatment of maxillofacial problems accounted for 85% of the assistance provided.

Groundhog," Privolshsky Les Nature Reserve;

• "Primordial Forests of Russia;"

Projects currently underway:

Kerzhenets Nature Reserve:

• Steppe Islands-Home to the

"Return of the Reindeer."

- "Pallas's Cat–Know and Empathize to Preserve," Daursky Nature Reserve.
- Completed projects:
- Wild Birds and Animals Rehabilitation Center, Kuznetsk Alatau Nature Reserve:
- "Restoring Forests-Returning Bison," Ugra National Park;
- "From the Cradle of the Pond to Valdai Lakes," Valdai National Park;
- "Preserving the Sacred World of Altachey," Baikal Nature Reserve, Altachey Wildlife Area;
- "Kamchatka. A Story in Foxes," Kronotsky Nature Reserve

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The "Let's Grow Together" program aims to support wards of the state from the time they are born until the age of four. The program helps improve medical, educational and social assistance for children and also aids in the adoption process. In 2020, we provided assistance to 73 institutions.

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The "Teenager's World" program aims to help with the social adjustment of kids living at orphanages, boarding schools, centers that promote family education and social centers for minors aged 5 to 18 years. In 2020, 34 institutions received assistance.

The "21st-Century Professions" program aims to assist government educational institutions with preparing educated and patriotic citizens as well as supporting children and teenagers aged 10 to 18 who are studying at cadet schools, Suvorov military schools, the Nakhimov Naval Academy and the Moscow Military Music School of the Russian Ministry of Defense. In 2020, the program encompassed 14 educational institutions.

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The "Veteran" program aims to support veterans of the Great Patriotic War (World War II) as well as families whose breadwinners were involved in hostilities and died in the line of duty. This program is being implemented in collaboration with interregional public organizations of veterans who took part in military parades on Red Square on November 7, 1941, and June 24, 1945. In 2020, we helped 61 veterans and three families.

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The "Commonwealth" program carries out charitable projects in partnership with other nonprofit, for-profit and government organizations. In 2020, the following projects were implemented as part of the program:

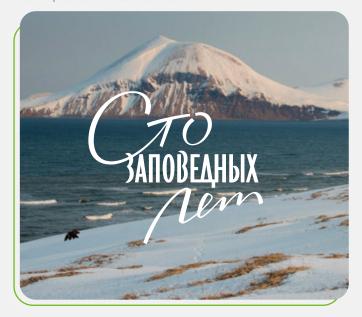
• "Happy Child-Healthy Child";

• a joint project with the Charitable Foundation for the Revival of the Culture and Traditions of Small Towns of Rus;

- the Emergency Situations campaign;
- assistance to hospitals during the COVID-19 pandemic in Moscow and the Krasnodar and Samara regions;
- a joint project with the Old Age for Joy charitable foundation for pensioners in 17 Russian regions.

100 Years of Nature Reserves

In 2021, the MIF publishing house released the book *100 Years of Nature Reserves* with the support of the Group and the foundation. The book is the result of a four-year (2013–2016) trans-Russian photo expedition dedicated to the 100th anniversary of Russia's nature reserve system. The author, the renowned nature photographer Igor Shpilenok, traveled 60,000 kilometers in a camper van, visited more than 50 nature reserves and national parks, and captured the beautiful natural surroundings that they have managed to preserve. His journey took him to the shores of the Bering Sea, the Sea of Okhotsk, the volcanic plateaus of Kamchatka, the Primorye territory, Outer Manchuria, Lake Baikal, endless Siberia, the South and North Urals, and the White Sea. The Beautiful Children in a Beautiful World foundation will receive proceeds from each book sold.



"Good Toys"

The Good Toys campaign lets each customer feel like a wonder-worker and perform a New Year's miracle: either bestow a smile on a child with maxillofacial problems or help to preserve a protected nature reserve. All you have to do is add RUB 50 for a "good toy" to your purchase during checkout at M.Video and Eldorado stores. Through the participation of our caring customers, we sold 239,272 "Balls of Kindness" and "Give a New Year's Miracle" toys in 2020 and raised almost RUB 12 million. This amount will be sufficient to fund 76 operations for children with maxillofacial problems as part of the "Beautiful Children" program.

More information about the projects is available on the website of the Beautiful Children in a Beautiful World foundation: <u>www.detipriroda.ru</u>

Our Initiative

The Our Initiative charitable foundation, established in 2005, is an economic tool for implementing M.Video-Eldorado's social programs and projects. In 2020, we focused on providing social assistance to doctors, hospitals and the elderly, as some of the most vulnerable members of society.



OF TOTAL CHARITABLE EXPENDITURES SPENT ON ASSISTANCE FOR CHILDREN AND ADOLESCENTS IN 2020



INVESTED IN PROGRAMS TO SUPPORT ADULTS

CUSTOMERS AND TECHNOLOGIES

OUR GOALS



Only collective action on sustainable development can bring about systemic progress in our sector. We believe in a fair and inclusive economy, which is why we are working to make our stores, websites and products more accessible to everyone. By joining efforts with our partners in accordance with **SDG 17 Partnerships for the Goals** and using cutting-edge technologies, we help support communities, protect the environment and improve people's well-being in the areas where we have the greatest impact.

Technology has become an integral part of our lives. It improves living standards, facilitates many tasks and provides other benefits for people. We firmly believe that, with a deliberate approach, technology can help solve the global problems facing mankind, such as minimizing our environmental footprint, increasing accessibility for people with disabilities and ensuring data security.

As part of our sustainability strategy, we have undertaken the following commitments:

Accessible environment	Cybersecurity	Promotion of products for conscious consumption and an eco-friendly lifestyle
⊙ Long-term goals until 2025	⊙ Long-term goals until 2025	⊙ Long-term goals until 2025
 Make 100% of the Group's online and offline stores accessible to people with disabilities. 	 Ensure that 100% of employees undergo annual training on working with personal data and information security skills. 	 Generate 20% of revenues from products that promote healthy and sustainable lifestyles.
🔮 2020 results		🔮 2020 results
• We conducted an analysis of the operation of the websites and applications of the M.Video and Eldorado brands in terms of their accessibility for people with disabilities.	 We launched a special training section on information security and expanded the training program on this issue. 	 We launched a pilot program to assess product categories based on environmental criteria.

CURRENT INITIATIVES

Accessibility for people with disabilities

Our goal is to ensure equal accessibility to goods and services for everyone, regardless of how a person sees or gets around, in accordance with **SDG 10 Reduced Inequalities**. We are working to develop a more accessible environment so that no customer feels disadvantaged.

Today, both of the Group's brands are working to build a seamless customer journey, but we see opportunities to improve the accessibility and convenience of our services for different groups of people.

We have analyzed the brands' websites and applications in terms of their accessibility and are making adjustments to our work based on the data we obtained. The next step is to train store and call center employees about the culture of proper communication at all stages of the shopping journey and to work systematically on ensuring the physical accessibility of all of our stores. These initiatives will make shopping more enjoyable for people with different needs and backgrounds.

Cybersecurity

We view privacy and cybersecurity as critical components of the shopping experience. This is why we are introducing modern information security technologies to minimize the likelihood of a breach in the confidentiality of our employees and customers. As part of this work, we adhere to the requirements set out in the Information Security Policy, the Regulation on Confidential Information and the Personal Data Processing Policy, which describes the basic principles of our work in this regard.

Our employees and the employees of our partners must be cybersecurity ambassadors for our customers. With this goal in mind, we are improving our systems and launching training courses on personal data security and working with data for employees. This will help us strengthen our approach to security by using multiple layers of protection and reducing the risk of any failure in individual management tools. In 2020, we launched a special section dedicated to information security called Security Tips on our EM.Life internal portal and spoke with employees about such topics as:

Antivirus protection;

Password policy;

Clean desk policy.

- Basic information security rules;
- Processing and protection of personal data;
- High season safety recipes;
- Protection of personal devices;

¹ Source: Number of people with disabilities by constituent entities of the Russian Federation, Federal Register of Disabled People as of January 1, 2021. The key metrics for ensuring information security are the absence of data leaks as well as providing all employees with training on the rules for working with personal data. In 2020, the following courses on information security were available on our portal: "Information Security Basics," "Social Engineering and Protection against Fhishing," "Working with Personal Data," "Trade Secrets", "Remote Access Security" and "Device and Cloud Protection". In 2021, we plan to launch new training courses on how to use the Group's security services. In March, we will start a course on two-factor authentication, and we are also preparing to launch complex security measures for the development of in-house software and M.Video-Eldorado products.

Promotion of products for conscious consumption and an eco-friendly lifestyle

We firmly believe that a culture of conscious consumption begins with the conscious choice of products. For this reason, in 2021, we are launching a transparent mechanism to select products with a lower environmental impact (SDG 12 Responsible Consumption and Production and SDG 13 Climate Action), as well as products that help to lead a healthy lifestyle (SDG 3 Good Health and Well-being).

We are currently working on a guide to help consumers navigate product features that help them reduce their carbon footprint and lead a greener lifestyle. We believe the following areas are the top priorities:



Reducing energy consumption

Reducing the energy consumption of devices used in homes and organizations plays an important role in the global efforts to reduce greenhouse gas emissions in line with the Paris Agreement. The Group's job is to make these issues clearer to customers and communicate their benefits.



Reducing waste

The transition to a circular economy is an important pillar for sustainable growth. Our industry is an important sector of the economy in terms of reducing the negative impact on the climate and the environment as a whole. Another pillar of waste reduction is product durability, since products that remain in service for as long as possible and can be repaired reduce the environmental impact of resource extraction, production and consumption.

Reducing water use

In 2010, the UN acknowledged people's right to have access to a sufficient amount of water that meets the criteria for safety and accessibility for their personal and domestic needs. Pressure on freshwater supplies is constantly increasing due to the expanding population, environmental pollution and the growing needs of the manufacturing and agricultural sectors. Reducing unnecessary water use and promoting more water-efficient devices and appliances can help achieve this goal. This is especially true for home appliances.

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Health and wellness issues

Addressing health and wellness issues, including by reducing the potential toxicity of products. In recent years, more and more attention has been paid to the development of products that do not contain substances that are toxic for humans and the environment. With this goal in mind, work is under way on various elements and substances: from the composition of cleaning agents and heavy metals in electronics to additives in plastics.



Responsibly selecting suppliers

Enhancing the transparency of supply chains is a crucial factor in selecting the suppliers of key materials. The practice of sourcing metals that are essential for the manufacturing of electronics is being analyzed in terms of potentially providing funding to end conflicts, poor working conditions and related human rights problems as well as their potential violations in the future.

Sustainability is a key component of the value proposition of both brands. We will continue to develop environmental and social initiatives that aim to benefit customers, while working with vendors and external partners. We see a keen interest among our audience in services and products that help people lead a greener lifestyle. M.Video-Eldorado plans to increase the share of products that promote healthy and sustainable lifestyles to 20% of revenue in value terms.

FINARCIA L REPORT

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

STATEMENT OF MANAGEMENT'S

Responsibilities for the preparation and approval of the consolidated financial statements for the year ended 31 December 2020

Management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of Public Joint Stock Company "M.video" (the "Company") and its subsidiaries (the "Group") as at 31 December 2020, and the consolidated results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

Management is also responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards of Russian Federation;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved on 3 March 2021.

A. Izosimov Chief Executive Officer E. Sokolova Chief Financial Officer



Opinion

INDEPENDENT AUDITOR'S REPORT

financial statements, including a summary of significant accounting policies.

issued by the International Accounting Standards Board ("IFRSs").

To the Shareholders and the Board of Directors of Public Joint Stock Company "M.video":

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why the matter was determined to be a key audit matter

How the matter was addressed in the audit

RECOGNITION OF SUPPLIER BONUSES

The Group receives significant amounts of supplier incentives and bonuses (hereinafter "supplier bonuses").

We consider this to be a key audit matter because judgment is required to determine

- The commercial substance of supplier bonuses received by the Group;
- The moment when the Group has fulfilled all of its obligations to suppliers; and
- Their classification as those reducing the cost of sales or offsetting other costs and the period over which the related reduction or offset should be recognized.

This requires a thorough understanding of the contractual arrangements and complete and accurate source data. The variety of arrangements with suppliers and types of supplier bonuses received by the Group means that this area of accounting is complex and gives rise to potential errors in the source data and related calculations.

The Group's principal accounting policy in respect of the supplier bonuses is disclosed in Note 3. Management judgments involved in estimating supplier bonuses recognized are disclosed in Note 5. During the audit we:

- Obtained an understanding of the Group's internal processes and controls in respect of accounting for supplier bonuses and assessed whether the supplier bonuses recognition was in line with the Group's accounting policies and IFRS;
- Examined the commercial substance of supplier bonuses by means of a sample-based analysis of contracts with suppliers, the primary documents confirming the Group's right to receive supplier bonuses and other supporting documentation;
- Circularized a sample of suppliers to get assurance that the amounts of recorded supplier bonuses and balances owed at year-end were accurate and complete. Where responses were not received, we completed alternative procedures such as tracing the amounts recorded to documents confirming the Group's right to a particular bonus;
- Recomputed management's calculation of supplier bonuses allocated to year-end inventories based on their commercial substance; and
- Performed a retrospective analysis of bonuses recognized in the prior period to check the accuracy of estimates made by management.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have audited the consolidated financial statements of Public Joint Stock Company "M.video" and its subsidiaries

consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in

equity and consolidated statement of cash flows for the year then ended, and notes 1 to 36 to the consolidated

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the

consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and

its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as

(the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the

NET REALISABLE VALUE OF INVENTORIES

Inventories are carried at the lower of cost and net realisable value. As at 31 December 2020 the value of inventories held by the Group was RUB 146 994 million (31 December 2019: RUB 129 115 million).

The valuation of inventories was identified as a key audit matter because it involves significant judgement, in particular, with respect to the estimated selling price of items held and compensations received from suppliers for damaged goods. The assessment process is subjective and includes studying the historical performance of the inventories, current operational plans as well as industry and customer specific trends. During the audit we obtained assurance over the appropriateness of management's assumptions applied in calculating the carrying value of inventories:

- Obtained an understanding of the Group's processes and procedures related to the measurement of inventories;
- Verified the value of a sample of inventories to confirm it is held at the lower of cost and net realisable value, through comparing to supplier invoices and sales prices;
- Reviewed, recalculated and critically assessed the reasonableness of inventory provision considering historical performance and analysed the amount of provision as a percentage of gross inventory balance year to year; and
- Assessed the completeness and accuracy of historical data used by management in developing its estimates.

ACCOUNTING FOR LEASES

Why the matter was determined to be a key audit matter

How the matter was addressed in the audit

In course of its operating activities, the Group enters into a large number of lease agreements for its stores and warehouses. Given variety and complexity of terms of the underlying leases, significant judgment is required in assessing lease terms and determining discount rates.

In the year ended 31 December 2020 the Group renegotiated a few of its lease agreements which led to the need to account for lease modifications and to recognize the revaluation of right-of-use assets and lease liabilities. The Group also elected to adopt the exemption envisaged by IFRS 16 "Leases" and accounted for COVID-19-related rent concessions as if they were not lease modifications.

Considering significant number of contracts for which terms were renegotiated, and judgments required in accounting for modifications and COVID-19-related lease concessions, this has been identified as a key audit matter.

Information on the right-of-use assets and lease liabilities is disclosed in Notes 2 and 8 to the consolidated financial statements.

NON-CURRENT ASSETS IMPAIRMENT ASSESSMENT

Goodwill of RUB 48 975 million and intangible assets with indefinite useful life represented by trademarks of RUB 9 130 million as at 31 December 2020 are tested for impairment annually. Also, at the end of each reporting period, the Group assesses whether there is evidence of impairment of other non-current assets in cash-generating units ("CGUs") and,

if any, makes an estimate of the recoverable amount of the assets.

Estimation of the value-in-use for both individual assets and CGUs requires a number of significant judgments and estimates including assessment of future margins, discount rate and growth rates. Also, considering the significance of the goodwill amount and the impact of the new coronavirus disease on the global and Russian economy, we have identified

non-current assets impairment as a key audit matter.

Refer to Notes 6 and 34 to the consolidated financial statements.

Other information

The consolidated financial statements of Public Joint Stock Company "M.video" and its subsidiaries for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on these statements on 23

During the audit we:

During the audit we:

data and trends;

"Impairment of assets"

- Obtained an understanding of the Group's internal processes and controls in respect of accounting for leases and specifically lease modifications and COVID-19-related concessions;
- Analysed and challenged key assumptions and judgments used by management while determining the lease term, including the probability of exercising the renewal and termination options, and the discount rate;
- Recalculated a sample of lease agreements with renegotiated terms to get assurance that accounting principles are applied consistently, revaluation of rightof-use assets and lease liabilities is recorded in accurate amounts and exemption for COVID-19-related rent concessions is applied appropriately: and
- Analysed completeness and accuracy of disclosures and their compliance with the requirements of IFRS 16 "Leases".

Obtained an understanding of key controls over the

· Considered indications that may evidence possible

models with approved budgets and forecasts;

· Compared the data used by management in impairment

• Assessed reasonableness of the assumptions used in

· Analysed completeness and accuracy of disclosures

and their compliance with the requirements of IAS 36

and test for acodwill impairment:

assessment of non-current assets impairment indicators

impairment of individual assets and cash-aenerating units:

management's forecasts based on actual results, market

· Performed sensitivity analysis of impairment models for key

assumptions in the ranges of their possible change; and

March 2020.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to
 fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is
 sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement
 resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional
 omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- · Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities

within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Supplementary financial information

Our audit was conducted for the purpose of forming an opinion on the Group's consolidated financial statements as a whole. Management is responsible for the preparation of information accompanying the consolidated financial statements, which is presented as supplementary financial information on pages 68-71. This information is provided for the purposes of additional analysis and is not a required part of the consolidated financial statements for year ended 31 December 2020 prepared in accordance with IFRS. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Biryukov V.E., Engagement partner

3 March 2021

The Entity: Public Joint Stock Company "M.video"

Certificate of state registration № 77 №008748648 of 25.09.2006, issued by Interdistrict Inspectorate of the Russian Ministry of Taxation № 46 in Moscow.

Address: 40/12, building 20 (room 5A, premise II, floor 5), Nizhnaya Krasnoselskaya Street, Moscow, 105066, Russian Federation Audit Firm: AO "Deloitte & Touche CIS" Certificate of state registration № 018.482, issued by the Moscow Registration Chamber on 30.10.1992. Primary State Registration Number: 1027700425444 Certificate of registration in the Unified State Register № 77 004840299 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39.

Member of Self-regulated organization of auditors Association "Sodruzhestvo", ORNZ 12006020384.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

(IN MILLIONS OF RUSSIAN RUBLES)

	Notes	31 December 2020	31 December 2019
NON-CURRENT ASSETS			
Property, plant and equipment	7	17 025	19 777
Investment property		211	349
Intangible assets	9	21 870	20 063
Goodwill	6	48 975	48 975
Right-of-use assets	8	71 593	62 832
Investment in an associate and a joint venture	10	1 244	1 982
Deferred tax assets	18	5 714	3 302
Other non-current assets	11	907	1 431
Total non-current assets		167 539	158 711
CURRENT ASSETS			
Inventories	12	146 994	129 115
Accounts receivable	13	46 224	34 136
Advances issued	13	1 761	1 181
Income tax receivable		100	84
Other taxes receivable	14	25 352	21 316
Other current assets		60	44
Cash and cash equivalents	15	7 445	4 738
Assets held for sale	16	1 229	303
Total current assets		229 165	190 917
TOTAL ASSETS		396 704	349 628
EQUITY			
Share capital	17	1 798	1 798
Additional paid-in capital		4 576	4 576
Treasury shares	17	(749)	(749)
Retained earnings		28 014	26 502
Total equity		33 639	32 127

	Notes	31 December 2020	31 December 2019
NON-CURRENT LIABILITIES			
Non-current bank borrowings	19	31 733	38 752
Other liabilities		454	373
Lease liabilities	8	70 702	57 927
Deferred tax liabilities	18	175	270
Total non-current liabilities		103 064	97 322
CURRENT LIABILITIES			
Trade accounts payable		207 862	176 065
Other payables and accrued expenses	20	14 346	12 975
Contract liabilities	22	6 604	8 112
Lease liabilities	8	10 051	10 532
Current bank borrowings	19	16 195	10 658
Income tax payable		1 643	9
Other taxes payable	21	2 312	1 460
Provisions	23	988	368
Total current liabilities		260 001	220 179
Total liabilities		363 065	317 501
TOTAL EQUITY AND LIABILITIES		396 704	349 628

The Notes form an integral part of these consolidated financial statements.

Signed on 3 March 2021 by:

A. Izosimov Chief Executive Officer E. Sokolova Chief Financial Officer



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

period excluding share of profit/(loss) of an associate and a joint venture

The Notes form an integral part of these consolidated financial statements.

* INFORMATION PROVIDED FOR REFERENCE AND ADDITIONAL ANALYSIS PURPOSES ONLY (NOTE 3).

(IN MILLIONS OF RUSSIAN RUBLES, EXCEPT EARNINGS PER SHARE)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

(IN MILLIONS OF RUSSIAN RUBLES)

	Notes	2020	2019
REVENUE	24	417 857	365 216
COST OF SALES	25	(320 522)	(274 143)
GROSS PROFIT		97 335	91 073
Selling, general and administrative expenses	26	(78 818)	(72 546)
Other operating income	27	4 987	6 408
Other operating expenses	28	(577)	(821)
OPERATING PROFIT		22 927	24 114
Finance income	29	491	295
Finance expenses	29	(12 733)	(12 961)
Share of profit/(loss) of an associate and a joint venture	10	(2 468)	(1 955)
PROFIT BEFORE INCOME TAX EXPENSE		8 217	9 493
Income tax expense	18	(1 676)	(2 359)
NET PROFIT for the period, being TOTAL COMPREHENSIVE INCOME for the period		6 541	7 134
BASIC EARNINGS PER SHARE (in Russian Rubles)	30	36,79	40.13
DILUTED EARNINGS PER SHARE (in Russian Rubles)	30	36,74	40.13

	Notes	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Total
Balance as at 1 January 2019		1 798	4 576	(749)	25 309	30 934
Dividends	17	-	-	-	(5 941)	(5 941)
Total comprehensive income for the year		-	-	-	7 134	7 134
Balance as at 31 December 2019		1 798	4 576	(749)	26 502	32 127
Dividends	17	-	-	-	(5 341)	(5 341)
Share-based payments	32	-	-	-	312	312
Total comprehensive income for the year		-	-	-	6 541	6 541
BALANCE AS AT 31 DECEMBER 2020		1 798	4 576	(749)	28 014	33 639

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The Notes form an integral part of these consolidated financial statements.

Signed on 3 March 2021 by

A. Izosimov Chief Executive Office E. Sokolova Chief Financial Officer



A. Izosimov Chief Executive Officer

Signed on 3 March 2021 by



Officer

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HACKING RETAIL

CONSOLIDATED STATEMENT **OF CASH FLOWS**

For the year ended 31 December 2020

(IN MILLIONS OF RUSSIAN RUBLES)

	Notes		2020		2019
OPERATING ACTIVITIES					
Net profit for the year			6 541		7 134
Adjustments for:					
Income tax expense	18		1 676		2 359
Depreciation and amortization	26		24 094		22 502
Change in allowance for long-term advances paid			167		(96)
Change in allowance for obsolete and slow-moving inventories and inventory losses, net of surpluses			609		976
Interest income	29		(491)		(295)
Interest expenses	29		12 723		12 949
Share of (profit)/loss of an associate and a joint venture			2 468		1 955
Change in provisions			(46)		(600)
Other non-cash reconciling items, net			(1 806)		(769)
Operating cash flows before movements in working capital			45 935		46 115
Increase in inventories			(18 488)		(16 946)
Increase in accounts receivable and advances issued			(12 937)		(4 012)
Increase in other taxes receivable			(4 139)		(5 895)
Increase in trade accounts payable			31 128		20 707
Increase/(decrease) in other payables and accrued expenses			1 957		(1 147)
Decrease in contract liabilities			(1 508)		(3 329)
Increase/(decrease) in other liabilities			707		(324)
Increase/(decrease) in other taxes payable			1 003		(2 138)
Other changes in working capital, net			507		694
Cash generated by operations			44 165		33 725
Income taxes paid			(2 613)		(3 253)
Interest paid			(10 538)		(12 325)
Net cash from operating activities		31 014		18 147	
INVESTING ACTIVITIES					
Purchase of property, plant and equipment			(3 186)		(4 763)
Proceeds from sale of property, plant and equipment			505		571
Purchase of intangible assets			(4 727)		(4 573)
Interest received			491		295

	Notes	2020	2019
Net cash outflow from purchase of subsidiary		-	(134)
Investment in joint venture		(3 460)	(2 380)
Net cash used in investing activities		(10 377)	(10 984)
FINANCING ACTIVITIES			
Dividends paid	17	(5 341)	(5 941)
Proceeds from borrowings	19	42 461	25 000
Repayment of borrowings	19	(43 885)	(35 050)
Repayment of lease liabilities	9, 19	(11 166)	(11 926)
Net cash used in financing activities		(17 931)	(27 917)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2 706	(20 754)
CASH AND CASH EQUIVALENTS, at the beginning of the year		4 738	25 487
Impact of foreign exchange rate changes		1	5
CASH AND CASH EQUIVALENTS, AT THE END OF THE YEAR		7 445	4 738

The Notes form an integral part of these consolidated financial statements.

Signed on 3 March 2021 by

A. Izosimov Chief Executive Officer E. Sokolova Chief Financial Officer



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2020

(in millions of Russian Rubles)

1. GENERAL INFORMATION

The consolidated financial statements of Public Joint Stock Company "M.video" (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2020 were authorized for issue by management on 3 March 2021.

The Company is incorporated in the Russian Federation.

Following the initial public offering in November 2007, the Company's ordinary shares were admitted to trading on MICEX stock exchange (Moscow Exchange) in the Russian Federation.

The Group is the operator of a chain of household appliances and consumer electronics stores and online stores operating in the Russian Federation. The Group specializes in the sale of TV, audio, video, Hi-Fi, home appliances and digital equipment, as well as related services. The Group comprises a chain of owned and leased stores.

The Group is operating under two brands: M.video and Eldorado

The accompanying consolidated financial statements include assets, liabilities and result of operations of the Company and its subsidiaries as at 31 December 2020 and 2019:

		Place of	Proportion of ownership in and voting power held by the	
Name of subsidiary	Principal activity	incorporation and operation	31 December 2020	31 December 2019
LLC "MVM"	Retailing	Russian Federation	100	100
BOVESTO LIMITED	Holding company	Cyprus	100	100
LLC "Invest-Realty"	Operating lease of real estate	Russian Federation	100	100
LLC "Rentol"	Operating lease of real estate	Russian Federation	100	100
LLC "Trade center "Permskiy"	Operating lease of real estate	Russian Federation	100	100
LLC "Eldomarket"	Retailing	Russian Federation	-	100
LLC "BT HOLDING"	Holding company	Russian Federation	100	100
MVEL Investition GmbH	Holding company	Germany	100	100
LLC "CE Trading solutions"	Retailing	Russian Federation	_	100
LLC "MV FINANCE"	Financial company	Russian Federation	100	-

In January 2020, LLC "CE Trading solutions" and LLC "Eldomarket" were liquidated.

In December 2020, LLC "MV FINANCE" was established.

The Group owns an 80% interest in charter capital of LLC "MARKETPLACE", an investment that is classified as a joint venture. Part of the investment was classified as assets held for sale in December 2020 (Notes 10, 16).

Shareholders

TOTAL

As at 31 December 2020 and 2019, the registered shareholders of the Company and their respective ownership and voting interests were as follows:

	2020	2019
ERICARIA HOLDINGS LIMITED	63,5058%	73,5058%
Media-Saturn-Holding GmbH	15,0000%	-
WERIDGE INVESTMENTS LIMITED	9,9999%	-
Treasury shares	1,0993%	1,0993%

MS CE Retail GmbH	-	15,0000%
Various shareholders	10,3950%	10,3949%

100% 100%

As of 31 December 2020, the ultimate controlling party of the Company is Said Mikhailovich Gutseriev.

2. BASIS OF PREPARATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

Basis of Accounting

The consolidated financial statements have been prepared on a historical cost basis as modified by the valuation of financial instruments in accordance with International Financial Reporting Standard 9 Financial Instruments ("IFRS 9") and International Financial Reporting Standard 13 Fair Value Measurement ("IFRS 13") and valuation of items of property, plant and equipment measured at fair value which was used as deemed cost of the property, plant and equipment as at the date of transition to IFRS on January 2006.

The Group's entities maintain their accounting records in compliance with the local legislation on accounting and reporting adopted in jurisdictions of the countries in which they were founded and registered. The accounting principles and reporting procedures and these jurisdictions may differ from generally accepted IFRS principles. Accordingly, financial statements of individual entities of the Group have been adjusted to ensure that the consolidated financial statements are presented in accordance with IFRS.

These consolidated financial statements are presented in millions of Russian Rubles (hereinafter, "mln rubles"), except for per share amounts which are in Rubles or unless otherwise indicated.

Functional and presentation currency

The consolidated financial statements are presented in Russian Rubles ("RUB"), which is the functional currency of each company of the Group, with operating activities. The functional currency for each company of the Group has been determined as the currency of the primary economic environment in which the company operates.

Adoption of New Standards and Interpretations

The accounting policies applied in the preparation of these consolidated financial statements are consistent with those used in the preparation of the Group's consolidated financial statements for the year ended 31 December 2019, except for the effects of the application of the following new standards, changes in standards and interpretations:

Standards and interpretations	Effective from
Amendments to IFRS 16 "Leases": COVID-19-Related Rent Concessions	1 June 2020
Amendments to IFRS 3 "Definition of a business"	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest rate benchmark reform"	1 January 2020
Amendments to IAS 1 and IAS 8 "Definition of material"	1 January 2020
Amendments to references to the Conceptual Framework in IFRS standards, which became effective upon publication on 29 March 2018	1 January 2020
which became effective upon publication on 29 March 2018	

Except for the adoption of the Amendments to IFRS 16 "Leases", the above standards and interpretations have not led to any changes to the Group's accounting policies or have any other material impact on the consolidated financial position or performance of the Group.

Amendments to IFRS 16 "Leases": COVID-19-Related Rent Concessions

In these annual consolidated financial statements, the Group has early adopted the Amendment to IFRS 16: COVID-19-Related Rent Concessions with effect from 1 April 2020 and, as a result, has treated rent concessions occurring as a direct consequence of COVID-19 meeting the following conditions as variable lease payments rather than as lease modifications:

(a) The changes in lease payments result in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.;

(b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021.

(c) There is no substantive change to other terms and conditions of the lease;

The Group has applied the practical expedient to all rent concessions that have met the above criteria.

The Group's rent concessions that have occurred as a direct consequence of COVID-19 are mostly represented by reductions in fixed lease payments or replacement of fixed payments by variable payments for a limited period being 2-3 months on average.

Application of this practical expedient has resulted in:

- Recognition of a reduction in lease payments as negative variable lease payments in profit or loss of 1989 (Note 26).
- Derecognition of 1 989 of lease liabilities that have been extinguished by lease concessions entered into by the Group (Note 8).

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- Has power over investee;
- · Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power over the investee to affect its returns.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

All intra-group transactions, balances, income and expenses or profits and losses resulting from intra-group transactions are eliminated in full on consolidation.

Going concern

These consolidated financial statements are prepared on the going concern basis. The impact of a new coronavirus disease (COVID-19) on the operating activities of the Group is disclosed in Note 34.

Foreign currencies

The individual financial statements of each of the Group's entities are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rate prevailing on the date when the most recent fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise. Exchange differences arising on loans and borrowings are reported as part of finance cost, while exchange differences related to operating items are included into other operating income or expenses.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Initial cost includes expenditure that is directly attributable to the acquisition of the items.

Major replacements or modernizations of property, plant and equipment are capitalized and depreciated over their estimated useful lives. All other repair and maintenance expenditure is recognized in the consolidated statement of profit or loss and other comprehensive income during the financial period in which it is incurred.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	20-30 years
Leasehold improvements	7 years
Trade equipment	3-5 years
Security equipment	3 years
Other fixed assets	3-5 years

Leasehold improvements are depreciated over the shorter of useful life or the related lease term.

Trade equipment and leasehold improvements are depreciated over the estimated useful life specified above unless there is a plan to fully renovate the store prior to reaching the predetermined estimated useful life. In this situation, the net book value of trade equipment will be depreciated over the remaining estimated useful life being the period of time up to the planned renovation works.

The assets' residual value and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Where there are indicators that an asset's or cash generating unit's carrying amount is greater than its estimated recoverable amount, it is written down to its recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss and other comprehensive income.

Construction in progress comprises the cost of equipment in the process of installation and other costs directly relating to the construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction. Depreciation of these assets, on the same basis as for other property assets, commences when the assets are ready for their intended use.

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over estimated useful lives of these intangible assets. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful lives per class of intangible assets are as follows:

Software licenses, development and web site	1-10 years
Trademarks	5-10 years

The Group owns the trademark "Eldorado", acquired in a business combination, which has an indefinite useful life, due to the fact that there is no foreseeable limit to the period over which this asset is expected to generate economic benefits for the Group.

Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- It is probable that the asset will generate future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in the consolidated statement of profit or loss and other comprehensive income in the period in which it is incurred

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Impairment of non-current assets

At each balance sheet date the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiplies, quoted share price if available or other fair value indicators.

For non-current assets the CGU is deemed to be each group of stores located in one city. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Impairment test for goodwill, intangible assets with indefinite useful life and those intangible assets that are not yet available for use, is performed by the Group annually at each year-end by comparing their carrying amount with the recoverable amount calculated as discussed above. If the carrying amount of such assets does not yet include all the cash outflows to be incurred before they are ready for use, the estimate of future cash outflow includes an estimate of any further cash outflow that is expected to be incurred before the asset is ready for use.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are not recognized for taxable temporary differences associated with investments in subsidiaries as the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.Deferred tax assets and deferred tax liabilities resulting from accounting for leases in accordance with IFRS 16 are presented in the consolidated financial statements on a net basis.

Current and deferred income tax for the period

Current and deferred income tax are recognized as an expense or income in the consolidated statement of profit or loss and other comprehensive income, except when they relate to items credited or debited directly to equity (in which case the tax is also recognized directly in equity) or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Joint arrangements

The Group carries out joint arrangements in the form of joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint venture is a legal entity where the Group has a share together with other participants. The investment in joint venture is accounted for using the equity method.

The Group's share in profit or loss and other comprehensive income of a joint venture is presented in the consolidated statement of profit or loss and other comprehensive income from the date the joint control was obtained and until the date of its termination.

If the Group's share in losses exceeds the book value of the interest in the joint venture, the Group discontinues recognizing its share of further losses. If a joint venture subsequently reports profits, than the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

The book value of the investment in the joint venture is subject to impairment test whenever the objective evidence of its impairment exists. The impairment test is performed by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its book value.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquise and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- · Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5

Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Contingent consideration transferred by the Group in a business combination is measured at fair value at the acquisition date and is included in the total consideration transferred in a business combination.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to the groups of cash-generating units that are expected to benefit from the synergies of the combination.

Assets held for sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets (groups of assets to be disposed) classified as held for sale are measured at the lower of a) net book value as of the date of reclassification; and b) fair value less cost to sell, and are presented in the consolidated financial statements as Current assets.

Assets classified as held for sale are not amortized.

Assets classified as held for sale are stated separately as current assets in the Consolidated statement of financial position.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured at cost, including transaction costs.

Depreciation is recognised so as to write off the actual cost or revalued cost of investment property less their residual values over their useful lives, using the straight-line method. In accordance with the accounting policy estimated useful life of Investment property is 20 years.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Government grants

Government grants are recognized in the Group's financial statements only if there is reasonable assurance that all the conditions necessary to obtain them are met and the grants will be received.

Grants are associated with obtaining loans at preferential interest rates.

Grant income arising as the difference between the market interest rate and contractual interest rate on loans received for the payment of wages and financing of current activities is estimated for the entire period of the loan and recognized in other operating income over the periods in which the corresponding expenses compensated by grants are incurred.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques, which include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis, or other valuation models.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- · Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on
 observable market data.

Financial assets

Financial assets are classified into the following specified categories:

- Those to be measured at fair value (either through OCI, or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Financial asset is measured at amortized value, if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets,

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All regular routine purchases or sales of financial assets are recognized on a trade date basis. Regular routine purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Discount rate presents minimum return on investment, when the investor do not prefer the alternative investment of the same resources with the same risk level.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of the financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flows characteristics of the asset. The major part of the Group's debt instrument are represented by trade accounts and loans receivable and are measured at amortised cost applying the effective interest rate as these instruments are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

Impairment of financial assets

Financial assets, other than those as at FVTPL, are assessed for indicators of impairment at each balance sheet date.

The Group always recognizes lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring in the financial instrument at the reporting date with the risk of default occurring on the financial instrument at the date of initial recognition. In making such an assessment, the Group analyzes the change in the risk of default over the expected life of the financial instrument, taking into account reasonable and verifiable information available without excessive cost or effort that indicates a significant increase in credit risk since the initial recognition of the relevant instrument (including using forward-looking information).

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- · The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The carrying value of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of provision account. When a trade receivable is considered uncollectible, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against the provision account. Changes in the carrying amount of the provision account are recognized in profit or loss.

If in the following reporting periods impairment loss is reduced, and this reduction relates to the event that has taken place after the loss is recognized, then previously recorded impairment loss is recovered by adjustment in profit or loss. Meanwhile carrying value of the financial assets on the recovery date must not exceed depreciated value that would have been reported if the impairment loss had not been recognized.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded as the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL. Otherwise financial liabilities are measured subsequently at amortised cost using the effective interest method.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities only if the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Value added tax

Value added tax ("VAT") related to sales is payable to tax authorities on the earliest of (a) cash received from customers in advance or (b) transfer of the goods or rendering services to customers. Input VAT is generally recoverable against sales VAT upon receipt of the VAT invoice. Input VAT on construction in progress can be reclaimed on receipt of VAT invoices for the particular stage of work performed or, if the construction in progress project cannot be broken down into stages, on receipt of VAT invoices upon completion of the contracted work.

VAT is generally allowed to be settled on a net basis. VAT related to sales and purchases which have not been settled at the balance sheet date is recognized in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and liability. Where a provision has been made for the impairment of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

At each reporting date the Group reviews outstanding balance of input VAT for recoverability and creates impairment provision for the amounts which recoverability is doubtful.

Inventories

Inventories are recorded at the lower of average cost or net realizable value. In-bound freight related costs from the suppliers incurred to deliver inventories to the Group's central distribution warehouse are included as part of the net cost of merchandise inventories. Certain supplier bonuses that are not reimbursement of specific, incremental and identifiable costs to promote a supplier's products are also included in the cost of inventory. Other costs associated with storing and transporting merchandise inventories from the central distribution warehouse to the retail stores are expensed as incurred and included either in "Cost of sales" (costs of transporting merchandise from central distribution warehouses to the retail stores) or in "Selling, general and administrative expenses" (all other costs).

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, in transit, including credit card payments, on hand in stores and short-term deposits with an original maturity of three months or less.

Repayments and receipts of loans and borrowings during a period of less than 3 months are presented on gross basis in the consolidated statement of cash flows.

Borrowing costs

The borrowing costs are capitalized by the Group as part of the cost of the asset when the costs are directly attributable to the acquisition, construction of a qualifying asset. Borrowing costs are capitalized provided that these costs could have been avoided if the Company had not made capital investments.

The Group defines qualifying assets as leasehold improvements and other assets acquired in connection with the new store openings which generally take three months or longer to become operational.

Other borrowing costs are expensed as incurred.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Revenue recognition

Revenue is recognized by the Group as the promised goods or services are transferred to customers in an amount that corresponds to the expected consideration to which the Group is entitled in exchange for the goods and services. The estimated cost of customer returns, discounts and VAT are deducted from the revenue. Revenues from sales of goods to companies within the Group are not recognized for the purposes of the consolidated financial statements.

Revenue from the sale of goods is recognized on a 5-step approach as introduced in IFRS 15:

- · The Group identifies the contract with the customer;
- The Group identifies the performance obligations in the contract;
- · The transaction price is determined by the Group;
- The transaction price is allocated to the performance obligations in the contracts;
- · Revenue is recognized only when the Group satisfies a performance obligation.

The Group recognizes revenue when or as a performance obligation is satisfied, i.e. when control over goods or services representing the Group's obligation is transferred to a customer: when the goods are sold in retail stores (offline retail revenue) or delivered to customers for online sales including in-store pick-up (online retail revenue).

Loyalty programs

The Group operates customer loyalty programs "M.video Bonus" and "Eldoradosty" which allow customers to accumulate points when they purchase goods in the Group's retail stores. The Group concluded that under IFRS 15 the points give rise to a separate performance obligation because they provide a material right to the customer and allocated a portion of the transaction price to the loyalty points awarded to customers based on the relative standalone selling price.

Additional service agreements

Until 15 May 2019 the Group sold additional service agreements ("ASA") under which the Group had obligations to its customers for the maintenance of ASA during the entire period of the service contract. Revenue from the ASA is deferred and recognized on a straight-line basis over the term of the service contract. Revenue arising in connection with certificates sold by the Group in prior periods will be recognized until July 2024. Related costs, such as cost of services performed under the contract, general and administrative expenses and advertising expenses are charged to expense as incurred.

Agent fees

The Group recognizes as revenue any sales performed as an agent at net amounts (i.e. at the amount of commission owed to the Group). Such fees include sales of goods, telephone and television service contracts, insurance policies and other services fees.

Gift cards

The Group sells gift cards to its customers in its retail stores and through its website. The gift cards have an expiration date and are required to be used during specified periods of time. The Group recognizes income from gift cards at the earlier date when: (i) the gift card is redeemed by the customer; or (ii) when the gift cards expire.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in the finance cost in the consolidated statement of profit or loss and other comprehensive income.

Cost of sales

The cost of sales includes the cost of goods and services purchased from suppliers, the cost of delivering goods to distribution centers, costs associated with transporting goods from distribution centers to stores, allowance for obsolete and slow-moving inventory, allowance for shortages and suppliers bonuses.

Supplier bonuses

The Group receives supplier bonuses in the form of cash payments or other allowances for various programs, primarily volume incentives, reimbursements for advertising expenses and other costs as well as contributions towards margin protection during specific marketing and promotional activities and other fees. The Group has agreements in place with each vendor setting forth the specific conditions for each allowance or payment. Depending on the arrangement, the Group either recognizes the allowance as a reduction of current costs or defers the payment over the period the related merchandise is sold.

If the payment is a reimbursement of specific, incremental and identifiable costs incurred to promote a supplier's products, it is offset against those related costs; otherwise, it is treated as a reduction to the cost of merchandise.

Supplier bonuses which are earned by achieving certain volume purchases are recorded when it is reasonably assured the Group will reach these volumes. Such payments are accounted for as a reduction of inventory purchases and recognized in the consolidated statement of profit or loss and other comprehensive income when the related inventory is sold.

Markdown reimbursements related to merchandise that has been sold, contributions towards promotional activities and similar payments are negotiated and documented by the Group's buying teams and are credited directly to cost of goods sold in the period the performance conditions for their receipt are met by the Group.

Pre-opening expenses

Expenses incurred in the process of opening new stores, which do not meet capitalization criteria under IAS 16 Property, Plant and Equipment are expensed as incurred. Such expenses include rent, utilities and other operating expenses.

Share-based payments

Cash-settled share-based payments

The Group's liabilities for cash-settled share-based payments are recorded as "Cash-settled share-based payments" and initially measured at the fair value of these liabilities. The fair value of the liability is revalued at the end of each reporting period until the liability is settled, as well as at the maturity date, and changes in fair value are recorded in profit or loss for the period.

Equity-settled share-based payments

Employee benefits that are based on the market value of shares and paid in the form of shares are carried at the fair value of equity instruments at the date when the remuneration is granted. The fair value of the equity-settled share-based payments, determined at the grant date, is expensed over the vesting period.

Employee benefits

Remuneration to employees in respect of services rendered during the reporting period is recognized as an expense

in that reporting period. The Group contributes to the Russian Federation state pension, medical and social insurance funds on behalf of all its current employees (a defined contribution plan) by paying social security contributions ("SSC"). The Group's only obligation is to pay contributions to the funds as they fall due. As such, the Group has no legal obligation to pay and does not guarantee any future benefits to its Russian employees. Any related expenses are recognized in the consolidated statement of profit or loss and other comprehensive income as they become due. Contribution for each employee varies from 15.1% to 30% depending on the annual gross remuneration of each employee. The Group does not operate any employer sponsored pension plans.

Dividends

Dividends are recognized as a liability in the period in which they have been declared by the shareholders in a general meeting and become legally payable. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorized for issue.

Treasury shares

If the Group reacquires its own equity instruments, those instruments ("treasury shares") are recognized as a deduction to equity at cost, being the consideration paid to reacquire the shares. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Such treasury shares may be acquired and held by the Company or by the subsidiaries of the Company.

Leases

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement

date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Determination of lease term – Group is a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The lease term determined by management can be different from contractual lease term. Group's lease terms are up to 10 years.

Alternative Performance Measures ("APMs")

In the consolidated financial statements management has adopted various APMs. These measures are not defined by International Financial Reporting Standards and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry.

APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

Management believes that these APMs assist in providing additional useful information on the underlying trends, performance and position of the Group. APMs are also used to enhance the comparability of information between reporting periods and provide useful information on core retail business of the Group by adjusting for uncontrollable factors which affect IFRS measures, to aid users in understanding the Group's performance.

Consequently, APMs are used by the Board of Directors and management for performance analysis, planning, reporting and incentive-setting purposes.

The APMs used by the Group are discussed below:

APM	Closest equivalent IFRS measure	Adjustments to reconcile to IFRS measure	Definition and purpose
Profit measure			This is a key performance and management incentive metric. This
Net profit for the period being total comprehensive income for the period excluding share of profit/ (loss) of an associate and a joint venture	Net profit for the period being total comprehensive income for the period	Exclude share of profit/ (loss) of an associate and a joint venture	measure excludes share of profit/(loss) of an associate and a joint venture. This measure is used to exclude the performance of companies that are not part of the Group and whose financial performance the Group cannot control.

Reconciliation of APMs discussed above to the closest equivalent IFRS measure is as follows:

	2020	2019
Net profit for the period being total comprehensive income for the period	6 541	7 134
Add: share of (profit)/loss of an associate and a joint venture	2 468	1 955
Net profit for the period being total comprehensive income for the period excluding share of profit/(loss) of an associate and a joint venture	9 009	9 089

4. NEW AND REVISED STANDARDS IN ISSUE NOT YET ADOPTED

At the time of approval of these consolidated financial statements, the following standards and interpretations were published, which are mandatory for the reporting periods of the Group beginning no earlier than 1 January 2021 or after this date, and which the Group has not applied:

Standards and Interpretations	Effective from
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor	Date to be determined by
and its Associate or Joint Venture	the IASB
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to IFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property, Plant and Equipment–Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle	1 January 2022

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will apply these amendments when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendments are intended to facilitate the understanding that a liability is classified as non-current if the organization expects and has the authority to refinance the obligation or to postpone its maturity by at least 12 months after the reporting date under an existing credit line with the previous lender, on equal or similar terms.

The amendments only amend the presentation of liabilities in the statement of financial position, i.e. not regarding the amount, the moment of recognition or disclosure of information.

The amendments clarify that classification should be based on the existence at the end of the reporting period the right to defer repayment of an obligation for at least 12 months. Thus, the amendments explicitly indicate that only those rights that exist "at the end of the reporting period" should affect the classification of the obligation. Moreover, the classification does not depend on expectations as to whether the organization will use the right to defer repayment of an obligation, which means transferring money, equity instruments, or other assets or services to a counterparty. The amendments enter into force for periods beginning on or after 1 January 2022 and are applied retrospectively. Early adoption is acceptable.

Amendments to IFRS 3 - Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework.

They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 37 - Onerous Contracts-Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018-2020

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability,

an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The management of the Group does not expect that the adoption of these amendments as well as all other amendments and standards will have an effect on the consolidated financial statements of the Group.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

In the application of the Group's accounting policies, which have been described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including, but not limited to, the uncertainties and ambiguities of the Russian legal and taxation systems and the difficulties in securing contractual rights as defined in contracts. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions

Inventory valuation

In accordance with the Group's accounting policy management reviews the inventory balances to determine if inventories can be sold at amounts exceeding or equal to their carrying amounts plus costs to sell. This review includes identification of slow-moving inventories, obsolete inventories and partially or fully damaged inventories. The identification process includes assessing historical performance of the inventory and analysis of sales of merchandise at prices below their carrying amounts less costs to sell in the recent years. Damaged stock is either provided for or written off depending on the extent of damage. Management makes an allowance for any items considered to be obsolete. The allowance represents the difference between the cost of inventory and its estimated net realizable value.

The net realizable value allowance is calculated using the following methodology

- Stock held for resale comparison of expected selling price versus the carrying value on a stock keeping unit basis;
- Damaged goods examination of historical data relating to discounts associated with damaged goods and comparison to book value at the balance sheet date, and also examination of historical data on compensations, received from suppliers for damaged goods;
- Stock held at service centers an allowance is applied based on management's estimate of the carrying value of the inventory and based on historical data on sales of respective inventories and compensations, received from suppliers in relation to stock held at service centers;

• Additional allowance is accrued if there is actual evidence of a decline in selling prices after the end of the reporting period to the extent that such decline confirms conditions existing at the end of the reporting period.

If actual results differ from management's expectations with respect to the selling of inventories at amounts equal to or less than their carrying amounts, management would be required to adjust the carrying amount of inventories.

Tax and customs provisions and contingencies

The Group is subject to various taxes arising in the Russian Federation. The majority of its merchandise is imported into Russian Federation and is therefore subject to the Russian customs regulations. Significant judgment is required in determining the provision for income taxes and other taxes. The Group recognizes liabilities for anticipated tax issues based on estimates of whether it is probable that additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the amount of tax and tax provision in the period in which such determination is made.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the interest rate that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The interest rates used in the calculations require the use of estimates. The Group estimates the IBR using observable inputs (such as market interest rates) when available and make certain entity-specific estimates.

Revenue attributed to loyalty programs

The Group accounts for customer loyalty points as a separate component of the sale transaction in which they were granted. As a result, a portion of the fair value of consideration received from customers for goods related to bonus points is recognized in the consolidated statement of financial position as deferred revenue. Bonus points are recognized as revenue during the period when they are used or cancelled in accordance with the terms of the loyalty program. Therefore, management has to make assumptions about expected redemption rates, which can be based on accumulated statistics from previous periods. This assessment is carried out under conditions of high uncertainty, which exists at each reporting date, since bonus points are cancelled after the specified time.

Significant judgments made in applying the Group's accounting policies

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include termination options. The Group applies judgement in evaluating whether it is reasonably certain not to exercise the option to terminate the lease. That is, it considers all relevant factors that create an economic incentive whether or not to exercise termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability whether or not to exercise the option to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). Periods when it is reasonably certain that termination options will be exercised are not included in lease term.

Classification of supplier financing arrangements

As mentioned in Note 35, for liquidity risk management the Group uses various instruments to manage working capital

and obtain the necessary payment deferral from suppliers, including factoring agreements, commercial loans and bills of exchange. Management reviews each instrument for classification as trade payables or financial liabilities. In its analysis, the Group considers such factors as the commercial substance of the instrument, its effect on working capital, the consistency of the received payment deferral with market conditions, the presence or absence of collateral, etc.

Suppliers bonuses

Management makes estimates in determining the amount and timing of recognition of income received from suppliers for various programs, including volume incentives and reimbursements for specific programs such as markdowns, margin protection and advertising. In determining the amount of volume-related bonuses recognized in any period, management estimates the probability that the Group will meet contractual target volumes, based on historical and forecast performance. There is usually less uncertainly involved in determining the amount of income to be recognized for promotional and other bonuses.

Management assesses its performance against the obligations conditional on earning the income, with the income recognized either over time as the obligations are met, or recognized at the point when all obligations are met, dependent of the contractual requirements. Income from supplier bonuses is recognized as a credit within cost of sales unless it relates to compensation of specific, incremental and identifiable costs incurred to promote a supplier's products, in which case it is offset against those expenses. Where the income earned relates to inventories which are held by the Group at period ends, the income is included within the cost of those inventories.

6. GOODWILL

At 31 December 2020, the Group performed an impairment test for goodwill related to the acquisition of the Eldorado and Media Markt businesses and "Eldorado" trademark.

For the purpose of impairment testing, the CGUs (being each group of stores located in one city) were grouped at the level of the Group's single operating segment. The recoverable amount of CGUs was determined as value in use.

Cash flows were projected based on budgets approved by the Group. A forecast period of 5 years was used, as this period was determined by the management of the Group as an acceptable planning horizon.

Cash flows beyond 5 years are extrapolated using growth rates comparable to the forecast growth rates of the consumer price index.

The assumptions used to calculate the value in use for which the recoverable amount is most sensitive are: EBITDA annual growth in the average at 5%, the pre-tax discount rate applicable to the projected cash flows of 11.69% and terminal growth rates of 3%.

Management reviewed the impact of changes in key assumptions on recoverable amount. Changes in key assumptions that could result in a possible impairment of specified non-current assets are not probable under current market conditions.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 31 December 2020 and 2019 consisted of the following:

	Land and buildings	Leasehold improvements	Construction in progress and equipment to be installede	Trade equipment	Security equipment	Computer and Telecomm	Other fixed assets	Total
COST								
As at 1 January 2019	10 958	7 126	3 391	8 411	2 245	4 829	2 116	39 076
Additions	-	-	4 392	-	-	-	-	4 392
Transfers	77	1 088	(5 536)	2 240	546	1 077	508	-
Disposals	(79)	(197)	-	(135)	(17)	(140)	(174)	(742)
Reclassification to assets held for sale	(351)	-	-	-	-	-	-	(351)
As at 31 December 2019	10 605	8 017	2 247	10 516	2 774	5 766	2 450	42 375
Additions	-	-	2 378	-	-	-	-	2 378
Transfers	45	1 321	(4 005)	1 404	411	598	226	-
Disposals	(128)	(147)	-	(260)	(45)	(111)	(83)	(774)
Reclassification to assets held for sale	(6)	-	-	-	-	-	-	(6)
As at 31 December 2020	10 516	9 191	620	11 660	3 140	6 253	2 593	43 973
ACCUMULATED DEPRECIATION								
As at 1 January 2019	3 115	4 688	-	5 442	1 477	2 861	1 210	18 793
Charge for the year	775	622	-	1 122	399	1 045	459	4 422
Disposals	(12)	(150)	-	(122)	(13)	(113)	(159)	(569)
Reclassification to assets held for sale	(48)	-	-	-	-	-	-	(48)
As at 31 December 2019	3 830	5 160	-	6 442	1 863	3 793	1 510	22 598
Charge for the year	784	778	-	1 358	561	1 012	484	4 977
Disposals	(87)	(93)	-	(229)	(38)	(104)	(76)	(627)
As at 31 December 2019	4 527	5 845	-	7 571	2 386	4 701	1 918	26 948
NET BOOK VALUE								
AS AT 31 DECEMBER 2019	6 775	2 857	2 247	4 074	911	1 973	940	19 777
AS AT 31 DECEMBER 2020	5 989	3 346	620	4 089	754	1 552	675	17 025

Depreciation expense has been included in "Selling, general and administrative expenses" (Note 26).

Assets with net book value of 147 were disposed of by the Group for the year ended 31 December 2020 (for the year ended 31 December 2019: 173) and mainly related to closed stores. Loss on disposal of these items of 23 (for the year ended 31 December 2019: 116) was recorded within other operating expenses (Note 28).

As at 31 December 2020 and 2019, the Group did not have any pledged fixed assets.

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below is the carrying value of right-of-use assets of the Group and changes for the period:

	Land	Stores	Warehouses	Vehicles	Other assets	Total
COST						
As at 1 January 2019	455	66 103	3 204	199	1 680	71 641
New agreements	15	7 160	22	48	1	7 246
Modification of agreements	3	5 824	3 360	4	(293)	8 898
Disposals	-	(735)	(157)	(10)	(252)	(1 154)
Termination options expected to be exercised	-	(8 253)	-	-	-	(8 253)
As at 31 December 2019	473	70 099	6 429	241	1 136	78 378
New agreements	2	5 945	6	3	42	5 998
Modification of agreements	20	19 335	1 936	-	(198)	21 093
Disposals	(109)	(2 557)	(22)	(10)	(45)	(2 743)
Termination options expected to be exercised	-	(213)	-	-	-	(213)
As at 31 December 2020	386	92 609	8 349	234	935	102 513
ACCUMULATED AMORTIZATION AND IMPAIRMENT						
As at 1 January 2019	-	114	-	72	-	186
Charge for the period	18	14 127	1 147	61	200	15 553
Disposals	-	(131)	(44)	(9)	(9)	(193)
As at 31 December 2019	18	14 110	1 103	124	191	15 546
Charge for the period	18	14 861	1 300	60	184	16 423
Disposals	(5)	(987)	(22)	(9)	(26)	(1 049)
		× /				<u>·</u>
As at 31 December 2020	31	27 984	2 381	175	349	30 920
NET BOOK VALUE						
AS AT 31 DECEMBER 2019	455	55 989	5 326	117	945	62 832
AS AT 31 DECEMBER 2020	355	64 625	5 968	59	586	71 593

Set out below is an overview of a book value of lease liabilities of the Group and changes for the period:

2020	2019
68 459	74 182
5 943	6 980
21 367	8 654
(2 279)	(1 253)
6 493	7 243
(17 021)	(19 094)
(1 989)	-
(220)	(8 253)
80 753	68 459
10 051	10 532
70 702	57 927
	68 459 5 943 21 367 (2 279) 6 493 (17 021) (1989) (220) 80 753 10 051

The Group has lease agreements for retail premises, office buildings, warehouses, land, vehicles and other equipment.

During 2020, the Group recognized expenses related to variable lease payments in the amount of 1235 (2019: 1443).

Undiscounted obligations as at 31 December 2020 and 2019 consisted of the following:

	31 December 2020	31 December 2019
MINIMUM LEASE PAYMENTS, INCLUDING		
Current portion (less than 1 year)	20 474	19 783
More than 1 to 5 years	54 018	48 948
Over 5 years	26 936	21 502
TOTAL MINIMUM LEASE PAYMENTS	101 428	90 233

The Group has lease contracts that include termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio. Management exercises significant judgement in determining whether these termination options are reasonably certain to be (or not to be) exercised.

Set out below are the undiscounted potential future rental payments as at 31 December 2020 and 2019 relating to periods following the exercise date of termination options that are not included in the lease term:

	31 December 2020	31 December 2019
Termination options expected to be exercised:		
Within 5 years	3 375	5 409
Over 5 years	12 065	14 394
TOTAL	15 440	19 803

9. INTANGIBLE ASSETS

Intangible assets as at 31 December 2020 and 2019 consisted of the following:

	Software licenses, development and web site	Leasehold rights	Trademarks	Total
COST				
As at 31 December 2018	12 976	707	9 155	22 838
Additions	4 616	-	10	4 626
Disposals	(1 026)	-	-	(1 026)
Reclassification to right-of-use assets	-	(707)	-	(707)
As at 31 December 2019	16 566	-	9 165	25 731
Additions	4 793	_	2	4 795
Disposals	(2 127)	-	(2)	(2 129)
As at 31 December 2020	19 232	-	9 165	28 397

ACCUMULATED AMORTIZATION

As at 31 December 2018	4 096	103	15	4 214
Charge for the year	2 573	_	7	2 580
Disposals	(1 023)	-	-	(1 023)
Reclassification to right-of-use assets	-	(103)	-	(103)
As at 31 December 2019	5 646	-	22	5 668
Charge for the year	2 983	-	5	2 988
Disposals	(2 127)	-	(2)	(2 129)
As at 31 December 2020	6 502	-	25	6 527
NET BOOK VALUE				
AS AT 31 DECEMBER 2019	10 920	-	9 143	20 063
AS AT 31 DECEMBER 2020	12 730	-	9 140	21 870

During 2020, the Group incurred capital expenses in the total amount of 4 795 which for the most part were related to the development of the front-office / back-office system and the new web site platform implementation.

Amortization expense has been included in "Selling, general and administrative expenses" (Note 26).

As at 31 December 2020, trademarks with carrying value of 9 132 (31 December 2019: 9 133) were pledged as collateral under the loan agreement (Note 19).

As at 31 December 2020 and 2019, the Group had contractual commitments for the technical support of software licenses (Note 34).

10. INVESTMENT IN AN ASSOCIATE AND A JOINT VENTURE

Investment in an associate and a joint venture is set out as follows:

			% of o	wnership		
Name	Activity	Incorporation	31 December 2020	31 December 2019	31 December 2020	31 December 2019
JOINT VENTURE						
LLC "MARKETPLACE"	Online sales	Russia	80	80	1 229	1 967
ASSOCIATE						
OJSC "Vesna 23"	Real estate management	Russia	33	33	15	15
TOTAL					1 244	1 982

Summarised financial information in respect of joint venture LLC "MARKETPLACE" is presented below:

At the end of December 2020, the Group decided to sell part of its share in LLC "MARKETPLACE" to external investor. The deal is expected to be closed during the first half of 2021. Consequently, the Group reclassified a respective portion of its interest in LLC "MARKETPLACE" into assets held for sale as of 31 December 2020.

11. OTHER NON-CURRENT ASSETS

Other non-current assets as at 31 December 2020 and 2019 consisted of the following:

	31 December 2020	31 December 2019
FINANCIAL ASSETS		
Long-term loans and notes receivable	85	45
Total financial assets	85	45
Non-financial assets		
Advances paid for non-current assets	612	1 285
Advances paid to related parties (Note 33)	126	19
Long-term advances paid for rent	101	82
Less: impairment allowance for long-term advances paid for rent	(17)	-
Total non-financial assets	822	1 386
TOTAL	907	1 431

12. INVENTORIES

Inventories as at 31 December 2020 and 2019 consisted of the following:

	31 December 2020	31 December 2019
Goods for resale (at lower of cost or net realisable value)	144 574	127 101
Right of return assets (at lower of cost or net realisable value)	2 158	1 846
Other inventories (at lower of cost or net realisable value)	262	168
TOTAL	146 994	129 115

Cost of inventories recognized as an expense in the amount of 314 469 and 268 335 and inventory losses net of surpluses in the amount of 703 and 770 for the years ended 31 December 2020 and 2019, respectively, were recorded within cost of sales in the consolidated statement of profit or loss and other comprehensive income.

During 2020, 94 were recognized as an income (2019: 206 as an expense) in respect of inventories carried at their net realisable price. This amount is included in cost of sales line in the consolidated statement of profit or loss and other comprehensive income.

13. ACCOUNTS RECEIVABLE AND ADVANCES ISSUED

Accounts receivable and advances issued as at 31 December 2020 and 2019 consisted of the following:

	31 December 2020	31 December 2019
ACCOUNTS RECEIVABLE		
Bonuses receivable from suppliers	33 960	25 921
Other accounts receivable	10 759	7 375
Accounts receivable from related parties (Note 33)	1 659	840
Expected credit losses on accounts receivable	(154)	-
Total accounts receivable	46 224	34 136
ADVANCES ISSUED		
Advances issued to suppliers and prepaid expenses	1 388	1 549
Advances issued to related parties (Note 33)	851	192
Impairment allowance for advances issued	(478)	(560)
Total advances issued	1 761	1 181
TOTAL	47 985	35 317

As at 31 December 2020 and 2019, the Group did not have accounts receivable past due but not impaired.

Movement in the allowance for doubtful accounts receivable and advances issued is as follows:

	2020	2019
Balance at the beginning of the year	560	705
Impairment losses recognized on accounts receivable and advances issued	154	21
Amounts written off as uncollectible	(34)	(162)
Amounts recovered during the year	(31)	(4)
BALANCE AT THE END OF THE YEAR	649	560

In determining the recoverability of accounts receivable the Group considers any change in the credit quality of receivables and advances issued from the date credit was initially granted up to the reporting date. Details about concentration of credit risk and related management activities are provided in Note 35.

14. OTHER TAXES RECEIVABLE

Other taxes receivable as at 31 December 2020 and 2019 consisted of the following:

	31 December 2020	31 December 2019
VAT recoverable	25 342	21 300
Other taxes receivable	10	16
TOTAL	25 352	21 316

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2020 and 2019 consisted of the following:

	31 December 2020	31 December 2019
Cash in transit	3 434	2 874
Cash at banks	2 810	1 303
Short-term bank deposits	650	-
Cash on hand in stores and petty cash	551	561
TOTAL	7 445	4 738

Cash in transit represents acquiring and cash collected from the Group's stores and not yet deposited into the bank accounts at the year-end.

Cash was denominated in rubles with the exception of 0 in US dollars as at 31 December 2020 (31 December 2019: 1).

As at 31 December 2020 short-term bank deposits denominated in RUB earned interest ranging from 3.05% to 3.9% per annum. The short-term deposits matured in January 2021.

16. ASSETS HELD FOR SALE

As at 31 December 2020, assets held for sale are mainly represented by a portion of investment in a joint venture (Note 10).

As at 31 December 2019, assets held for sale consisted of own land plots, buildings and premises, which the Group did not use and intended to sell. The carrying value of the property reflected the estimated selling price without VAT as the Group pre-agreed such price with potential buyers of the property.

17. EQUITY

Share capital

As at 31 December 2020 and 2019, the Company had the following number of authorized, issued and outstanding ordinary shares:

	Outstanding	Issued ordinary	Authorized
	ordinary shares	shares	ordinary shares
Balance as at 31 December 2020 and 2019	177 792 057	179 768 227	209 768 227

Each share has par value of 10 RUB per share. During 2020, number of authorized, issued and outstanding ordinary shares remained constant.

All issued ordinary shares were fully paid.

Additional paid-in capital

Additional paid-in capital consists of share premium which is the excess between proceeds from issuance of 30 000 000 additional ordinary shares issued at 1 November 2007 and their par value, less share issuance costs and related current and deferred income tax amounts.

Treasury shares

As at 31 December 2020 and 2019, the Group owned 1 976 170 treasury shares held at cost of 749.

Dividends declared

In 2020, at the General Meeting of Shareholders it was decided to pay dividends for 2019 in the amount of 30.00 rubles per share. Dividends attributable to repurchased ordinary shares were completely excluded during the preparation of these consolidated financial statements. The dividends payable to the holders of the outstanding ordinary shares of the Company in the total amount of 5 341 have been recognized as a decrease in equity in these consolidated financial statements.

In 2019, at the General Meeting of Shareholders it was decided to pay dividends for the first 9 months of 2019 year in the amount of 33.37 rubles per share. Dividends attributable to repurchased ordinary shares were completely excluded during the preparation of these consolidated financial statements. Subsequent to these decisions, the dividends payable to the holders of the outstanding ordinary shares of the Company in the total amount of 5 941 have been recognized as a decrease in equity during 2019 year.

Declared and paid dividends to related parties during 2020 year amounted to 4 783 (2019: 5 312).

18. INCOME TAX

The Group's income tax expense for the years ended 31 December 2020 and 2019 was as follows:

	2020	2019
CURRENT TAX		
Current tax expense in respect of the current year	(4 058)	(1 989)
Change in provision for income tax	(125)	322
	(4 183)	(1 667)
DEFERRED TAX		
Deferred tax benefit recognized in the current year	1 446	(692)
Previously unrecognized temporary differences	1 061	-
	2 507	(692)
TOTAL INCOME TAX EXPENSE RECOGNISED IN THE CURRENT YEAR	(1 676)	(2 359)

The tax effect on the major temporary differences that give rise to the deferred tax assets and liabilities as at 31 December 2020 and 2019 is presented below:

	31 December 2020	31 December 2019
DEFERRED TAX ASSETS		
Right-of-use assets and lease liabilities, net	2 083	1 499
Accrued expenses	1 263	583
Salary-related accruals	1 041	588
Deferred revenue and prepayments received for goods	592	481
Assets held for sale	581	-
Allowance for obsolete and slow-moving inventories	320	338
Difference in depreciable value of property, plant and equipment	373	100
Supplier bonuses allocated to inventories	-	541
Other items	374	44
Total	6 627	4 174
Tax offset	(913)	(872)
Net tax assets	5 714	3 302

DEFERRED TAX LIABILITIES

NET TAX LIABILITIES	(175)	(270)
Tax offset	913	872
Total	(1 088)	(1 142)
Difference in depreciable value of property, plant and equipment	(179)	(312)
Supplier bonuses allocated to inventories	(300)	-
Difference in amortizable value of intangible assets	(609)	(830)

As at 31 December 2020 and 2019, the Group measured deferred tax assets and deferred tax liabilities using tax rate of 20%, which is the rate expected to be applied in the period in which the asset is realized or the liability is settled.

The taxation charge for the year is different from that which would be obtained by applying the statutory income tax rate to the profit before income tax expense. Below is a reconciliation of theoretical income tax expense at the statutory rate of 20% effective for 2020 and 2019 to the actual expense recorded in the Group's consolidated statement of profit or loss and other comprehensive income:

	2020	2019
PROFIT BEFORE INCOME TAX EXPENSE	8 217	9 493
INCOME TAX EXPENSE CALCULATED AT 20%	(1 643)	(1 899)
Previously unrecognized temporary differences	1 061	-
Effect of expenses that are not deductible in determining taxable profit:		
Loss of a joint venture	(494)	(391)
Change in provision for profit tax	(125)	322
Inventory losses	(277)	(210)
Non-deductible payroll expenses	(17)	(14)
Other non-deductible expenses, net	(181)	(167)
INCOME TAX EXPENSE RECOGNIZED IN PROFIT OR LOSS	(1 676)	(2 359)

19. BANK BORROWINGS

This note provides information about the contractual terms of the Group's long-term and short-term interest-bearing bank borrowings which are measured at amortized cost. The borrowings described below are denominated in rubles.

	Maturity	31 December 2020	31 December 2019
NON-CURRENT BORROWINGS			
SECURED BORROWINGS			
Bank VTB (PJSC)	April 2025	31 733	38 752
Total non-current borrowings		31 733	38 752
Current borrowings and credit lines			
Secured borrowings			
	April- October		
Bank VTB (PJSC)	2021	10 957	7 654
		10 957	7 654
UNSECURED BORROWINGS AND CREDIT LINES			
Bank VTB (PJSC)	April-June 2021	4 836	-
JSC "ALFA BANK"	April 2021	402	3 004
		5 238	3 004
Total current borrowings and credit lines		16 195	10 658
TOTAL BORROWINGS		47 928	49 410

As at 31 December 2020 and 2019, the Group was in compliance with financial covenants contained in loan agreements.

As at 31 December 2020, the Group had unutilized uncommitted credit facilities of 47 290 (31 December 2019: 44 290).

As at 31 December 2020, borrowings are secured by trademarks with carrying amount of 9 132 (31 December 2019: 9 133) (Note 9).

As at 31 December 2020 and 2019, 100% stake in share capital of LLC "MVM" and LLC "BT HOLDING" as well as 100% shares of BOVESTO LIMITED are pledged under credit contracts.

Movement in liabilities arising from financing activities

The table below presents changes in liabilities arising from financing activities, including both changes related to cash flows and changes not related to cash flows. Liabilities arising from financing activities include liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

	31 December 2019	Cash flows from financing activities	Interest paid	New leases and modifications	Interest expense	Other changes*	31 December 2020
Bank borrowings	49 410	(1 424)	(4 683)	-	4 781	(156)	47 928
Dividends	-	(5 341)	-	-	-	5 341	-
Lease liabilities	68 459	(11 166)	(5 855)	24 811	6 493	(1 989)	80 753
	117 869	(17 931)	(10 538)	24 811	11 274	3 196	128 681

	31 December 2018	IFRS 16 adoption	1 January 2019	Cash flows from financing activities	Interest paid	New leases and modifications	Interest expense	Other changes*	31 December 2019
Bank borrowings	59 509	-	59 509	(10 050)	(5 157)	-	5 077	31	49 410
Dividends	-	-	-	(5 941)	-	-	-	5 941	-
Lease liabilities	331	73 851	74 182	(11 926)	(7 167)	6 128	7 244	(2)	68 459
	59 840	73 851	133 691	(27 917)	(12 324)	6 128	12 321	5 970	117 869

* OTHER CHANGES INCLUDE CHARGE OF DIVIDENDS PAVABLE, ACCRUED EXPENSES FOR BANK COMMISSIONS, NET OF INCOME FROM SUBSIDIES ON BANK BORROWINGS, EXTINGUISHMENT OF LEASE LIABILITIES BY LEASE CONCESSIONS.

20. OTHER PAYABLES AND ACCRUED EXPENSES

Other payables and accrued expenses as at 31 December 2020 and 2019 consisted of the following:

21. OTHER TAXES PAYABLE

Other taxes payable as at 31 December 2020 and 2019 consisted of the following:

	31 December 2020	31 December 2019
Salaries and bonuses	4 320	3 120
Purchase of property, plant and equipment and intangible assets	2 689	3 911
Contingent lease and utility expenses	1 972	1 498
Refund liabilities for goods	1 832	1 561
Other current liabilities to related parties (Note 33)	745	542
Other payables and accrued expenses	2 788	2 343
TOTAL	14 346	12 975

	31 December 2020	31 December 2019
Payroll taxes	1 120	852
VAT payable	1 0 4 8	367
Other taxes payable	144	241
TOTAL	2 312	1 460

22. CONTRACT LIABILITIES

Contract liabilities as at 31 December 2020 and 2019 consisted of the following:

23. PROVISIONS

Provisions as at 31 December 2020 and 2019 were presented as follows:

	31 December 2020	31 December 2019		31 December 2019	Accrual of provision	Utilization of provision	Write-off of provision	31 December 2020
Deferred revenue	3 334	4 195	Provision for litigation and fines	360	96	-98	-44	314
Prepayments received for goods	2 939	2 524	Provision for tax risks *	-	666	-	-	666
Other advances received	331	1 393	Warranty provision – repair of goods	8	-	-	-	8
TOTAL	6 604	8 112	TOTAL	368	762	(98)	(44)	988

Deferred revenue for 2020 and 2019 consisted of the following:

		2020						2019		
	Customer loyalty programs	Gift certificates	Other programs	Additional services	Total	Gift certificates	Other programs	Additional services	Total	Total
As at 1 January	2 030	263	101	1 801	4 195	2 877	736	856	3 207	7 676
Revenue deferred during the period	15 178	2 390	1962	_	19 530	12 973	4 030	1 702	439	19 144
Revenue recognized in the consolidated statement of profit or loss and other comprehensive income	(14 712)	(2 408)	(2 063)	(1 208)	(20 391)	(13 820)	(4 503)	(2 457)	(1 845)	(22 625)
AS AT 31 DECEMBER	2 496	245	_	593	3 334	2 030	263	101	1 801	4 195

	31 December 2019	Accrual of provision	Utilization of provision	Write-off of provision	31 December 2020
Provision for litigation and fines	960	75	-56	-619	360
Provision for tax risks	249	-	-	-249	-
Warranty provision - repair of goods	29	8	-	-29	8
TOTAL	1 238	83	(56)	(897)	368

* THE PROVISION FOR TAX RISKS WAS ACCRUED AS A RESULT OF THE FIELD AUDIT OF LLC "ELDORADO" CONDUCTED BY THE RUSSIAN TAX AUTHORITIES FOR 2015-2017, RELATING TO THE PERIOD BEFORE LLC "ELDORADO" WAS ACQUERD BY THE GROUP AND INCLUSION THE "SELING, GENERAL AND ADMINISTRATIVE DEPOSITS". THE GROUP HAS ALSO ACCRIED A LUBRITY OF 249 FOR UNCERTAIN INCOME TAX POSITION WINCH WAS REFLECTED WITHIN INCOME TAX. EXEMPSIE: THE EXPECTED COMPENSATION FOR POTENTIAL TAX ACCRULS FROM THE PREVIOUS OWNERS OF LLC "ELDORADO" IN THE MOUNT OF 50% OF POTENTIAL TAX ADDITIONAL CHARGES BASED ON THE RESULTS OF THE FIELD AUDIT (OR 458) IS REFLECTED IN ACCOUNTS RECEIVABLE IN CORRESPONDENCE WITH THE RESPECTIVE ACCOUNTS OF THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (NOTE 33).

24. REVENUE

Revenue for the years ended 31 December 2020 and 2019 consisted of the following:

	2020	2019
Retail revenue	415 099	361 470
Additional services revenue	1 204	1 845
Rental income from investment property	302	387
Other revenue	1 252	1 514
TOTAL	417 857	365 216

Other programs represent other discounts to the Group's customers, mainly coupons.

Revenue for the year ended 31 December 2020 includes the amount of obligations under contracts with customers at the beginning of the year in the amount of 7 494 (2019: 10 013).

Retail revenue includes sales of goods in stores, pick-up in stores, internet home-delivery and commission fees.

Other revenue for the year ended 31 December 2020 and 2019 includes revenue from services of installation, recycling and digital assistance.

Revenue for the year ended 31 December 2020 recognized at a point in time was 416 653 (2019: 363 371), and revenue recognized over time was 1 204 (2019: 1 845).

25. COST OF SALES

Cost of sales for the years ended 31 December 2020 and 2019 consisted of the following:

	2020	2019
Cost of goods sold		
- Cost of goods sold	314 377	268 541
- Transportation	3 752	3 216
- Inventory losses net of surpluses and related compensations from suppliers	575	700
Cost of additional services	56	98
Cost of other services	1 762	1 588
TOTAL	320 522	274 143

26. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended 31 December 2020 and 2019 consisted of the following:

	2020	2019
Payroll and related taxes*	26 261	23 438
Depreciation and amortization	24 094	22 502
Advertising and promotional expenses, net	5 688	5 914
Bank charges	4 346	3 141
Utilities expenses	2 400	2 584
Warehouse services	2 347	1 847
Credit broker services	2 322	2 781
Security	2 008	2 135
Repairs and maintenance	2 006	2 342
Consulting services	1 978	1 894
Contingent lease expenses	1 254	1 561
Taxes other than income tax	755	269
Office expenses**	752	447
Communication	381	309
Service center	305	302
Packaging and raw materials	226	257
Training and recruitment	156	175
Maintenance and other property operating costs	115	81
Travel	67	234
Other expenses	1 357	333
TOTAL	78 818	72 546

* PAYROLL AND RELATED TAXES FOR THE YEAR ENDED 31 DECEMBER 2020 INCLUDE ONE-OFF INCENTIVE PAYMENTS TOTALING 1 300 FOR THE COMPANY'S TOP MANAGEMENT (Å. TWIKOWAN, P. BREEV) FOR THER ROLES IN CRESS MANAGE-MENT BLATED TO THE COVID-19 PANDEMIC AND THE EFFCIENT HANDOVER OF RESPONSIBILITIES TO THE NAM CHEE "EXCENTE OF DECIDER BLASE ON THE COMPANY'S TOP MANAGEMENT (Å. TWIKOWAN, P. BREEV) FOR THER ROLES IN CRESS MANAGE-*** OFFCIE DEMINEST FOR THE YEAR BLADE 31 DECEMBER 2020 INCLUDE ONE-OFF ROLEST TO THE NAM CHEE "EXCENTE OFFCIER BLASE ON THE DECIDION OF BLAND FOR THE COMPANY'S TOP MANAGEMENT (Å. TWIKOWAN, P. BREEV) FOR THER ROLES IN CRESS MANAGE-*** OFFCIE DEMINEST FOR THE YEAR BLADE 31 DECEMBER 2020 INCLUDE ONE-OFF ROLEST TO THE NAM CHEE THE GROUP FOR FERSIONAL PROTOCTIVE COMPILIES TON BLADE AND CUSTOMERS. Payroll and related taxes for the year ended 31 December 2020 include 3 580 contribution to the state pension fund (2019: 3 691) and social and medical insurance in the amount of 1 355 (2019: 1 398).

During 2020, the Group received 1 420 from its suppliers as a compensation of advertising and promotional expenses (2019: 1 429).

Contingent lease expenses represent variable lease costs that are expensed as incurred. Contingent lease expenses for the year ended 31 December 2020 are shown net of negative variable lease payments of 1 989 (2019: nil) recognised upon adoption the Amendment to IFRS 16: COVID-19-Related Rent Concessions and net of income from sublease of 11 (2019: 14).

Taxes other than income tax include the expense for the accrual of provision based on the field tax audit of LLC "ELDORADO" for 2015-2017 in the amount of 333, net of the expected compensation from the previous owners of LLC "ELDORADO" of 333 (Notes 23, 33, 34).

27. OTHER OPERATING INCOME

Other operating income for the years ended 31 December 2020 and 2019 includes commissions received from banks on loans provided to customers, other marketing income, income from government grants (Note 34) and other items.

28. OTHER OPERATING EXPENSES

Other operating expenses for the year ended 31 December 2020 include loss on disposal of property, plant and equipment of 23 (2019: 116), expenses on corporate events in the amount of 20 (2019: 48), charity expense of 22 (2019: 55) and other individually insignificant items.

29. FINANCE INCOME AND EXPENSES

Finance income/(expenses) for the years ended 31 December 2020 and 2019 consisted of the following:

	2020	2019
Interest income	491	295
Exchange loss from revaluation of investments	(10)	(12)
Interest expense on lease liabilities, net of interest income	(6 492)	(7 240)
Interest on bank borrowings, credit lines and other	(6 231)	(5 709)
TOTAL	(12 242)	(12 666)

30. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares.

Diluted earnings per share are calculated by dividing the net profit attributable to equity holders of the Company, by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of all potentially dilutive common shares that will be issued in the event of payment of remuneration to key management personnel in the form of shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2020	2019
Net profit attributable to equity holders of the Company	6 541	7 134
Weighted average number of ordinary share in issue (millions of shares)	177.79	177,79
	,	
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY, ADJUSTED FOR		
THE EFFECT OF DILUTION	36,79	40,13
Net income attributable to equity holders of the Company, adjusted for the effect of		
dilution	6 541	7 134
Weighted average number of ordinary shares for the purpose of diluted earnings per		
share (millions of shares)*	178,02	177,79
DILUTED EARNINGS PER SHARE (IN RUSSIAN RUBLES)	36,74	40,13

* Weighted average number of ordinary shares for the purpose of diluted earnings per share does not include 225 471 shares by LTIP 1 (Note 32) due to anti-dilution effect.

31. SEGMENT INFORMATION

Products and services of operating segments

The activities of the Group are carried out on the territory of the Russian Federation and consist mainly of the retail trade of household appliances and electronics. Despite the fact that the Group operates through various types of stores and in various regions of the Russian Federation, the management of the Group, which makes operational decisions, analyzes the operations of the Group and allocates resources by individual stores.

The group assessed the economic characteristics of individual stores, including "M.video" and "Eldorado" stores, online stores and others, and determined that the stores have similar margins, products, customers and methods of selling such products. Therefore, the Group believes that it has only one operating segment in accordance with IFRS 8 "Operating segments". The segment's performance measurement is based on net profit for the period being total comprehensive income for the period excluding share of profit/(loss) of an associate and a joint venture profit or loss.

32. SHARE-BASED PAYMENTS

Long-term incentive program 1

In March 2020, the Group's Board of Directors approved a three-year long-term incentive program 1 (the "LTIP 1") for key management personnel of the Group. The program is effective from 1 April 2020 to 31 December 2023. According to the program, participants of LTIP 1 will receive remuneration if the Group achieves budgeted EBITDA target calculated applying IAS 17 principles ("Budgeted Target") for the relevant calendar year (non-market condition) or if a contingent condition (the "Condition") occurs by 31 December 2022 (non-market condition). To receive remuneration, program participants must be actively employed at least 70% of time during the corresponding annual period and remain employees of the Group as of the vesting date.

If the Condition occurs, employees are paid remuneration in the form of ordinary shares of the Company. If the Condition does not occur, but the Group reaches the Budgeted Target for the corresponding calendar year, employees are provided with a choice of either receiving ordinary shares of the Company or receiving cash remuneration based on the Company's share market price. In case of cash settlement, the fair value of remuneration is 10% lower than the fair of remuneration of equity alternative. The program was therefore classified by the Group as consisting of two elements: cash-settled and equity-settled.

Each tranche of remuneration for the corresponding calendar year is considered as a separate share-based payment. The amount of remuneration payable if the target budget indicator is met for the corresponding year is calculated as the weighted average share price for three calendar months (from December of the reporting year to February of the year following the reporting year), taking into account the equivalent of shares assigned to each employee. Remuneration is to be paid until 30 April of each year following the reporting year. Individual terms of the first tranche of LTIP 1 relating to the year ended 31 December 2020 were agreed by the Group with participants during the reporting period, with total remuneration amounting up to 225 471 shares. Both at grant date and as at 31 December 2020 the Group considered only a scenario that the Group would reach established Budget Target for the period ended 31 December 2020 as being probable. Another scenario (i.e. occurrence of Condition) was not considered probable at grant date and did not happen up to 31 December 2020. Grant dates of any further tranches of LTIP 1 did not occur as at 31 December 2020.

The fair value of the remuneration was based on the assumption that all of the employees participating would stay employed by the Group until their rights vest. At the grant date total fair value of 225 471 awards amounted to 100 (or 460 Russian Rubles per share), at 31 December 2020 total fair value of 225 471 awards amounted to 160 (or 712 Russian Rubles per share). The fair value of the award at grant date and reporting date were calculated based on the market value of the Company's ordinary share at respective date.

Long-term incentive program 2

In September 2020, the Group's Board of Directors approved a three-year long-term incentive program 2 (the "LTIP 2") for key management personnel of the Group. The program is effective from 30 September 2020 until 31 December 2022. According to the program, participants of LTIP 2 will receive remuneration if the market price of the Company's ordinary shares achieves certain targets (market condition) and if the Condition occurs by 31 December 2022 (non-market condition). To receive remuneration, program participants must be actively employed by the Group for certain amount of time during the corresponding annual period and remain employees of the Group as of the vesting date.

If the Condition occurs and ordinary shares achieve target market price, employees will receive remuneration in the form of ordinary shares of the Company. The program was therefore classified by the Group as equity-settled.

The individual terms of the program for the calendar year 2020 were agreed by the Group with participants, whose total remuneration may amount to 900 000 shares.

The fair value of the award was assessed on the assumption that all of the employees participating will stay employed by the Group until their rights vest. At the grant date total fair value of 900 000 awards amounted to 611 (or 679 Russian Rubles per share) and was calculated based on the market value of the Company's ordinary share.

Information on the share-based payments program as at 31 December 2020 is presented as follows:

Program	Period of vesting	Number of shares assigned to program participants	Expected number of shares as at the due date (i)	Fair value as at 31 December 2020	Weighted average exercise price, RUB	Time to maturity, years
LTIP 1	April 2021	225 471	225 471	107	-	0.3
LTIP 2	By the end of 2021	900 000	900 000	305	-	0.3

(1) This indicator was calculated based on management's assessment regarding the expected employee turnover taking into account historical data available

The shares assigned to LTIP participants will be collected from the pool of treasury shares or will be bought by the Group from the open market if necessary.

Amounts recognized as an expense

During the year ended 31 December 2020, the Group recognized a share-based compensation expense, net of social insurance contributions, of 412 (2019: 0), as part of "Selling, general and administrative expenses" under "Payroll and related taxes" line (Note 26). Short-term portion of liabilities relating to cash-settled share-based payments in the amount of 100 (as at 31 December 2019: 0) is included in "Other payables and accrued expenses". In equity, the "Share-based payments" item reflects 312 (as at 31 December 2019: 0) that relate to equity-settled share-based payments.

33. RELATED PARTIES

Related parties include shareholders, key management, entities under common ownership and control, entities under the control of key management and entities over which the Group has significant influence.

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year and the outstanding balances owed by/to related parties as at 31 December 2020 and 2019, respectively:

	2020		31 Decembe	er 2020	2019		31 Decembe	er 2019
	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Joint ventures (i)	104	59	12	27	549	17	5	507
Entities under common control (ii)	-	61	578	5	-	106	373	3
Entities under significant influence of the controlling shareholder (iii)	2 820	2 157	2 047	2 281	1 798	1 974	673	862
Entities controlled by a party exercising significant influence (iv)	-	-	-	-	1	128	-	-
Entities under control of key management personnel (v)	-	134	-	-	7	301	1	35
Total	2 924	2 411	2 637	2 313	2 355	2 526	1 052	1 407

THE NATURE OF TRANSACTIONS WITH RELATED PARTIES IS AS FOLLOWS:

(1) JOINT VENTURES - AGENCY FEE FOR SELING PRODUCTS THROUGH LLC "MARKETPLACE", REMURERATION FOR PARTICIPATION IN THE LOYALTY PROGRAM;
 (a) EVITTES UNDER COMPON CONTROL - PURCHARE AND SALE OF GROUP'S GLOODS, WAREHOUSES AND TANDE PREMISES BRIT, ANNUARTY, REMUREMENT OF TAX-DARGES AND FINES, ETC.;
 (a) EVITTES UNDER SOMETING THROUGH CONTROLING SHAREHOLDS - ADMIT SERVICES FOR SALES OF NURSANCE POLICES; MAREHOUSES AND TANDE PREMISES BRIT, ACQUISTION OF FIXED ASSETS, CREDIT BROKER

(v) ENTITIES CONTROLLED BY A PARTY EXERCISING SIGNIFICANT INFLUENCE - LEASE OF WAREHOUSES AND TRADE PREMISES, ACQUISITION OF FIXED ASSETS;

(v) ENTITES UNDER CONTROL OF KEY MANAGEMENT PERSONNEL – STORES AND HEAD OFFICE SECURITY SERVICES, LABANG SERVICE TO THE GROUP AND LOGISTIC SERVICES, AFTER-SALE AND OTHER SERVICING OF THE GROUP'S MECHANIDISE, REDECORATION AND ENGINEERING REPAR SERVICES IN THE HEAD OFFICE AND STORES LOCATED IN MOSCOW.

The following table provides the total amount of financial transactions, which have been entered into with related parties during the year periods ended 31 December 2020 and 2019 and the outstanding balances owed by/to related

parties as at 31 December 2020 and 2019, respectively:

	2020		31 December 2020		2019		31 December 2019	
	Financial income from related parties	Financial expense from related parties	Amounts owed by related parties	Amounts owed to related parties	Financial income from related parties	Financial expenses from related parties	Amounts owed by related parties	Amounts owed to related parties
Entities under common control (i)	-	325	-	5 143	_	334		4 962
Entities controlled by a party exercising significant influence (ii)	-	-	-	-	-	11	-	_
Entities under control of key management personnel (iii)	-	31	-	-	-	43	-	385
TOTAL	-	356	_	5 143	_	388	_	5 347

(I) ENTITIES UNDER COMMON CONTROL - FINANCE EXPENSES AND LEASE OBLIGATIONS;
 (II) ENTITIES CONTROLLED BY A PARTY EXERCISING SIGNIFICANT INFLUENCE - FINANCE EXPENSES AND LEASE OBLIGATIONS;

(III) ENTITIES UNDER CONTROL OF KEY MANAGEMENT PERSONNEL - FINANCE EXPENSES AND LEASE OBLIGATIONS.

Terms and conditions of transactions with related parties

Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There were no guarantees received or provided on receivables and payables in favor of related parties. As at 31 December 2020 and 2019, the Group has an allowance for doubtful accounts receivable from related parties in the amount of 9. The Group performs expected credit loss analysis of related parties balances as described in Note 3.

Compensation of key management personnel of the Group

The remuneration of directors and other members of key management during the years ended 31 December 2020 and 2019 was as follows:

	2020	2019
Short-term benefits*	2 238	1 984
Share-based payments (Note 32)	475	-
TOTAL	2 713	1 984

* SHORT-TERM EXHERTS INCLUDES SALARES, BONUES, ANNUAL LEAVE AND HEDICAL DREINES AND FOR THE YEAR ENDED 31 DECEMBER 2020 ONE-OFF INCENTIVE PHYMENTS TOTALING 1300 FOR THE COMPANY'S TOR MANAGEMENT (A. TINXOWA, P. BREV) FOR THER ROLES IN CRISS IN CRISS INAMAGEMENT RELATED TO THE COVID-19 PANGEME AND THE EFFICIENT MANDOVER OF RESPONSELITIES TO THE NEW CHIEF EXECUTIVE OFFICER BASED ON THE DECISION OF BOARD OF DIRECTOR.

As at 31 December 2020, there is 1 384 outstanding payable to key management personnel (as at 31 December 2019: 345).

As at 31 December 2020, the number of key management positions was 27 (as at 31 December 2019: 27).

During the reporting period, the Group did not assume any significant obligations for pension payments or other obligations to key management personnel, other than those disclosed in Note 32 and obligations to pay contributions to the state pension fund and social insurance funds as part of social contributions for salaries and bonuses. Social contributions relating to compensation of key management personnel amounted to 187 for the year ended 31 December 2020 (for the year ended 31 December 2019: 273) and were included in the amounts stated above.

34. COMMITMENTS AND CONTINGENCIES

Operating environment

The Group sells products that are sensitive to changes in general economic conditions that impact consumer spending. Future economic conditions and other factors, including consumer confidence, employment levels, interest rates, consumer debt levels and availability of consumer credit could reduce consumer spending or change consumer purchasing habits. A global slowdown in the Russian and world economy, or an uncertain economic outlook, could adversely affect consumer spending habits and the Group's operating results.

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment. The Russian economy is also particularly sensitive to changes in world oil and gas prices.

Starting from 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. The above-mentioned events have led to reduced access of the Russian businesses to international capital markets.

The impact of further economic developments on future operations and financial position of the Group is at this stage difficult to determine.

Impact of COVID-19

Starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world resulting in announcement of the pandemic status by the World Health Organization in March 2020. In the first half of 2020, the COVID-19 outbreak caused significant turmoil in the global market: it led to significant operational difficulties for many companies, changed the daily habits of people in different countries, contributed to a decline in oil prices, a fall in stock market indices, and the volatility of the national currency.

In response to the potentially serious threat posed to public health by the COVID-19 epidemic, government authorities in various countries have introduced restrictive measures. In particular, the Russian government declared non-working days in the period from the end of March to mid-June 2020. In many regions of the Russian Federation, including Moscow and Saint Petersburg, a high-alert regime was introduced and a number of measures were taken to combat coronavirus infection, which are mandatory for all citizens, including self-isolation.

During non-working days, the Group continued to operate in formats permitted by law and local regulations as an online retailer. Stores operated as online order pick-up points, mini-warehouses (dark stores) for walking courier delivery, or were closed. After the end of non-working days, stores gradually restored their normal operation during June-July 2020. Most of the employees of the central office were transferred to remote work starting from March 2020 to the current date.

In addition, as at 31 December 2020, the Group received government loans from Bank VTB (PJSC) in the total amount of 4 876 at a below-market rate of interest as part of state support. For the year ended 31 December 2020, the Group recognized grant income of 186 as part of other operating income.

Bank VTB (PJSC) also granted a deferral on payment of debt on borrowings received for the purpose of acquiring Eldorado and Media Markt businesses.

In addition, the Group has optimized costs and working capital and as a result of applying measures to strengthen liquidity during the pandemic, the Group has increased its cash and cash equivalents balance from 4 738 as at 31 December 2019 to 7 445 as at 31 December 2020.

The Group also renegotiated a number of leases and switched from fixed rent to a percentage of turnover for the period of restrictions (mainly April and May 2020) (Notes 8 and 26).

The Group identified the COVID-19 pandemic as an indicator of possible impairment of non-current assets and, consequently, as at 30 June 2020, tested goodwill, trademarks, right-of-use assets and property, plant and equipment for impairment. Based on the results of testing conducted by the Group, no impairment was identified. The Group also performed annual impairment testing of goodwill and trademarks as at 31 December 2020 (Note 6).

Since events caused by the new coronavirus pandemic are developing rapidly and cannot be reliably predicted, the impact of changes in the operating environment on the Group's future results and financial position is currently difficult to determine.

Tax risk management

Laws and regulations affecting business in the Russian Federation continue to change rapidly. Management's interpretation of such legislation as applied to the activity of the Group may be challenged by the relevant regional and federal authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. Fiscal periods generally remain open to tax audit by the authorities in respect of taxes for three calendar years proceeding the year of tax audit. Under certain circumstances reviews may cover longer periods. The Group's management believes that all applicable taxes have been accrued based on market practices and many years of expertise in the interpretation of tax legislation. However, the relevant authorities may have differing interpretations, and the effects on the financial statements could be significant.

The Russian tax authorities conducted field audit of LLC "ELDORADO" for 2015-2017, period before LLC "ELDORADO" was acquired by the Group. Compensation from previous owners of LLC "ELDORADO" for potential tax surcharges, identified during the tax audit, is provided by the terms of the transaction for the acquisition of LLC "ELDORADO". In accordance with current market practices and international financial reporting standards, as at 31 December 2020, the Group recognized the tax provision and income tax accruals as an estimated amount of additional charges. Also, as a result of negotiations conducted with the previous owners, the Group recognized the expected compensation of 50% of respective expenses (or 458) as an asset (Notes 13, 23 and 33).

Customs

During the years ended 31 December 2020 and 2019, the Group purchased a significant portion of its foreign manufactured goods on the territory of the Russian Federation from Russian legal entities, including Russian wholesalers or resellers, which may or may not have imported the goods into the Russian Federation directly. As the Group was not involved in clearing customs for the goods purchased on the territory of the Russian Federation, management cannot be certain that the entities which imported the goods into the Russian Federation were in full compliance with the applicable regulations of the Russian customs code.

As described above in Russian Federation tax and regulatory environment section, the relevant authorities may take a more assertive position in their interpretation of the applicable laws.

Under Russian law a company in possession of goods that were imported with proven violations of the customs law may be subject to significant administrative or civil penalties and/or confiscation of the goods, if it was involved in, aware of, or should have known that violation of the customs code were occurring. To date, the Group has not been subject to any notification of violations of the customs code.

Management believes that the Group's entities were acting in compliance with all applicable tax and legal requirements in respect of imported products, were not involved, not aware and could not be expected to know of any significant violations of the applicable customs code by the Russian wholesalers or resellers. Accordingly, management did not recognize any provisions in respect of such contingencies in these consolidated financial statements and determined that with current limitations in access to customs clearance documents it is not practicable to estimate the likely potential financial effect, if any, of such contingent liabilities

License agreements

As at 31 December 2020, the minimum payments excluding VAT on future contractual obligations of the Group are 1 567 (as at 31 December 2019: 1 566). These obligations arise in relation to technical support services of existing SAP software licenses until 2025.

The Group uses SAP software for finance, supply chain and human resources functions.

Litigation

In the normal course of business, the Group is subject to proceedings, lawsuits and other claims. While such matters are subject to other uncertainties, and outcomes are not predictable with assurance, the management of the Group believes that any financial impact arising from these matters would not exceed amount disclosed as a provision for litigation and fines in Note 23.

Environmental matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its environmental obligations. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental matters.

Financial guarantees

In the normal course of its operating activity the Group from time-to-time enters into financial guarantee contracts with banks. Under these contracts banks provide guarantees in favour of the Group's suppliers and the Group may be required to pay under those contracts only if it fails to make timely payments to its suppliers. As at 31 December 2020, the Group entered into such guarantee contracts for the total amount of 10 849 (as at 31 December 2019; 9 179). As at the 31 December 2020 and 2019, the Group has not pledged any assets as collateral under these guarantee contracts.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Generally, the Group's principal financial liabilities comprise bank borrowings, lease liabilities and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has trade and other receivables and cash and short-term deposits that are generated directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Group's senior management provides assurance to the Group's Board of Directors that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

Categories of financial instruments

The carrying values of financial assets and liabilities grouped by each category of financial instruments as at 31 December 2020 and 2019 were as follows:

31 December 2020	31 December 2019
53 754	38 919
450 270 136	238 450
	2020 53 754

Fair value of financial instruments

	31 December 2020		31 Decembe	r 2019
	Carrying value	Fair value	Carrying value	Fair value
FINANCIAL ASSETS				
Long-term loans and notes receivable	85	85	45	45
Cash and cash equivalents	7 445	7 445	4 738	4 738
Accounts receivable	46 224	46 224	34 136	34 136
TOTAL	53 754	53 754	38 919	38 919
FINANCIAL LIABILITIES				
Borrowings with fixed interest rate	47 928	48 284	49 410	50 982
Trade accounts payables	207 862	207 862	176 065	176 065
Other payables and accrued expenses	14 346	14 346	12 975	12 975
TOTAL	270 136	270 492	238 450	240 022

The fair value of assets and liabilities such as long-term loans issued and notes receivable, cash and cash equivalents, accounts receivable, trade payables and other payables is close to carrying amount due to the short maturities of these instruments.

Fair value of borrowings received in rubles at a fixed interest rate in 2020 and 2019, was estimated using borrowing rates of 6.5%-7.5% respectively using Level 3 of fair value hierarchy.

Foreign currency risk management

Foreign currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed. The Group's exposures to foreign currency risk mainly arise from lease payments tied-in to currencies other than functional currency. As at 31 December 2020 approximately 0.5% (as at 31 December 2019: 0.5%) of the Group's lease contracts for stores and warehouses were tied-in to either US Dollars or Euro. The Group minimizes, to the extent possible, the risk arising from foreign currency-denominated lease contracts by negotiating a fixed exchange rate or a cap for an exchange rate with the lessors.

During the years ended 31 December 2020 and 2019, the Group did not use forward exchange contracts to eliminate the currency exposures.

The carrying amount of the Group's foreign currency-denominated assets and liabilities at the reporting date are as follows:

	US Do	US Dollar		o
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
ASSETS				
Advances issued	3	-	2	-
Cash and cash equivalents	-	-	-	1
Total assets	3	-	2	1
LIABILITIES				
Lease liabilities	(2 331)	(1 596)	-	(147)
Total liabilities	(2 331)	(1 596)	-	(147)
TOTAL NET POSITION	(2 328)	(1 596)	2	(146)

Foreign currency sensitivity analysis

As mentioned above, the Group is mainly exposed to changes in the exchange rates of the US Dollar and Euro. The following table details the Group's sensitivity to a 10% (31 December 2019: 10%) change of the Russian Ruble against these two currencies. The sensitivity analysis includes only outstanding foreign currency denominated assets and liabilities at year-end and adjusts their translation for a movement in foreign currency exchange rates. Positive figures below indicate an increase in profit and respective increase in equity where the Russian Ruble appreciates against the relevant currency. For a depreciation of the Russian Ruble against the relevant currency, there would be an equal and opposite impact on profit and equity.

	US Dolle	ar	Euro		
	Changes in exchange rate, %	Effect on profit before income tax and equity	Changes in exchange rate, %	Effect on profit before income tax and equity	
2020	10%	(233)	10%	-	
	(10%)	233	(10%)	-	
	US Doll	ar	Euro		
	US Dolle Changes in exchange rate, %	ar Effect on profit before income tax and equity	Euro Changes in exchange rate, %	Effect on profit before income tax and equity	
2019	Changes in exchange	Effect on profit before	Changes in exchange	Effect on profit before	

Interest rate risk management

The Group is exposed to insignificant interest rate risk as entities in the Group borrow funds on fixed rates primarily. The Group is exposed to risk of fair value of financial liabilities changes because of changes of market interest rates.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The following analysis of changes in the fair value was performed for non-derivative financial instruments at the reporting date. For purpose of preparing risk management reports for key managers of the Group, the assumption of a change in interest rate of 100 basis points is used, which is in line with management's expectations regarding reasonably possible fluctuations in interest rates.

The increase/(decrease) of market interest rate by 100 basis points, if other conditions remain constant, would lead to decrease/(increase) of bank borrowings fair value by 228/(226) (1 571/(1 037) in 2019).

Credit risk management

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in financial loss to the Group. Financial assets which are potentially subject to credit risk consist primarily of bonuses receivable from suppliers, other receivables, short-term investments as well as cash on current and deposit accounts in banks and other financial institutions.

Bonuses receivable from suppliers are either offset against respective accounts payable or paid in cash. As at 31 December 2020, bonuses receivable from four major suppliers comprised 32% of the Group's consolidated accounts receivable and prepaid expenses (as at 31 December 2019: 29%). The Group believes no material credit risk is associated with these receivables since all of the debtors are represented by the Group's major suppliers.

The credit risk on liquid funds (see the table below) is managed by the Group's treasury department. Management believes that credit risk on investments of surplus funds is limited as the counterparties are financial institutions with high credit ratings assigned by international credit rating agencies.

The table below shows the balances that the Group had with four of its major counterparties as at 31 December 2020 and 2019:

			Carrying	amount
	Currency	Rating	31 December 2020	31 December 2019
JSC "ALFA BANK"	RUB	Ba1	1 636	173
Bank VTB (PJSC)	RUB	Baa3	1 453	981
PJSC Sberbank	RUB	Baa3	269	67
Other	RUB		102	82
TOTAL			3 460	1 303

The carrying amount of financial assets recorded in the consolidated statement of financial position, net of impairment losses, represents the Group's maximum exposure to credit risk. There were no other concentrations of credit risk as at 31 December 2020 and 2019.

Liquidity risk management

The Group's treasury department monitors the risk of a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Group's objective is to maintain a continuity of funding and flexibility through the use of bank overdrafts and bank loans. Each year the Group analyses its funding needs and anticipated cash flows, so that it can determine its funding obligations. The seasonality of the business, the store expansion plan, capitalized projects and the anticipated working capital requirements form the basis of the evaluation. When necessary the Group uses long-term instruments (loans and borrowings) to cover its base liquidity needs. The Group uses short-term loans and bank overdrafts to cover seasonality needs. Every quarter the Group updates its liquidity needs and secures facilities with several banks to ensure that the Group has a sufficient amount of approved undrawn borrowing facilities.

In addition, in order to manage liquidity risk, the Group uses a balanced approach to working capital management with balancing the terms of inventory and accounts payable turnover, and therefore certain requirements are imposed on suppliers to provide deferred payment conditions. Various mechanisms are used to provide the necessary deferred payment including factoring agreements, commercial loans and bills of exchange. As the Group does not receive significant benefits of additional financing and does not provide additional collateral using these mechanisms, the corresponding liabilities are recorded as trade payables, interest expenses as finance expenses, and cash flows - as cash flows from operating activities.

As at 31 December 2020, trade payables in respect of which the Group used mechanisms to obtain an additional deferral of payment with the involvement of financial institutions amounted to 18 632 (as at 31 December 2019: 7 134), the corresponding interest expense for the year ended 31 December 2020 of 822 (for the year ended 31 December 2019: 530). Also, as at 31 December 2020, the Group had trade payables to suppliers in the amount of 701 (as at 31 December 2019: 4 197), in respect of which a compensated deferral of payment was provided. Finance expenses incurred by the Group in connection with the provision of such a grace period by suppliers amounted to 596 and 158 for the years ended 31 December 2020, set and 2019, respectively.

The table below summarizes the maturity profile of the Group's financial liabilities as at 31 December 2020 and 2019 based on contractual undiscounted payments:

	Less than			More than	
	3 months	3-12 months	1-5 years	5 years	Total
As at 31 December 2020					
Trade accounts payable	205 328	2 534	-	-	207 862
Bank borrowings	923	48 951	27	_	49 901
Lease liabilities	6 729	13 745	54 018	26 936	101 428
Other payables and accrued expenses	14 272	73	1	-	14 346
TOTAL	227 252	65 303	54 046	26 936	373 538

	Less than			More than	
	3 months	3-12 months	1-5 years	5 years	Total
As at 31 December 2019					
Trade accounts payable	175 666	399	-	-	176 065
Bank borrowings	3 978	9 792	36 297	12 509	62 576
Lease liabilities	5 193	14 589	48 948	21 502	90 232
Other payables and accrued expenses	12 804	73	98	-	12 975
TOTAL	197 641	24 853	85 343	34 011	341 848

Capital risk management

The Group manages its capital to ensure that all Group companies will continue to operate in the foreseeable future and at the same time maximize return for shareholders by optimizing the debt to equity ratio. For the years ended 31 December 2020 and 2019, there have been no changes in objectives, policies and processes.

The Group's equity includes shares issued net of treasury shares repurchased, additional paid-in capital and retained earnings.

The main goal of the Group's capital management program is to maximize shareholder value and minimize the risks of the loan portfolio. The consumer electronics industry is a cyclical business and, accordingly, requires short-term fluctuations in the amount of capital used to purchase goods in order to satisfy seasonal demand. To cover seasonal capital requirements, the Group combines such types of borrowings as short-term loans and payables to suppliers. The store expansion program increases the capital requirement as the costs of opening new stores increase the Group's financial burden. Although the Group does not have any formal policy regarding the optimal ratio of debt and equity, the Group periodically analyzes its capital requirements to determine the necessary measures to maintain a balanced capital structure by attracting shareholders' contributions to the authorized capital, issuing new shares, returning capital to shareholders, issuing new or paying off existing debt obligations.

36. SUBSEQUENT EVENTS

There were no events after the reporting date that required disclosure in the financial statements.

ADDITIONAL INFORMATION ON THE IMPACT OF IFRS 16

Starting from 1 January 2019, when preparing consolidated financial statements the Group applies the provisions of IFRS 16 "Leases" in relation to accounting for lease agreements. In comparison with the previous IAS 17 "Leases", IFRS 16 introduced new requirements for lease accounting for lessees. In order to ensure comparability of the Group's consolidated financial results, consolidated financial position and consolidated cash flows for recent years, the Group has decided to disclose additional statements for the year ended 31 December 2020 based on the Group's accounting policies set out in Note 3 to the consolidated financial statements for the year ended 31 December 2020, but applying the principles of IAS 17 instead of IFRS 16 for accounting for lease agreements.

In accordance with the principles of IAS 17, which was effective until 31 December 2018, the Group, for the purposes of preparing the additional statements set out below, recognizes operating lease payments, which are rent fees for the use of premises, as expenses on a straight-line basis over the lease term. Contingent lease payments under operating leases, including reimbursement of operating expenses of the lessor, are recorded as expenses in the period in which they are incurred. If the lessor's operating and utility expenses are included in the fixed lease payments in the lease agreement, the amount of the lessor's operating expenses to be recognized as expenses of the reporting period is determined by calculation.

The main accounting principles for leases under IFRS 16 applied by the Group for preparation of the consolidated financial statements are set out in Note 3 to the consolidated financial statements for the year ended 31 December 2020.

The following statements are not IFRS statements and should only be considered in addition to the information contained in the consolidated financial statements for the year ended 31 December 2020.

The consolidated statement of financial position as at 31 December 2020 and 2019 prepared in accordance with the basis discussed above is presented as follows:

	31 December 2020	31 December 2019
NON-CURRENT ASSETS		
Property, plant and equipment	17 085	19 946
Investment property	351	502
Intangible assets	22 339	20 696
Goodwill	48 975	48 975
Investment in an associate and a joint venture	1 244	1 985
Deferred tax assets	4 653	2 592
Other non-current assets	1 875	2 761
Total non-current assets	96 522	97 457

31 December 2020 31 December 2019

1643

2 312

90

988

253 712

290 848

328 503

CURRENT ASSETS		
Inventories	146 994	129 115
Accounts receivable	45 610	34 247
Advances issued	5 525	2 527
Income tax receivable	100	84
Other taxes receivable	25 017	20 851
Other current assets	61	44
Cash and cash equivalents	7 445	4 738
Assets held for sale	1 2 2 9	303
Total current assets	231 981	191 909
TOTAL ASSETS	328 503	289 366
EQUITY		
Share capital	1 798	1 798
Additional paid-in capital	4 576	4 576
Treasury shares	(749)	(749)
Retained earnings	32 030	28 593
Total equity	37 655	34 218
NON-CURRENT LIABILITIES		
Non-current bank borrowings	31 733	38 752
Other liabilities	5 094	3 816
Finance obligations	134	338
Deferred tax liabilities	175	260
Total non-current liabilities	37 136	43 166
CURRENT LIABILITIES		
Trade accounts payable	207 862	176 211
Other payables and accrued expenses	18 017	15 164
Contract liabilities	6 604	8 112
Current bank borrowings	16 196	10 658

Income tax payable

Other taxes payable Finance obligations

Total current liabilities

TOTAL EQUITY AND LIABILITIES

Provisions

Total liabilities

9

1 460

112

256

211 982

255 148

289 366

The consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2020 and 2019, prepared in accordance with the basis discussed above, is presented as follows:

	2020	2019
REVENUE	417 857	365 216
COST OF SALES	(320 582)	(274 201)
GROSS PROFIT	97 275	91 015
Selling, general and administrative expenses	(82 876)	(76 767)
Other operating income	4 860	6 235
Other operating expenses	(577)	(784)
OPERATING PROFIT	18 682	19 699
Finance income	491	295
Finance expenses	(6 269)	(5 747)
Share of profit/(loss) of an associate and a joint venture	(2 468)	(1 953)
PROFIT BEFORE INCOME TAX EXPENSE	10 436	12 294
Income tax expense	(1 970)	(3 069)
NET PROFIT FOR THE PERIOD, BEING TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	8 466	9 225
NET PROFIT for the period, being TOTAL COMPREHENSIVE INCOME for the period excluding share of profit/(loss) of an associate and a joint venture	10 934	11 178

The consolidated statement of cash flows for the years ended 31 December 2020 and 2019, prepared in accordance with the basis discussed above, is presented as follows:

	2020	2019
OPERATING ACTIVITIES		
Net profit for the year	8 466	9 225
Adjustments for:		
Income tax expense	1 970	3 069
Depreciation and amortization	8 194	7 047
Change in allowance for long-term advances paid	167	(96)
Change in allowance for obsolete and slow-moving inventories and inventory losses, net		
of surpluses	609	976
Interest income	(491)	(295)
Interest expenses	6 268	5 747
Share of (profit)/loss of an associate and a joint venture	2 468	1 952
Change in provisions	(46)	(600)

	2020	2019
Other non-cash reconciling items, net	210	(168)
Operating cash flows before movements in working capital	27 815	26 857
Increase in inventories	(18 488)	(16 946)
Increase in accounts receivable and advances issued	(14 630)	(4 012)
Increase in other taxes receivable	(4 269)	(5 895)
Increase in trade accounts payable	30 981	20 707
Increase/(decrease) in other payables and accrued expenses	3 447	(925)
Decrease in contract liabilities	(1 508)	(3 329)
Increase/(decrease) in other liabilities	2 016	(324)
Increase/(decrease) in other taxes payable	1 003	(2 138)
Other changes in working capital, net	867	694
Cash generated by operations	27 234	14 689
Income taxes paid	(2 613)	(3 253)
Interest paid	(4 720)	(5 167)
Net cash from operating activities	19 901	6 269
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3 186)	(4 763)
Proceeds from sale of property, plant and equipment	505	571
Purchase of intangible assets	(4 727)	(4 573)
Interest received	491	295
Net cash outflow from purchase of subsidiary	-	(134)
Investment in joint venture	(3 460)	(2 380)
Net cash used in investing activities	(10 377)	(10 984)
FINANCING ACTIVITIES		
Dividends paid	(5 341)	(5 941)
Proceeds from borrowings	42 461	25 000
Repayment of borrowings	(43 885)	(35 050)
Repayment of lease liabilities	(53)	(48)
Net cash used in financing activities	(6 818)	(16 039)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2 706	(20 754)
CASH AND CASH EQUIVALENTS, at the beginning of the year	4 738	25 487
Impact of foreign exchange rate changes	1	5
CASH AND CASH EQUIVALENTS, AT THE END OF THE YEAR	7 445	4 738



ANNEX 1

Compliance with GRI Standards

Indicator	About the Indicator	Disclosure	Page	Indicator	About the Indicator	Disclosure	Page
102-1	Name of the organisation	M.Video-Eldorado Group, the Group, the Company – PJSC M.video Public Joint-Stock Company (hereinafter –	-	102-8	Information on employees and other workersников	6.3 People and communities	155
		PJSC M.video, the Company), as well as all companies, directly or indirectly controlled by the Group as of 31 December 2020, 2019 and 2018.				Number of employees holding a permanent employment contract:	
						Men - 17 256;	
102-2	Activities, brands, products	1.1 Group portrait	4-5			Women - 7 656.	
	and services	1.3 Hybrid business model expands value creation opportunities	10			Number of employees holding a temporary employment	
		1.5 2020 performance highlights	18-21			contract:	
		2.6 Operating and Financial Results	51-53			Men - 2 827;	
						Women - 820.	
						Number of full-time employees:	
102-3	Location of headquarters	Street Nizhnyaya Krasnoselskaya, 40/12; Building 20, floor 5, room II, room 3; Moscow, 105066	-			Men - 19 935;	
		·····, ··· , ···· , ·····				Women - 7 795.	
102-4	Location of operations	1.1. Group portrait	4-5				
		4.2 Order fulfillment: speed and efficiency at every step	79-80			Number of part-time employees:	
		Full market coverage in a single retail environment	15			Men - 148;	
102-5	Ownership and legal form	5.11 Capital, Shares, Dividends	142			Women - 681.	
102-6	Markets served	1.1 Group portrait	4-5			Number of employees with disabilities – 125.	
102-6	Markets served	I.I Group portrait	4-5				
102-7	Scale of the organization	1.1 Group portrait	4-5			The number of store employees working under permanent and temporary contracts, by division:	
		2.6 Operating and Financial Results	51-53			Moscow Division: permanent – 4 817, temporary - 950;	
		2.7 Financial Results in 2020				Northern Division: permanent - 3 441, temporary – 656;	
		6.3 People and communities	54-56			Siberian Division: permanent – 3 593, temporary- 695;	
			155			Ural Division: permanent - 2 845, temporary – 467;	
						Central Division: permanent - 2 971, temporary- 402;	
						Southern Division: permanent - 2 542, temporary – 412.	
						• • • •	

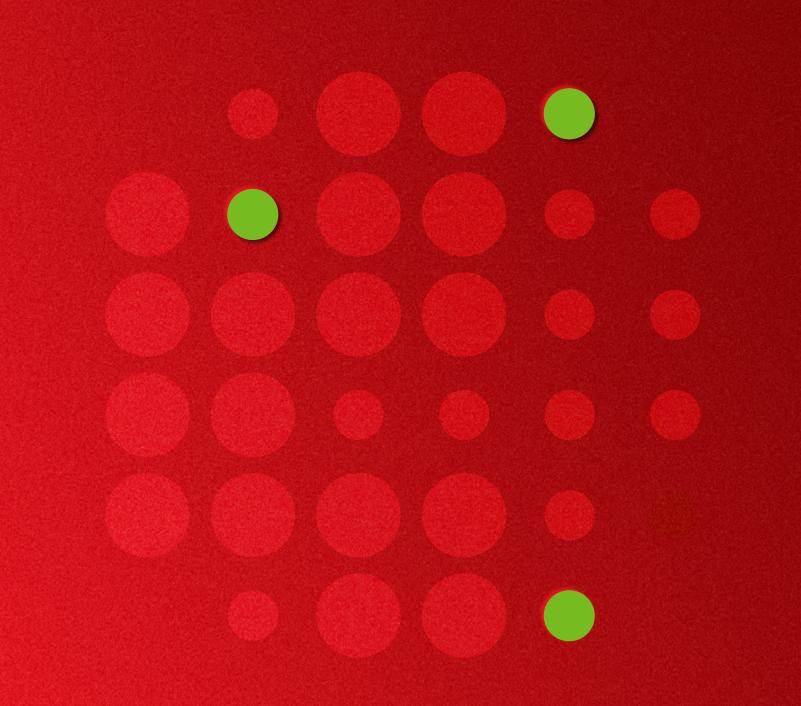
Indicator	About the Indicator	Disclosure	Page
102-9	Supply chain	4.2 Order fulfillment: speed and efficiency at every step	79-82
		4.3 Further development of partnerships with suppliers	83-87
102-10	Significant changes to the	2 Strategic Report	24-56
	organization and its supply chain	5.2 M.Video-Eldorado Group corporate structure	93
	chum	5.11 Capital, Shares, Dividends	137
102-11	Precautionary Principle or approach	The Group is committed to the Precaution-ary Principle and focuses on preventing harm rather than redressing it.	-
102-12	External initiatives	Club of Green Retailers	_
		Association SKO Electronics-Utilization	
102-13	Membership of associations	The Retail Companies Association (ACORT)	-
		Association of the Companies of Internet Trade (ACIT)	
		Association of Trading Companies and Manufacturers of Household Electrical Equipment and Computers (RATEK)	
		The Association of European Businesses (AEB)	
		The Chamber of Commerce of the Russian Federation	
		OPORA RUSSIA	
		Business Russia	
		Russian Union of Industrialists and Entre-preneurs	
		Russian Managers Association	
	Statement from senior decision-maker	Address of the Chairman of PJSC M.video's Board of Directors, Said Gutseriev	24-25
		Address of the CEO of M.Video-Eldorado Group, Alexander Izosimov	26-27
102-15	Key impacts, risks, and opportunities	5.8 Risk Management	124-125
102-16	Values, principles, standards, and norms of behavior	5.9 Compliance	132-135
102-17	Mechanisms for advice and concerns about ethics	5.9 Compliance	132-135
102-18	Governance structure	5.2 M.Video-Eldorado Group corporate structure	94
102-20	Executive-level responsibility	5.7 Sole Executive Bodies	117
	for economic, environmental, and social topics	The sole executive body manages the Group's current activities as well as organ-izes the implementation of decisions taken at the General Meeting of Shareholders and those made by the Board of Directors and the Group's Management Board, in-cluding in the area of social and environ-mental issues.	
102-21	Consulting stakeholders on economic, environmental, and social topics	6.1 Sustainability Strategy	148
102-22	Composition of the highest	5.3 General Meeting of Shareholders	95
	governance body and its committees	5.4 Board of Directors	96-115

Indicator	About the Indicator	Disclosure	Page
102-23	Chair of the highest governance body	Said Gutseriev – Chairman of the Board of Directors	-
102-24	Nominating and selecting the	5.3 General Meeting of Shareholders	95
	highest governance body	5.4 Board of Directors	96-98
102-25	Conflicts of interest	5.9 Compliance	128
102-26	Role of highest governance	5.4 Board of Directors	92
	body in setting purpose, values, and strategy	5.8 Risk Management	108
			118
102-27	Collective knowledge of highest govern-ance body	6.1 Sustainability Strategy	145-148
102-29	Identifying and managing economic, environmental and social impacts	6.1 Sustainability Strategy	145-148
102-30	Effectiveness of risk management processes	5.8 Risk Management	124-125
102-31	Review of economic, environmental, and social topics	Assessments are carried out on an annual basis	-
102-32	Highest governance body's role in sustainability reporting	HR Director	-
102-33	Communicating critical concerns	5.8 Risk Management	124-125
102-35	Remuneration policies	5.10 Principles for the determination and amount of remuneration of management and control bodies	136
102-36	Process for determining remuneration	5.10 Principles for the determination and amount of remuneration of management and control bodies	136
102-37	Stakeholders' involvement in remuneration	5.10 Principles for the determination and amount of remuneration of management and control bodies	136
102-38	Annual total compensation ratio	5.10 Principles for the determination and amount of remuneration of management and control bodies	136
102-39	Percentage increase in annual total compensation ratio	5.10 Principles for the determination and amount of remuneration of management and control bodies	136
102-40	List of stakeholder groups	6.1 Sustainability Strategy	148
102-41	Collective bargaining agreements	M.Video-Eldorado Group does not have any collective bargaining agreements	-
102-42	Identifying and selecting stakeholders	6.1 Sustainability Strategy	148
102-43	Approach to stakeholder engagement	6.1 Sustainability Strategy	148
102-44	Key topics and concerns raised	1.2 Value-based leadership	8
		6.1 Sustainability Strategy	148

Indicator	About the Indicator	Disclosure	Page
102-45	Entities included in the	Content	2
	consolidated financial statements	5.2. M.Video-Eldorado Group corporate structure	86
	statements	Consolidated Financial Statements for the year ending 31 December 2020.	168
102-46	Defining report content and topic Boundaries	6.1 Sustainability Strategy	144-148
102-47	List of material topics	6.1 Sustainability Strategy	146
102-48	Restatements of information	A technical error was made in the 2019 report regarding work-place injuries. The correct number of cases as of 31.12.2019 was 11	166
102-49	Changes in reporting	Not recorded	-
102-50	Reporting period	01.01.2020 - 31.12.2020	-
102-51	Date of most recent report	M.Video-Eldorado Group publishes integrated reporting	-
102-52	Reporting cycle	Annual	-
102-53	Contact point for questions regarding the report	Valeriya Andreeva PR Director valeriya.andreeva@mvideoeldorado.ru Tel: +7 (495) 644-2848, ext. 7386	
		Maxim Novikov IR Director maxim.novikov@mvideo.ru Tel: +7 (495) 644-2848, ext. 1425	
		Tatyana Polyakova Head of Sustainability Tel: +7 (495) 644-2848, ext. 7951	
102-54	Claims of reporting in accordance with the GRI standards	The report was prepared using GRI standards	2
102-55	GRI content index	The report complies with GRI standards	-
102-56	External assurance	The report has not undergone external assurance procedures	_
103-1	Explanation of the material topic and its Boundary	All substantive issues are disclosed within the Boundaries of the Group	
		6.2. Planet	149-153
		6.3. People and communities	154-168
		6.4. Customers and technologies	169-170
103-2	The management approach	6.2. Planet	149-153
	and its components	6.3. People and communities	154-168

Indicator	About the Indicator	Disclosure	Page
103-3	Evaluation of the management	6.2 Planet	149-153
	approach	6.3 People and communities	154-168
		6.4 Customers and technologies	169-170
203-1	Infrastructure investments and services supported	6.3 People and communities	162
205-1	Operations assessed for risks related to corruption	The Group constantly monitors risks related to corruption	-
205-3	Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption in 2020	-
302-1	Energy consumption within the organization	ESG Data book	
302-3	Energy intensity	ESG Data book	
305-1	Direct (Scope 1) GHG emissions	ESG Data book	
305-2	Energy indirect (Scope 2) GHG emissions	ESG Data book	
305-4	GHG emissions intensity	ESG Data book	
306-1	Water discharge by quality and destination	6.2 Planet ESG Data book	149-153
306-2	Waste by type and disposal method	6.2 Planet	149-153
401-1	New employee hires and employee turnover	6.3 People and communities	154-156
		The total number of new employee hires conducted during the reporting period, by gender:	
		• Men – 8,014;	
		• Women – 2,487.	
		Total number of new employees hired during the reporting period, by age group:	
		• > 30 years - 7,572;	
		• 30-50 years – 2,819;	
		• 50+ years - 110.	
		Total number of new retail employees hired during the reporting period, by division:	
		• Moscow Division – 2 479;	
		• Northern Division – 1 555;	
		• Siberian Division – 1 766;	
		• Ural Division – 1 038;	
		• Central Division – 1 028;	
		• Southern Division - 972.	

Indicator	About the Indicator	Disclosure	Page
403-2	Hazard identification, risk assessment, and incident investigation	6.3 People and communities	161
403-5	Worker training on	6.3 People and communities	160
	occupational health and safety		165
403-8	Workers covered by an occupational health and safety management system	6.3 People and communities	165
403-9	Work-related injuries	6.3 People and communities	166
		Causes of work-related injuries in 2020:	
		 Carelessness and negligence of the victim - 5; 	
		 Violations of technical procedures - 2; 	
		 Violations of labor regulations and labor discipline; 	
		 Workplace conditions and lighting – 1; 	
		 Sharp deterioration in health – 1; 	
		 Actions of other individuals (either intentional or those caused by negli-gence) – 1. 	
404-1	Average hours of training per year per employee, by gender and employee category	6.3 People and communities	160
404-2	Programs for upgrading employee skills and transition assistance programs	6.3 People and communities	160
404-3	Percentage of employees receiving regular performance and career development reviews	6.3 People and communities	160
405-1	Diversity of governance bodies and employees	6.3 People and communities	160-161
405-2	Ratio of basic salary and remuneration of women to men	Sustainability section on the Group's web-site: <u>https://</u> www.mvideoeldorado.ru/ru/sustainability_	
412-1	Operations that have been subject to human rights reviews or impact assessments	No specialized reviews of human rights violations were conducted in 2020.	



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