

М.ВИДЕО | ЭЛЬДОРАДО

Chief electronics
expert

We are experts

Annual report
2023



Content

About the Company

1.1. Group profile	4
1.2. Value-based leadership	5
1.3. 30 years at the top	6
1.4. Key events and results of 2023	7
1.5. Brand portfolio	11
1.6. Geography	12

Strategic report

2.1. Statement of the management team	14
2.2. Overview of markets	16
2.3. Strategic priorities	21
2.4. Business model	25

Operating activities

3.1. Assortment management	31
3.2. Best customer experience	34
3.3. Retail network development	38
3.4. Effective logistics	40
3.5. One-stop service center	42
3.6. Fintech	45
3.7. Technology platform	46

Contribution to sustainable development

4.1. Personnel management	49
4.2. Personnel structure	50
4.3. Creating a working and living environment	51
4.4. Employee training and development	52
4.5. Employee health and safe working environment	54
4.6. Charity and social projects	56
4.7. Progress on circular economy and sustainability projects	57

Corporate governance

5.1. The Group's corporate governance system	60
5.2. Governing bodies	63
5.3. Risks, audit, and control	68
5.4. Business ethics and compliance	71
5.5. Capital, shares and dividends	74

Appendices

Appendix 1. About the report	77
Appendix 2. Report on compliance with the Corporate Governance Code	78
Appendix 3. Major transactions and related-party transactions	98
Appendix 4. Reports of the Committees of the Board of Directors	102
Appendix 5. GRI Content Index	107
Contact details	109



We are experts...

in complexity

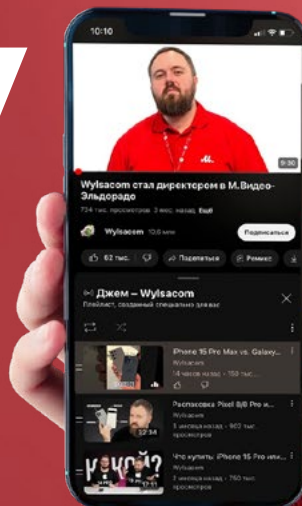
We assist customers in navigating technology to make the right purchase decisions. Our goal is to always stay at the forefront of innovation and be in tune with our customers

1,242
stores

offering professional consultations to customers (incl. 62 new efficient compact stores)

370
cities

(+15 cities in 2023)



Hello! I'm Em.Vi, the virtual ambassador of M.Video-Eldorado, and I'm 22 years old. I was created to help people navigate technology. Alongside me, our Unboxing Director, Valentin Petukhov (Wylsacom), provides professional advice to our customers.



Learn more
about Em.Vi



1.1. Group profile^[2-1]

M.Video-Eldorado Group is a leading Russian company with over 30 years of experience in e-commerce and consumer electronics that unites the M.Video and Eldorado brands. The Group includes M.Tech, an IT company focused on developing retail solutions, and the fintech platform Direct Credit. The Group's total sales (GMV¹) in 2023 increased by 11% to RUB 540.4 billion. Total online sales accounted for 71% of the Group's GMV, making it one of the leading e-commerce players in Russia.

To fully meet the needs of our customers and partners at every stage of interaction, we are developing a hybrid business model that combines the advantages of both brands, an online platform, and mobile technology with an extensive network of stores in 370 cities and a robust nationwide logistics infrastructure. As part of its qualitative business transformation, the Company is creating new growth opportunities by developing a unified customer service center and expanding the range of financial services.

M.Video-Eldorado is one of Russia's most tech-savvy retailers. Our mobile apps, websites and stores integrated within the ONE RETAIL technology platform complement each other to offer enhanced personalized customer experience. This gives us an important competitive advantage over retailers that operate exclusively online or offline

 [For more details, see the 2.4.Business Model section.](#)

Being a 'chief electronics expert', M.Video-Eldorado seeks to meet customer needs in the widest and most professional way possible through our competitive strengths: omnichannel customer journey, handpicked product range with a broad differentiation and exceptional customer service."

Sergey Li,
CEO of M.Video-Eldorado Group



¹ GMV (gross merchandise value) comprises in-store purchases (including those from pickup points), paid and delivered online orders, and paid orders shipped from warehouses to corporate customers. Offline and online purchases can be made by both individuals and legal entities. GMV includes the Company's own and agency sales of goods and services. GMV includes VAT and is net of discounts granted to customers and returns made during the reporting period. GMV does not constitute the Company's revenue.

1.2. Value-based leadership

Our Mission

We bring people
a new experience of
comfortable living
through our expertise
and caring service



Our values



CUSTOMER FOCUS

My customer, my
responsibility



TEAMWORK

All as one, towards a
common goal. Strong as a
team



DRIVE FOR RESULTS

From words to action.
Together, we take
responsibility for the result



HONESTY

We do what is right, not what
is easy. Open processes,
open people



FLEXIBILITY

We listen, we hear, we
change



CARE

We do care. With excitement
to work, with respect to each
other



1.3. 30 years at the top

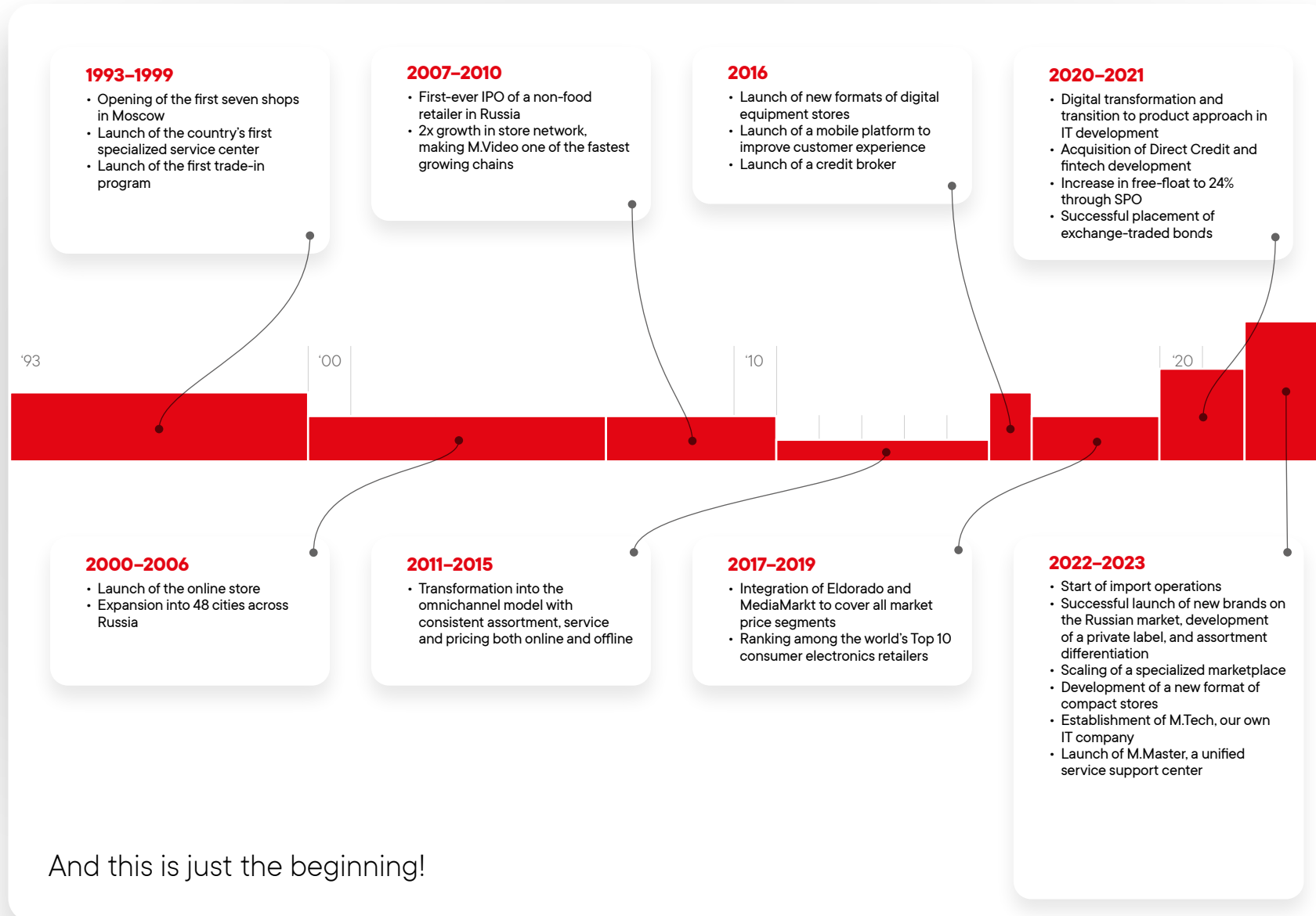
Since 1993, M.Video–Eldorado has been delivering emotions and inspiring its customers by offering a wide range of products and a high level of service. Over the years, the Company has become one of the leaders in the household appliances and electronics market in Russia, earning the trust of millions of buyers.

M.Video–Eldorado experts are always ready to help customers choose the best solution, and our cooperation with leading manufacturers enables us to offer the most up-to-date products at competitive prices.

The Company is actively expanding its network of over 1,200 stores and developing its online platform and proprietary marketplace to be closer to customers and make every purchase a pleasant and comfortable experience.

M.Video–Eldorado's market leadership is evidenced not only by the scale of its business, but also by its commitment to innovation and improvement. The Company does not stand still and is constantly evolving by implementing new technologies and services to meet the demands of modern consumers. We are committed to providing a seamless customer journey at every stage, from product search and purchase to installation and after-sales service.

M.Video–Eldorado continues to evolve, adapting to new challenges. The future of the Company promises even more opportunities and services for customers, creating value and comfort with every purchase.



1.4. Key events and results of 2023

Financial performance

RUB **434.4** bln
revenue

RUB **21.5** bln
EBITDA

+49%
year-on-year EBITDA growth

+0.4 p.p.
gross margin growth

Sales

RUB **540.4** bln
GMV

71%
share of total online sales in GMV

15.7%
share of credit sales¹ in GMV (+5.3 p.p. year-on-year)

2x
sales growth on our own electronics marketplace

Customers

25%
share of new clients in the Group's portfolio

+14%
growth in the number of new clients²

66 mln
total mobile app installations³

+30%
year-on-year growth in the number of installations

1.2 bln
in-store and online contacts per year

Assortment

>191,000
SKUs

+22%
year-on-year growth

~30%
share of imports²

15%
share of differentiating assortment in GMV

>72 mln pcs.
CE sales in 2023



¹ Credit sales include POS loans.

² In 2023.

³ Total M.Video and Eldorado customer mobile app installations as at December 31, 2023.

Key events

January

- The Group became Yandex.Market's largest partner in terms of the number of stores with the pickup options, by launching new cooperation formats – Click & Collect¹ and FBS², offering order delivery to customers by the marketplace's couriers or pickup at pick-up points.



April

- The Group successfully placed its fourth issue of exchange-traded bonds worth RUB 7 billion, with over half of the proceeds coming from individual investors who showed unprecedented interest in the offering.
- The Company resumed expansion and started piloting a new format of M.Compact stores with a wide range of digital and household appliances and floor space of 500–600 square meters.

June

- M.Video launched a personalized delivery service for premium technology products sourced on request.
- The Group partnered with Alfa-Bank and the Podeli service to launch online purchases with payment by installments.
- The Group and the Russian Presidential Academy of National Economy and Public Administration (RANEPA) signed an agreement on co-operation in IT and logistics.



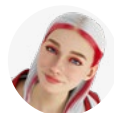
March

- M.Video-Eldorado and VTB implemented instant payments for purchases through the Faster Payment System directly at the shelf



May

- The Group became the largest e-waste operator in Russia and a key partner of Ecopolis Corporation, Russia's first electronics recycling plant facility.
- The Company utilized 3D gaming modeling to create and introduce its own digital influencer named Em.Vi to the market. This virtual employee engages with customers on the Company's social media pages, maintains blogs on media platforms, and participates in advertising campaigns.



July

- The Company became the first in its segment to launch a pilot project for lending to non-residents using its own consumer lending platform, Direct Credit.



¹ Pickup from Eldorado stores on the day of order.

² Fulfillment by Seller.



Key events (continued)

August

- On August 22, trading in deliverable futures contracts for the shares of PJSC M.video commenced on the Moscow Exchange's derivatives market. The decision by the Moscow Exchange to start trading in the Company's derivatives came a response to the high investor interest in the Group's securities and confirmed the high liquidity of the Company's securities.
- In August, against the backdrop of currency exchange rate fluctuations, the Group froze prices across 30 product categories of socially significant consumer electronics products to keep at the minimum level of July.



September

- The Group launched a pilot program to connect stores to an intelligent system for automated management of electricity consumption using IoT devices.

November

- As part of efforts to improve its last mile services, the Company launched express delivery of large-sized appliances from stores in partnership with taxi aggregators.
- The Group expanded its range of gaming peripherals and became a retail partner of Lunacy, a new brand of premium gaming devices by popular streamer Vyacheslav Buster Leontiev.
- The Company expanded its own fleet of vehicles in operating lease, adding trucks from Russian manufacturers Sollers and GAZ planned to be used for delivery of large-sized goods with installation.

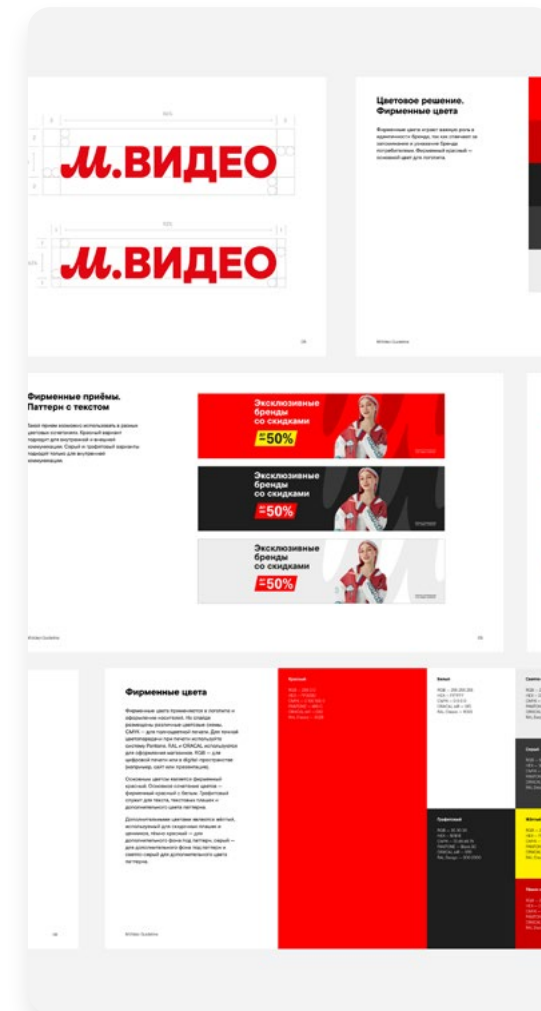
lunacy



GAZ

December

- The Company announced the start of rebranding, with changes in the corporate identity and style of M.Video designed to reflect qualitative updates in the business model, the retailer's expertise, and a new brand platform.
- As part of its fintech business development, M.Video-Eldorado certified its acquiring operations in compliance with the international Payment Card Industry Data Security Standard (PCI DSS).
- M.Video-Eldorado and the Russian Environmental Operator (REO) signed a cooperation agreement on e-waste disposal.
- M.Video-Eldorado started selling products by Casarte, a premium brand new to the Russian market.
- The Group signed a cooperation agreement with the Moscow State Institute of International Relations of the Russian Ministry of Foreign Affairs (MGIMO) to enhance educational programs by integrating advanced technologies and practical case studies, and to foster expert and personnel exchange.
- In partnership with ICL, M.Video-Eldorado launched sales of new domestic brand OSiO laptops assembled in Russia.



Awards and achievements

Retail Week Awards 2023

Winner in the HR Solution of the Year category with the Sales KPI product; winner in the IT Project of the Year category with the Titan product

InterComm 2023

Winner in the People and Technology category with the Shift Exchange Marketplace project

HR Tech Award

Digital Pyramid 2023, Grand Prix for the joint Shift Exchange project of M.Video-Eldorado and Verme

RB Digital Awards2023

Winner in the HR and Internal Communications category with the Shift Exchange Marketplace project; shortlisted in the Logistics and Transportation category with the ComSpace Integrated Category Management Platform project

Naumen and Skolkovo Foundation

No. 1 in customer experience digitalization

Retail TECH 2023

Winner in the Smart Chatbot category with the M.Video Em.Vi Smart Chatbot project; laureate in the Big Data Leadership category with the M.Data Catalog project; winner in the Widest Range of Private Label Consumer Electronics category

Red Apple

Silver award in the Best New Content category for XR stream with virtual ambassador Em.Vi

HR Brand by HH

Winner in the Digital Leadership category for the HR tech ecosystem

Silver Mercury 2023

Bronze award and Info Event of the Year 2023 award from Medialogia for the opening of Russia's first ever metaverse store

ECOM Awards 2023

Winner in the Best Content Marketing Campaign category

Big Turnover 2023

Finalist in the Social Responsibility category and Grand Prix for exerting significant influence on the industry and wider society

Data Insight and IT integrator AWG

Leader in omnichannel experience ranking

Technotext 2022 by Habr

Shortlisted for the best IT texts award

Best Store of the Year 2023

Eldorado named the Best Online Store

We love
to win ;)



1.5. Brand portfolio

M.Video rebranding

M.Video-Eldorado Group has embarked on a new phase of its development, with a focus on enhancing its service business and the ONE RETAIL approach to customer relations. This business transformation is supported by rebranding and changes in corporate identity. For the first time in its 30-year history, M.Video's logo saw a major overhaul, with the brand adopting a revamped visual style that reflects our expertise and qualitative business changes, as well as an updated M.Video-Eldorado Group's brand platform.

The rebranding of M.Video focuses on bringing the brand even closer to customers, providing a more user-friendly and convenient experience in line with current trends, evolving consumer habits, and changes

in content consumption changes, as well as highlighting the brand's expertise. As part of the rebranding, M.Video introduced the brand's new descriptor – chief electronics expert – which now serves as a key element in communication with customers, clearly reflecting the brand's expertise, strengths, and opportunities for customers.

The rebranding has brought a change in the language of communication with customers. The logo is now integrated directly into the communication, with a focus on the iconic "M" and its innovative usage (in Russian), such as "предлагаеМ" (offering), "доставляеМ" (delivering), "гарантируеМ" (guaranteeing), and more.

Brand platform: unified system of additional services, co-branding


As part of its business transformation, the Company continues on its course of developing a seamless customer experience, which involves increasing its presence across all stages of the customer journey. To achieve this, we intend to go beyond the traditional boundaries of retail and explore new business areas offering competitive advantages. These new business areas are positioned using a unified ecosystem style, with a consistent naming approach helping them benefit from customers' recognition and trust in the core brand, M.Video.

Sub-brands enable us to address tactical objectives, emphasizing the brand's service focus and expertise. The Company's portfolio now includes M.Master, a one-stop customer support center that offers services such as delivery, installation, setup, repairs, and more, and new financial services like M.Installment with a revolving credit limit for purchases of consumer

electronics. The Company also plans to merge the loyalty programs of M.Video and Eldorado under the M.Club brand.

The transition to the new brand platform is also reflected in the updated visual identity of Eldorado, with its logo now featuring colors identical to those of M.Video and set to used in a co-branded format. M.Video and Eldorado continue to converge in joint advertising communications and expansion of the co-branded store network. Both brands are managed through a unified back office, with shared procurement, inventory management, distribution, and logistics, enabling efficient cost optimization. This approach takes synergies between M.Video and Eldorado to a new level, helping both brands fully leverage their capabilities and provide more benefits to customers. At the same time, the brands retained their own positioning and audience, with offline M.Video and Eldorado continuing to operate in familiar formats, as well as their online platforms.

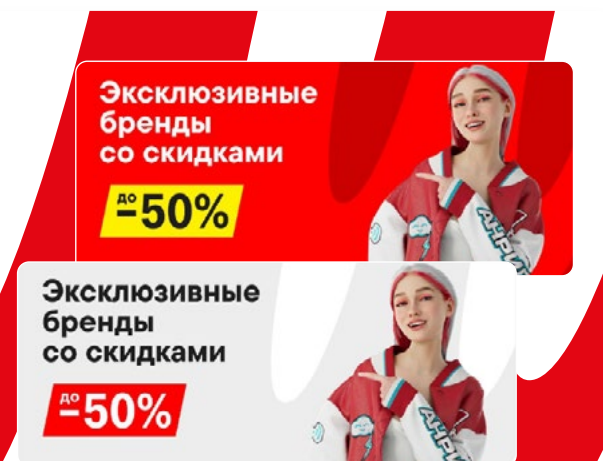
A distinct identity was developed for the M.Video-Eldorado co-brand, encompassing navigational product offers, outdoor advertising layouts, digital communications, offline and online vendor communications, entrance groups, signage, and streamlined unified style. This helps the co-brand maintain a consistent and cohesive presence both online and offline.

 [For more details on co-branded stores, see section 3.3. Retail network development.](#)

The letter "M" became the basis and a unifying style element of the reimagined visual architecture of M.Video, encompasses both the umbrella brand M.Video and its sub-brands representing priority areas of business development, such as a focus on service (M.Master) and the expansion into fintech (M.Money).

The updated brand style of M.Video is designed to be easily recognizable and visually impactful while maintaining its familiarity among the Russian audience, yet with a more legible logo, new visual elements and fonts. The brand's signature colors, red and white, have been made brighter, more contemporary, and digital. The updated M.Video logo has become more technological and relevant in the digital environment, featuring modified font in the word "VIDEO" while maintaining a positive connection with the brand letter "M".

The updated M.Video logo is used across all customer touchpoints and communication channels, including the mobile app and website, as well as in new store designs. In existing stores, the new logo will be implemented organically, taking into account planned signage replacements.



1.6. Geography

In 2023, the omnichannel model of customer engagement, integrating online and offline channels, once again proved its validity.

Against the backdrop of our significant brand updates, customers are increasingly turning to physical stores for assistance and expert advice. The role of retail service support, including warranty services and repairs, is also growing, with availability of brick-and-mortar stores seen by the customers as an additional guarantee of quality and after-sales service.

Growth drivers in 2023

geographical expansion
and the efficient
compact store format

62

new compact format stores



In 2023, 90% of orders were fulfilled using store infrastructure.

M.Video-Eldorado Group's developed logistics infrastructure covers 1,242 stores³ that account for some 66% of our stock.

The extensive geographic presence of the Group, coupled with full online coverage in the cities of operation, enables 82% of our customers to receive their orders within 24 hours. Orders that account for 43% of our GMV are available for pickup within 15 minutes.

Our customers continue to have access to our signature services, including same-day delivery and installation, free disposal of old equipment, and much more. As part of efforts to improve its last mile services, in 2023, the Company launched express delivery of large-sized appliances from stores in partnership with taxi aggregators.



1,242

stores

370

cities

in Russia³

100%

online
coverage

in cities of operation³

82%

of the
country's
population

can receive orders
within 24 hours¹

66%

of stock

kept in stores
to ensure availability
to customers³

43%

of all orders

are available
for pickup within
15 minutes¹

¹ For 12M 2023.

² Including St. Petersburg. Sources: Company data.

³ As at December 31, 2023.



We are experts... in business

we keep growing and maintaining our market leadership even in turbulent times. Our stores are getting closer to customers and more convenient.

↗ **RUB 540.4** bln
total sales (GMV)
of the Group including VAT (+11%)

↗ **191,000**
SKUs (+22% growth in product range
year-on-year), including 30% of imports

In 2023, we found new partners and expanded our product range to include Haier, Hisense, Huawei, Grundig, and other brands. We focus on quality and stay true to our principle: cherish the trust of our customers and team.

Copy

Forward



Learn more
about Em.Vi



2.1. Statement of the management team ^[2–22]

Dear colleagues, shareholders, investors, and partners!

In 2023, M.Video-Eldorado Group celebrated its 30th anniversary. It is a milestone that symbolizes our long and successful history in retail sales of consumer electronics (CE). “Over the past two years, our Company has successfully transformed its business model, and in 2023, we delivered robust growth across key business indicators. For 2023, the Group’s total GMV improved by 11% year-on-year, reaching RUB 540 billion. In Q4 2023, we also delivered the highest quarterly GMV in the Company’s history, with GMV growing by 43% year-on-year to RUB 181.1 billion.

The achievements of 2023 lay a strong foundation for our further solid growth, which we expect will be shaped by both the market environment and the outperformance of the Group’s business.

RUB 181.1 bln
record-high quarterly GMV
in Q4 2023

RUB 540 bln
Group’s total GMV for 2023

Market overview

In 2023, the Russian CE market recovered, with the key product categories delivering a year-on-year increase in sales. Customer activity at the beginning of 2024 also gives grounds for optimism for the near term as we expect the CE market turnover to grow by some 10% vs. 2023. The key drivers include slowing/reducing inflation, growth in personal income and consumer sentiment index; as in previous years, pricing, namely promotion and campaigns, as well as the development of financial instruments, will remain one of the main drivers. For its part, by capitalizing on its initiatives in the above areas and developing its upgraded business model, M.Video-Eldorado is ready to support the market trend and continue enhancing its standing.

Financial performance

In 2023, the Company achieved all financial targets, delivering business growth while improving margins and effectively controlling costs and investments. Our success is confirmed by the record-high inventory turnover demonstrated by the end of the year, the lowest ever operating expenses, and the return of EBITDA margin to the target range. The strong financial results comparable to the pre-pandemic period enabled us to reduce leverage below the level registered over the past two years and bring our Net debt / EBITDA ratio to 3.2x. With our robust updated business model, we can expect further improvements across all metrics by the end of 2024, including lower leverage.

Rebranding

In 2023, the business transformation was supported by rebranding and changes in corporate identity. For the first time in its 30-year history, M.Video’s logo saw a major overhaul, with the brand adopting a revamped visual style that reflects our expertise and qualitative business changes, as well as an updated M.Video-Eldorado Group brand platform. As part of the rebranding, M.Video introduced the brand’s new descriptor – chief electronics expert – which now serves as a key element in communication with customers, clearly reflecting the brand’s expertise, strengths, and opportunities for customers.

The transition to the new brand platform is also reflected in the updated visual identity of Eldorado. M.Video and Eldorado continue to converge in joint advertising communications and expansion of the co-branded store network.

Retail network development

We are successfully improving our business model based on the development of a convenient omnichannel customer experience, with stores remaining its cornerstone: customers rely on them for expert support and service options, use them as a source of new CE-related experience and emotions, and benefit from convenient in-store pickup.

In 2023, we resumed our program of targeted expansion in the geography of our chain, which reached a whole new level of margins and efficiency following the introduction of new M.Video-branded compact stores. Last year, we launched 62 new compact format stores and tapped into 15 new cities. In 2024, we plan to continue our expansion and open at least 100 more stores of this format.

In addition, the Group continued to develop its network of co-branded M.Video-Eldorado stores, which offer additional advantages to our customers: services and offerings, unified access to bonus programs, promotions, and stock. In 2024, we plan to continue increasing the number of co-branded stores.

62 new stores
of the compact format
launched in 2023



Range of products

In 2023, the key objectives for M.Video-Eldorado were to further stabilize the supply of popular CE and expand the range of products for customers while maintaining the most attractive prices. We continue to actively expand our assortment: we enhance cooperation with the available pool of brands, help bring new manufacturers to the market, including those from Russia, develop imports, which currently enjoy an optimal share of about 30%, and develop our own marketplace. We have a differentiated value proposition by offering products that are available exclusively in our chains: their share, including private labels, has reached 15% of the turnover, emerging as an increasingly important point of growth and differentiation in the market. In 2023, the number of household appliance and consumer electronics SKUs available in our stores and online exceeded 190,000 (up 22% from 2022), hitting a new all-time high.

Exceptional customer experience

M.Video-Eldorado continues to focus on customer needs and develop the best seamless customer experience, which involves increasing our presence across all stages of the customer journey. The Company is going beyond the traditional boundaries of retail and explores new service lines as a competitive advantage to cover any CE-related customer needs to the fullest extent possible. These new business areas are positioned using a unified ecosystem style, with a consistent naming approach helping them benefit from customers' recognition and trust in the core brand, M.Video. New areas are emerging in the Group's portfolio: M.Master, a one-stop shop customer assistance center, as well as new financial services offered by M.Video-Eldorado through its subsidiary Direct Credit. We already have a new branded financial product titled M.Installment with a revolving credit limit for purchases of consumer electronics. The Company also plans to merge the loyalty programs of M.Video and Eldorado under the M.Club brand.

Service support

One of M.Video-Eldorado's competitive advantages as the key expert in the CE market is the M.Master service support, a one-stop shop for comprehensive customer assistance that covers a wide range of services, including delivery, installation and setup, as well as other services provided in 2023 under the M.Service brand. We intend to develop a comprehensive approach and scale our service support business in line with the actively growing consumer culture, and as early as mid-2024, we plan to open up to 30 M.Master branded areas in various regions of Russia.

Financial instruments

M.Video-Eldorado, as one of the largest fintech players, pays special attention to the development of consumer lending. With a wide range of financial instruments such as loans, installments, complementary insurance products, BNPL¹ (buy now, pay later) options make it possible to cater to the needs of CE customers in real time. We carefully analyze the customer experience and aim to remove any barriers, including by ensuring equal financial opportunities for all our customers.

Efficiency of operations

The business model combining the online realm and brick-and-mortar stores remains the strategic focus of M.Video-Eldorado Group. Thanks to its advanced IT competences and a high extent of business process digitalization, M.Video-Eldorado is able to provide the best customer experience and offer unique services through OneRetail, ensuring customer loyalty, as well as vendor and partner engagement, and boosting operational efficiency

Sustainable development

The Group has traditionally been focusing on social, corporate and environmental responsibility. In mid-August 2023, against the backdrop of currency exchange rate fluctuations, the Group froze prices across 30 product categories of socially significant consumer electronics products, including devices necessary for studying, to keep them at the minimum level of July.

A unique customer experience, state-of-the-art technology and modern services rely on a highly professional team of several thousand devotees eager to change retail. Everything M.Video-Eldorado Group has achieved so far is a joint success of our employees. People are our key asset and we strive to provide them with a safe and comfortable working environment to enable everyone to unlock their potential and help make a difference for society at large.

In 2023, the Beautiful Children in a Beautiful World charitable foundation established by M.Video-Eldorado Group celebrated its tenth anniversary. We appreciate the long-standing support that our customers and colleagues at M.Video-Eldorado provide for the program: every year, despite the difficulties and challenges, we have been increasing the volume of aid by more than 30%. Over this period, we have helped raised over RUB 200 million: the funds were used to provide surgical and other treatment for 955 children with maxillofacial pathologies. In addition, the

foundation helps to preserve Russia's nature and supports specially protected natural areas – since its inception, the Foundation has implemented more than 100 nature conservation projects in 30 regions of Russia.

As a chief electronics expert and environmentally responsible company, we are committed not only to improving our own initiatives, but also to building a culture of responsible consumption among our community of customers. We already have drop-off boxes available in our stores for collecting used appliances and batteries, and we also dispose of old appliances when delivering new CE. We also offer collection services using the Ecotaxi. In 2023, customers in Russia turned in for recycling (at stores and using the collect from home option) more than 1,500 tonnes of appliances and 85 tonnes of batteries, which is a 20% increase year-on-year.

>RUB 200 mln
collected since the launch
of the Beautiful Children program

Today, we can confidently say that M.Video-Eldorado has successfully navigated through one of the most challenging periods in its history. The Group continues its fundamental transformation of the business and creates new points of growth, competitive advantages, and value for shareholders and investors.

Best regards, M.Video-Eldorado management team

¹ Buy now pay later.



2.2. Overview of markets

Macroeconomic situation in Russia in 2023¹ [2-22]

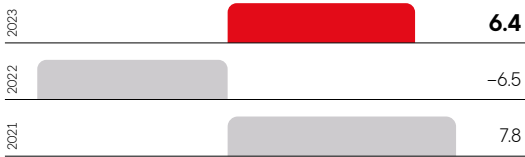
For 2023, Russia's GDP posted a growth of 3.6%, exceeding RUB 171.0 trillion². Starting Q2 2023, consumer activity resumed its recovery and showed a solid year-over-year improvement. The total turnover of retail trade, HoReCa and retail services was 6.0% higher than the level of the previous year. The retail trade turnover at the end of 2023 increased by 6.4% year-on-year in real terms, with the non-food segment delivering a growth of 9.5%.

The consumer price index totaled +7.4% for the year. The labor market demonstrated its flexibility and resilience, with an average annual unemployment rate of 3.2% compared to 3.9% in 2022. In the reporting period, nominal wages were up by 13.8%, and in real terms, the growth was 7.6%. In 2023, real incomes of people added 4.6% year-on-year, reaching a peak of 6.8% in Q4. Real disposable incomes grew faster, posting a 5.4% year-on-year increase and an 8.0% improvement in Q4.

GDP growth, %



Retail trade turnover growth, %



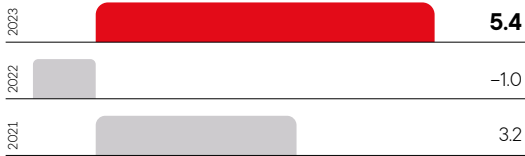
Inflation rate, %



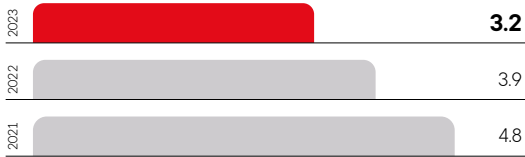
USD/RUB exchange rate (yearly average), RUB



Changes in real disposable income, RUB



Unemployment rate, %



¹ For the Russian macroeconomic data, see the report by the Russian Ministry of Economic Development [On the Current Situation in the Russian Economy](#).

² GDP in 2023 is based on Rosstat's estimate dated February 7, 2024, available [here](#).

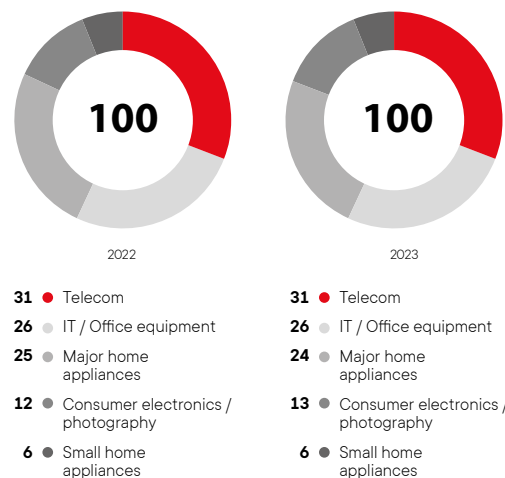


Changes and key trends in the Russian consumer electronics market

In 2023, the Russian CE market recovered, with the key product categories delivering a year-on-year increase in sales. Retail trade turnover totaled RUB 47 trillion, with a year-on-year improvement of 6.4%. The non-FMCG¹ market was growing at a faster rate, adding 9.3%.

Brands from China and Turkey posted a particularly strong growth. In almost all CE sectors, the share of Chinese and CIS brands exceeded 50% of the market. Concurrently, private labels continued their active development.

Structure of the consumer electronics market and its changes², %



Overall, consumers responded predominantly positively to changes in the manufacturer landscape and were willing to purchase new brands, guided by product quality, specifications, and price. Since mid-2023, the consumer sentiment index³ recovered to exceed 100%, which had a positive impact on the overall performance of product sales in Russia.

Customer activity of early 2024 also gives reasons for optimism in the near term. In 2024, we expect the CE market turnover to expand by around 10% year-on-year. The key drivers include slowing/reducing inflation, growth in personal income and consumer sentiment index; as in previous years, pricing, namely promotion and campaigns, as well as the development of financial instruments, will remain one of the main drivers. For its part, by capitalizing on its initiatives in the above areas and developing its upgraded business model, M.Video-Eldorado is ready to support the market trend and continue enhancing its standing.

While consumers are increasingly searching and selecting goods online, 90% of the Group's customers visited retail stores to collect their order, examine the goods and study their features, and receive advice and additional services. In a certain sense, customers had a pragmatic approach to selection and shopping, and the importance of discounts and sales remained unchanged, with products from

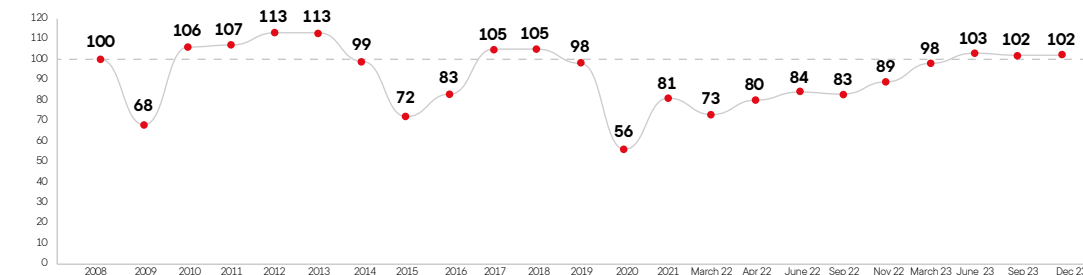
the upmarket segment still relevant, including premium products: customers opt for them as long-term purchases because of their advanced features, high quality, and high-end design. At the same time, there was a trend for increasing importance of warranty services for new CE and repairs and maintenance of electronics and appliances already owned by customers, including in cases when the warranty period has already expired.

One of the drivers for further market growth and greater CE penetration is the development of smart home ecosystems. More and more devices have remote connectivity by

default – they accounted for 17% of the total CE market in 2023, posting a year-on-year growth of 40% in volume terms.

In terms of the structure of market players, despite the growth in marketplace sales and the strengthening of the largest players' positions, about 30% of the CE market segments remain unstructured, creating opportunities for further sales growth by key retailers, including M.Video-Eldorado.

Consumer sentiment index, %



¹ Products not categorized as FMCG.

² Data shown in RUB based on analyst estimates and Company data.

³ Based on GfK data.



Electronics market

In 2023, the telecom segment posted a growth of 21% in 2023 after a slowdown in 2022 as largest players withdrew from the market. The upward trend was driven by deferred demand, expanded presence of Chinese manufacturers, emergence of new products, and keeping the products of brands no longer operating in Russia still available on the shelves by relying on import operations.

The smartphone category, which is the market's largest one (around 25% of the CE market turnover) delivered a 22% year-on-year growth, almost reaching 36 million smartphones, which is on par with the 2021 level.

By the end of 2023, the share of Chinese smartphone manufacturers reached its all-time high in the Russian market: more than 75% in volume terms and about 50% in value terms. For the first time ever, Chinese companies – Xiaomi, Tecno and Infinix were among Russia's top three most popular brands by sales in volume terms, followed by Samsung and Apple. In value terms, Apple still holds the lead, with Xiaomi, Samsung, Tecno and Infinix making it into the top five brands. Of special note is Huawei, with its HMS operating system gaining in popularity and offering significant flexibility to install and use any Android applications.

Across all price segments in the Russian market, the share of devices priced below RUB 15,000 increased to 60% in volume terms, making up around 25% in value terms. Also in value terms, the largest share was held by smartphones priced above RUB 50,000: as in the previous year, they accounted for 40% of sales, with a share of 10% of the market in volume terms. In this segment, demand is picking up for ultra-premium smartphones and foldable models.

In 2024, we expect fiercer competition among Chinese brands, which are expanding their model range in popular price segments, including the premium one.

The development of ranges by Chinese brands to suit different needs and the expansion of offerings in the flagship smartphone niche are fueling further mass penetration of certain technologies and features.

In response to user demand for increased usable screen area for content consumption and everyday tasks, manufacturers continue to increase the average diagonal of smartphones. At the end of 2023, it was about 6.5 inches (compared to 6.2 inches a year earlier and 5.4 inches in 2019). The demand for larger screens also reflects the actively growing demand for foldable smartphones, with their screen size reaching 7.85 inches, a level comparable with tablets.

Flexible smartphones continue to evolve, emerging as more technologically advanced models and capturing the attention of increasingly wider audiences that look for new emotions, experiences and comfort and turn to stylish devices with a large screen for everyday tasks or content consumption. In recent years, sales of this class of devices have been delivering exponential growth, with new players entering the market and more models available in both form

factors. The flip phone format accounted for 65% of the total number of flexible smartphones purchased by Russian customers (vs. 55% in 2022), with compact clamshells making up 35% of the market. Around one in six devices on Android priced above RUB 80,000 was a foldable smartphone.

Cameras in smartphones also continue to evolve, with their capabilities among the important decision-making criteria for Russian customers. Manufacturers are improving the shot quality, adding new features to cameras, increasing the number of lenses in the modules, and developing collaborations – for example, with technology companies like Leica, which help take cameras to the next level. In 2023, about 50% of smartphones purchased already had one front and three or four rear cameras, while more than 35% of devices have one front camera and two main camera sensors. The average resolution of the front cameras in the smartphones sold in 2023 was about 18MP, with the main camera module boasting a resolution of some 45MP.

In 2023, more than 98% of smartphones sold in Russia had various biometric sensors (vs. 95% a year earlier). The share of smartphones with an NFC chip in total sales in volume terms increased from 70% to 75%.

Other market trends include the increased adoption of fast charging by manufacturers, as well as increased consumer interest in smartphones with greater higher internal storage.

In the telecom segment, wearable devices, including smart watches, fitness trackers, and children's watches, delivered a strong growth in volume terms. Their sales were up by 30%

year over year on the back of consumers' continued focus on health and mindfulness and tracking of metrics while sleeping and exercising.

Strong growth was seen in demand for headphones with Bluetooth connectivity: these accounted for about 75% of sales in volume terms. TWS (True Wireless Stereo) earbuds that plug into the user's ear canal remained the most sought-after headphone type, making up around 70% of total sales. Their sales were boosted by a recovery in consumer activity, the expansion of wireless accessories, especially in the entry and mid-range segments with lower production costs, emergence of new products and establishment of import processes, popularity of Chinese brands and launch of in-house electronics ecosystems by key manufacturers.

6.5 inches
was average smartphone diagonal in 2023



In 2024, we expect fiercer competition among Chinese brands, which are expanding their model range in popular price segments, including the premium one.



Computer hardware / office equipment

The laptop category accounted for more than a third of turnover in this segment, which posted a 10% increase in turnover in 2023. At the same time, the Group maintained its strong position, with M.Video-Eldorado selling one in five laptops in the Russian market. The market leaders in this category in volume terms were MSI and ASUS with 15% each, followed by Huawei – 10% of the market.

The strongest increase of more than 30% came from gaming laptops. The discovery of the year was the Thunderobot brand, which offers a wide range of gaming computers and laptops with monitors and accessories. In its first year of sales, the brand captured almost 6% in the RUB 75,000–100,000 segment.

The highest turnover growth in the computer hardware / office equipment segment was delivered by monitors (30%), MFDs (50%) and printers (40% year-on-year). Also strong performance in volume terms was seen in hard drives and network equipment (up 25% year-on-year), with a number of peripherals and printers still remaining in demand.

On a separate note, turnover in the tablet segment grew by about 30% year-on-year. The category leader in volume terms was Huawei with 15% of the market, with M.Video-Eldorado selling one in three devices of this brand.

Compared to 2022, customer activity has recovered, product range and level of stock has expanded, and the influence of Chinese companies, with their quality and high-tech devices at attractive prices, has increased. Consumers continued to prioritize large storage capacity, screen size, camera quality, and overall performance. Tablets are used for watching videos, socializing, playing games, and learning and working, either together with a keyboard case and stylus or separately. The majority of sales in Russia

in 2023 came from devices with a screen size of more than 10 inches (the average smartphone screen size in Russia was 6.5 inches), sales of models with Wi-Fi connection only (more than 45% in volume terms) were ahead of devices with LTE, and demand was actively on the rise for models with memory of 64 GB and more than 128 GB.

Overall, 2023 saw increased popularity of products within the middle price segment: these items generated over a half of total demand for laptops and tablets in value terms. Appliances of this kind will remain in operation and stay relevant for customers for longer as compared to cheaper peers, and their functionality and performance will ensure convenience of use on par with premium models.

After a number of brands withdrew from the market, a niche became available for new players in the computer accessories category; the most noticeable new launch of 2023 was that of the Lunacy brand in the premium gaming accessories segment.

>30%
increase in gaming laptop sales

Major home appliances

The major home appliances segment grew by more than 10% in monetary terms year-on-year.

The drivers included deferred demand, development of the residential property market, as well as increased activity and expansion of the range of new and established brands from China, Turkey, as well as Russia and Belarus: their products are consistently available on the shelves due to established logistics processes or local production.

According to M.Video-Eldorado's estimates, total 2023 sales of refrigerators in the Russian market were around 3.5 million, which is an approximately 15% increase year-on-year. In value terms, the market exceeded RUB 130 billion, up 10% from 2022. The best-selling brands in the market in volume terms were Haier, Indesit, Candy, Beko and ATLANT.

Sales of washing machines across Russia expanded by more than 15% in volume and value terms to 4 million and over RUB 120 billion respectively. Customers tended to opt for the Haier, Indesit, Beko, Candy and LG brands.

Dishwashers were massively popular, ranking fourth in terms of turnover in this product segment. The leader among brands in volume terms was Haier with a 15% share. M.Video-Eldorado accounts for more than half of all Haier models sold during the year.

Sales of dishwashers in the Russian market increased by 15% in volume terms to more than 1.1 million. In value terms, sales were up by 10% to around RUB 37 billion. The leader in volume terms was Haier (replacing the №. 1 player in 2022 – Bosch), with Gorenje and Midea coming in second and third respectively.

Demand for induction model cooktops continued on the rise, with extendable heating zones and programmed turn on/off becoming new popular features. Washer-dryers are also gaining traction.

Premium products and features are increasingly advanced and affordable. As a result, the market responds to customer needs and offers more mid-price segment goods with functionality that can rival more expensive models.

As per our estimate, the Group sells roughly every third major household and kitchen appliance and accounts for around a half of higher-price segment sales.

Small home appliances

After a slowdown in demand in 2022, the small home appliances segment posted a turnover growth of 21% in 2023.

All categories in this segment increased in sales compared to last year. Particularly noteworthy is the growth in turnover across the categories of hair care products, such as hair drying appliances (up 60% year-on-year) and hair styling appliances (up 70% year-on-year), as well as the growth of turnover of clothing care products – clothes dryers (up 70% year-on-year) and steamers (up 50% year-on-year). The leader in the number of clothing care products sold was Kitfort with a share of about 10%.



Consumer electronics / photography

Against the backdrop of an overall recovery and stability in demand, the segment posted a positive year-on-year growth rate of 24%. The TV category accounts for almost half of the segment's turnover. M.Video-Eldorado accounts for about a third of the turnover of this category.

The popularity of digital services, a plethora of video content, and the expansion of the range of TVs in various price segments, including as a result of the emergence of new manufacturers, Chinese brands and private labels, are all driving the mass popularity of Smart Televisions. The Company estimates that in 2023, Russians purchased about 9 million TV sets (up 30% year-on-year), 85% of them with Smart TV support. Demand was positively impacted by the expansion of choice in the basic and mid-price segments, the growing availability of technology, the popularity of video content, and the development of content platforms. 15% of the total number of TV sets purchased by Russians are TV sets with voice assistants and content platforms from Russian developers (applications for watching videos, entertainment, games, etc.) – Yandex or Sber.

In turn, the ever wider range of high quality content on services and online cinemas, popularity of home leisure formats including gaming, improved picture

quality and smaller TV frames have had a positive impact on the growing popularity of TVs with 4K (Ultra HD) resolution and diagonals of over 55 inches. 4K TV models made up more than 50% of the number of TVs sold in the market, sales of models larger than 55 inches increased by almost 50%, with about 60% comprised by 30–45 inch models.

In 2023, there was a more obvious trend for demand to shift from previous leaders (Korean brands) to Chinese manufacturers, which offer cutting-edge technologies in basic to premium models while guaranteed product availability and competitive pricing. Another trend is the expansion of the range and the growing popularity of brands from Russia and the CIS, including private labels. Russians are responding positively to the new landscape of brands, with their decisions often guided by features, price, and build and image quality.

Haier, Hisense and Toshiba were the leaders in TV sales. The Grundig brand returned to the Russian market, offering goods in the higher price segment. Among Russian brands, the one standing out is Yandex, which seeks to expand its range of Smart Televisions, improve technologies, and offer unique models supported by its voice assistant. The choice of brands on offer continues growing, fueling competition among manufacturers.

There was also a rise in demand for components that help set up smart home environments and for smart speakers with voice assistants, with their sales going up in volume terms (up by 80% and 65% year-on-year respectively). Sales peaked in Q4, when smart devices were more popular during major sales and in the run-up to the New Year holidays, with Russians purchasing more than a quarter of the annual volume in December alone. For 2023, sales of these devices were in excess of 4.5 million. The most popular ones were those featuring Alice, a virtual assistant from Yandex, making up 80% of total. The increased demand for smart speakers is driven by the release of new products with enhanced capabilities, the trend for voice communication, and the rising appeal of smart home ecosystems and technologies, with respective solutions also surging. The most popular devices included smart plugs, lights, motion sensors, curtain, AC and TV control devices, as well as CCTV cameras.

In 2023, there was a recovery of sales in the gaming console category. M.Video-Eldorado estimates the 2023 at around 1.3 million consoles, which is more than double that of 2022. PlayStation and Xbox continue to lead the way, with our Company accounting for around 25% of all console sales.



Quality content + high-definition gaming + thin frames in a TV of over 55 inches – that sounds like an exciting plan for a stay-at-home evening.

9 mln

televisions purchased in Russia,
according to Company estimates



2.3. Strategic priorities

Our focus is to strengthen M.Video-Eldorado Group's position as the number one choice for Russians' consumer electronics needs at all stages of the customer journey, and to regain leadership in this market.

The pandemic, followed by changes in the market landscape starting 2022, has led to significant adjustments to consumer behavior, bringing to the fore new decision-making drivers, including the ability to make an informed choice in an ever-changing market, the availability of the right product, its reliability, and the buyer's protection in case of the product's malfunction. The channels of interaction that emerged during the pandemic's lockdowns, such as the ability to select and shop on a 24/7 basis wherever you are, fast switching between touchpoints, access to all offers via digital channels, are still relevant and get woven into pre-existing need for customers to get a direct product experience and face-to-face advice from a shop assistant.

2023 demonstrated the Group's strong adaptability to emerging challenges and ability to improve its key results in a competitive environment. The core focus of M.Video-Eldorado in 2023 was to validate and stabilize the updated business model, as well as to identify areas for further growth and drivers of long-term sustainability.

The main goal of M.Video-Eldorado Group remains unchanged – to be the retailer of choice for customers looking for CE and offer a product range that covers 100%

of their needs, a comprehensive services portfolio, and an extensive list of financial instruments that make CE shopping available to all population groups.

Against the backdrop of ongoing market changes, the Group is building on its core competence of retail sales development by investing in building a true omnichannel experience, a unique competitive edge in the CE market that our peers are incapable of delivering organically. The Company strives to create a comfortable environment for customers by covering the entire range of their needs, providing expert support in the purchase process, and offering comprehensive services throughout the product's useful life – this saves customers the need to look for alternative places for CE shopping and helps the Group maintain its leading position in the market.

M.Video-Eldorado Group brands lead the Russian market among CE retailers and marketplaces by the share of respondents who named the brand first (top-of-mind awareness) – 31%¹

We build on M.Video-Eldorado Group's key competitive advantages: handpicked range of products, delivering exceptional customer experience, cutting-edge digital platform, and extensive expertise and engagement of the combined brand team

At the same time, in order to expand its reach and extend the cycle of interaction with the customer, the Company is exploring new strategic areas by enhancing the offerings of related services throughout the entire cycle of CE purchase and use.

 [For more details, see section 3.5. One-Stop Service Center.](#)



We have successfully transformed our business model and achieved robust growth across key business metrics.

M.Video-Eldorado Group continues to develop its value proposition centered around key customer needs

Range of products

offering (предоставляеМ) a handpicked product range that meets 100% of customer needs

Exceptional customer experience and service

addressing (обеспечиваеМ) all customer needs at each stage of their CE journey, from choosing a product to having it recycled

Financial instruments

supporting (поддерживаеМ) customers by immediately covering their CE needs with the best value for money



¹ «M.Video-Eldorado Group brands» means the combined unaided awareness of the M.Video brand first or the Eldorado brand second. Based on quantitative monitoring of key performance indicators (KPIs) of retail chains of MVM LLC as compared to key peers, conducted by ARMI-Marketing Business LLC (Millward Brown ARMI-Marketing LLC prior to mid-July 2023) from January 9, 2023 to December 24, 2023 among 6,750 respondents living in 348 cities of Russia.

Range of products

Against the backdrop of a new landscape of brands present in the market, the Company prioritizes reliance on its more than 30-year expertise to offer a differentiated handpicked product range that stands out from the competition.

Efforts in this area include developing partnerships with suppliers that have their products available for sale exclusively through the Group's stores and online platforms, as well as developing and promoting private labels.

[For more details, see section 3.1. Assortment Management.](#)

At the same time, the Group is developing its own marketplace, which goes beyond CE products, making it possible to complement the core range of product categories with additional SKUs and to increase the offering of extended categories such as sporting goods, garden tools, electric scooters, etc. One of the unique advantages of the M.Video-Eldorado niche marketplace for suppliers is direct access to the retail chain's customers and the physical presence of products from extended categories at the Group's stores. The Group has a long-standing reputation as a retailer of high quality goods, which is supported among other things

by a full warranty made available for all SKUs on offer. All products from extended categories are carefully selected based on their quality and reliability.

[For more details, see section 3P model assortment development.](#)

At the same time, to ensure a balanced supply and fully meet customer demand, the Group also retains its focus on making sure that products with traditionally strong market positions remain available on the shelves. This has been made possible by reliance on imports as a way to ensure access to new products launched in the global market and to innovations in various categories and price segments.

66%

believe that the current product range available in the market is aligned with their need and are not looking forward to the return of famous brands

44%

are ready or probably ready to purchase a product of a new brand

50%

believe that finding the right product in the CE segment is still easy¹



¹ Based on a quantitative online survey conducted jointly by M.Video-Eldorado and YES GROUP, 1,500 interviews among men and women (40%/60%) who are aged 18–65, live in Russia and have purchased a CE product over the past six months.

Exceptional customer experience

We help our customers make a choice easily by selecting and offering the best product range to cover all their needs, as well as by providing post-sales and warranty services and taking care of all related matters, from the point of CE selection to its disposal, including installation, full service support, and extended insurance options.

M.Video-Eldorado Group's efforts are aimed not only at making customers purchase our products, but also at creating an exciting shopping experience and minimizing the hassle for customers at all stages, from selection and delivery to using the products they have chosen.

The key components of customer experience are an omnichannel framework and seamless access to the Company's entire range of products and services. Developing a digital platform that covers all touchpoints and provides a seamless cross-channel customer experience remains an important strategic focus for the Group. The key channels for the first and most traditional contact are the M.Video and Eldorado mobile apps, which are already being used by 66 million customers. Adapted for all available platforms, the apps offer all the functionality that customers need to find and select the right products, including

comparison, personalized recommendations, managing orders, and the I'm-in-store mode for advanced information about products available on the shelves.

App functionality is mirrored across the Group's websites and in-store consultant app, allowing customers to have end-to-end seamless interaction regardless of when and where it takes place – in the online realm, at a store, or when contacting our call center.

[For more details, see section Best customer experience.](#)

The Group's crucial competitive advantage is its extensive retail network of more than 1,240 stores across the country, complemented by partner delivery services, which enable customers to pick up goods at locations where the Company's stores are not yet available. The focus on developing logistics infrastructure within the cities where we operate have helped us optimize the distribution of goods between stores, making a wider range of products available to customers faster.

In addition to the existing successful store formats, the Group is actively developing a new cost-effective format of compact M.Video stores, bringing the Company even closer to customers, unlocking the potential of new cities and locations, and realizing the potential of an expanded loyal customer base. In addition to the 62 stores opened in 2023, the Company plans to further grow its network by at least 100 stores, mostly of the compact format, in 2024.

[For more details, see section M.Video compact-format stores.](#)

M.Video-Eldorado also plans to expand and enhance the performance of its digital channel partnerships, developing opportunities to reach out to potential customers beyond the Company's own touchpoints: we intend to showcase our range of products on alternative platforms without losing our focus on securing audience loyalty.

[For more details, see section Collaboration with Third-Party Marketplaces.](#)

Quality of service and depth of customer insights have always helped M.Video-Eldorado stand out from the competition. We will continue emphasizing the strategic aspects of engaging with our customers – by developing expertise across all channels based on customer preferences and improving customer engagement processes that make the shopping experience easier and more exciting for customers. The Group maintains and enhances its insights through the use of enriched data, dynamic personalization of offers, and tailoring ways of engagement depending on the customer.

Additional drivers behind improved and enhanced customer experience are further development of the Group's loyalty programs and an updated communication strategy for the M.Video and M.Video-Eldorado brands as a logical next step after the rebranding exercise carried out in 2023.

[For more details, see section 1.5. Brand Portfolio.](#)

M.Video has the most attractive loyalty program in the CE market¹

>115 mln
loyalty cards of the M.Video and Eldorado brands

1.2 bln
interactions with customers in 2023


¹ Based on quantitative monitoring of key performance indicators (KPIs) of retail chains of MVM LLC as compared to key peers, conducted by ARMI-Marketing Business LLC (Millward Brown ARMI-Marketing LLC prior to mid-July 2023) from January 9, 2023 to December 24, 2023 among 6,750 respondents living in 348 cities of Russia. Most of the respondents agreed that the M.video brand offers attractive loyalty program terms.



Service support

A broad service offering is one of the Group's strategic focuses. We believe it is crucial to develop an ecosystem of products and services around consumer electronics as one of the key drivers of customer satisfaction. As part of the rebranding exercise, the Group consolidated its service support offering under the M.Master brand, which we plan to continue developing through active expansion into the niche of post-sale service during the warranty period and beyond, including for electronics purchased from other CE market players. In this area of business, the Company plans to expand the range of services available at customers' homes, and to open dedicated service points at stores.

In addition, in respond to the trend for increased importance of warranty and post-warranty service for customers, the Group plans to further focus on providing a wide range of specialized tools such as extended warranty and product insurance to help customers remain confident that their purchases will be in operation for a long time.

 [For more details, see section 3.5. One-Stop Service Center.](#)

Financial instruments

During the year, the Direct Credit fintech platform doubled its portfolio of consumer loans and became the leader in POS lending, capturing more than 20% of the Russian POS lending market.

An established set of financial tools is integral to our target retail experience, helping remove the financial constraints that limit customers' ability to access the products they need to meet their evolving needs.

One of M.Video-Eldorado's competitive advantages is its innovative consumer lending platform with a comprehensive offering for customers, including most attractive loans with consistently high approval rates. In addition, lending through the platform enables customers to significantly reduce the time required for repeat purchases, as well as obtain additional services such as insurance and legal support.

As part of the rebranding exercise, we have set up the M.Money module, bringing together the Company's financial services and offering the functionality to take out new loans and to service existing ones. Some of its fintech focuses going forward for the Group include provision of unique instalment conditions, expansion of the Podeli BNPL service through mobile apps, and launch of new attractive loan products.

 [For more details, see section 3.6. Fintech.](#)

With all of the components of its value proposition, M.Video-Eldorado Group is well-positioned to remain highly attractive and offer customers the best value for money for a wide range of products. By maintaining its strategic focus on creating value for customers, the Group will continue to maintain its market leadership and win over more customers to continue growing its active customer base

Efficiency of operations

The Group's strategic priority remains to ensure stability and improve the operational efficiency of its business, including consistent improvement in all key metrics. As technology is rapidly developing and best practices emerge, the Group sees an opportunity to continue to improve its regular businesses processes.

The business model combining the online realm and brick-and-mortar stores remains the strategic focus of M.Video-Eldorado Group. In line with that, ONE RETAIL, a technology platform that combines online and offline channels into a unified multichannel customer experience, continues to be our competitive edge. The platform helps us develop retail operations and interactions with customers by continued cross-penetration of channels and evolution of a true seamless omnichannel experience. The Group will continue to expand the functionality of the platform to improve the offering of digital services, data and solutions for suppliers and key partners.



Lending through the innovative platform reduces the time required for repeat purchases and helps customers get their product insured and obtain legal support.



2.4. Business model ^[2-6]

BUSINESS FOCUS AREAS

As a leading expert in consumer electronics, M.Video stands as the ultimate destination for fulfilling all customer needs in selecting, purchasing, and servicing household appliances and electronics.

ESG FOCUS AREAS

Commitment to observing sustainability principles and integrating them into all aspects of operations



INFRASTRUCTURE AND LOGISTICS

- New formats for fulfillment processes and storage of goods
- **66% of stock value** located in stores
- **8 central and 54 regional** distribution warehouses
- In-house fleet of **>200 vehicles** and a team of **>600 servicemen**

M.TECH, OUR OWN IT COMPANY

- Digitalization and in-house development of IT products
- **> 100 IT products** built on cutting-edge microservices architecture, leveraging big data, biometrics, AI, and machine learning

BRAND PLATFORM

М.ВИДЕО | ЭЛЬДОРАДО

BROAD ASSORTMENT

- **+22%** SKU growth
- **15%** share of exclusive products and private labels
- **~30%** share of imports
- **x2** growth of proprietary marketplace

INNOVATIONS

- ONE RETAIL technology platform
- Online/mobile platform

ENGAGEMENT

86.2%

FINTECH SERVICES

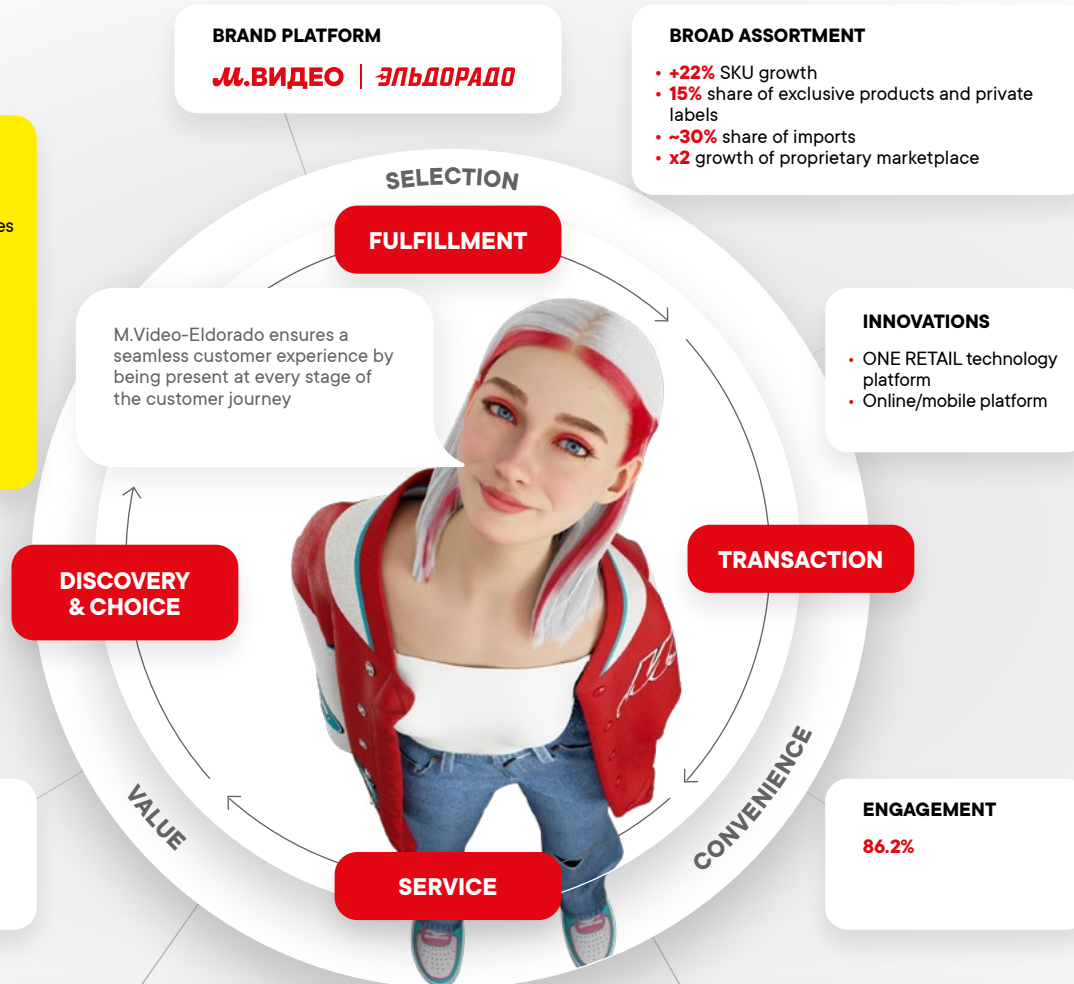
- Financial products offered by the Group through its subsidiary Direct Credit
- **16% of GMV** share of credit sales

SERVICE SUPPORT

One-stop service center **M.Master**

RETAIL NETWORK

- **> 1,200 stores** in 370 cities
- **>+65 new stores**
- Development of a new format of compact stores as well as co-branded stores
- **90%** of all orders fulfilled using the Group's store infrastructure



Value creation for stakeholders in 2023

Shareholders and investors

- **24%** free float
- **RUB 2.4 billion** coupons paid out on bonds
- Successful placement of the fourth issue of bonds, attracting broad market participation
- **RUB 540 bln** GMV

Customers

- **>4.0 million** orders delivered
- **100%** online coverage in cities of operation
- **>115 million** participants of M.Video and Eldorado loyalty programs

Suppliers and partners

- Greater number of suppliers and more new brands brought to the Russian market
- Partners from **19 countries**
- **704 new brands**
- **800 sellers** on the marketplace, with SMEs accounting for a third

Employees

- Zero-incident safety culture
- **34** average hours of training per employee

Society

- Prices for socially significant consumer electronics frozen amid the Ruble exchange rate volatility
- **>1,500 t** of electronics collected and sent for proper recycling
- **RUB 4.9 bln** paid in taxes and contributions to extrabudgetary funds

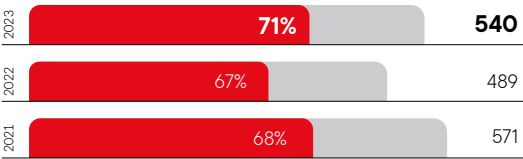


Operational performance

In 2023, M.Video-Eldorado Group's gross merchandise value (GMV) returned to steady growth, adding 11% year-on-year. In 4Q, the Group set its new all-time quarterly sales record of RUB 181.1 billion (up 43% year-on-year). This strong performance was achieved thanks to the Company's efforts in improving operational efficiency, as well as its continued focus on customer needs and service, along with the development of its product range

The Group's gross merchandise value (GMV) in 2023 increased by 11% to RUB 540 billion. Total online sales¹ increased by 18% to RUB 386 billion, accounting for 71% of the Group's GMV.

GMV, RUB bln

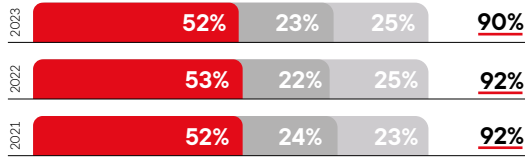


● Share of TOS

In the face of changes in the brand matrix, volatile exchange rates, and price fluctuations, the Group successfully leveraged the advantages of its omnichannel business model, processing approximately 90% of all orders through

its in-store infrastructure. Offline stores also maintained their key role in customers' choice of delivery channels, accounting for over 75% of all deliveries, including those from pick-up points.

GMV split by delivery channel, RUB bln



- Stores
- Pick-up
- Delivery
- Percentage of stores fulfilled with retail infrastructure

The Group's credit sales in 2023 also showed growth, increasing their share in GMV by 5 p.p. to 16%. The Group sells all financial products offered to customers through its subsidiary, Direct Credit.

Traffic, online and offline combined, totaled 1.2 billion visits. Customer mobile app traffic gained 4%.

M.Video and Eldorado customer mobile app installs exceeded 66 million, a 30% increase year-on-year.



In 2023, we entered new cities, grew our customer base, expanded our product assortment, and introduced new financial programs.

71%
share of online sales in GMV

RUB 181.1 bln
all-time high quarterly GMV

1.2 bln visits
online and offline traffic combined

¹ Total online sales of M.Video-Eldorado Group, in line with its ONE RETAIL concept, include all sales to authorized customers via the Internet spanning home delivery, pick-up, and sales made to customers in-store via the consultant app. Currently, sales through the consultant app are only available at M.Video stores.

New customer growth for the year was 14%, bringing the share of new customers in the Group's portfolio to 25%. In addition, in 2023 the Group worked effectively with its overall customer base, reactivating 15% more inactive customers (those who had not made a purchase in over 12 months) than in 2022. This will make a substantial contribution to driving further growth of M.Video-Eldorado's sales.

The GMV decrease in 1Q 2023 was due to an unprecedented and abnormally high demand in February and March 2022. From 2Q onwards, GMV regained positive momentum and in 4Q hit a historic high of RUB 181.1 billion, which accounted for over 33% of the sales for FY2023. These strong results were achieved through consistent focus on expanding the product range, developing our own imports, expanding sales tools and channels, and opening new stores, all supported by the recovery in demand for household appliances and electronics.

14%
new customer growth

Key operational drivers in 2023



Expansion of the assortment by 22% to over 191,000 SKUs on the back of broader collaboration with existing and new partners, including that via our own marketplace. Sales on the Company's own electronics marketplace grew two-fold year-on-year, as the number of sellers more than doubled. We differentiate our assortment from the market by offering products available exclusively at our stores, with their share, including private labels, accounting for 15% of the Company's GMV in 2023. In 4Q, it went up as high as 18%, supported, among other things, by the launch of sales of Carrera household appliances. Sales of brands from China, Turkey, Russia, Belarus, and Uzbekistan also continue to grow, driven by increasing demand for such names as Haier, Beko, Candy, Vityas, Hisense, and Grundig.



Launch of new financial products and programs (such as M.Installment, 0–0–30 installment plan, payment by installments via the Podeli service, etc.) covering an expanded range of the assortment. The Group maintained a record-high loan approval rate (80% for offline transactions and 60% for online transactions). This contributed to the recovery of credit sales back to the 2021 level, with the share of Group's sales involving various installment or credit options, characterized among other things by a higher average ticket, reaching nearly 16% (up 5.3 p.p. year-on-year).

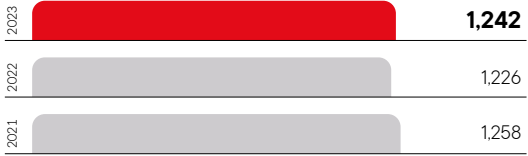


Active acquisition of new customers (up 14% year-on-year) and effective engagement with the existing customer base, enabling the Company to reactivate 15% more inactive customers (those who had not made purchases in the previous 12 months) than in 2022.

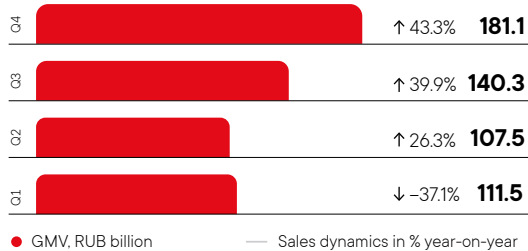


Resumed expansion in key regions of operation and entry into 15 new cities. In 2023, the Group opened 65 M.Video stores, including 62 stores in a new efficient compact format, taking its overall number of stores to 1,242.

Number of stores



GMV in 2023 vs. 2022, %



1,242 stores
the Group's store count as at the end of 2023



Financial performance


Group’s financial highlights¹ for FY2023:

- ✓ Revenue increased by 7.9% y-o-y to RUB 434.4 billion
- ✓ Gross profit went up by 10% year-on-year to RUB 91.4 billion, while gross margin improved by 0.4 p.p. to 21.0%
- ✓ Selling, general and administrative expenses (SG&A) excluding depreciation and amortization decreased by 0.9 p.p. to 16.1% of revenue and amounted to RUB 70.0 billion (RUR 49.8 billion under IFRS 16)
- ✓ EBITDA increased by 49% year-on-year to RUB 21.5 billion, and EBITDA margin went up by 1.4 p.p. to 4.95%, marking its return to the target range
- ✓ Net loss decreased by 31% to RUB 5.2 billion (RUB 6.6 billion under IFRS 16)
- ✓ Net debt as at December 31, 2023 was RUB 67.8 billion (compared to RUB 65.5 billion as at December 31, 2022), while the net debt / adjusted EBITDA ratio decreased to 3.2x (compared to 4.5x as at December 31, 2022)

RUB billion (excl. VAT)	IAS 17		Change y-o-y	IFRS 16		Change y-o-y
	2023	2022		2023	2022	
Revenue	434.4	402.5	7.9	434.4	402.5	7.9
Gross profit	91.4	83.0	10.0	91.4	83.1	10.0
Gross margin, %	21.0	20.6	+0.4 p.p.	21.0	20.6	+0.4 p.p.
EBITDA	21.5	14.4	48.8	41.8	33.8	23.5
EBITDA margin, %	4.95	3.6	+1.4 p.p.	9.6	8.4	+1.2 p.p.
Net loss	-5.2	-7.6	-30.7	-6.6	-10.3	-35.8

Revenue

The Group’s revenue in 2023 rose by 7.9% year-on-year to RUB 434.4 billion on the back of expanded product range, a wider selection of sales tools and channels, as well as new openings, while the demand for household appliances and electronics continued to recover.

 [For more details on revenue growth drivers, see the Operational Performance section.](#)

Revenue, RUB bln



Gross profit

In 2023, gross profit went up by 10% year-on-year to RUB 91.4 billion, while gross margin improved by 0.4 p.p. to 21.0%, driven by a higher share of high-margin services in total sales and development of partnerships with suppliers. Additional gross margin support came from the loyalty program changes introduced in Q4 2023, which enabled the Company to increase the LFL average ticket by more than 25%, while maintaining the loyalty program penetration at over 90%.

RUB **91.4** bln
gross profit in 2023, up 10% year-on-year

Selling, general and administrative expenses (SG&A)

In 2023, the operational efficiency and cost control program helped the Group reduce SG&A as a percentage of revenue to an all-time low of 16.1% (–0.9 p.p. year-on-year or RUB 70.0 billion). Key drivers behind the decrease in OPEX:

- decline in advertising and marketing expenses as a percentage of revenue by 0.2 p.p. as a result of prioritizing the more effective channels of promotion, combining advertising campaigns of two brands, and increased communications using the Group’s own mobile platform;
- 0.3 p.p. reduction in lease expenses as a result of revenue growth outpacing indexation, reaching agreements with lessors, and optimized costs of new store leases;
- 0.2 p.p. reduction in the share of warehouse logistics costs as a result of optimization and automation of processing and storage procedures;
- 0.3 p.p. reduction in bank charges as a result of lower acquiring and collection costs on the back of the introduction of new payment methods, including FPS.

Depreciation and amortization expenses in the reporting period, despite more than 60 new openings, remained almost unchanged from the previous year, totaling RUB 11.8 billion, amid the continuing effect of accelerated depreciation of heavy IT investments in 2020–2021.

16.1%
all-time low SG&A expenses as a percentage of revenue

¹ Hereinafter, M.Video–Eldorado’s financial results are presented in accordance with IAS 17 unless otherwise indicated.



EBITDA

The Group's EBITDA for 2023 totaled RUB 21.5 billion, compared to RUB 14.4 billion a year earlier. EBITDA margin increased by 1.4 p.p. year-on-year to 4.95% due to a simultaneous increase in gross margin and a decrease in the operating expenses to revenue ratio. Meanwhile, in Q4 2023, EBITDA grew by 91% and EBITDA margin increased by 1.8 p.p. to 6.7%.

EBITDA, RUB billion



49%

EBITDA growth in 2023

91%

EBITDA growth in Q4 2023

Net profit/loss

The Group's net loss for 2023 went down by 31% and totaled RUB 5.2 billion, compared to RUB 7.6 billion a year earlier. The reduction in the loss was due to improved key financial performance metrics partially offset by higher finance expenses and high depreciation and amortization charges on prior period capital expenditures. The high depreciation and amortization expenses resulted from heavy investments in infrastructure and IT in 2020–2021. In 2022–2023, the amount of investments was normalized, which will ensure lower depreciation and amortization charges in the medium term.

Net loss, RUB billion



31%

decrease of the Group's net debt in 2023

Leverage

As at December 31, 2023, the Group's total debt decreased by RUB 9.2 billion year-on-year to RUB 86.4 billion, while cash and cash equivalents as at the end of the reporting period totaled RUB 18.7 billion.

At the end of the reporting period, the Group's net debt remained at a level comparable to that of the previous year and amounted to RUB 67.8 billion (up RUB 2.3 billion year-on-year). All of the Group's debt is denominated in rubles.

As a result, net debt / EBITDA as at December 31, 2023 stood at 3.2x, down from 4.5x as at December 31, 2022.

RUB 9.2 bln

year-on-year decrease of the Group's total debt in 2023

1.4x

year-on-year reduction in the Group's net debt / EBITDA in 2023

IAS 17 net debt / EBITDA



 [The unaudited consolidated financial reporting under International Financial Reporting Standards \(IFRS\) for the 12 months ended December 31, 2023 are posted on the Group's corporate website. \[2–4\]](#)



Strong financial performance, comparable to the pre-COVID period, helped reduce the net debt / EBITDA ratio to 3.2x.



We are experts... in service

M.Video-Eldorado offers a wide range of consumer electronics, while also providing a seamless customer experience, comprehensive after-sales support, and modern payment options.

↗ **1**
second

processing time for half of the requests
in the M.Communications Telegram bot

↗ **95%**

customer satisfaction level in 2023



We think about our customers and save their time by leveraging ML technologies and data analytics to provide them with precisely what they need without any delay. We offer same-day delivery and installation of our products, provide a 15-minute pickup option, and deliver purchases within two hours of ordering, even at night.



Learn more
about Em.Vi



3.1. Assortment management

Over the past two years, both the Russian consumer electronics market and the business of M.Video-Eldorado have undergone significant transformations in response to external challenges. The Company has successfully adapted its supply chain to the new realities, which enabled us to offer customers a well-balanced range of products that align with their needs and budgets, including key new products, throughout 2023.

Maintaining the widest possible selection of affordable consumer electronics for comfortable living, working, studying and recreation remains a key priority for us.

The comprehensive measures implemented helped us successfully and steadily provide Russian consumers with the necessary products, including both familiar and new brands, in line with their preferences, with the width of our assortment in most key categories significantly surpassing the previous year's figures.

To ensure efficient assortment planning, our Company operates a commercial and logistics platform ([for more details, see the 3.7. Technology Platform section](#)), which leverages data analysis from over 1.2 billion customer interactions.

>190,000
SKUs

+22%
year-on-year

>1.2 bln
customer interactions comprising a collected dataset

Differentiating assortment

A key advantage of M.Video-Eldorado Group is its exclusive assortment, which provides a competitive edge in the market. Unique products available only in our stores allow us to offer an expanded selection of products to consumers who are willing to explore new options and are interested in high-quality, exclusive electronics and appliances.

The Company pays particular attention to creating an appealing offering in the premium segment. In 2023, we launched the M.Premium program to ensure the availability of luxury goods in our stores and provide customers with quality service, priority product delivery, special installation conditions, and after-sales support.

In 2023, M.Video-Eldorado Group strengthened collaboration with a wide range of manufacturers and distributors through direct supplies and attracted new partners to increase the share of differentiating assortment. We expanded our core assortment with 30 product categories, offering nearly 2,500 SKUs from partners.

15%
share of differentiating assortment from turnover in 2023

New partnerships enable us to maintain a broad range of household appliances despite the departure of some key global manufacturers from the Russian market.

M.Video-Eldorado also manufactures products under its own private labels to meet the demand for essential household appliances and electronics from price-sensitive customers. In 2023, our affordable private label products continued to enjoy strong demand among our customers.

As one example, in 2023, the Group successfully differentiated its assortment by securing an exclusive agreement to introduce Carrera household appliances to the Russian market. The collaboration had a promising start, with plans for 2024 to broaden the Carrera's offering to over 150 products across 30 categories, including appliances for home, kitchen and personal care, as well as accessories.



Building partnerships with brands

M.Video-Eldorado builds long-term and mutually beneficial relationships with partners and suppliers based on trust. In 2023, the Company focused on attracting new partners through direct procurement and marketplace sales to provide an assortment that meets customer needs in both offline and online channels.

By leveraging our expertise in procurement and carefully selecting partner products, we are able to effectively meet all customer needs.

In 2023, the Group expanded its overall brand offering and the selection of exclusive products relative to 2022, with a much greater number of non-European brands in the range, which saw their share in various categories rise from 2% to 12%. We expanded our collaboration with well-known brands such as Haier, Hisense, Huawei, and Grundig, and also helped bring new manufacturers such as Lunacy, Grundig, Thunderobot, Carrera, etc. to the Russian market.

At the same time, consumer interest in premium products remained strong, which supported the active development of the Company's M.Premium line encompassing products of new partners, such as Casarte, and the import of premium brands that exited the Russian market.

The Company also continued to develop partnerships with the most sought-after brands in high-demand categories. In the smartphone segment, Tecno, POCO, Infinix, and several other Chinese brands significantly strengthened their positions and expanded their product offerings. In the household appliances category, Haier, Toshiba, Beko, Grundig, Candy, Midea, Gorenje, and Hisense substantially enhanced their presence. By the end of 2023, the share of imports in the Group's GMV reached 30% from a starting point of zero in early 2022, reflecting our efficiently built and well-performing supply and logistics chain. The achieved share of imports is optimal for the Company and enables us to offer a wide range of products across all price segments along with solutions exclusive to the market.

30%
share of imports in GMV in 2023

3P model¹ assortment development

M.Video-Eldorado leverages marketplace technologies to broaden its assortment. Partner offerings supplement our product range in both core electronics and appliances categories as well as those of related products, attracting a wider audience and enhancing M.Video-Eldorado's expert status. The 3P format enables flexibility in responding to customer needs, relieving the burden of inventory management and financial strain.

Supplier's personal account

М.ВИДЕО | ЭЛЬДОРАДО

All interactions with counterparties are streamlined through the supplier's personal account, which operates as a dedicated service where partners can access the M.Video-Eldorado catalog database, create product cards, update prices, manage inventory, participate in promotions and bonus programs, and communicate with responsible managers for any inquiries.

In addition to suppliers, the personal account is used by all our employees involved in partner-related activities, including support and logistics, onboarding, and complaints handling.

Within the personal account, suppliers have access to the following features:

- registering and accepting offers;
- setting quotas;
- setting product prices;
- managing participation in price promotions;
- obtaining basic reporting;
- forming orders.

Going forward, the personal account will also feature tools to forecast sales, maximize profit, and personalize communications with customers.

¹ 3P (third parties) is an operating model where third-party companies act as sellers of goods.



The assortment includes both familiar and complementary categories such as power tools, garden products, sports and health goods, electronic toys, fireplaces, and automotive products. In the second half of 2023, the range was expanded to include modular kitchens, computer components, and bathroom products comprising some 23,000 items of bathroom furniture, faucets, sinks, shower systems, and other items.

M.Video-Eldorado offers sellers access to a vast and loyal customer base along with competitive commission rates, various collaboration formats, favorable storage and payment terms, and a robust IT infrastructure that ensures convenience of business operations. Our extensive retail network ensures uniform conditions for exchanges and returns, as well as access to our signature service offering. M.Video-Eldorado also guarantees high-quality delivery services for large-sized goods.

Sellers have access to various promotional mechanisms as part of nationwide promotions, along with extensive advertising opportunities, including banner ads on the website and indoor ads on digital surfaces in stores. In addition to the online storefront, the Group offers sellers a unique opportunity to showcase their products on the shelves of M.Video and Eldorado stores. The omnichannel format allows customers to make purchasing decisions based on personal experience and advice, while enabling sellers to directly interact with the audience and expand their sales tools. In 2023, a total of 50 suppliers took advantage of this opportunity. Over the course of the year, sales of products simultaneously available offline and online increased by more than 15-fold.

>150,000 SKUs
x2 growth in the range of available partner products in 95 categories year-on-year

Over the course of the year, the number of our marketplace partners increased nearly two-fold to more than 800 suppliers. In 2023, the marketplace's turnover doubled year-on-year, driven by the growth in the number of partners, the development of marketing capabilities and additional platform tools, as well as a significant expansion of the assortment compared to 2022.

At the end of the year, the Top 5 cities in terms of marketplace sales were Moscow, St. Petersburg, Novosibirsk, Yekaterinburg, and Kazan. The highest demand was observed for household goods, including built-in, large, and small appliances. The products with the highest sales growth in value terms over the year were TVs and smartphones (six-fold increase), as well as garden tools and equipment (nearly three-fold increase).

During the reporting year, the Group began pilot collaboration with sellers from the CIS countries, making their electronics and household appliances directly available on the marketplace.

~1/3
partner small businesses in 2023

Collaboration with third-party marketplaces

M.Video-Eldorado maintains its focus on providing superior and seamless customer experience across all customer channels, both internal and external. In the reporting year, the Group continued to expand its collaboration with multi-category marketplaces such as MegaMarket, Ozon, Yandex.Market, Wildberries, and other platforms.

Customers can order products from the M.Video-Eldorado range and receive them in any convenient way, i.e. at the nearest pick-up point, store or by delivery. The Group's preferred order delivery formats are Click & Collect (pick-up from our stores) and Delivery by Seller, which ensure full control over the order and a high

level of customer service. The Click & Collect option, in particular, offers customers maximum service levels and immediate product availability. Nearly two-thirds of all orders are fulfilled through this option, enriching customers' online experience with additional services associated with offline purchases only.

In 2023, M.Video-Eldorado:

- became Yandex.Market's largest partner by the number of stores offering pick-up service;
- launched sales on Wildberries;
- achieved record-breaking sales across all marketplaces.



3.2. Best customer experience

Seamless customer experience

In 2023, the Company remained dedicated to prioritizing customer needs and delivering the best seamless customer experience. This experience is built through the integration of offline and online channels, ensuring a consistently convenient customer journey at all stages from product selection and payment to delivery and after-sales service. Our ONE RETAIL stack brings together websites, mobile apps, retail stores, and shop assistants using consultant apps into one space for customers to seamlessly transition between channels, with all key operations accessible through their smartphones.

M.Video-Eldorado builds long-term relationships with its vast audience through proprietary ML-based and data analytics solutions, such as the customer and consultant apps. The consultant app analyzes each customer session, providing consultants with tailored recommendations on how to improve their service and offering customers personalized product recommendations and prices. In order to offer diverse recommendations, M.Video-Eldorado leverages a preference matrix that features around 300 distinct product attributes, including ratings and prices.

M.Video and Eldorado offer a range of seamless and personalized services unique to the market, such as unconditional and instant installment plans for up to 30 months, order pick-up in as little as 15 minutes, same-day product delivery and installation, delivery from 24-hour stores in Moscow, used appliances collection for disposal, a customer chatbot based on natural language processing technology, and free storage of purchased items for up to three months.

Thanks to smart picks and search algorithms, regular nationwide promotions, and a bonus program, customers across the country can make great purchases while enjoying the highest level of service.

**66 mln
+45%**

growth of total M.Video and Eldorado customer mobile app installations year-on-year

The Group received the highest scores for customer experience digitalization in two influential rankings by Naumen and the Skolkovo Foundation. Surveys showcased our ability to deliver an unparalleled, seamless experience across various touchpoints, including mobile apps, websites, and physical stores of both brands, as well as to provide high-quality customer service in both the contact center and digital channels through its own chatbot.

A new addition in the reporting year was the end-to-end customer experience map. Customer experience is spread across four key sales touchpoints: delivery, pick-up, pick-up point, and in-store purchase. At each stage, for example, from product delivery to product return, we monitor any issues and gaps encountered by the customer and make the necessary improvements.

As a tool for monitoring compliance with retail standards and identifying bottlenecks in the seamless customer journey, the Company launched the Spy Club pilot project in 2023. As part of the project, 38 spy customers carried out 159 checks in 106 stores in Moscow and the Moscow

Region, identifying growth points for enhancing the retail customer journey. The Company plans to scale the project in the future.

Over the past year, customer satisfaction (CSI) from support interactions increased to 95%, partly due to the chatbot's enhanced response time in handling customer queries. Positive customer feedback across various communication channels went up by 38%, and the number of complaints also decreased by a similar percentage. Customers frequently commended the quality of service at M.Video and Eldorado stores, the prompt resolution of delivery, order placing and pick-up issues, and the customer-centric approach demonstrated by our employees.

M.Communications



The M.Communications Telegram bot, powered by a self-learning neural network, serves as a valuable tool for store employees, enabling them to swiftly access answers and retrieve information from the customer service database.

Processing around 45,000 daily queries, the bot efficiently resolves 50% of requests within a mere second.



Advancements in customer chatbots

M.Video-Eldorado provides customers with a seamless shopping experience both in stores and online, offering them the flexibility to select their preferred purchasing channels and access support whenever needed. To further improve the quality and efficiency of customer interactions, the Group harnesses the power of artificial intelligence (AI).

Written communication is preferred by 45% of our customers, and our virtual assistants, Em.Vi at M.Video and Vadim at Eldorado, excel at understanding and responding to 98% of customer queries, providing a lifelike question-answer interaction. Chatbots are connected to the websites of M.Video and Eldorado, as well as the networks' mobile apps and messaging platforms such as WhatsApp, Telegram, and Viber. The neural network is integrated into the Group's internal IT and CRM systems, enabling Em.Vi and Vadim to provide real-time updates on order or inquiry statuses, share information about loyalty programs, bonus points, ongoing promotions, store operating hours, delivery specifics, taxi delivery options, exchange and return procedures, as well as lending and installment options. Em.Vi chatbot is able to suggest more advantageous and convenient delivery options and connect online customers with M.Video's in-store employees for inquiries about the products offered via the online storefront. Em.Vi also has access to the customer's shopping cart and order and browsing history, and can verify product availability, suggest suitable accessories, and recommend services.

In 2023, M.Video-Eldorado integrated a virtual ambassador named Em.Vi into the M.Video chatbot. This marked the first implementation of AI in a nationwide consumer electronics retail network, as well as the first Russian retail bot with a wide range of scenarios and conversion skills. Em.Vi not only resolves user issues but also assists with navigating promotions and provides product recommendations.

M.Video-Eldorado Group won the first Russian Retail Tech 2023 award in the Best Smart Chatbot category with the Em.Vi M.Video Smart Chatbot project.

In 2023, virtual assistants processed over 3.2 million inquiries, effectively addressing more than 65% of all written customer queries. Every fifth loyal customer of M.Video uses the chatbot on a regular basis as compared to every tenth one in 2022. The active customer base in the chatbot represents approximately 18% of the active M.Video-Eldorado customer base (compared to less than 10% in 2022). Customers predominantly use the chatbot to inquire about product purchases, profile settings, and order delivery. The customer satisfaction index (CSI) for interactions with the chatbots once again confirmed their effectiveness, with a 95% satisfaction rate maintained in 2023.

Going forward, there are plans to expand the range of customer inquiries covered by chatbot scenarios to include loans, returns, exchanges, and store hours. The Company is also working to integrate recommendations and order placement into chatbot scenarios.



Data analysis is my strong suit. I assist customers in understanding their orders and deliveries, provide them with more information about products and promotions, and even recommend relevant accessories based on their shopping cart contents and browsing history. If you need quick answers, I'm here to help.

Marketing

Over the past two years, the Company has successfully transformed its business and become a key platform where customers seek products, bypassing search engines, and look for information about products, new brands, comparisons, and additional details. M.Video-Eldorado stands out as one of the few companies maintaining access to a large audience with strong purchasing power and able to employ wide-reach communications. As an omnichannel player, the Group actively leverages data analytics and machine learning tools to create personalized shopping experiences and develop recommendation services.

The Company strives to enhance brand perception by leveraging television, outdoor advertising, and various digital channels. We are testing new digital advertising

formats and experimenting with blogger collaborations, metaverses, and social media platforms.

Simultaneously, the Company is actively developing its retail media capabilities, establishing its own media platform. The advantage of a retailer with a strong online and offline presence lies in its ability to achieve extensive reach and trace the sales funnel down to detailed transactions, sharing insights with suppliers. Going forward, the Group plans to further develop its retail media platforms and expand its pool of external clients.

Black Friday



In anticipation of the year's largest sales event, M.Video-Eldorado strengthened its logistics infrastructure and increased inventory levels. This involved expanding inventory by over 40% compared to 2022, opening an additional warehouse in Chekhov, and implementing a new order booking system to reduce fulfillment time by a third.

During the month-long event, customers were offered discounts of up to 50% on hundreds of different products, cashback incentives, purchase gifts, interest-free installment plans, and convenient order delivery options. Furthermore, the selection of brands available in M.Video-Eldorado stores expanded by 35% compared to the previous year, encompassing renowned and rapidly-growing names like Haier, Hisense, Huawei, Grundig, and more.



Em.Vi virtual avatar

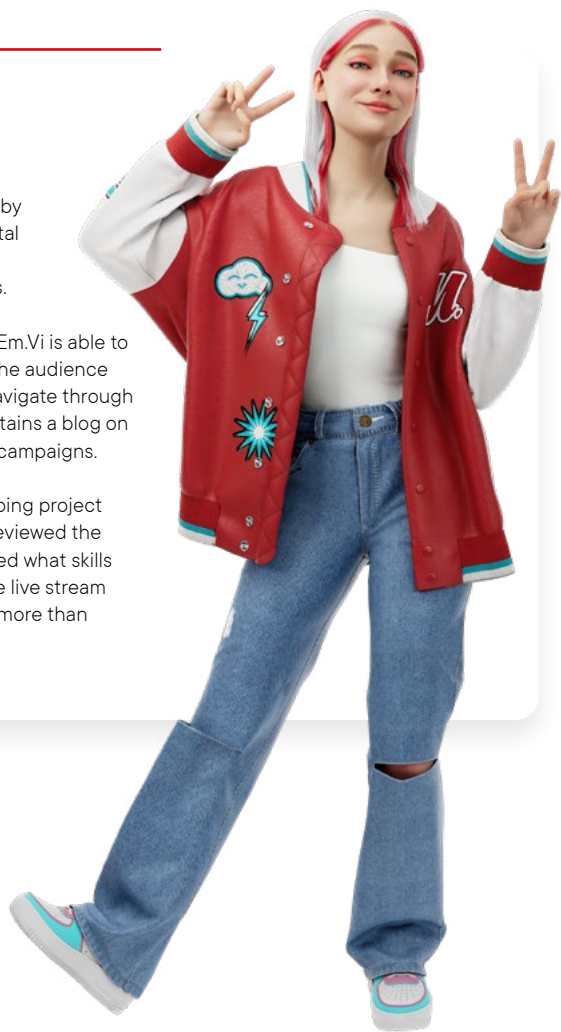
The virtual photorealistic avatar, Em.Vi, is a new tool utilized by M.Video to engage with young audience and an experimental marketing project, encompassing, among other things, collaboration with gadgets and other electronics producers.

With its unique visual representation and distinctive voice, Em.Vi is able to support independent live streaming and interactions with the audience through a language model similar to GPT¹ and help users navigate through products and services. Em.Vi runs social media pages, maintains a blog on the M.Click media platform, and participates in advertising campaigns.

In 2023, M.Video was the first in Russia to implement a VTubing project featuring its virtual ambassador. Em.Vi and special guests reviewed the latest gadgets, held giveaways for subscribers, and discussed what skills and technologies would be key to success in the future. The live stream was broadcast in M.Video' community on VK and attracted more than eight million viewers.

The Company continued to develop its co-branding communication campaign, which was launched in 2022. This approach has driven a significant increase in effectiveness and brand recognition.

According to the 2023 survey findings, M.Video and Eldorado maintained a high level of brand recognition and customer loyalty thanks to carefully selected tools and creative formats used in their advertising communications.



For the third time in a row, M.Video became the leader in the electronics segment and topped the annual rating of omnichannel retailers². Eldorado secured the sixth position in this rating. M.Video also received a special Stability award as the only Russian brand to lead in all three omnichannel ratings.



The Company won the ECOM Awards 2023 organized by the Russian Ministry of Industry and Trade and the Russian Association of Retail Market Experts. The expert panel of the awards recognized the Group with first place in the Best Content Marketing Campaign category for its active M.Video and Eldorado audience engagement and the creation of unique edutainment content³. By the end of 2023, the monthly audience of each M.Video-Eldorado's brand media platforms (M.Click and Eldoblog) reached approximately one and a half million unique users, up 50-fold over the span of two years.



The Company topped the E-commerce Index Top 100 rating in the Best Affiliate Marketing category with its unique proprietary CPA⁴ program launched in partnership with Adv.Cake.

The program allows advertisers to directly connect to the CPA network of M.Video-Eldorado and promote products from both leading nationwide networks of household appliances and electronics.

The Company successfully established effective partner collaborations, resulting in the increase of the advertising audience and growth of the customer base thanks to acquiring new buyers.

¹ GPT, short for generative pre-trained transformer, is a type of neural language model that is trained on large text datasets to generate human-like text.

² According to Data Insight and IT integrator AWG.

³ Edutainment (education + entertainment) content is content that implies learning in an entertaining way.

⁴ CPA (Cost Per Action) is a payment model used in online advertising where advertisers pay based on specific actions taken by clients on their website, rather than paying for impressions or clicks.



Loyalty programs

M.Video-Eldorado seeks to develop an extensive base of loyal and engaged customers. A cohort analysis shows that we are able to keep approximately 30% of our customers active even after a lapse of five years. Maintaining this high level of customer retention contributes to a continuous increase in the share of sales generated by our loyal customer base. In 2023, the Group reactivated 15% more inactive customers¹ than in 2022. The share of new customers in the Group's portfolio reached 25%, which will further drive sales going forward.

To keep customers engaged, each of the brands is developing its own loyalty program – M.Club and Eldoradosti. Program participants earn bonus rubles for every purchase and can use them to offset part of the cost of future purchases.

In 4Q 2023, the Company made significant changes to the loyalty programs to enhance their effectiveness. The base cashback was increased to up to 10% of the purchase value, depending on the product category, while the average accruals rose from 3% to 4.5%. The maximum redemption of bonus rubles was reduced from 50% to 30% of the purchase. As a result, the Company was able to increase the average ticket by more than 25% already in 4Q, while maintaining the loyalty program penetration at more than 90%.

115 mln

participants in M.Video and Eldorado loyalty programs

90% of all purchases

made by loyalty program participants

10%

of the purchase value covered with bonus points on average



Bonuses and promotional offers perfectly complement our high-quality service and wide range of products, ensuring the retention of our loyal customers and the acquisition of new ones.

M.Video and Eldorado regularly run promotions for customers, offering birthday bonus points and increased cashback rates of up to 30–50%. In December 2023, an exclusive promotional campaign called “The Main Event of the Year at M.Video-Eldorado” took place, marking the largest giveaway in the Company's history. Over 400,000 customers of M.Video and Eldorado participated in this event. The prizes included an apartment in Moscow, a car, a RUB 150,000 certificate, and presents from well-known brands. Participants were guaranteed various gifts, such as discount promo codes for Sber's tech products, access to the online cinema Start, special offers from other brands, and bonus rubles for future purchases at M.Video or Eldorado. The total prize value exceeded RUB 30 million.



¹ Customers who have not made a purchase for more than 12 months.



3.3. Retail network development

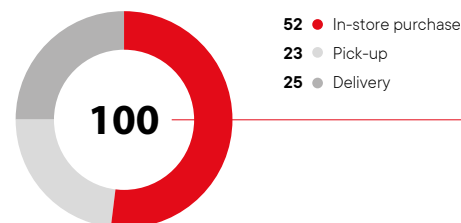
In 2023, M.Video-Eldorado Group resumed its regional expansion program, ramping up presence in key regions of Russia and entering 15 new cities. The Company opened 62 compact-format M.Video stores with an area of 500 to 600 square meters, as well as three standard stores with an area of 1,000 to 1,500 square meters. As at the end of 2023, M.Video-Eldorado Group's network totaled 1,242 retail stores.

In 2024, the Company plans to accelerate its regional expansion and open more than 100 M.Video stores, mostly in the highly efficient compact format.

~90% of orders
fulfilled using store infrastructure

1,242 stores
operated by M.Video-Eldorado Group
as at the end of 2023

GMV breakdown by fulfillment channel in 2023, %



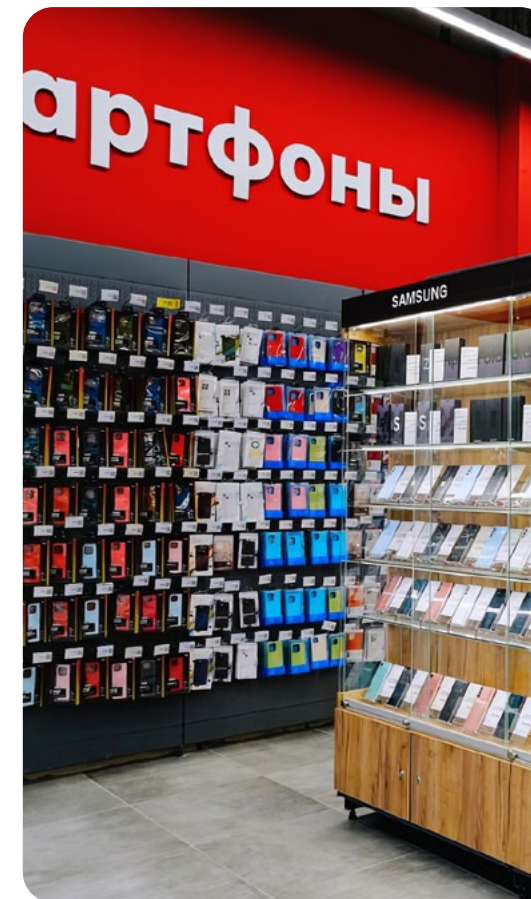
Familiar capabilities in a compact format. In 2024, we will continue bringing essential consumer electronics products closer to our customers.

M.Video compact-format stores

In 2023, M.Video-Eldorado Group opened 62 M.Video stores in a compact format. This format lets us maintain around 70% of our standard store's assortment while reducing the floor space by nearly a half, to 500–600 square meters. Additionally, compact stores openings require three times less investment due to a new approach to design and layout. They feature vertical retail equipment, enabling the multiple-level display of a greater number of products per square meter, including large appliances.

Despite its compact size, this format provides customers with familiar services, assistance, and consultations, as well as the option to receive online orders in as little as 15 minutes.

The compact store format provides the Company with a competitive edge by offering flexibility in its offline expansion and a wider range of options and locations for selecting commercial retail spaces.



Development of store spaces

M.Video–Eldorado maintains focus on developing its stores as showrooms and destinations for exploring technologies, brands, and new products. The showroom concept is becoming particularly relevant given the market changes and the emergence of new brands.

M.Video–Eldorado, in partnership with manufacturers, is developing its retail spaces through the use of non-standard structures and display arrangements. The goal is to ensure a highly engaging and rewarding interaction with products, providing visitors with new experiences and positive emotions and enabling brands to make a strong statement in the market and strengthen their position.

Dedicated brand zones typically occupy an area of 10–15 square meters and feature unique vendor designs and their own trained staff, ensuring a more comprehensive approach to addressing brand objectives and customer engagement. On average, brands experience a 20% increase in sales in stores with branded spaces compared to similar stores without such zones.

In 2023, the Group's stores saw the addition of over four thousand branded spaces, representing both established producers expanding their presence

and new CE market names from China, Turkey, and Russia. In electronics, the branded zones of Tecno, Infinix and a number of other brands were set up. In households appliances, the leading manufacturer Haier continues its integration. Arçelik, which offers a wide range of household appliances under the Beko, Grundig, and Hotpoint brands, expanded its retail presence. Hisense is developing branded spaces and showcasing its own new products, including Toshiba TVs exclusively presented in M.Video–Eldorado stores, as well as household goods from Gorenje. Among other brands expanding their presence at M.Video–Eldorado are Smeg, Krups, Yandex, VK, Sber, and others. In the TV category, dedicated zones are being opened for the TCL brand. The biggest and most notable development was the introduction of an in-store gaming arena from Haier Group's increasingly popular Thunderobot gaming brand.

Co-branded stores

In 2023, the Group continued to develop its network of co-branded M.Video–Eldorado stores, which bring together the competitive advantages of both brands under one roof: services and offerings, unified access to bonus programs, promotions, and stock.

The sales growth of co-branded stores consistently outperforms that of the reference Eldorado stores, where the same marketing campaigns are implemented. In this way, the M.Video brand enhances the potential of the Eldorado brand and enables it to drive additional traffic and acquire new customers.

63 co-branded stores
operated by M.Video–Eldorado at the year-end,
with 54 of them opened in 2023

Combining online services



M.Video–Eldorado continues to develop the ONE RETAIL format, which involves the integration of pick-up services for online orders. New, customers of the Eldorado website have the option to pick up their orders in M.Video's stores. We successfully integrated historically different CRM and retail systems. In particular, the Eldorado website now provides real-time access to information about combined local stock availability and the remaining quantities of desired items at M.Video. In this way, Eldorado customers have a much wider choice in terms of both assortment and pick-up options.



3.4. Effective logistics

Storage and distribution of goods

The Group adopts a cost-conscious approach towards the operation of its store network, as well as the improvement of warehouse logistics processes and the last-mile delivery.

M.Video-Eldorado's storage and distribution system includes large central distribution centers in Moscow and Russian regions, smaller warehouse centers operating as regional multiplatforms, as well as retail stores used as storage centers for stock available for pick-up and courier delivery.

The density of the retail network helps to considerably increase the availability of goods and the speed of delivery in regions outside Moscow and St. Petersburg. In this way, offline stores contribute to the growth of online sales in their respective regions and significantly reduce the costs associated with developing logistics infrastructure, being M.Video-Eldorado's crucial competitive advantage over marketplaces and other online players.

Our infrastructure for storage, distribution, and delivery of goods across Russia comprises approximately 800 thousand square meters of warehouse space, with our stores' storage areas accounting for over 300 thousand square meters and around 70% of the Group's stock¹.

In 2023, our primary objectives were to enhance operational efficiency, optimize costs, and improve customer service metrics. Through the refinement of our logistics function, we successfully reduced logistics expenses, increased product turnover and distribution speed, which is essential when dealing with limited stock levels, and established import routes.



We keep 70% of all products in our stores. More stores in each city bring desired items closer to customers, resulting in shorter waiting times for orders.

800,000 sq m
infrastructure for storage, distribution and delivery of the Group's goods throughout Russia

Logistics infrastructure

Facility	Description and functionality	Geography
1,242 stores	<ul style="list-style-type: none">Storage of small household appliances and digital devicesLimited storageOrder pick-up by online and offline customers, and order collection by couriers delivering large household appliances	370 cities in Russia
54 regional multiplatforms	<ul style="list-style-type: none">Storage of large household appliancesDelivery of goods to stores and customers within a radius of 150–200 kilometers	Large and medium-sized cities in various regions of Russia
8 central distribution centers	<ul style="list-style-type: none">Concentration of all goods purchased by the Group in a total area of over 500,000 square metersDistribution of goods to stores and regional multiplatforms	Chekhov, Novosibirsk, Kazan, Rostov-on-Don, Yekaterinburg, St. Petersburg, Vladivostok, Samara



¹ As at December 31, 2023.

Infrastructure improvement

Development of urban warehouses

In 2023, the logistics infrastructure of M.Video-Eldorado continued to improve with the introduction of a new format – urban warehouses based on our flagship stores. Each urban warehouse, on average, accommodates an additional two to three thousand product SKUs, allowing for an average 30% increase in the assortment matrices of cities.

Urban warehouses are designed to expedite the replenishment of stock across all stores within a city with popular items of household appliances and electronics, and offer pick-up and delivery of small-sized online orders within 24 hours. In some of these stores, the storage areas are also able to accommodate the assortment available only through online channels.

An additional advantage of leveraging urban warehouses is the efficient distribution of the workload across the vehicle fleet. Small appliances are delivered from stores using passenger cars, while large appliances are delivered from regional distribution centers and stores by trucks.

60 urban warehouses
in 42 cities across the country in 2023

Proprietary digital innovations in logistics

M.Video-Eldorado is investing in the development of modern IT systems that support inventory management and logistics processes. Many of the Group's projects have positioned it as an industry pioneer and a source of unique expertise in the market.

Titan platform won the Retail Week Awards in the IT Project of the Year category

The Group continued to leverage Titan, its proprietary IT platform for procurement planning, sales forecasting, and distribution of goods across its locations. This cloud-based solution enables agile and rapid response to market changes. It lets us adjust merchandise distribution algorithms based on deliveries and distribute products to the stores where they are in high demand and sell quickly, thus helping identify target inventory levels for each item across all locations.

Inventory turnover

In 2023, the Company significantly improved inventory turnover, primarily by reducing low-turnover inventory, which led to a substantial release of working capital.

The overall turnover decreased to 16 weeks, the lowest level in the Group's history, thanks in part to a significant reduction in the share of low-turnover inventory. In the future, the Company plans to continue optimizing inventory through reviewing matrices

width, monitoring warehouse overstock, and minimizing instances where only single display samples are available.

16 weeks
overall turnover, the lowest level in the Group's history



3.5. One-stop service center

The Company continues to develop a comprehensive approach and scale its service business. One of M.Video–Eldorado’s competitive advantages as an expert in the household appliances and electronics market is its dedicated service division operating under the M.Master brand.

М.МАСТЕР

M.Master serves as a one-stop shop for comprehensive customer support that covers a wide range of additional services, including delivery, installation, setup, repairs and other services that were previously provided in 2023 under the M.Service brand.

Services can be arranged when purchasing large-sized appliances both offline and online and are provided nationwide by professional teams consisting of over 600 in-house specialists and thousands of outsourced partners, covering a radius of up to 150 km from the store.



M.Master offers our customers the following comprehensive services:



Installation
of kitchen appliances



Installation
of climate control systems



Installation
of TVs, audio, video
and digital equipment



Installation
household appliances



Installation
of built-in appliances



E-waste disposal
services



Repairs
of mobile devices



Delivery
services



On-site service

Delivery, installation and setup

M.Video-Eldorado continues to improve its delivery speed and offers a diverse range of convenient delivery options. While pick-up remains the preferred option for most customers, approximately every fifth order placed with M.Video is delivered to customers within two hours by a taxi courier.

In 2023, we completed approximately 489 thousand installations of large-sized appliances, including 273 thousand installations performed by our in-house installation and delivery service. The most frequently installed items are washing machines, dryers, refrigerators, TVs, as well as built-in kitchen appliances and climate control systems.

With our own vehicles and in-house servicemen, we can efficiently combine the delivery and installation of household appliances into a single visit, saving time for our customers.

In 2023, as part of our last-mile service enhancements, we introduced express delivery for large-sized appliances. This service operates in ten cities, enabling M.Video customers to receive their appliances within a convenient time slot on the day of purchase. The delivery is carried out by our partners from among taxi aggregators.

M.Video and Eldorado offer customers across over 300 cities a variety of convenient order pick-up and delivery options:

Pick-up in as little as 15 minutes from a convenient store location or from partner pick-up points	→	233 thousand orders fulfilled via pick-up points
Express delivery within two hours or at a convenient time slot	→	283 thousand orders fulfilled
Standard delivery of large-sized goods at a convenient time slot	→	2,790 thousand orders fulfilled
Same day delivery and installation		

Same day delivery and installation

>600
in-house servicemen

~750
daily installations

57
cities

162
vehicles

Personalized delivery service for custom-sourced premium products

M.Video expands its personalized customer support service and develops a premium product range, leveraging its accumulated expertise in international product sourcing and logistics. Customers now have guaranteed access to thousands of custom-sourced models of household appliances and electronics in the high price range, featuring renowned global brands such as Miele, Smeg, Samsung, LG, KitchenAid, and many others.

Recycling

M.Video-Eldorado Group was among the pioneers in Russia to introduce an e-waste recycling program. This program is available in more than 30 regions across the country, with 863 retail stores participating. Customers can easily arrange for the large-sized e-waste collection from their homes through the E-Waste Collection for Recycling service, which takes place alongside the delivery of new appliances.

x10

growth in the number of large-sized devices handed over for recycling by customers, year-on-year

In 2023, customers sent more than 1,500 tonnes of e-waste and 85 tonnes of batteries for recycling, up 20% year-on-year (for more details, see the for more details, see the [4.7. Progress on circular economy and sustainability projects](#) on pages 57–58).

Own vehicle fleet

In 2023, M.Video-Eldorado expanded its own vehicle fleet with Sollers and GAZ trucks to facilitate the delivery of large-sized goods with installation. This was part of the Company's efforts to scale up its service operations, improve service speed, and enhance customer satisfaction. At the end of the year, our own fleet featured more than 200 vehicles (+45% year-on-year), while in-house service staff exceeded 600 specialists. To further develop the Group's service business and broaden the delivery and installation geography, we plan to expand our own fleet by two and a half times compared to 2023 to more than 500 vehicles.



In-store services

Within the M.Master service zones, customers can not only have their devices repaired but also receive in-store assistance. For example, they can have a broken phone display replaced or protect it with a durable screen protector.

At the end of 2023, M.Master zones were available in five shopping malls in St. Petersburg and Moscow. By mid-2024, there are plans to expand the service to other cities, with the aim of growing the network to 30 zones.

The M.Master service accepts appliances and devices for repair, regardless of whether they were purchased from M.Video and Eldorado stores or from third-party sellers. This service is particularly relevant for Russian customers who have faced the closure of authorized service centers by certain international manufacturers. In particular, we repair devices from such brands as Apple, Samsung, Huawei, Realmi, Xiaomi, Honor and others.

Quick Service

In partnership with VSK Insurance House, M.Video-Eldorado Group offers customers to purchase the VSK Quick Service insurance policy. It covers both service at participating offline stores and on-site service available within a 100 km radius from the customer’s city. In the case of Moscow, the coverage extends to both Moscow and the Moscow Region.

Quick Service is the fastest repair service available at M.Video stores. This program goes beyond the manufacturer's warranty, offering customers a broader coverage.

The program offered to M.Video-Eldorado customers covers 72-hour repairs of large and small household appliances and mobile devices, eligibility for a product exchange if repairs are not completed in time, repairs required as result of incorrect product installation, product misuse or power surges, repairs of minor mechanical defects, and more.

Additional services

We strive to offer our customers comprehensive solutions, providing assistance in choosing not only goods, but also complementary accessories and services. After the purchase, for example, they may ask for advice on how to choose and install screen protectors for gadgets, as well as on necessary software and apps to download and the right settings.

Insurance


To provide customers with additional protection and confidence in their purchases, M.Video-Eldorado Group offers a wide range of insurance programs covering household appliances, health, travel, and more.

In partnership with AlfaStrakhovanie and VSK, M.Video-Eldorado offers customers various insurance policies that can be added to the purchase of household appliances and electronics when buying them offline or picking up as part of online orders.

In addition, we offer extended manufacturer warranty programs such as Samsung Smart Care and Huawei Care, which allow customers to have their devices promptly repaired at authorized Samsung or Huawei service centers across Russia. To benefit from these programs, customers simply need to register their purchased certificate and present the receipt for the certificate purchase along with the device when seeking service.

>2 mln

insurance policies sold by M.Video and Eldorado in 2023



M.Video-Eldorado helps prolong the lifespan of your devices. Our M.Master service provides immediate assistance right in the store, while our extended warranties ensure accelerated repairs at manufacturer service centers.

3.6. Fintech

The Group offers all financial products through its subsidiary, Direct Credit, a financial broker accounting for approximately 20% of the POS¹ lending market.

Payment services

M.Video-Eldorado is committed to offering customers simple and transparent payment terms, leveraging the latest payment tools, and making essential consumer electronics more affordable.

In 2023, the Company partnered with Alfa-Bank and the Podeli service to launch online purchases with payment in parts. The service is convenient for small purchases where a traditional installment plan may not be necessary but splitting the payment into parts allows for more rational family budget planning.



We offer customers a wide range of financial instruments. You can pay for your purchase using any convenient method, from instant payment at the shelf to a two-year installment plan with cashback for your next purchase.

Improvement of payment services



As part of our commitment to enhancing the customer journey, M.Video-Eldorado seeks to ensure secure and high-speed payment transactions, including through the use of the Faster Payments System (SPB). The Group has partnered with VTB Bank to connect its stores to the SBP and enable M.Video's customers to make contactless payments directly at the shelf using the consultant app on the shop assistant's smartphone. Customers can also make SPB payments on our website, through the customer app or at the checkout counter in offline stores.

Lending

M.Video-Eldorado Group is one of the leaders in consumer lending. We offer a wide range of in-store and online loan products from 14 banks and lending organizations, while also developing our own lending platform.

Through our platform, customers can substantially reduce the time required for repeat purchases. It provides automatic document filling, document signing via SMS messages for online transactions, and additional services such as insurance, legal assistance, and credit history preservation.

An advanced multi-bank lending platform enabled M.Video-Eldorado to offer customers appealing loan products and support demand. Despite the increase in the key interest rate, the Group maintained a record-high loan approval rate of 80% for offline transactions and 60% for online transactions.

16%

share of sales made using various installment or credit options

In 2023, the Company became the first in its segment to launch a pilot POS lending project for non-residents using its own consumer lending platform.

M.Installment



In 2023, the Group launched M.Installment, the country's first-ever installment program for up to 24 months offering cashback bonuses for future purchases.

The new program provides customers with a revolving credit limit within the initially approved amount, allowing them to make purchases of consumer electronics with no down payment. The program also covers commission-free payment of monthly installments directly through the M.Video mobile app, helping boost its regular traffic.

The average ticket size for purchases using M.Installment is nearly 30% higher compared to other installment options.



¹ POS (Point of Sale) lending is a retail banking service that enables customers to obtain loans directly in retail stores for the purchase of specific goods.

3.7. Technology platform

M.Video-Eldorado Group's business strategy prioritizes the development of technology-driven products for clients and business functions, along with further enhancement of data analytics and machine learning tools.

Thanks to its advanced IT competences and a high extent of business process digitalization, M.Video- Eldorado is able to provide the best customer experience and offer unique services through ONE RETAIL, ensuring customer loyalty, partner engagement, and operational efficiency gains.

In the reporting year, the Group increased the reliability of its payment infrastructure and ensured the secure handling of payment cards by its website and app, obtaining the international Payment Card Industry Data Security Standard (PCI DSS) certificate.

ONE RETAIL platform

ONE RETAIL is a suite of solutions that are constantly evolving to make sure our customers get the best service at any point of contact with the retailer wherever it may be convenient for them, at a store, on the website or in the mobile app, chatbot, or contact center, without sacrificing the speed of purchase or the quality of experience

ONE RETAIL as a mobile platform integrates the customer and the consultant apps, as well as related services and IT products. The customer app provides automatic online authorization, while the consultant 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 ticket and more frequent purchases.

Besides, ONE RETAIL connects customers and vendors within a single space where high engagement of producers and other partners facilitates informed choices when it comes to browsing and buying, attractive pricing, and higher customer loyalty and expanding business as a result.

In the reporting year, the Group's customers continued to make active use of mobile tools for purchases. M.Video and Eldorado customer mobile app installations increased by 56% year-on-year to 66 million, with the average number of monthly active users going up by 2.9%. This enables the Company to communicate directly with customers and use promotional and advertising mechanisms more effectively.

M.Tech

In 2022, the Group established its own IT company, M.Tech, which focuses on developing IT products and services for the retail, e-commerce, consumer lending and e-payment spheres, as well as enhancing the efficiency of M.Video-Eldorado Group's operations.

M.Tech serves as an external IT development partner for the entire M.Video-Eldorado Group, as well as a platform for potential sales of proprietary IT solutions to a wider market.

M.Tech relies primarily on cloud infrastructure and microservices architecture. The Company develops around 40 digital products and solutions based on data analytics, biometrics, artificial intelligence, and machine learning. Key products include mobile applications for customers and consultants, web services, a fintech service platform, a recommendation model for planning the assortment, stock, prices and promotions, a personalized product selection service, a customer chatbot, a corporate neural network and biometrics, video analytics, and HR tools to enhance the performance of retail staff.



IT solutions help us make all processes faster and easier: we can remotely identify customer needs and bring them together on a single platform with vendors, or automate product and price management.

IT infrastructure

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

M.Video-Eldorado Group is assembling a modern microservice platform built on hundreds of independent components. This approach involves supporting independent competing frontend products (mobile apps and websites) and shared backend systems used by both 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.

We continuously explore the cloud services market to maximize the commercial benefits of a multi-cloud approach. More than 70% of M.Video-Eldorado Group's operations are supported by cloud solutions. The Group has already transferred the development and operation of the websites and mobile apps for customers and consultants of both brands to a cloud platform.

We also make strong use of automation services for container-based development to create new digital products, a managed data platform for data collection, storage, analysis and visualization, and ML-based services.



The Group is significantly expanding the functionality of its key products and services in a quick and cost-efficient manner, and implementing data analytics at all decision-making levels.

M.Data data catalog won the Retail Tech Award 2023 in the Big Data Leader category. It is the first retail data inventory platform built by M.Tech without the use of vendor and open-source solutions. The catalog processes a total of 370 thousand objects from the data repository and 20 thousand objects from BI reporting. It integrates data from over 26 sources and serves up to three thousand users.

Commercial and logistics platform

We are transforming into a data-driven company and automating the processes of managing product categories, from procurement planning to managing promotional activities.

M.Video-Eldorado Group has developed and implemented its own set of solutions based on machine learning algorithms to manage product categories at all stages of commercial and logistics planning. Our integrated category management platform creates an optimal assortment for each store, adjusts prices daily taking into account competitors' actions, and calculates the optimal volume of procurement and stock replenishment for both M.Video and Eldorado.

The platform incorporates four proprietary data products created by the Group's in-house developers. They replaced vendor solutions in its IT landscape:

- assortment management (Optimizer);
- inventory management (Titan, see the [Proprietary Digital Innovations in Logistics](#) section on pages 41);
- Pricing;
- Promotional Planning.

The launch of the integrated system allowed to combine the efforts of various divisions of the Group. The Optimizer solution analyzes customer behavior on the websites and in the mobile apps of M.Video and Eldorado on a daily basis and automatically builds the most optimal assortment for each product category. The Pricing and Promotional Planning products are used for predictive management of regular and promotional pricing. Presently, prices for nearly one-third of the Group's assortment are set automatically, without direct involvement of commercial experts.

All four modules of the platform were developed entirely in-house, making them easy to adapt and maintain by our internal team. This integrated solution costs nearly half as much as comparable alternatives, while substantially improving the speed and accuracy of calculations it performs.

Information security

In 2023, M.Video-Eldorado Group continued implementing a strategy to enhance and maintain information security.

Key results of implementing the information security strategy



In 2023, the import substitution of security tools from vendors who exited the Russian market continued, alongside the improvement of digital product protection.



Basic measures to protect the infrastructure were implemented, additional security services were identified and launched to protect digital products from complex threats, and training was carried out to raise employee awareness of security threats.



Additional automation tools were implemented to improve the response capabilities of the Information Security Incident Response Center.



To increase the level of security, 11 information security enhancement programs were developed and are being implemented, comprising 88 protective measures, with over 50 already implemented.

The information security function focuses on the relevant objectives to advance our business goals. In 2023, the Information Security Department implemented more than 10 additional security measures to ensure our information systems and products were protected and fault-tolerant.

New information security services were integrated into digital product development to reduce risks and potential losses from information security incidents.

M.Video-Eldorado takes a responsible approach to protecting the personal data it processes. In 2023, the efforts to monitor compliance of personal data processing and protection processes with regulatory requirements continued, critical security mechanisms and personal data processing procedures were adjusted, and a roadmap for ensuring compliance with the personal data processing and protection requirements is being implemented.



We are experts...

in development

Our main contribution to people's well-being is quality service and support from purchase to recycling. This way we help people use appliances for longer and get new ones with no harm to the environment. Our experts regularly take online product courses and create their own training content for colleagues at the Technoexpert Academy



34

hours per year

average training of each employee



55%

employees

improved their performance thanks to the Sales KPI microservice within SuperApp



New technologies help our employees earn more: SuperApp, a smart corporate app, analyses tickets and provides insights into sales. Automated employee sharing enables our staff to work part-time in different Group stores, getting an additional income.



Learn more
about Em.Vi

4.1. Personnel management

In 2023, M.Video-Eldorado in response to economic and social challenges revised its key business processes, including HR management.

M.Video-Eldorado's HR management strategy is based on building trust-based relationships aimed at long-term and mutually beneficial cooperation, as well as a corporate culture underpinned by six updated values: honesty, care, flexibility, drive for results, customer focus, and partnership.

For more details, see section [1.2. Value-Based Leadership](#).

One of the key tasks in the reporting year was creating a fully digital ecosystem for personnel in the Group's stores and units involved in customer service. To address that, M.Video-Eldorado brought together the key time management systems, synchronized their work, and made employees actively involved in planning and using their working time through the shift exchange marketplace and visual online performance dashboards. As a result, the Company's employees work deliver improved performance and better understand the correlation between effort and pay. At the same time, the Company can respond quickly and flexibly to any market changes, controlling operational efficiency without drastic changes in headcount.

The shift exchange marketplace enabled us to grow employee income by 15–20% and also deliver one of the industry's highest employee engagement rates, which is more than 20% in excess of the Russian average

The efficiency of HR processes was also achieved by automating all key HR processes using the Personnel Portal, an HR assistant, which freed up employees' time from routine technical operations to more important operating tasks.

M.Video-Eldorado develops HR management technologies using advanced IT solutions. Among other things, in 2023, a new career and role model of personnel management was introduced, serving to increase the efficiency and speed of change implementation

In addition to changes designed to drive the operational efficiency of our business, we also continued to develop projects in the areas of training, employee engagement and

motivation. A major development for us was going ahead with initiatives aimed at improving staff well-being, including the corporate flexible benefits program titled the Benefits Cafe.

Development of corporate culture

In 2023, M.Video-Eldorado conducted a full-scale engagement survey among the Group's entire staff, exploring satisfaction, engagement, loyalty, eNPS¹, and mNPS².

The survey covered 90% of employees, with the results exceeding the average for companies in the household appliances and electronics segment. Three key areas of focus were identified following the survey: «strategy», «feedback», and «career», and for each of them, a work plan was put together to implement the necessary changes and create a comfortable working environment for employees and the business to benefit from.

In 2023, M.Video-Eldorado's mission and values were updated to support the Group's new vision and strategic objectives. They were created by M.Video-Eldorado's ambassadors – more than 100 employees

from different levels, backgrounds and areas of expertise who are also agents of change within the Company and promote its updated mission and values.

For our mission and values, see section [1.2. Value-Based Leadership](#).

In the reporting year, we completed a large-scale project for the retail personnel: "The Retail Book. Why we care". This is an e-book and an audiobook describing the key business processes in the retail industry. The Retail Book is used for the onboarding of new hires and is also a useful tool to provide insights for personnel coming in from other areas. The audio version of the book was voiced by our top managers.

90% of employees
took part in the engagement survey

73%
share of loyal employees

¹ Employee Net Promoter Score.

² Managerial Net Promoter Score.



4.2. Personnel structure

In 2023, M.Video-Eldorado focused on maintaining headcount against the backdrop of the declining perception of the job of a sales assistant and retail jobs at large, as well as intense competition for staff in the labor market. At the same time, attention was paid to operational efficiency and cost control, including by reviewing functionality and optimizing processes in a number of areas.

5 years

employees' average length of service

32 years

average age of employees

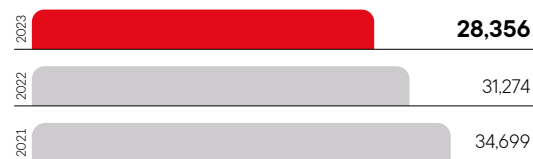
4,182 employees

have been with the Company for more than ten years, including 3,070 in retail operations



In 2023, M.Video-Eldorado employed more than 28,000 people. We value employees of all ages: more than half of our team falls into the 30–50 year old category. We have a lot of energy and experience.

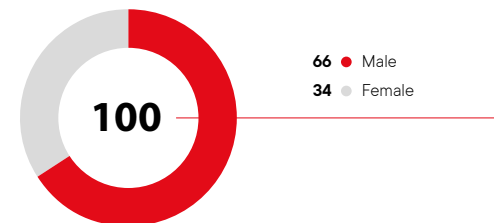
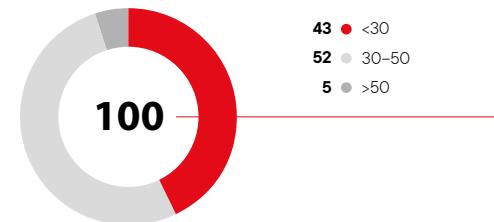
Headcount¹, persons [2-7]



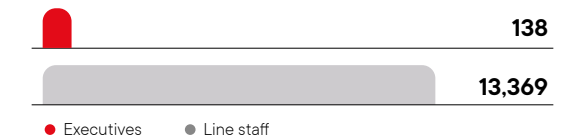
Number of employees by type of contract and employment², persons [2-7]

	Permanent contract	Temporary contract	Full-time employment	Part-time employment
Men	16,731	785	16,282	1,234
Women	8,230	467	7,972	725

Personnel breakdown by age and gender in 2023, % [405-1]



Newhires in 2023, by category, persons [401-1]



Also, more than 300 employees were appointed to senior positions in 2023 from the internal talent pool as part of corporate development programs

¹ Data including Direct Credit Centre LLC.

² Data excluding Direct Credit Centre LLC.



4.3. Creating a working and living environment

Providing equal opportunities to all employees

M.Video-Eldorado does not tolerate any form of discrimination or oppression in its operations, ensuring equal opportunities for all employees.

M.Video-Eldorado respects the principle of equality and non-discrimination on the basis of gender. The share of women in the Group's headcount remains at 34%, and we ensure an equal base salary for all categories of male and female employees.

M.Video-Eldorado Group adheres to the principles of equality in recruiting new employees. When considering potential new hires, the Group's recruiters are guided solely by their business skills, assessing first and foremost their professionalism, leadership skills, drive for results, and ability to work as a team. Applicant can be turned down because of their age or gender only for certain specific positions.

M.Video-Eldorado Group pays particular attention to inclusive employment. In 2023, there were 195 employees with disabilities working for the Group (0.7% of the headcount).

The Company has never been using child labor or forced labor. There were no incidents of discrimination at the Company in 2023. [2-23]

34%
share of women in the Group's headcount

195 employees
with disabilities worked for the Group in 2023

Effective HR processes and employee motivation

A professional team is the key asset and competitive advantage of M.Video-Eldorado. All employees of the Group can benefit from a program of discounts and privileges, including more than 800 special offers from partner companies in all cities where the Group operates. This service helped employees achieve total savings of RUB 9 million in 2023.

In 2023, the key objectives of M.Video-Eldorado in the domain of efficiency improvement as regards line staff (shop assistants) management were:

- increased flexibility and accuracy of headcount calculations in stores: our employees need to be in the right place at the right time;
- promptly meeting retail staffing needs with an upward trend in sales to achieve the «plus 200 shifts tomorrow» result;
- increase in personal efficiency of employees and, as a result, sales growth;
- supporting staff against the backdrop of economic and social instability.

Line employees can manage their revenue, choose their own additional workload, and develop skills using the Sales KPI dashboard system on the corporate SuperApp

accessible from their personal mobile devices. This helps foster motivation and creates new career opportunities. The gamified service enables employees to keep track of key performance indicators in real time and receive prompt feedback on ticket composition, providing incentives to increase sales.

Results of reliance on the Sales KPI dashboard system:

~90% of employees
use SuperApp on a regular basis

55% of employees
improved their performance thanks to the Sales KPI microservice on SuperApp

>2.5%
increase to the annual GMV delivered by the use of the Sales KPI dashboard system

The shift exchange marketplace is the first automated service for internal staff sharing in the retail industry implemented by M.Video-Eldorado together with Verme. The marketplace brings together stores that need temporary staff members and in-house employees with part-time employment at their primary workplace who are interested in flexible working hours or new jobs. As a result, personnel has access to attractive part-time jobs, and the Company get qualified temporary staff. In 2023, the solution brought the Company over RUB 20 billion in additional revenue, increase staffing levels by 2%, as well as grow employee income and free up one to two hours of directors' time every day, which employees can invest in sales and the development of their teams.



4.4. Employee training and development [404-2]

In 2023, we continued our commitment to the professional development of our employees and the improvement of their qualifications. In addition to providing staff with the necessary knowledge at all levels, we also emphasized the development of their leadership potential and building a succession system that will help meet the Company’s HR needs in the long term.

Programs to improve the efficiency of retail personnel

To maintain and strengthen the expertise of retail employees in sales and customer relations, the Company runs the Ready for Takeoff project and the Technoexpert Academy ecosystem.

These provide a process of continuous staff training and aim to retain staff and improve their performance during the onboarding stage. The Company’s key efforts are focused on reducing employee turnover during the probation period and shortening the time it takes for employees to reach their performance targets.

The onboarding process at M.Video-Eldorado is an important component of retaining the most promising and talented professionals. In 2023, we introduced a new format for newly hired employees to interact with their mentor and store director by combining two communication channels – a chatbot and a learning portal. With this approach, new employees can get all the information they need and have their questions answered online as needed. A system of reminders and prompts helps store directors

and mentors to keep abreast of the stage of onboarding that the employee is at, and of the help that is required.

After successfully completing the Ready for Takeoff onboarding program, employees move on to the Technoexpert Academy, where they continue to develop their expertise on a regular basis. In the Academy, employees are trained in an adapted and interactive format on the products available in our stores, including new products and electronics, sales tools, and details of internal processes. In addition to training, new employees take part in discussions on products’ technical features with experts, and independently create new training content. This format enables us to gather a large amount of feedback from the staff and reflect it in order to improve the Academy.

As a result, the measures taken by the Company to onboard new employees helped to reduce staff turnover to 38% from 55% in the previous year, which is strong performance for retail companies with traditionally fairly high turnover rates. [401-1]

In 2023, we achieved a reduction in the turnover rate during the probation period. For new hires, the average annual turnover was 23% compared to 36% in 2022.

The share of new hires achieving target performance increased by 15% over the year to reach 74%. The average time to reach target performance decreased from three or four months in 2022 to just one or two months in 2023.

The Company recruited and trained more than 4,000 interns in 2023 and freed up an average of one to two hours of worktime time each day for mentors and store directors.

Average number of training hours per employee, man-hours [404-1]



82%

NPS

38 lessons

at the Technoexpert Academy

>10,600 people

number of users in each lesson

~5,000 employees

completed the onboarding process in 2023

30 h

spent on onboarding by new hires

>91,000 scores

received from employees, with scores 4 and 5 making up 95.1% of them

38%

staff turnover compared to 55% in 2022

Leadership competence development for the management

To develop leadership competences, M.Video-Eldorado launched two talent pool training programs in 2023 for the positions of store directors and regional managers.

Building a succession system and Top Talent Review

M.Video-Eldorado strives to create favorable conditions for the professional and personal development of its employees. In 2023, we continued our work with talents and expanded our approach to employee evaluation and succession building at the CEO-1 and CEO-2 management levels across all functions.

As part of the analysis of each business function, key positions for the business were identified, followed by an in-depth performance and potential assessment of employees that hold these positions. The efforts also included developing scenarios for selected key positions. As a result, employees obtained personalized development plans and targets, as well as offers of new positions and a revamped approach to motivation.

In addition, a focus in 2023 was on engaging managers in a feedback culture. The Company organized two large events to select successors at the executive team level (Top Talent Review) and also tested new peer feedback tools in an anonymous format.

77
key positions

>50%
share of successors (1–2 years)

>400
Talent Review participants



I had a chat with smart talented guys at our coffee point yesterday. I hope they are here to stay with us.



We enter into agreements with the best universities of Russia. Students and graduates can undergo internships or traineeships with us, among other things in IT, which is a great start for their careers with M.Video-Eldorado.

Product competence assessment

As part of improving product management competences, we conducted product competence assessments for 60 employees with key roles in developing the Company's product portfolio.

These exercises enabled us to compare the maturity of our competences against peers in various industries and to focus on core areas to develop our teams. The insights also became the foundation of individual development plans for key employees.

Internship programs and cooperation with universities

In its more than 30 year history, M.Video-Eldorado Group has many times acted as a retail innovator to improve its business and the industry at large. The key synergies of our partnership with universities are to support the career and academic development of students, along with growth and evolution of the Group as new talents join us.

In 2023, M.Video-Eldorado Group relaunched its framework of cooperation with universities, signing agreements with the Moscow State Institute of International Relations of the Russian Ministry of Foreign Affairs (MGIMO) and the Higher School of Corporate Governance of the Russian Presidential Academy of National Economy and Public Administration (RANEPA).

This strategic long-term cooperation will enable us to attract students and graduates from the nation's best universities for internships and traineeships both in our internal operating units and at M Tech – M.Video-Eldorado's wholly-owned accredited IT company, along with Direct Credit, Russia's largest credit broker.

The Group intends to assist students with career guidance, as well as facilitate graduates' employment and effective career progression within the Company.

In 2023, two streams of internship programs were implemented – in the middle of the year for positions at the head office and M Tech, the Group's IT company, and at the end of the year for an IT internship program.

In the reporting year, third-year students from RANEPA completed internships at the Group, and 34 interns from RANEPA, Higher School of Economics, Financial University under the Russian Government, State University of Management, Lomonosov Moscow State University, and All-Russian Academy of Foreign Trade took part in internships.

The Company's short-term plans are to launch four streams of internships every year: two at the head office and two in IT.

34
RANEPA student interns completed internships within the Group during the year



4.5. Employee health and safe working environment

Occupational safety and protection of employees' health at work is one of the key components of M.Video-Eldorado Group's social responsibility.

Occupational health and safety management at the Company is regulated and organized in accordance with the requirements of occupational health and safety legislation, as well as the Group's Occupational Health and Safety Policy and Regulation on the Occupational Health and Safety (OHS) Management System. **[403-1]**

The Regulation on the OHS Management System defines the policy and goals in health and safety, high-level requirements to OHS organization, and key actions and processes to ensure safe working conditions and protect the life and well-being of employees.

The Company has centralized management of occupational health and safety, meaning each management level establishes occupational safety responsibilities for individual leaders and employees.

The main performance indicators of the OHS management system are reductions in work-related injuries and no occupational diseases. Key OHS assessment tools:

- mandatory testing of employees' knowledge;
- special assessment of working conditions (SAWC);
- hazard identification and occupational risk assessment.

Working conditions improvement and injury prevention measures **[403-9]**

Ensuring that working conditions meet safety requirements is a priority at M.Video-Eldorado. Reliance on innovative technologies and the digitalization of processes allow us to minimize the risk of injuries among our staff.

The Group has decided to additionally invest in occupational health and safety measures, allocating more than 1% of service costs instead of the statutory minimum of 0.2%.

The Company regularly carries out a set of measures aimed at protecting the life and health of its employees, including:

- SAWC;
- occupational risk management;
- process control of compliance with sanitary rules and regulations;

- providing employees with special clothing and footwear depending on their work as required by regulatory documents;
- training, themed webinars, dialogues cascaded communications, and one-on-one consultations for employees.

If any violations are identified, corrective actions are taken immediately. Since 2022, the Company has in place an electronic service available for employees to report violations, accidents and small injuries to the occupational health and safety unit. **[2-26]**

One of the important tools in the field of occupational safety is self-assessment of occupational safety by units using checklists on electronic platforms, with photo reports provided thereafter. These inspections are held at least twice a year and make for a harmonized approach to risk identification and timely corrective action. **[403-2]**

Staff training in occupational health and safety, persons **[403-5]**

Item	2021	2022	2023
Occupational health and safety training for managers	6,086	5,342	1,403
Occupational safety training when working at height	2,124	3,185	2,024
Training of drivers of 4 kW+ stackers (category B tractor driver)	33	35	66
Training of drivers of motor vehicles with power of up to 4 kW	357	300	288
Electrical safety training	2,776	2,625	325
Training in lifting equipment (lifts, hoists)	1,962	83	11
Internal OHS training	28,378	24,683	12,105 ¹

Occupational health and safety training

Training is an essential tool for educating employees and managers about hazards and risk management in the workplace. Another objective of training is to provide employees and managers with a deeper understanding of legal requirements and best practices in workplace health and safety so that they could also contribute to the development of a strong safety culture within M.Video-Eldorado Group.

All SBU employees regularly undergo mandatory OHS training, which includes specially developed unique online courses for maximum efficiency and effectiveness.

All managers and OHS officers are trained at certified specialized learning centers in a fully automated manner. This allows for 100% completion rate and optimized control and organization processes. **[403-5]**

¹ The reduction in internal OHS training in 2023 is due to changes in legal requirements: scheduled training must now be provided once every three years instead of annually.



Occupational health and safety performance

All M.Video-Eldorado workplaces are covered by SAWC, with necessary measures subsequently taken to improve working conditions. For new workplaces, SAWC is carried out on an annual basis. [403–9]

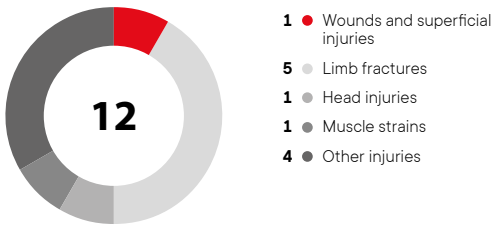
Depending on the working conditions and in accordance with SAWC results, all employees of the Group are provided with appropriate compensations.

Adherence to OHS requirements and large-scale adoption of labor-saving solutions make it possible to keep work-related lost-time injury rates down.

Coverage of the OHS management system [403–8]

Item	2021	2022	2023
Percentage of employees covered by the OHS management system, %	100	100	100
Total workplaces subject to SAWC	16,900	18,950	10,212
Number of workplaces that have undergone SAWC, including	3,002	1,411	5,263
• class 1 workplaces	27	5	55
• class 2 workplaces	2,882	1,290	3,504
• class 3 workplaces	93	116	1,704
• class 4 workplaces	0	0	0

Number and types of injuries in 2023, pcs.



Number of people injured, persons



Injury rates [403–9]

Item	2021	2022	2023
Fatal accident rate (FAR)	0.00	0.00	0.00
Lost-time incident rate (LTIR)	0.30	0.27	0.29
Total recordable incident rate (TRIR)	0.6	0.53	0.59
Injury frequency rate per one thousand employees	0.56	0.49	0.57



4.6. Charity and social projects ^[203-1]

Charity is an integral part of M.Video-Eldorado Group's corporate culture. Systemic professional aid not only helps to resolve urgent problems but also has a positive effect on the mental health of the people who are involved in it.



«For ten years now, the Beautiful Children in a Beautiful World foundation has been focusing on enduring shared values and addressing serious challenges of society.

We appreciate the long-standing support that our customers and colleagues at M.Video-Eldorado provide for the program. Every year, despite the difficulties and challenges, we have been increasing the volume of aid by more than 30%. Over this period, we have helped raised over RUB 200 million: the funds were used to carry out 1,443 stages of surgical and other treatment for 955 children with maxillofacial pathologies.

Through its second charity program, Beautiful World, the foundation helps to preserve Russia's nature and supports benchmarks of biodiversity – specially protected natural areas. Over these years, we have managed to save more than 30,000 sq m of protected forests, steppes and tundras from fires, and to preserve more than 40 rare species of plants and animals. Since its inception, the foundation has implemented more than 100 environmental projects in 30 regions of Russia.»

The Beautiful Children in a Beautiful World foundation was established by M.Video-Eldorado Group in 2013.

In 2023, the foundation funded 102 stages of treatment for 76 children with maxillofacial pathologies. Almost half of the financing for the foundation's activities came in the form of donations by M.Video-Eldorado customers.

The foundation also finances efforts against forest fires, restoration of rare animal populations, and biodiversity conservation. In 2023, the foundation supported 28 environmental protection projects in Russia's nature reserves and national parks and helped save about 3,350 sq km of protected steppes and forests from fires, along with tens of thousands of plants and animals living there.

M.Video-Eldorado Group's customers remain the foundation's active donors. They contribute through direct donations using dedicated boxes installed at stores of the Group, and by taking part in dedicated campaigns. Up to 40% of the foundation's budget comes from the Christmas Bauble of Kindness, an annual event that helps to run the Beautiful Children charity program.

Financial support for the foundation is also provided by the Group's employees as part of corporate charity events. About 3,500 employees took part in the annual charity run in support of the foundation.

In 2023, the Beautiful World competition included a special category from M.Video-Eldorado Group, the foundation's founder and main partner, to mark the introduction of modern high-tech techniques into the operations of protected areas. In the Processes and Technologies for Nature Conservation category, the winner was a project to preserve one of North-East Asia's largest habitats of waterfowl and semiaquatic birds and rare fish species in the Koryak Nature Reserve. Modern high-tech equipment helps improve the efforts of nature preservation teams, strengthen environmental monitoring, and conduct new research in this unique area.

The foundation continued its sponsorship of projects aimed at awareness raising, protection of biodiversity and preservation of rare species of plants and animals.

102 stages

of treatment for 76 children with maxillofacial pathologies funded by the Beautiful Children in a Beautiful World foundation in 2023



4.7. Progress on circular economy and sustainability projects

M.Video-Eldorado Group takes steps to reduce its negative environmental impact and improve the environmental performance of its operations.

M.Video-Eldorado Group's values have also been reflected in our customer relations: we promote goods related to conscious consumption, adopt circular economy principles, raise awareness, and support green initiatives.

M.Video-Eldorado contributes to responsible consumption in Russia and the development of the recycling industry at large. We fully share the extended responsibility of manufacturers and importers of household appliances and electronics for recycling of end-of-life consumer goods and fulfil our environmental responsibility by investing in the recycling industry. As a leading expert in consumer electronics, we help customers not only with product selection, purchase and maintenance, but also with recycling, so as to prevent landfilling of electronics after end-of-life.

In 2023, M.Video-Eldorado maintained its focus on developing Russia's first federal infrastructure to collect recycling fees for household appliances and electronics from customers and continued to implement the Smart Recycling (M.Video) and Recycle Properly (Eldorado) recycling programs.

As an importer of equipment, M.Video-Eldorado fully complies with the government's recycling levels by recycling equipment at Russian plants

Results of M.Video-Eldorado's recycling programs¹

16,000 tonnes
submitted to licensed companies
for recycling, including:

>280,000
devices

~11.3 mln
batteries

Collection volumes under these programs are growing on annual basis, providing their relevance and popularity among our customers. In 2023, customers in Russia turned in for recycling (at stores and using the collect from home option) 60,000 pieces of consumer electronics, more than 4 million batteries, which makes a total of more than 1,500 tonnes of e-waste and 85 tonnes, up 20% year-on-year.

60,000 units of
consumer electronics were turned in
for recycling by Russian consumers
at the Group's stores in 2023

¹ Total for the entire duration of the programs.



The infrastructure of recycling programs included 836 M.Video-Eldorado stores at the end of 2023. In 20 Russian regions, customers can order collection of obsolete or no longer needed large-sized appliances from their homes using the free Ecotaxi service. This option also includes dismantling services and services of movers.

836 stores

of M.Video-Eldorado
accept consumer electronics for recycling

3x rise

in the number of stores compared to 2019

10x increase

in the number of large-sized appliances turned
in by customers using Ecotaxi vs 2022

In 2023, fridges, washing machines, dishwashers, cookers and TV sets were the appliances transferred for recycling most often. The bulk of the appliances came from the residents of Moscow, St. Petersburg, Volgograd, Samara, and Kazan.

In 2023, M.Video-Eldorado Group also continued to implement initiatives to achieve carbon neutrality, collecting and recycling equipment and materials generated in retail processes. We handed over 6,000 tonnes of product packaging (cardboard, film, adhesive tape and pallets) to dedicated operators for recycling, which is a 25% increase from the previous year.

>6,000 tonnes

of packaging handed over to dedicated
operators for recycling

Partnerships in recycling of household appliances and electronics

We continue to introduce new convenient services and partner with other companies and non-profit organizations to improve electronics recycling. In 2023, M.Video-Eldorado and the Russian Environmental Operator (REO) signed a cooperation agreement on e-waste disposal. There are plans for projects in electronics recycling, joint environmental campaigns and initiatives, and for a new map for e-waste collection on the website and in a dedicated app.

The first joint project of REO and M.Video-Eldorado was the ElectroAutumn annual environmental campaign

In 2023, an interactive map of separate waste collection was created in cooperation with Avito

Also in the reporting year, in partnership with market participants, we conducted a survey of the electronics recycling industry in Russia. The results showed the following changes in the industry between 2019 and 2023:

- the percentage of citizens with an conscious approach to waste disposal increased;
- the share of secondary materials in the production of new products increased;
- the depth of recycling of e-waste increased significantly.

This gives grounds to conclude that M.Video-Eldorado's recycling programs are aligned with market needs and have a significant impact on the industry at large.



Recycling helps bring back into production 97% of materials, from metals to durable and valuable ABS plastics. The resulting raw materials are used to create new household products, road surfaces, and even car parts.



We are experts... in solutions

M.Video-Eldorado follows the best business practices. Competent management with the involvement of independent directors enables us to quickly adapt our strategy to market changes, taking advantage of new opportunities to achieve our goals.

7 4.45
score ("strong")

evaluation of the performance of the Board of Directors and its committees

7 3,643
security checks

initiated by the Group in 2023 into its counterparties

We operate honestly and transparently, developing our corporate culture. In 2023, we conducted campaigns to inform employees about business conduct rules and also provided training on anti-corruption.

Highlight

Pin

7
[Learn more about Em.Vi](#)



5.1. The Group's corporate governance system

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

In its activities, the Company's Board of Directors undertakes to fully and accurately follow these principles and recommendations in line with the Corporate Governance Code approved by the Bank of Russia and recommended for use by joint-stock companies whose securities are admitted to on-exchange trading (Letter №. 06-52 / 2463 dated April 10, 2014), the "Code", as well as the recommendations provided by the Bank of Russia regarding reports on compliance with the principles and recommendations of the Corporate Governance Code (Letter №. IN-06-28/102 On Disclosing the Report on Compliance with the Principles and Recommendations of the Corporate Governance Code in the Annual Report of a Public Joint-Stock Company, the "Recommendations of the Bank of Russia"), which establish the principles of corporate governance in joint-stock companies. At the same time, the Company's Board of Directors reports 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 Explanation of Deviations

from the [Corporate Governance Principles](#) section in the Annex of this Annual Report describing compliance with the principles and recommendations of the Corporate Governance Code.

The methodology used by the Company to assess compliance with the corporate governance principles and recommendations stipulated by the Code was based on the recommendations of the Bank of Russia. The Company used the reporting form provided by the Bank of Russia to disclose its compliance with the principles and recommendations of the Corporate Governance Code.

The scope of the assessment included compliance of the Company's corporate governance practices and internal procedures with the principles and recommendations set out in the Code. The findings are contained in the Report on Compliance with the Principles and Recommendations of the Corporate Governance Code, which is a part of this Annual Report.

The Company defines corporate governance as a set of elements and processes that ensure management and control over its activities and include a system of relations between the Company's executive bodies, its Board of Directors, shareholders and other stakeholders.

The Company places strong emphasis on the corporate governance system and its improvement, aware that adherence to the principles and best practices of corporate governance is a key pillar for successful development.

The Company's corporate governance system complies with the applicable Russian laws and the Listing Rules of PJSC Moscow Exchange.

When developing and streamlining its corporate governance, the Company is also guided by the principles and recommendations of the Code and other recommendations provided by the Bank of Russia.

Key principles of corporate governance:

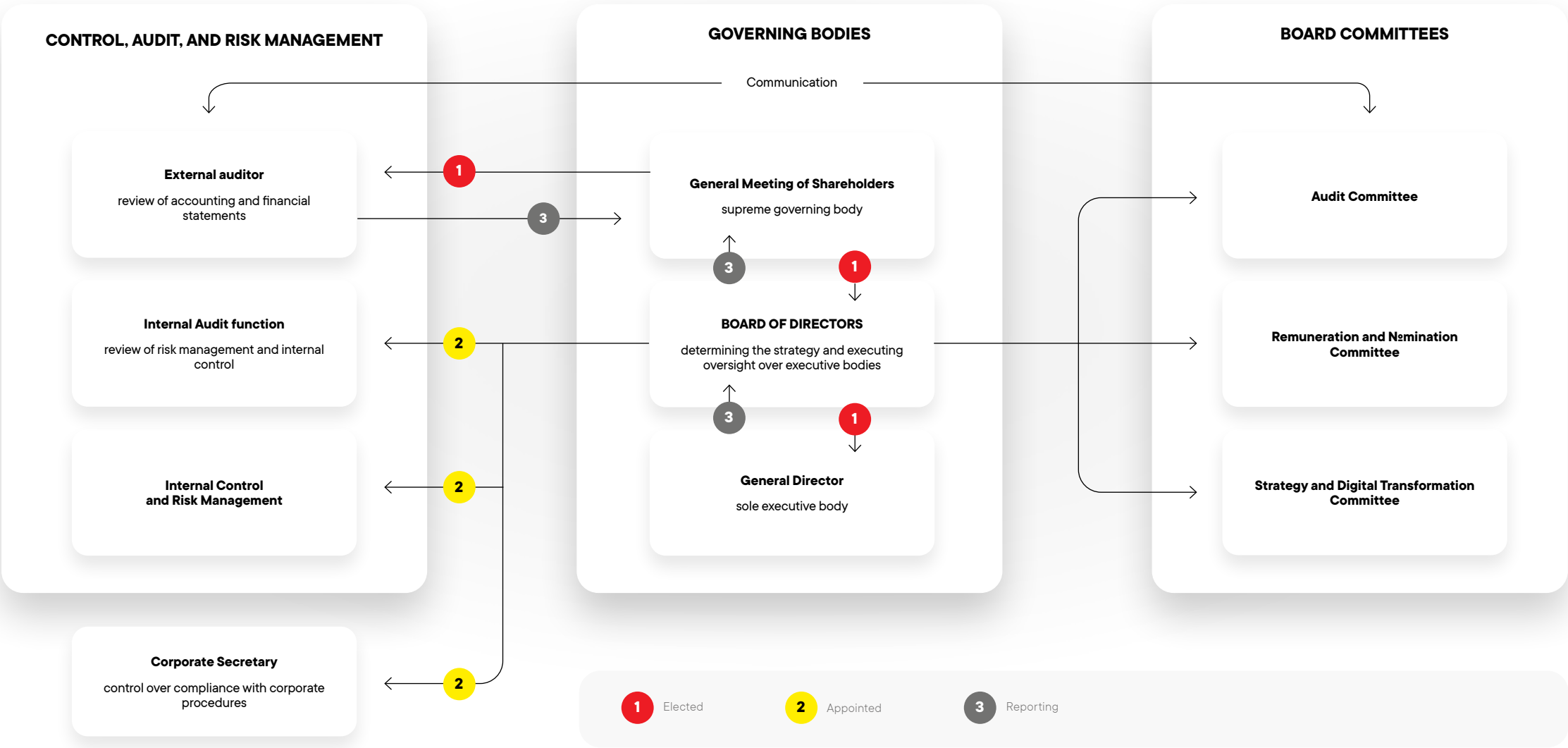
- All shareholders receive fair and equitable treatment in exercising their rights to participate in the governance of the Company.

- The Board of Directors performs the strategic management of the Company, defines core principles and approaches regarding the internal control and risk management system, and oversees the Company's executive bodies.
- The Board of Directors is competent, effective and accountable to the Company's shareholders.
- Executive bodies manage the Company's day-to-day operations to ensure its long-term sustainable development, create shareholder value and guarantee the accountability of executive bodies to the Board of Directors and the Company's shareholders.
- Timely disclosure of complete and accurate information about the Company makes its activities transparent for shareholders, investors, and other stakeholders.
- Effective oversight of the Company's financial and commercial operations serves to protect shareholders' rights and legitimate interests.
- The Company accepts its social responsibility and respects the rights and legitimate interests of other stakeholders.
- The Company puts ESG considerations high on its agenda and develops a sustainable development strategy for the Company and Group companies¹.

¹ Hereinafter, «Group companies» refers to business entities directly and/or indirectly controlled by PJSC M.video.



Corporate governance system¹ [2–9]



¹ As at December 31, 2023.



Key changes in corporate governance in 2023

Changes in the principles of remuneration payable to the Board of Directors

In order to update the system of remuneration payable to members of the Board of Directors, based on an analysis of the current market practices of Board remunerations, the Board of Directors, in preparation for the 2023 Annual General Meeting of Shareholders, recommended that shareholders approve the new version of the [Regulation on Remuneration and Compensations Payable to the Board of Directors of PJSC M.Video](#), which sets out:

- criteria for determining members of the Board of Directors entitled to remuneration for their work on the Board of Directors and committees of the Board of Directors;
- changes in the amount of remuneration for additional duties performed by members of the Board of Directors.

Changes in the Group's structure

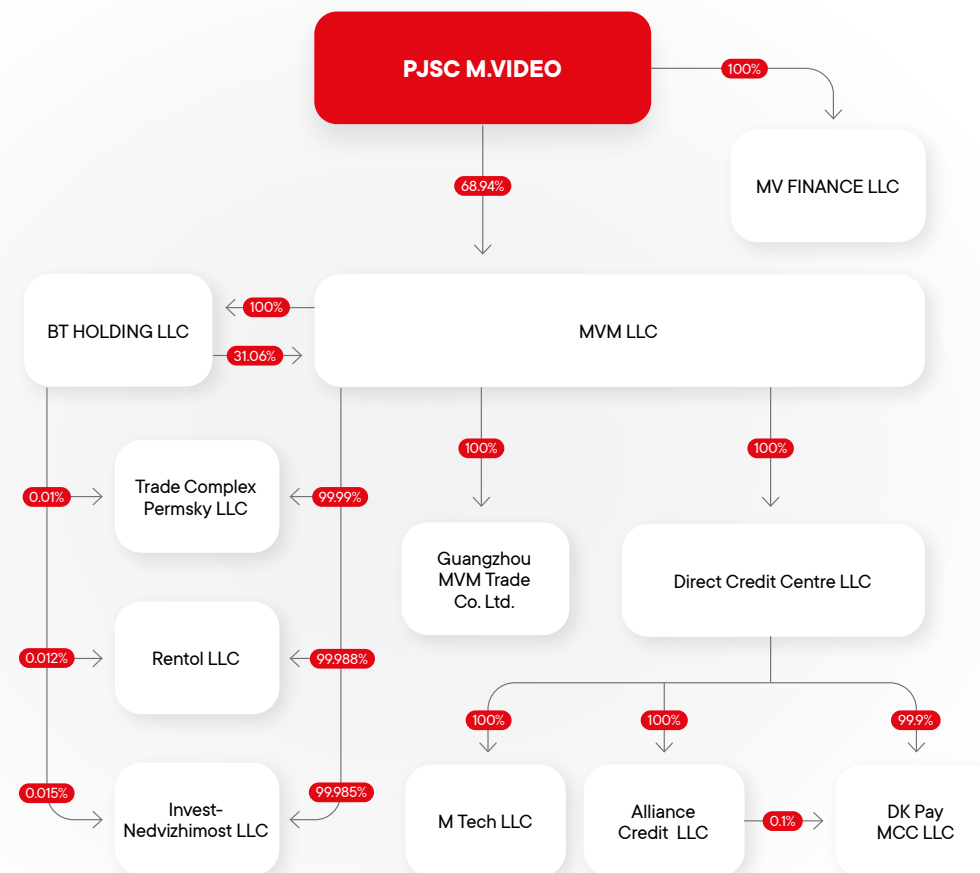
In the reporting year, the Group continued to improve its corporate structure to ensure the most effective management across the Group's entities, and also took steps to expand the range and geography of its activities by establishing new legal entities.

BOVESTO, an international limited liability company, which in 2022 underwent the procedure of changing the personal law of a foreign legal entity by way of redomiciliation to Russian law, gave up the status of an international company in the reporting year and was subsequently reorganized by accessing the BT HOLDING limited liability company.

The Group's principal operating company, MVM limited liability company, established a wholly-owned subsidiary, Guangzhou MVM Trade Co. Ltd., in the People's Republic of China.

In the reporting year, the Group also established the DK Pay limited liability company, later renamed DK Pay Microcredit Company limited liability company for the purposes of its subsequent inclusion in the state register of microfinance organizations.

M.Video-Eldorado Group's corporate structure¹



¹ As at December 31, 2023.




5.2. GOVERNING BODIES ^[2-9]

General Meeting of Shareholders

The General Meeting of Shareholders is the supreme governing body of the Company, which makes decisions on the main aspects of the Company's activities.

The remit of the General Meeting of Shareholders is determined by the Law on Joint-Stock Companies and the [Company's Charter](#).

 [Regulation on the General Meeting of Shareholders of PJSC M.video](#)

In 2023, one General Meeting of Shareholders took place and considered the following items:

- distribution of the Company's profits, including payment (declaration) of dividends, and losses for 2022;
- election of the Board of Directors;
- approval of the Company's auditor;
- approval of the new version of the [Regulation on Remuneration and Compensations Payable to the Board of Directors of PJSC M.video](#).

1

The General Meeting of Shareholders was held in 2023

Board of Directors

The Board of Directors is the key element of the corporate governance system responsible for the overall management of the Company.

The Board of Directors is accountable to the General Meeting of Shareholders. Its members are elected, and their powers may be terminated at any time, by resolution of the General Meeting of Shareholders. ^[2-10]

The remit of the Board of Directors is defined by the [Company's Charter](#) with a clear separation from the powers of the executive body, which manages M.Video's day-to-day operations ^[2-17]. The Board of Directors is in charge of the strategic management of the Company. It defines the core principles of, and approaches to, internal control and risk management system of the Company.

 [Regulation on the Board of Directors of PJSC M.video](#)

In order to perform these functions, the Board of Directors has the following powers:

- to determine key focus areas for the Company; ^[2-12]
- approve (change) long-term strategic development plans (strategies) of the Company and Group companies, including the marketing strategy, brand development and support strategy, approve reports on the implementation of strategies by the Company and Group companies, as well as determine the procedure and timelines for submitting such reports; ^[2-14]
- to establish the internal control and risk management system of the Company, approve the Company's internal control and risk management policies, and its risk matrix.

The Board of Directors also performs other functions as set out in the Law on Joint-Stock Companies and the [Company's Charter](#).

One of the most important functions of the Board of Directors is to establish effective executive bodies and oversee their performance. To that end, the Company has determined the following powers of the [Board of Directors set out in the Charter](#):

- election and early termination of the powers of the sole executive body, approval of the terms and conditions of the agreement between the Company and its sole executive body, including provisions pertaining to the early termination of the powers of the sole executive body, approval of the remuneration, the amount and payment of bonuses, compensations and benefits provided to the sole executive body; selecting a person authorized to sign the agreement (addendum thereto or a termination agreement) with the sole executive body of the Company; granting consent for the General Director to hold concurrent positions in the management bodies of other organizations, as well as other paid positions in other organizations;
- submitting proposals to the General Meeting of Shareholders on transferring the powers of the sole executive body to a management company or a manager; approving a management company (manager) and defining the terms and conditions of an agreement to be signed with them;
- overseeing compliance with resolutions of the Board of Directors and the General Meeting of Shareholders.

The procedure and timing for convening and holding meetings of the Board of Directors, the procedure for adopting resolutions, rights and duties of the members of

the Board of Directors, and other matters related to the activities of the Board of Directors are governed by the Russian laws, the [Company's Charter](#), and the [Regulation on the Board of Directors](#).

Information on the Board of Directors' activities, including its meetings, is disclosed on the Company's official website as statements of material facts, and in the Company's Annual Report. This contributes to the transparency of the Board of Directors' work.

The directors and officers of M.Video-Eldorado Group are covered by liability insurance. Following a tender, JSIC VSK was chosen as the insurance company to provide liability insurance. The insured amount totaled RUB 1.1 billion. Additionally, liability of independent directors was also insured for a total of RUB 180 million. Liability insurance for members of the Board of Directors is an additional privilege for them that enables them to make them more responsible and incentivize competent professionals to join the Board of Directors.

As at December 31, 2023, members of the Board of Directors do not hold, directly or indirectly, any shares of the Company or legal entities controlled by the Company. Members of the Board of Directors did not make any transactions to acquire or dispose of the Company's shares in the reporting year.

The Company and the Group companies did not provide any loans to members of the Board of Directors.

During 2023, members of the Board of Directors did not submit any notices about their conflict of interest (including that related to their membership in governing bodies of the Company's peers).



Members of the Board of Directors

The Board of Directors made of people with impeccable business and personal reputation and possessing knowledge, skills and experience that enable them to fulfil all the duties of members of the Board of Directors, as well as directly contribute to the effective performance of the Board of Directors, taking into account the balance of interests of shareholders, the Company, management and other stakeholders **[2-10]**. In accordance with the diversity principle, the composition of the Company's Board of Directors is diverse in terms of professional specialization (finance and credit, economics and corporate management, law, commerce (retail), etc.). In 2023, the Board of Directors had two compositions: one elected by the Extraordinary General Meeting of Shareholders on August 31, 2022, and the other elected by the Annual General Meeting of Shareholders on June 27, 2023.

Independent directors

The active work of independent directors on the Board of Directors of the Company, the objectivity of their judgements, and their constructive proposals maintain a consistently high level of trust in the Group from shareholders and investors, ensure the quality and soundness of management decisions that take into account the interests of various stakeholder groups, and contribute to strict compliance with the principles of corporate governance.

The Company's Board of Directors comprises three independent directors with extensive experience in senior management positions and solid expertise in retail, online trading, risk management, and IT. Independent members of the Board of Directors are assessed for compliance with the independence criteria on a regular basis during their term of office on the Board of Directors as part of the procedure to confirm compliance with the listing criteria of PJSC Moscow Exchange.

Chairman of the Board of Directors

One of the key roles in organizing the work of the Board of Directors is that of the Chairman of the Board of Directors, who ensures efficient organization of the Board of Directors' activities and its interaction with the Company's bodies, in particular:

- plans and organizes the work of the Board of Directors;
- convenes and chairs meetings of the Board of Directors;
- determines the key matters to be considered by the Board of Directors, selects an optimal form of the meeting to discuss the matters, and provides for keeping minutes of the meetings;
- ensures open discussion of the matters considered at the meeting, takes into account the opinions of all members of the Board of Directors when making resolutions, summarizes the results of the discussion, and puts together the resolutions to be made;

- announces proposals and opinions of the members of the Board of Directors submitted to the Chairman on matters that fall within the remit of the Board of Directors;
- ensures effective work of the Board of Directors' committees;
- where necessary, puts together proposals to improve the work of the Board of Directors and the Board committees, taking into account the evaluation of the performance of the Board of Directors and the Board committees.

In line with best corporate governance practices, the Chairman of the Board of Directors during the reporting year was an independent director.

The effective fulfilment of functions and tasks associated with heading the Board of Directors is among other things confirmed by the Chairman's:

- participation in 100% of meetings of the Board of Directors during the reporting year;
- personal participation in in-person meetings of the Board of Directors;
- holding of regular working meetings with members of the Board of Directors and management of the Company and Group companies;
- coordinating and organizing the work of the Board of Directors.

Induction of newly elected members of the Board of Directors

The Company has in place a formalized onboarding program for newly elected members of the Board of Directors.

In the reporting year, the Company approved an induction program for newly elected directors, which aims to quickly and efficiently introduce them to all the key aspects of business operations of the Company and Group companies, as well as the existing corporate governance practices, in order to ensure smooth onboarding and provide the directors with deeper understanding of their roles. As part of the program, members of the Board of Directors receive all necessary information on the basic rights and obligations of a member of the Board of Directors, main documents of the Company and the procedure for

reviewing them, procedure for interaction of newly elected members of the Board of Directors with the top management of the Company and Group companies, procedure and forms of holding meetings of the Board of Directors and Board committees, as well as information on the corporate governance system of the Company, liability of members of the Board of Directors, and liability insurance of members of the Board of Directors.

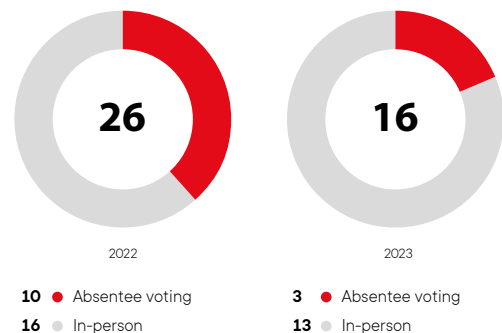
In 2023, newly elected members of the Board of Directors underwent an induction procedure, run among other things with the help of an IT solution (management body support system) used by the Company to organize and optimize the work of the Board of Directors and its committees.



Meetings of the Board of Directors

In 2023, the Board of Directors was able to return to its business as usual, with the number of ad hoc meetings considerably reduced. As previously, the majority of meetings was held as in-person meetings with a consistently high level of attendance by the Board members. In total, 16 meetings of the Board of Directors were held in the reporting year, of which 13 were in person and three took place in the form of absentee voting. In the reporting year, the Board of Directors considered 188 matters at its meetings. [2-16]

Meetings of the Board of Directors



16 meetings of the Board of Directors were held in 2023 and 188 matters were considered

In the reporting year, the Board of Directors focused on matters that are of significant importance for the Group's operating and financial performance, including:

- quarterly review and approval of reports on the execution of business plan and budget of the Company and Group companies;
- consideration of matters related to the performance of the internal audit system and risk management system, with a special emphasis placed on updating the list and structure of the Group's material risks and their indicators, which resulted in the Board of Directors approving the updated Risk Matrix of the Group following a recommendation from the Audit Committee, as well as the introduction of a Group-wide set of effective measures to manage and mitigate risks;
- assessment of the achievement of the wildly important goals (WIGs) for 2022, and approval of WIGs for 2023;
- consideration and approval of the budget of the Company and Group companies for 2023;
- establishment of corporate governance bodies of Group companies, as well as development of positions on matters submitted for consideration to corporate governance bodies of Group companies;
- carrying out procedures required to convene the General Meeting of Shareholders, preparing and approving information and materials for the meeting and developing recommendations on all agenda items;

- approval at the level of the Company and Group companies of a long-term incentive program for the top management in order to ensure strong personnel motivation and to improve the quality of management.

Assessment of the Board of Directors' performance [2-18]

In order to improve the performance of the Board of Directors, it is regularly assessed using one of the following methods:

- self-assessment of the Board of Directors on an annual basis;
- assessment by an independent consultant (at least once every three years).

In December of the reporting year, a self-assessment procedure was carried out for the performance of the Board of Directors elected at the Annual General Meeting of Shareholders on June 27, 2023. The self-assessment results were reviewed in the first quarter of the year following the reporting year.

As part of the self-assessment exercise, members of the Board of Directors evaluated components of corporate governance listed in the Criteria and Indicators column using a scale from 1 to 5, where 5 meant full compliance with best practices and 1 showed non-compliance and signaled the need for urgent interventions and major changes. Through open-ended questions, members of the Board of Directors were able to express their opinion on the state of affairs at the Company and comment on potential ways to improve the work and performance of the Board of Directors.

The overall score for the performance of the Board of Directors of PJSC M.video was 4.45, which falls within the range of ≥ 3.5 and < 4.5 and means "strong/effective".

Recommendations developed following the self-assessment will be taken into account by the Company, Board of Directors and Board committees to improve their performance.

Remuneration of the Board of Directors [2-19], [2-20]

Members of the Board of Directors are paid remuneration and reimbursed for expenses in line with the [Regulation on Remuneration and Compensations Payable to the Board of Directors](#). In the reporting year, the Annual General Meeting of Shareholders of the Company approved a new version of the Regulation, which sets out criteria for determining the members of the Board of Directors entitled to receive remuneration for their involvement in the work of the Board of Directors and Board committees, as well as approved changes to the amount of remuneration for the performance of additional duties by members of the Board of Directors.

4.45

was the overall score for the performance of the Board of Directors of PJSC M.video and its committees



Board of Directors committees

Committees of the Board of Directors were created to facilitate the work of the Board of Directors and address issues that fall within their remit.

There are three committees of the Company's Board of Directors: **[2-13]**

[Regulation on the Audit Committee of the Board of Directors of PJSC M.video](#)

[Regulation on the Remuneration and Nemination Committee of the Board of Directors of PJSC M.video](#)

[Regulation on the Strategy and Digital Transformation Committee of the Board of Directors of PJSC M.video](#)

For more information on the committees' performance in 2023, see the [Reports of the Board Committees](#) appendix.

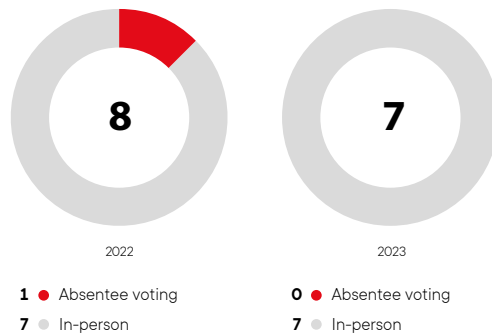
Audit Committee

The main focus of the Audit Committee (hereinafter referred to in this section as the "Committee") is to ensure that the Board of Directors effectively deals with the matters of control over financial and business operations of the Company and Group companies.

The Committee is formed exclusively of independent members of the Board of Directors.

Committee meetings were held only in person and regularly in accordance with the Committee's 2023 plan and in response to the emerging operational needs of the Company or the external auditor, and the Committee's activities were consistent with the Committee's expectations and list of functional responsibilities. In 2023, the Committee considered 22 matters at seven meetings.

Meetings of the Audit Committee



Remuneration and Nemination Committee

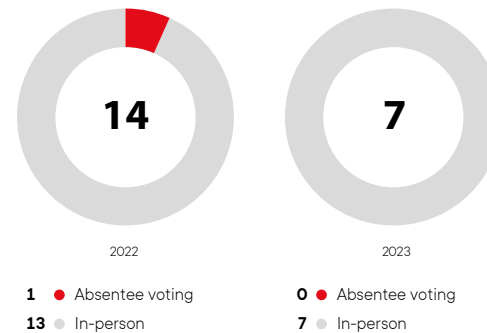
The main focus of the Remuneration and Nemination Committee (hereinafter referred to in this section as the "Committee") is to ensure that the Board of Directors effectively deals with matters related to the activities of the Company and Group companies, as well as executive bodies and other key executives of the Company and Group companies.

The Committee is formed exclusively of independent members of the Board of Directors.

In the reporting year, the Committee considered all matters within its remit that are necessary for effective support of the Group's operations and its development.

In 2023, the Committee considered 30 matters at seven meetings. All meetings were held in person.

Meetings of the Remuneration and Nemination Committee



Strategy and Digital Transformation Committee

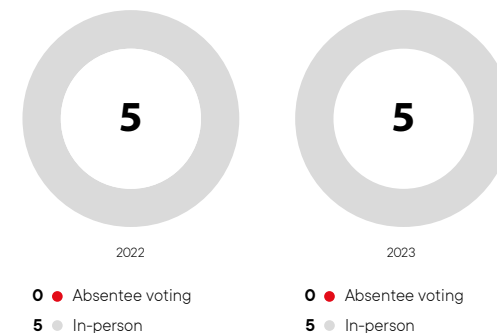
The main focus of the Strategy and Digital Transformation Committee (hereinafter referred to in this section as the "Committee") is to ensure that the Board of Directors effectively deals with matters related to the strategy of the Company and Group companies, as well as to the development of IT systems necessary for the Company and Group companies.

There are three independent directors on the Committee.

In 2023, the Committee considered nine matters at five meetings. All meetings were held in person.

[For reports on the work of the Board committees, see the Appendix to this Annual Report.](#)

Meetings of the Strategy and Digital Transformation Committee



Corporate Secretary

The Corporate Secretary is a Company official appointed by the Board of Directors and taking all steps necessary 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 Russian laws 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 such implementation. The Corporate Secretary 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 performs their instructions within the Corporate Secretary's powers.

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



[Regulation on the Corporate Secretary of PJSC M.video](#)

Information about the Corporate Secretary

Inna Evstigneeva

Corporate Secretary since April 8, 2022

Born in: 1992

Education:

2014: Kutafin Moscow State Law Academy. International Law Institute, Specialist.

2014: Kutafin Moscow State Law Academy. International Law Institute, translator of English in the field of professional communication.

Current position:

Corporate Secretary at PJSC M.video.

Prior to her appointment as Corporate Secretary of PJSC M.video, she was Senior Corporate Lawyer at MVM LLC. Previously, she held the position of Head of the Corporate Business Support Department of the Russian TWINO group companies operating under the Ezaem and Moneza brands, and held the position of the Lead Legal Adviser of TAVINCO Group.

As far as the Company is aware, the Corporate Secretary has not held any positions in governing bodies of other legal entities over the last five years.

Shareholding in the Company's charter capital:
0%

Common shares held: 0%

The Company is unaware of any transactions made by Ms. Evstigneeva to acquire or dispose of the Company's shares in the reporting period.

The Company is unaware of any conflict of interest involving Ms. Evstigneeva (including that related to her membership in governing bodies of the Company's peers).

Sole executive body – General Director

The Company's General Director acts as its sole executive body, managing current activities of the Company and overseeing the implementation of resolutions made by the General Meeting of Shareholders and the Board of Directors. **[2-11]**

The General Director has the right to make decisions on any matters outside the remit of the Company's General Meeting of Shareholders and the Board of Directors.

The General Director reports to the Company's General Meeting of Shareholders and Board of Directors.



[Regulation on the Sole Executive Body \(General Director\) of PJSC M.video](#)

Information on the General Director

Bilan Uzhakhov

General Director since August 30, 2022



5.3. Risks, audit, and control

The board of directors determines the key principles of and approaches to risk management and internal control at the Company.

A strong risk management and internal control system provides reasonable assurance that the Company's strategic and operational goals will be achieved, the information it discloses is reliable, and regulatory requirements are complied with. System processes are designed to timely identify the key risks, regularly monitor and review key risks, assess their probability and effects, as well as to develop and ensure the implementation of actions intended to reduce risk probability and/or risk effect on the Company's business.

When creating shareholder value, the Company has to make management decisions based on uncertainties that could have both positive and negative impacts on its goals. One way to reduce the uncertainty is to raise awareness among shareholders, management and employees about the existence of such factors, and to assess their possible impact.

During 2023, the Company continued to review and analyze risks and control procedures in key business processes / areas of operations, identify internal control weaknesses, and develop recommendations for their elimination.

To make sure that risk management and internal control processes are sufficiently efficient, the Company employs the following three-tier organizational model for its risk management and internal control system:

Tier 1 — business departments responsible for continuous risk management and arrangement and use of efficient controls.

Tier 2 — departments responsible for risk management and internal control coordination, compliance systems, and other business units that build and maintain an effective risk management and internal control system.

Tier 3 — internal audit responsible for audits and independent assessment of risk management and internal control system efficiency.

Risk management

Risk management in M.Video-Eldorado Group is centralized within the holding company, PJSC M.video, and constitutes a set 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 an integral part of the Company's corporate culture and all its business processes.

Risk management as part of the corporate culture

The Company acknowledges that risk management is an integral part of its corporate culture and is committed to raising employees' awareness in this field 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 risks, as a valuable and obligatory contribution to its successful development.

Key risks of the Company

The Company sells products for which the demand is sensitive to changes in economic conditions and factors, such as consumer expectations, employment levels, inflation, personal income growth, interest rates, debts of households, and availability of consumer loans. The impact of these and other factors affecting consumer spending and consumer preferences could adversely affect the demand for products sold by the Company and, as a result, the Company's operating and financial results.

Persistently high interest rates and their further growth leads to an increase in the cost of debt and may limit the Company's ability to finance its development plans.

Also, the Company's operations can be significantly affected by new restrictions imposed by foreign countries on Russia, certain sectors of the Russian economy and Russian companies, as well as withdrawal of foreign companies from the Russian market, which may limit the availability of channels for supplies and settlements and cause a shortage of products available for sale.

The Company's operations rely on complex supply chains that include the distribution of goods between warehouses, replenishment of inventory at stores, and delivery to customers. If the shortage of in-house and contractor logistics resources intensifies, the Company may face a reduction in the speed of its logistics and an unforeseen increase in logistics costs.



The Company's most significant risks also include the following:

- Risk of reduced sales volumes and profitability resulting from changes in the competitive environment and increased competition in the consumer electronics market;
- Risk of failure to achieve operational goals, unplanned rise in costs as a result of intensifying staff shortages as qualified professionals migrate abroad, and stronger demand for blue-collar workers from other market players and companies from other industries;
- Risk of data leak and loss as a result of reduced reliability and failures in the operation of information systems and wilful actions of third parties.

In addition, the Company's operations may also be considerably affected by the following risks:

- Risk of non-compliance with applicable requirements, including taxation and customs clearance of imports;
- Risk of higher probability of terrorist attacks in the regions where the Company operates;
- Risk of losses when making advance payments to foreign suppliers;
- Currency risk;
- Risk of accidents at the Company's facilities.

In its day-to-day operations, M.Video-Eldorado Group takes the steps necessary to reduce the impact of uncertainty on the Company's operating and financial results, taking into account the cost of implementing risk management measures and their possible effect, including, but not limited to, development of a corporate culture and improvement of personnel motivation, monitoring of the competitive environment, reliance on cutting-edge methods in data security, and insurance. That said, a number of risks associated with negative changes in the external environment are beyond management's control, and the Company's ability to manage such risks is limited.


Audit and control

Financial and business operations of the Company are overseen by:

- Board of Directors (Audit Committee);
- Internal Audit function;
- Internal Control and Risk Management function;
- External auditor.

Board of Directors (Audit Committee)

Audit and control matters reserved to the Board of Directors are preliminarily reviewed by the Audit Committee. On behalf of the Board, the Committee communicates with the key participants of the Company's financial and business operations and is in charge of preliminary review of and recommendations for the Board on the matters of internal audit, including approval of the annual action plan for the Internal Audit Service.

 [For more information on the Audit Committee's performance in 2023, see the Reports of the Board Committees appendix.](#)

Internal Audit function

The Company has an Internal Audit function responsible for:

- assistance to executive bodies and employees in the implementation and monitoring of procedures and measures for enhancing the internal control and risk management system and for corporate governance;

- coordination with the Company's external auditor and risk management, internal control and corporate governance consultants;
- conduct of internal audits of the Group companies as per the established procedure;
- preparation and submission to the Board of Directors and executive bodies of reports on the Internal Audit performance (including information on material risks, deficiencies, results and effectiveness of remedial activities, progress against the Internal Audit action plan, results of assessment of the actual status, reliability and efficiency of the internal control and risk management system and corporate governance framework);
- ensuring 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 countering corruption, and the Company's [Code of Business Ethics](#).

The Internal Audit function is governed by the Company's [Regulation on the Internal Audit](#) as approved by the Board of Directors¹.

The Head of Internal Audit reports to the Company's Board of Directors, is appointed and dismissed by the General Director based on the decision of the Board of Directors. The Audit Committee of the Board of Directors and the Board of Directors regularly review the reports of the Head of Internal Audit and assess their performance.

Head of Internal Audit in 2023

Artem Yanko

Born in: 1985

Education: higher — Nizhny Novgorod State University, Economics (Accounting and Audit).

August 2015 — January 2019: Head of Internal Audit Department at Media-Markt-Saturn LLC; since September 2020: Head of the Company's Internal Audit and Head of Internal Audit Department at MVM LLC.

Shareholding in the Company's charter capital: 0%

Common shares held: 0%

¹ Minutes No. 94/2014 dated December 15, 2014.



Internal Control and Risk Management

An Internal Control and Risk Management function has been established in the Company. The key competences of the Internal Control and Risk Management are as follows:

- support of the internal control and risk management system, development and update of internal regulations and guidelines;
- development and update of the Company's risk management matrix, risk assessment, monitoring of risk management activities, and regular risk reporting;
- methodological and expert support to risk owners and coordinators as regards risk identification, analysis and assessment;
- analysis of key business processes for sufficiency and completeness of control procedures, identification of gaps and deficiencies and preparation of remedial activities.

The main document on internal control and risk management is the [Internal Control and Risk Management System Policy](#) approved by the Board of Directors of PJSC M.video¹.

In the reporting year, the Board of Directors appointed² Dmitry Striletsky Head of Internal Control and Risk Management.

Head of Internal Control and Risk Management in 2023

Dmitry Striletsky

Born in: 1982

Education: higher — Higher School of Economics (Finance and Credit).

September 2017 — May 2020: Deputy Head of Risk Management and Internal Control Methodology Department at Rosneft; since August 2021: Head of Internal Control and Risk Management at MVM LLC; since April 2023: Head of the Company's Internal Control and Risk Management.

Shareholding in the Company's charter capital: 0%

Common shares held: 0%

Assessment of reliability and performance of the Company's risk management and internal control

The Company's existing internal control and risk management systems comply with the approaches and principles established by the Board of Directors and the Company's management, ensure in all material aspects an objective view of the current state of affairs and prospects of the Company, reliability, timeliness and transparency of the Company's financial and non-financial reporting, acceptability of the risks assumed by the Company, and compliance with legal requirements and internal documents of the Company.

External auditor

The Company engages an external auditor responsible for reviewing the financial and business records of the Company.

Pursuant to the [Regulation on the Audit Committee](#), the committee is responsible, inter alia, for drafting recommendations for the Board of Directors concerning nomination of the Company's auditor charged with reviewing the Company's accounting (financial) statements prepared in accordance with both the Russian Accounting Standards and International Financial Reporting Standards (IFRS) for the subsequent approval of such nominee by the Company's General Meeting of Shareholders and concerning the determination of the amount to be paid for the auditor's services, as well as for approving the terms of an agreement with the auditor responsible for such audit. The amount to be paid for its services is determined by the Board of Directors.

The objectivity of the auditor selection process is ensured through a tender procedure. Only those applicants who meet the independence requirements set out in article 8 of Federal Law №. 307-FZ On Audit Activities dated December 30, 2008 are invited to participate in the tender. Tender bids are assessed against the price criterion.

As part of the tender process, commercial offers (bids) of applicants were collected and evaluated. Following the tender process, the Audit Committee recommended that the Board of Directors adopt the resolutions as follows:

- recommend that the General Meeting of Shareholders of PJSC M.video approve Joint-Stock Company Business Solutions and Technologies as the auditor responsible for reviewing the financial and economic records of PJSC M.video;
- approve Joint-Stock Company Business Solutions and Technologies as the auditor responsible for reviewing the financial and economic records of separate companies included in M.Video-Eldorado Group.

The Company's Annual General Meeting of Shareholders held on June 27, 2023 decided to approve Joint-Stock Company Business Solutions and Technologies as the auditor responsible for reviewing the financial and economic records of the Company for 2023.

Based on the Audit Committee's recommendation, the Board of Directors approved the payment for the services of the auditor.

The audit provider (persons holding positions in the governance bodies of the audit provider and bodies supervising the financial and economic activities of the audit provider) is completely independent from the Company (persons holding positions in the governance bodies of the Company and bodies supervising the Company's financial and economic activities) as required by article 8 of the Law On Audit Activities. The amount of remuneration paid to the audit provider was not subject to the audit results.

¹ Minutes №. 210/2021 dated December 17, 2021.

² Minutes №. 241/2023 dated March 28, 2023.



5.4 Business ethics and compliance

M.Video–Eldorado Group strictly observes the current legislation and principles of business ethics. The Group's management lays down the compliance approach through internal compliance policies and procedures and acts as a role model by robustly complying with all applicable laws and regulations and principles of business ethics while also highlighting the significance of compliance risks and of the compliance system for the Group's employees.

Maintaining an effective compliance framework is always at the top of the management's agenda. The Group exercises ongoing compliance control through the efforts of the employees, business units, and counterparties.

Compliance with legislation and business ethics principles is regulated by the [Code of Business Ethics, Anti-Corruption Policy of PJSC M.video](#), and a number of special compliance policies and procedures in place at the Group's key operating company, MVM LLC, including [Antimonopoly Compliance Policy](#) (Antimonopoly Policy), and the Regulation on the Conflict of Interest of MVM LLC.

The Group approved and has in place the [Internal Control and Risk Management System Policy](#) and the Compliance Control Policy of PJSC M.video. The Internal Control and Risk Management System Policy set out the areas for PJSC M.video to establish and maintain its risk management and internal control system. The Compliance Control Policy, in turn, establishes inter alia goals, objectives, principles, and procedures for compliance control, taking into account international best practices in the field of compliance. **[2–23]**

The Group's key operating company, MVM LLC, has the Committee on Business Ethics and Compliance, which aims to minimize and eliminate compliance risks and to work out incentives in respect of identifying compliance violations. **[2–24]**

The Committee's meetings regularly consider, among other things, matters pertaining to conflict of interest, and approve risk mitigation measures and monitor their implementation.

Priority areas

Based on the current situation affecting its operations, the Group has the following priority areas for 2023.

Sanctions risks

Foreign sanctions imposed in 2022–2023 on Russia, its citizens and Russian companies, and the withdrawal of major foreign manufacturers from cooperation had a significant impact on the Group's sensitive areas, including the supply of household appliances and electronics, ability to use banking services and remittances in foreign currencies, logistics and transportation of goods, use of IT services, etc.

Based on the results of risk monitoring and assessment, the Group developed and promptly implemented the measures necessary to mitigate the impact of sanctions risks on the operations of its companies. To prevent shortages of household appliances and electronics popular

among consumers, the Group's operating company (MVM LLC) resumed foreign trade activities and switched to independent imports of products into Russia, which helped to ensure the availability of products that Russian consumers need.

Counterparty due diligence

The primary responsibility of the Group companies is to customers, who expect us to offer them quality products at a fair price. The Group endeavors to maintain the confidence of its customers and counterparties. Trust is based on honesty, responsibility, and honoring all commitments made. Trust in Group companies is based on our complying with legislation, competing fairly, and acting as a reliable business partner.

In 2023, the Group's operating company MVM LLC approved the [Supplier Code of Conduct](#), which was developed on the basis of existing compliance policies and procedures.

The Group implemented the Supplier Code of Conduct to ensure that all suppliers comply with the basic principles established by M.Video–Eldorado Group's compliance policies as part of the commitment to high ethical standards, principles of open and honest business conduct, and fundamental aspects of sustainable development.

References to compliance with the Supplier Code of Conduct were also included in the general terms and conditions of contracts posted on the [Company's website](#).

Group companies strive to maintain business relations exclusively with entities that comply with the requirements of the Russian law and generally accepted standards of business conduct. Before starting partnerships with counterparties, the Group runs due diligence on each of them so that the relationship would be as mutually beneficial and transparent as possible. The verification procedure is set out in the Counterparty Due Diligence Policy of MVM LLC. **[2–23]**



We work only with those suppliers and contractors that comply with law and subject to their successful completion of a due diligence procedure.

Counterparty due diligence involves collection and analysis of information about the counterparty's operations, confirming its accuracy, and determining a consolidated risk index for the partnership with the counterparty, as well as storage of the due diligence findings. **[2–24]**

We also run due diligence on counterparties that are non-residents in Russia and regularly update the risk assessment procedure depending on the counterparty's country of registration and track record of cooperation. All checks take into account changes in foreign laws relating to suppliers' activities.

In 2023, a total of 3,643 due diligence exercises were completed. The goal of counterparty accreditation is to minimize the risk of Group companies going into business with unreliable counterparties by analyzing information and document



Business ethics

M.Video-Eldorado Group strictly observes the business ethics standards set out by the [Code of Business Ethics of PJSC M.video](#) (the “Code”) and the Group as a whole.

The Code contains fundamental principles of conduct that are consistent with the core values of M.Video-Eldorado Group. It is binding on every employee. Each and every employee of the Group must undergo a mandatory course to become familiar with the Code and be guided by it in the performance of their daily duties. **[205–21]** In 2023, campaigns were conducted to inform employees of the Group’s rules of business conduct. Internal communications were sent to employees on matters of conflict of interest, protection of commercial secrets and personal data, public speaking, publications in the mass media and social networks, ethics of business communication, etc.

The Code’s provisions also apply to business partners.

Openness to discussion and transparency of all processes is crucial to the Group’s corporate culture and risk management system. M.Video-Eldorado Group operates the Fairness Hotline and the Whistleblowing Hotline for any employee or business partner to report violations of the [Code of Business Ethics](#) or applicable law violations by the Group’s personnel through the communication channels available on [M.Video-Eldorado Group’s official website](#). **[2–26]**

All reports received are reviewed, internal checks and investigations are carried out if necessary, and employees of respective departments are engaged to submit their explanations. Applicants receive feedback. Whistleblowers are guaranteed strict confidentiality and protection of their personal data.

Avoidance of conflicts of interest **[2–11], [2–15]**

M.Video-Eldorado Group works to minimize the risk of conflicts of interest occurring, as well as of any related breaches of business ethics rules and consequences thereof. [The Code of Business Ethics of PJSC M.video](#) and the Regulation on the Conflict of Interest of MVM LLC provide for a mandatory procedure for declaring and managing conflicts of interest.

The Group’s conflict of interest declaration processes are automated, which helps mitigate human error and make these processes more transparent and efficient. Employees are annually informed that they are to declare their conflict of interest situations, with explanations of the Group’s rules provided to them.

All reports about conflicts of interest and compliance infringements are internally investigated and submitted to the Committee on Business Ethics and Compliance of MVM LLC. Following the review, decisions are made on eliminating or mitigating the respective risks. In 2023, 198 conflict of interest notifications were received from employees via the electronic declaration form on the Group’s internal portal.

In 2023, three in-person and eight in absentia meetings of the Committee on Business Ethics and Compliance of MVM LLC were held, discussing and adopting resolutions upon 44 cases that could potentially lead to conflicts of interest and violations of business ethics standards, with measures to mitigate risks and prevent conflicts of interest agreed upon and successfully implemented. Staff members who violated corporate procedures were disciplined.

Countering corruption

The Group adheres to a principle of zero tolerance for any manifestation of corruption. Any possibility of corruption is viewed by the management as a direct threat to the Group companies’ business reputation, economic operations and compliance control effectiveness.

Employees and counterparties must strictly comply with anti-corruption laws and regulations and the [Anti-Corruption Policy of PJSC M.video](#).

MVM LLC has in place rules for presenting and accepting gifts and for organizing of and participating in entertainment activities so as to prevent illicit influence on counterparties, employees, and other individuals. **[205–3]**

Contracts with counterparties, as well as the [Supplier Code of Conduct of MVM LLC](#) contain, among other things, a statement of the counterparty’s obligations to comply with anti-corruption laws and regulations, requirements of the [Anti-Corruption Policy](#), as well as requirements to report any cases of violation of anti-corruption laws or the said Policy.

In 2023, the Group conducted mandatory employee training in compliance, providing an updated course on anti-corruption.

In 2023, the Fairness Hotline Line received 163 reports about possible violations of anti-corruption laws, which were all investigated internally, with steps taken to eliminate risks and minimize their negative consequences.

Antimonopoly compliance

The Group strictly complies with the requirements and continuously mitigates the risks of violation of the Russian antimonopoly laws and regulations. **[2–27]**

On September 14, 2023, MVM LLC adopted a new version of the [Antimonopoly Compliance Policy](#) (Antimonopoly Policy), the draft of which was preliminarily approved by the Russian Federal Antimonopoly Service to confirm its compliance with the provisions of article 9.1 of Federal Law №. 135–FZ On Protection of Competition dated July 26, 2006, setting out rules to ensure internal compliance with antimonopoly laws and regulations.

The internal framework for antimonopoly compliance is aimed at introducing high standards of corporate ethics in the Group’s operating company, creating maximum interest in, and personal responsibility for, compliance with antimonopoly laws and regulations for the management and employees in exercising their official powers and taking actions affecting the Company’s business, implementing measures to identify and assess the risks of violation of antimonopoly laws and regulations by the management and employees, and to mitigate said risks. In the long term, antimonopoly compliance can contribute to the efficiency and success of the Company’s operations.

Reading the Antimonopoly Policy is mandatory for all employees. Also, in 2023, the training course on compliance with antimonopoly laws and regulations was updated.

MVM LLC also has the Pricing Policy in place, which establishes general principles of setting retail prices for goods at brick-and-mortar stores and on online platforms.



Tax compliance

M.Video-Eldorado Group companies strictly comply with applicable tax laws and mitigate the risks of the respective violations on an ongoing basis, including through counterparty due diligence, inspection of accuracy of all financial documents, and implementation of all legislative requirements and guidelines of regulatory bodies. [\[2-27\]](#)

Labor compliance

M.Video-Eldorado Group strictly adheres to Russian labor laws and always works to mitigate the risk of infringement in this area. [\[2-27\]](#)

The Group is committed to respecting human rights and the right to work in its day-to-day operations. One of the Group’s most important tasks is to prevent any work-related accidents, injuries and diseases. In 2023, M.Video-Eldorado Group promptly responded to all changes in labor laws and took the necessary measures to ensure the protection of employee rights.

Environmental compliance [\[2-22\]](#)

M.Video-Eldorado Group continues to strictly follow Russian environmental laws and to mitigate the risk of infringement in this area. The respective provisions are set forth in the [Code of Business Ethics of PJSC M.video](#). [\[2-27\]](#)

Group companies follow business practices that help maintain a balanced state of the environment. These include efforts to cut down on electricity consumption by using energy-saving technology, sustainable use of natural resources, and responsible e-waste and battery disposal practices focused around recycling and reducing.



Our employees conduct environmental expeditions to clear up Russia’s nature.

Consumer rights protection

The Company strictly complies with consumer rights laws, taking timely and apt measures to minimize and eliminate the risk of infringement in this area. Group companies engage in responsible and truthful communication with consumers by providing full and accurate information about goods, works, services, and warranty service on an ongoing basis. [\[2-25\]](#) Consumer complaints are reviewed as soon as possible not only at the Group’s stores, but also with the involvement of professionals from the head office of the Group’s operating company MVM LLC, and measures are taken to eliminate consumer rights violations.

Protection of trade secrets, personal data and confidential information

The Group companies and employees exercise a highly responsible approach to collection, storage, processing and destruction of personal data and information constituting a trade secret, as well as other confidential information.

Standards and procedures intended to prevent infringement in this area are set forth in the Personal Data Processing Policy, as well as in the Confidential Information and Trade Secret Policy. It is mandatory for Group company employees to familiarize themselves with these documents. [\[2-23\]](#)

M.Video-Eldorado Group ensures that its employees comply with the legislation pertaining to [insider information](#), seeking to prevent any cases of its use to the detriment of the Group’s interests. The relevant matters are governed by the [Regulation on Insider Information](#). [\[2-24\]](#)

Plans for 2024

In 2024, we plan to organize training events in updated formats, regularly monitor and assess the risks of foreign sanctions, and prepare and approve new versions of the Code of Business Ethics and the Regulation on the Conflict of Interest. We also intend to approve a new version of the Counterparty Due Diligence Policy, taking into account changes in the approaches to risk assessment agreed upon by the Board of Directors of PJSC M.video.



5.5. Capital, shares and dividends

Number of the Company's shares:

79,768,227 pcs

Class of stock: **common**.

These shares of the Company are voting shares.

Information on the number of the Company's shares held by the Company, as well as the number of the Company's shares held by legal entities controlled by the Company

In the reporting year, the Company did not hold any of the Company's shares.

The number of the Company's shares held by legal entities controlled by the Company: 1,387,750 shares (0.772% of the charter capital) are held by MVM LLC. Class and type of stock: common, registered, uncertified.

Number of the Company's shareholders

The total number of persons with non-zero balances on personal accounts recorded in the register of the Company's shareholders, as at the end of the reporting year: **21**.

The total number of the Company's nominee shareholders: 1.

The total number of persons included in the latest list of persons where the Company's nominee shareholders provided information on the persons for the benefit of whom they held (hold) the Company's shares: **208,733**.

The class of the Company's shares whose holders were to be included in the Company's latest list: **common shares**.

The date as at which the persons entitled to exercise the rights attaching to the Company's shares were on that list: **December 31, 2023**.

The Company is not aware of any shareholdings that exceed 5%, except for those already disclosed by the Company.

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 uncertified shares with a par value of RUB 10 each among shareholders. The Company's charter capital has been paid in full.

PJSC M.video's securities

Securities	Shares (registered)
Class of stock	Common
Type of securities	Uncertified
Securities issue state registration number and date	1-02-11700-A August 23, 2007
Par value of each share	RUB 10
Outstanding shares total	179,768,227 pcs
Additional shares in the process of issuance	0 pcs
Additional shares authorized for issuance	30,000,000 common registered uncertified shares, with a par value of RUB 10 each

PJSC M.video's ticker and details

Ticker	Trading platform	Class of stock	Listing
MVID	Moscow Exchange	Common shares	Level 1 quotation list



Dividends paid

Class of stock: **common shares**.
State registration number of the securities issue / ISIN: **1-02-11700-A**
Assigned on: **August 23, 2007**.

 [Regulation on the Dividend Policy of PJSC M.video](#)

PJSC M.video's dividend history

Reporting period	2018	9M 2019	2019	2020	9M 2021	2021	2022
Total dividend declared, RUB	The Annual General Meeting of Shareholders held on June 26, 2019 decided not to pay dividends for 2018 ¹	5,998,865,734.99	5,393,046,810	6,831,192,626	6,291,887,945	The Annual General Meeting of Shareholders held on June 23, 2022 ³ decided to approve the following distribution of PJSC M.video's net profit for the 2021 reporting year: <ul style="list-style-type: none">part of the net profit in the amount of RUB 6,291,887,945 was used to pay dividends for 9M 2021; these are interim dividends previously paid for 9M 2021 in accordance with the decision of the Extraordinary General Meeting of Shareholders dated December 3, 2021 (Minutes No. 34 dated December 7, 2019);to refrain from distributing the remaining 2021 net profit and from paying dividends.	The Annual General Meeting of Shareholders held on June 27, 2023 decided not to pay dividends for 2022 ⁴
Dividend per share, RUB		33.37	30.00	38.00	35.00		
Dividend declared, % of net profit		97.83	39.07	138.4 ²	99.94		
Total dividend paid, RUB		5,998,865,734.99	5,393,046,810	6,831,192,626	6,291,887,945		
Dividend approved by, resolution date, minutes date and №.		General Meeting of Shareholders Resolution date: December 3, 2019 Minutes date: December 3, 2019 Minutes No.: 29	General Meeting of Shareholders Resolution date: November 9, 2020 Minutes date: November 10, 2020 Minutes No.: 31	General Meeting of Shareholders Resolution date: May 7, 2021 Minutes date: May 12, 2021 Minutes No.: 33	General Meeting of Shareholders Resolution date: December 3, 2021 Minutes date: December 7, 2021 Minutes No.: 34		

¹ Minutes of the Annual General Meeting of Shareholders №. 28 dated June 28, 2019.
² This is the dividend declared as % of net profit for the reporting period (2020), with the dividend to be paid out from all the net profit of 2020 and part of retained profit of past years.
³ Minutes of the Annual General Meeting of Shareholders №. 28 dated June 28, 2022.
⁴ Minutes of the Annual General Meeting of Shareholders №. 37 dated June 28, 2023.

Major transactions and related-party transactions

A report on the Company's 2023 transactions that are deemed related-party transactions under the Federal Law On Joint-Stock Companies, and major transactions can be found in the Appendix to this Annual Report.



We are experts...

and we are in touch

We continue to grow and develop keeping the speed so that our customers can find the best

We follow the trends, and you follow us, and see you in 2024!



Looks like we have covered all the important things about what happened to the Company and what we achieved in 2023. If you still have questions, send them to:



Public Relations Department



pr@mvideo.ru

[CONTACT US](#)



[Learn more about Em.Vi](#)

Appendix 1. About the report ^[2-3]

M.Video-Eldorado Group's Annual Report 2023 (the "Report") is addressed to a wide range of stakeholders and presents the Group's key results in strategic and corporate governance, its financial and operating highlights, and sustainability endeavors.

This Report contains information on medium- and long-term plans of M.Video-Eldorado Group. These plans and objectives, being forward-looking in nature depend on various political, economic and legal factors, which are beyond the Group's control (such as current conditions in key markets, changes in tax and environmental legislation, etc.). As a result, actual future performance may differ from the forward-looking statements contained herein.

The theme of the Report – the “Chief Electronics Expert” – is a new descriptor for the Company and is also intended to support the rebranding exercise carried out in 2023, reflecting the transformation of business processes, updated positioning, development of the ecosystem approach and new services, as well as changes in communication with customers.

In this Annual Report, the following terms are used ^[2-2]:

- M.Video-Eldorado Group, the Group, the Company, PJSC M.video – Public Joint-Stock Company M.video, and all companies directly or indirectly controlled by the Group as at December 31, 2023;
- M.Video, a brand – the network of the MVM Limited Liability Company (MVM LLC) stores under the M.Video brand;
- Eldorado, a brand – the network of the MVM Limited Liability Company (MVM LLC) stores under the Eldorado brand.

The Report is prepared in accordance with Russian laws and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).

We are committed to balancing the interests of various stakeholders whilst making full and timely disclosure of the relevant information. ^[2-29]

In 2023, the list of material topics was updated for disclosure in this Report through an online survey of M.Video-Eldorado top management, according to the results of which all the topics were recognized as material (relevant), and some of them showed an increase in importance ↑. ^{[3-1], [3-3]}

List of material topics ranked by importance ^[3-2]

1. Operational efficiency and economic performance ↑
2. Product safety and availability, service quality, consumer confidence ↑
3. Cyber security and personal data protection ↑
4. Technology, innovation and digital transformation of the business ↑
5. Well-being of employees and decent working conditions ↑
6. Business ethics and anti-corruption
7. Workplace health and safety
8. Employee development and career progression ↑
9. Responsible marketing
10. Circular economy and waste management
11. Equality, diversity and inclusion
12. Local communities and volunteering



Appendix 2. Report on compliance with the Corporate Governance Code

This report on compliance with the principles and recommendations of the Corporate Governance Code was reviewed by the Board of Directors at the meeting [meeting date and minutes №].

The Board of Directors confirms that the data set out in this report contains complete and reliable information on the Company's compliance with the principles and recommendations of the Corporate Governance Code for 2023.

N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
1	2	3	4	5
1.1	The company shall ensure fair and equitable treatment of all shareholders in exercising their corporate governance rights.			
1.1.1	The company ensures the most favorable conditions for its shareholders to participate in the general meeting, develop an informed position on items on the agenda of the general meeting, coordinate their actions, and voice their opinions on the items considered	<div>1. The company provides an accessible method of communication therewith, such as a hotline, e-mail or a forum on the Internet, allowing shareholders to express their opinions and send questions regarding the agenda in preparation for the general meeting</div> <div>The said communication channels were put in place by the company and provided to shareholders ahead of each general meeting held during the reporting period</div>	Complied with	
1.1.2	The procedure for giving notice of, and providing relevant materials for, the general meeting enables shareholders to properly prepare for attending the general meeting	<div>1. During the reporting period, the notice of the upcoming general meeting of shareholders was posted (published) on the company's website at least 30 days prior to the date of the general meeting, unless a longer period was required by law</div> <div>2. The notice of the upcoming meeting indicates the documents required for admission to the premises</div> <div>3. Shareholders were given access to information on who proposed the agenda items and nominees to the company's board of directors and audit commission (if the company's charter provides for the establishment of the latter)</div>	Complied with	



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
1.1.3	In preparation for and during the general meeting, shareholders were able to access information related to the meeting, ask questions of executive bodies and members of the board of directors, and communicate with each other in an unobstructed and timely manner	<ol style="list-style-type: none"> In the reporting period, shareholders were given the opportunity to ask questions of the company's board of directors, as well as members of its executive bodies, both in preparation for and during the general meeting The board of directors' position (including any dissenting opinions included in the minutes, if any) regarding each agenda item in general meetings held during the reporting period was included in the materials for the general meeting The company provided shareholders eligible to receive this information with access to the list of persons entitled to participate in the general meeting on the same day as the company itself received this information. This was the case for all general meetings held in the reporting period 	Partially complied with	<p>The comments below refer to item 1 of the assessment criteria as regards giving shareholders the opportunity to ask questions of the company's board of directors, as well as members of its executive bodies, during the general meeting.</p> <p>In accordance with Article 2 and Article 3 of Federal Law №. 25–FZ dated February 25, 2022 On Amendments to the Federal Law On Joint-Stock Companies and on Suspension of Certain Provisions of Legislative Acts of the Russian Federation, the Board of Directors resolved to hold the annual General Meeting of Shareholders in the reporting year in the form of absentee voting.</p> <p>The following factors were taken into account when deciding on the annual General Meeting of Shareholders to be held in absentia:</p> <ol style="list-style-type: none"> legislative provisions lifting the prohibition to hold general meetings of shareholders in the form of absentee voting still effective in 2023 amidst the unstable geopolitical environment which brought about the need to promptly adapt and fine-tune the business model, a General Meeting of Shareholders held in absentia allows the Company to reduce costs without compromising the rights and interests of shareholders the Company has a good track record of holding General Meetings of Shareholders in absentia supported by the results of prior General Meetings of Shareholders held in absentia; The Company has not received any negative feedback from its shareholders, nor has the Company identified any negative impact of the meetings in absentia on shareholder activity <p>Shareholders were able to ask questions of the executive bodies and the Board of Directors at any time, e.g. prior to the General Meeting of Shareholders, through the Corporate Secretary and the IR Director whose contact details (phone, email) are available on the corporate website. To fully inform shareholders on the General Meeting agenda, the Company additionally included the Corporate Secretary's contact details (phone, email) in meeting notices.</p> <p>In preparation for the extraordinary General Meeting of Shareholders in November 2023, the Company did not have the right to hold it in absentia, given that the agenda of the Extraordinary General Meeting of Shareholders contained matters of early termination of powers and election of the Board of Directors. In accordance with the requirements of the Russian law, the Board of Directors made a decision to convene an extraordinary General Meeting of Shareholders in the form of joint attendance.</p> <p>In the midterm, following the adoption of legislative regulations governing the procedure for general meetings of shareholders held online, the Company intends to use this meeting format.</p> <p>Items 2 and 3 of the assessment criteria are complied with</p>
1.1.4	The exercise of shareholders' right to demand the convocation of a general meeting, nominate candidates to governing bodies and make proposals for inclusion in the agenda of the general meeting was not made unreasonably difficult	<ol style="list-style-type: none"> The company's charter provides for a deadline for shareholders to make proposals for inclusion in the agenda of the annual general meeting, which is at least 60 days after the end of the respective calendar year In the reporting period, the company did not reject proposals for the agenda or candidates to governing bodies due to misprints or other insignificant flaws in the shareholder's proposal 	Complied with	
1.1.5	Each shareholder was able to freely exercise his/her voting right in the simplest and most convenient way	<ol style="list-style-type: none"> The company's charter provides for an opportunity to fill in the electronic form of the ballot on the website specified in the notice of the general meeting of shareholders 	Complied with	



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
1.1.6	The general meeting procedure established by the company enables all persons attending the meeting to voice their opinion and ask questions	<div><div>1.</div><div>During general meetings of shareholders held in the reporting period in the form of a meeting (joint attendance of shareholders), sufficient time was allocated for reports on and discussion of agenda items, and shareholders were able to voice their opinions and ask questions on the agenda</div></div> <div><div>2.</div><div>The company invited candidates for governing and oversight bodies and took all necessary steps to ensure their participation in the general meeting of shareholders where their nominations were put to a vote. Candidates for governing and oversight bodies present at the general meeting of shareholders were available to answer questions from shareholders</div></div> <div><div>3.</div><div>The sole executive body, the officer responsible for accounting, chairman and other members of the board of directors' audit committee were available to answer questions from shareholders at the general meetings of shareholders held in the reporting period</div></div> <div><div>4.</div><div>In the reporting period, the company used telecommunication means to provide shareholders with remote access to general meetings, or the board of directors made a well-grounded decision that no such means were needed (could be used) in the reporting period</div></div>	Partially complied with	<p>The comments below refer to items 1, 2 and 3 of the assessment criteria.</p> <p>In the reporting period, the annual General Meeting of Shareholders was held in absentia due to the circumstances described in the comments to item 1 of the assessment criteria for Principle 1.1.3 of this Report¹.</p> <p>Shareholders were given the opportunity to express their opinion and ask questions, among others, of the candidates to the Board of Directors, of the person acting as the sole executive body, the person responsible for accounting, and members of the Board's Audit Committee prior to the General Meeting of Shareholders through the Corporate Secretary and the IR Director whose contact details (phone, email) are available on the corporate website. The above persons were available to answer questions from shareholders.</p> <p>Also in the reporting period (in November 2023), at the request of a shareholder holding more than a 10% stake in the Company, an extraordinary General Meeting of Shareholders was convened in the form of joint attendance.</p> <p>In preparation for the extraordinary General Meeting, shareholders were given the opportunity to ask any questions of the sole executive body, the person responsible for accounting, the Chairman and other Directors on the Board's Audit Committee (then existing), and also of the candidates to the Board of Directors through the Corporate Secretary and the IR Director whose contact details (phone, email) are available on the corporate website. To fully inform shareholders on the agenda of the extraordinary General Meeting of Shareholders, the Company additionally included the Corporate Secretary's contact details (phone, email) in the notice of the extraordinary General Meeting of Shareholders.</p> <p>When holding the extraordinary General Meeting of Shareholders in the form of joint attendance on January 12, 2024, the Company made sure shareholders were comfortable with attending the meeting in person. During the meeting, sufficient time was allocated for reports on and discussion of the agenda items, and shareholders were able to voice their opinions and ask questions on the agenda and on other matters related to the operations of the Company and the Group's companies of interest to them.</p> <p>The Company invited the candidates to the Board of Directors to the extraordinary General Meeting of Shareholders and took all reasonable efforts to ensure they were able to take part in the meeting. The candidates to the Board of Directors who were present at the extraordinary General Meeting of Shareholders were open for dialogue with shareholders and supported active and constructive discussion with shareholders on items related to the operations of the Company both on the agenda and outside it. Also, as part of the materials for General Meetings of Shareholders, the Company discloses reasonable information on qualifications and work experience of the candidates, which enables shareholders to make a balanced and informed decision. The Company plans to keep doing the same going forward.</p> <p>The comments below refer to item 4 of the assessment criteria.</p> <p>In the reporting period the Company did not use telecommunication means to provide shareholders with remote access to General Meetings on account of not being able to do so. Given that the Company had to take every effort to cut costs amidst the currently unstable geopolitical environment, the allocation of resources to purchase additional telecommunication means did not seem reasonable in the reporting year. In accordance with the applicable Russian laws and in compliance with all rights and legitimate interests of shareholders, all the Company shareholders on the register were sent ballots for voting on agenda items within the statutory deadline by registered mail, while those not on the register – by proxy. All shareholders were given the time and opportunity to vote on the agenda items in accordance with the procedure stipulated by the applicable Russian laws.</p> <p>At the same time, the Company is considering the holding of General Meetings of Shareholders using telecommunication means to provide shareholders with remote access. The unstable situation in the reporting year prevented the Company from allocating resources for the above initiative.</p> <p>In 2025, the Company intends to resume its software market analysis and, following the adoption of legislative regulations governing the procedure for general meetings of shareholders held online, have this meeting format discussed by the Board of Directors</p>

¹ Hereinafter, in order to make the explanations more informative, in case they contain repetitive arguments or statements, a reference is made to the relevant item of the assessment criteria in this Report containing the full text of the explanations.



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
1.2	Shareholders are given equal and fair opportunities to receive a share in the company's profit in the form of dividends.			
1.2.1	The company has developed and introduced a transparent and clear mechanism for determining the dividend amount and for paying dividends	<div><div>1.</div>The company's regulations on the dividend policy have been approved by the board of directors and disclosed on the company's website on the Internet</div> <div><div>2.</div>If the dividend policy of the company that prepares consolidated financial statements uses figures of the company's statements to determine the dividend amount, then the respective provisions of the dividend policy take into account the consolidated financial statements</div> <div><div>3.</div>Substantiation of the proposed distribution of net profit, including for dividend payout and the company's internal needs, and its assessment for compliance with the company's dividend policy, along with explanations and economic substantiation for such distribution for internal needs, were included in the materials for the general meeting of shareholders the agenda of which included an item on profit distribution (including payout (announcement) of dividends)</div>	Partially complied with	<div>Items 1 and 2 of the assessment criteria are complied with.</div> <div>The comments below refer to item 3 of the assessment criteria.</div> <div>Due to the political and economic uncertainty in the country, the Board of Directors, in preparation for the General Meeting of Shareholders to discuss the Company performance in 2022, recommended that the General Meeting of Shareholders refrain from distributing net profit following 2022 and paying dividends until the situation stabilizes.</div> <div>Thus, no resolution to allocate a part of net profit for the Company's internal needs was submitted to the General Meeting of Shareholders.</div> <div>The Company intends to return to the practice of net profit distribution (payment of dividends) after the political and economic situation in the country stabilizes</div>
1.2.2	The company shall not pay out dividends if such resolution, while formally remaining in line with statutory restrictions, is not economically feasible and may lead to a false representation of the company's performance	<div><div>1.</div>In addition to statutory restrictions, the company's dividend policy defines financial/economic circumstances under which the company shall not pay out dividends</div>	Complied with	
1.2.3	The company does not allow the dividend rights of its existing shareholders to be impaired	<div><div>1.</div>In the reporting period the company did not take any actions that would lead to the impairment of the dividend rights of its existing shareholders</div>	Complied with	
1.2.4	The company strives to exclude any ways for its shareholders to receive profit (income) from the company through means other than dividends and liquidation value	<div><div>1.</div>In the reporting period the means of profiting from the company by the controlling persons, other than dividends (for example, through the transfer pricing, unjustified provision of services to the company by the controlling person at inflated prices, through internal loans replacing dividends to the controlling persons and (or) its controlled persons) were not used</div>	Complied with	

Partially complied with



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
1.3	The corporate governance system and its practices shall ensure that all shareholders owning the same type (class) of shares, including minority and non-resident shareholders, are treated equally by the company			
1.3.1	The company has established the necessary conditions to ensure that each shareholder receives fair treatment from the company's governing bodies and controlling persons, including conditions to prevent the abuse of minority shareholders by major shareholders	1. In the reporting period the company's controlling persons did not abuse their rights with respect to the company's shareholders, there were no conflicts between the company's controlling persons and shareholders, and if such conflicts occurred, the board of directors paid due attention to them	Complied with	
1.3.2	The company does not take any actions that lead or may lead to artificial redistribution of corporate control	1. Quasi-treasury shares do not exist or did not impact voting in the reporting period	Complied with	
1.4	Shareholders shall be provided with reliable and effective methods for recording their rights in shares, as well as the opportunity to freely dispose of their shares without any hindrance			
1.4	Shareholders shall be provided with reliable and effective methods for recording their rights in shares, as well as the opportunity to freely dispose of their shares without any hindrance	1. The processes and terms of rendering the services by the company's registrar meet the requirements of the company and its shareholders and ensure the recording of their rights to shares and exercise of the shareholders' rights in the most effective way	Complied with	
2.1	The board of directors shall exercise strategic management of the company, establish the basic principles of and approaches to risk management and internal control, control the activities of the company's executive bodies, and perform other key functions			
2.1.1	The board of directors is responsible for passing resolutions related to the appointment and removal of executive bodies, including as a result of their inadequate performance. The board of directors also ensures that the company's executive bodies act in accordance with the approved growth strategy and along the company's core lines of business	1. The board of directors has the authority, as stipulated in the charter, to appoint and remove members of executive bodies and to set out the terms and conditions of their contracts 2. In the reporting period, the nomination (appointments, HR) committee reviewed the matter of alignment between professional qualifications, competencies and experience of members of the executive bodies and expected needs of the company in line with its approved strategy 3. In the reporting period, the board of directors reviewed the report(s) released by the sole executive body and collective executive body (if any) on the implementation of the company's strategy	Complied with	
2.1.2	The board of directors defines the main long-term goals of the company's operations, assesses and approves its key performance indicators, and key business goals, as well as the strategic and business plans for the company's core lines of business	1. In the reporting period, the board of directors reviewed in its meetings matters related to the progress of strategy implementation, approval of the company's financial and business plan (budget), and consideration of the implementation criteria and performance (including interim criteria and performance) of the company's strategy and business plans	Complied with	



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
2.1.3	The board of directors determines the principles of and approaches to risk management and internal control	<div><div>1.</div><div>The company's principles of, and approaches to, setting up a risk management and internal control system were defined by the board of directors and specified in the company's internal regulations determining the risk management and internal control system policy</div></div> <div><div>2.</div><div>In the reporting period, the board of directors approved (revised) the acceptable risk exposure (risk appetite) of the company, or the audit committee and/or risk committee (if any) considered whether the matter of revising the company's risk appetite should be submitted to the board of directors for review</div></div>	Complied with	
2.1.4	The board of directors defines the company's remuneration and/or reimbursement (compensation) policy for costs due to members of the board of directors, executive bodies and other key executives of the company	<div><div>1.</div><div>The company has developed, approved by the board of directors and put in place a remuneration and reimbursement (compensation) policy (policies) for its directors, members of executive bodies and other key executives</div></div> <div><div>2.</div><div>In the reporting period, the board of directors reviewed matters related to the said policy (policies)</div></div>	Complied with	
2.1.5	The board of directors plays a key role in preventing, identifying, and resolving internal conflicts between the company's bodies, shareholders, and employees	<div><div>1.</div><div>The board of directors plays a key role in preventing, identifying, and resolving internal conflicts</div></div> <div><div>2.</div><div>The company has set up mechanisms to identify transactions leading to a conflict of interest and to resolve such conflicts</div></div>	Complied with	
2.1.6	The board of directors plays a key role in ensuring the company's transparency, full and well-timed information disclosures, and unhindered access of shareholders to corporate documents	<div><div>1.</div><div>Persons responsible for implementing the information policy are identified in the company's internal regulations</div></div>	Complied with	
2.1.7	The board of directors oversees the company's corporate governance practices and plays a key role in material corporate events	<div><div>1.</div><div>In the reporting period, the board of directors considered the results of self-assessment and/or external assessment of the company's corporate governance practices</div></div>	Complied with	
2.2	The board of directors shall be accountable to the shareholders of the company			
2.2.1	Information on the performance of the board of directors is disclosed and made available to shareholders	<div><div>1.</div><div>The company's annual report for the reporting period includes information on individual attendance at board of directors and committee meetings</div></div> <div><div>2.</div><div>The annual report contains key results of assessment (self-assessment) of the board of directors' work in the reporting period</div></div>	Complied with	
2.2.2	The chairman of the board of directors is available to communicate with the company's shareholders	<div><div>1.</div><div>The company has in place a transparent procedure enabling shareholders to forward inquiries to the chairman of the board of directors (and, if applicable, to the senior independent director) and receive feedback</div></div>	Complied with	



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
2.3	The board of directors manages the company in an efficient and competent manner and is capable of making fair and independent judgements and decisions in line with the interests of the company and its shareholders			
2.3.1	Only persons with an impeccable business and personal reputation, possessing the knowledge and expertise required to both make decisions on issues designated to the board of directors and to perform its functions efficiently, are elected to the board of directors	1. In the reporting period, the board of directors (or its nomination committee) assessed nominees to the board of directors in terms of having the required experience, knowledge, business reputation, absence of a conflict of interest, etc	Complied with	
2.3.2	The company's board of directors is elected using a transparent procedure whereby shareholders are able to receive sufficient information about nominees to get an idea of their personal and professional qualities	1. Whenever the agenda of the general meeting of shareholders in the reporting period included the election of the board of directors, the company provided shareholders with the biographical details of all nominees to the board of directors, the results of assessment of their professional qualifications, experience and competencies against existing and expected needs of the company as carried out by the board of directors (or its nomination committee), information on whether the nominee meets the independence criteria set forth in Recommendations 102–107 of the Code, as well as information on whether there is the nominee's written consent to be elected to the board of directors	Complied with	
2.3.3	The board of directors is balanced, including in terms of the qualifications of its members, their experience, knowledge and business acumen, and has the trust of shareholders	1. In the reporting period, the board of directors analyzed its needs in terms of professional qualifications, experience and knowledge and identified competencies that the board of directors required in the short and long term	Complied with	
2.3.4	The company has enough directors to organize the board of directors' activities in the most efficient way, and has the ability to establish committees within the board of directors and ensure the company's significant minority shareholders are able to elect and vote for a nominee for the board of directors	1. In the reporting period, the board of directors considered whether the number of members on the board of directors was in line with the company's needs and with the interests of shareholders	Complied with	



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
2.4	The board of directors shall include a sufficient number of independent directors			
2.4.1	<p>An independent director is a person with professional expertise, experience and independence sufficient to have his/her own opinions and make fair unbiased judgements that are not influenced by the company's executive bodies, shareholder groups, or other stakeholders.</p> <p>It is important to note that in normal conditions a nominee (elected member of the board of directors) cannot be considered independent if he/she is related to the company, a significant shareholder or contractor, a competitor of the company, or the government</p>	<p>1. In the reporting period, all independent members of the board of directors met the independence criteria as set out in Recommendations 102–107 of the Code, or were deemed independent by resolution of the board of directors</p>	Complied with	
2.4.2	<p>Nominees to the board of directors are assessed for their compliance with certain independence criteria. Independent members of the board of directors are also reviewed regularly against these criteria. In these assessments, substance prevails over form</p>	<p>1. In the reporting period, the board of directors (or the nomination committee of the board of directors) formed an opinion on the independence of each nominee for the board of directors and presented respective opinions to shareholders</p> <p>2. In the reporting period, the board of directors (or the nomination committee of the board of directors) reviewed at least once the independence of the current members of the board of directors (following their election)</p> <p>3. The company has developed procedures defining the actions to be taken by a member of the board of directors if he/she ceases to be independent, including the obligation to timely notify the board of directors thereof</p>	Complied with	
2.4.3	<p>Independent directors constitute at least one third of the elected members of the board of directors</p>	<p>1. Independent directors constitute at least one third of the members of the board of directors</p>	Complied with	
2.4.4	<p>Independent directors play a key role in preventing internal conflicts in the company and in overseeing the company's material corporate actions</p>	<p>1. In the reporting period, independent directors (who did not have a conflict of interest) carried out a preliminary assessment of material corporate actions implying a possible conflict of interest, and the results of such assessment were presented to the board of directors</p>	Complied with	



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
2.5	The chairman of the board ensures that the board of directors discharges its duties in the most effective and efficient way			
2.5.1	An independent director is elected chairman of the board of directors, or a senior independent director is appointed from among the elected independent directors to coordinate the activities of independent directors and facilitate interactions with the chairman of the board of directors	<div><div>1.</div>The board of directors is chaired by an independent director, or a senior independent director is appointed from among the independent directors</div> <div><div>2.</div>The role, rights and duties of the chairman of the board of directors (and, if applicable, of the senior independent director) are duly set out in the company's internal documents</div>	Complied with	
2.5.2	The chairman of the board of directors maintains a constructive environment at meetings, enables the free discussion of agenda items, and supervises the execution of resolutions passed by the board of directors	<div><div>1.</div>The performance of the chairman of the board of directors was assessed as part of the procedure for assessing (self-assessing) the performance of the board of directors in the reporting period</div>	Partially complied with	<p>The comments below refer to item 1 of the assessment criteria.</p> <p>In the reported year, as part of the procedure for self-assessing the performance of the Board of Directors, the performance of the Chairman of the Company's Board of Directors was not assessed separately due to the fact that the Company does not consider it appropriate and necessary to carry out individual assessment of Directors on the Company's Board.</p> <p>In accordance with the Company's recent corporate practice, the Directors on the Board elect a Chairman from among independent directors, each of whom has the highest professionalism, experience and independence to form a position for the purpose of their work on the Board of Directors. In addition, the Company believes that the successful, efficient and productive performance of the Board of Directors at year-end is sufficient evidence of the strong performance of the Board's Chairman.</p> <p>The performance of the Board's Chairman is also assessed by the Directors on the Board through undergoing the procedure of the Board performance self-assessment (conducted in the reporting year) and giving relevant recommendations regarding its performance, which, in the Company's opinion, is sufficient to ensure maximum efficiency of the Board</p>
2.5.3	The chairman of the board of directors takes all necessary steps to ensure the timely provision of information required to make decisions on agenda items to members of the board of directors	<div><div>1.</div>The company's internal regulations set out the duty of the chairman of the board of directors to take all steps necessary for the timely provision to directors of complete and reliable information for the agenda of a board meeting</div>	Complied with	
2.6	Directors act reasonably and in good faith to protect the interests of the company and its shareholders, based on sufficient awareness and with due care and diligence			
2.6.1	Members of the board of directors make decisions based on all available information, without conflict of interest, ensuring the equal treatment of the company's shareholders, and assuming normal business risks	<div><div>1.</div>The company's internal documents state that a member of the board of directors shall notify the board of directors if he/she has a conflict of interest with respect to any item on the agenda of the board meeting or the board's committee meeting prior to the discussion of the relevant agenda item</div> <div><div>2.</div>The company's internal regulations stipulate that a director shall abstain from voting on any item in connection with which they have a conflict of interest</div> <div><div>3.</div>The company has a procedure in place enabling the board of directors to get professional advice on matters within its remit at the expense of the company</div>	Complied with	
2.6.2	The rights and obligations of members of the board of directors are clearly defined and set out in the company's internal documents	<div><div>1.</div>The company has adopted and published an internal document clearly defining the rights and obligations of members of the board of directors</div>	Complied with	



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
2.6.3	Members of the board of directors have sufficient time to perform their duties	<div><div>1.</div>Individual attendance at board and committee meetings, as well as time devoted to preparation for attending meetings, was reviewed as part of the procedure for assessment (self-assessment) of the performance of the board of directors in the reporting period</div> <div><div>2.</div>In accordance with the company's internal documents, members of the board of directors must inform the board of their intentions to join governing bodies of other organizations (except for entities controlled by the company), or of the relevant appointment made</div>	Complied with	
2.6.4	All members of the board of directors have equal access to the company's documents and information. Newly elected members of the board of directors are furnished with sufficient information about the company and the activities of the board of directors as soon as possible	<div><div>1.</div>Under the company's internal regulations, directors are entitled to receive information and documents necessary for the board of directors' members to perform their duties and related to the company and its controlled entities, while executive bodies of the company are required to ensure the provision of the relevant information and documents</div> <div><div>2.</div>The company has in place a formalized induction program for newly elected members of the board of directors</div>	Complied with	
2.7	Meetings of the board of directors, preparation for such meetings, and participation of directors ensure efficient performance by the board of directors			
2.7.1	Meetings of the board of directors are held as needed, taking into account the scale of operations and goals of the company at any particular time	<div><div>1.</div>The board of directors held at least six meetings in the reporting year</div>	Complied with	
2.7.2	The company's internal documents specify a procedure for arranging and holding meetings of the board of directors, enabling members of the board of directors to prepare for these meetings in a proper manner	<div><div>1.</div>The company has approved an internal document that describes the procedure for arranging and holding meetings of the board of directors. In particular the document states that as a rule, the notice of the meeting is to be given at least five days prior to the meeting</div> <div><div>2.</div>In the reporting period, members of the board of directors not able to be present at the board meeting venue could participate in discussing agenda items and voting remotely via audio or video conferencing</div>	Complied with	
2.7.3	The format of meeting of the board of directors is determined depending on the importance of agenda items. The most important matters are dealt with at meetings of the board of directors held in person	<div><div>1.</div>The company's charter or internal documents state that the most important matters (as per the list set out in Recommendation 168 of the Code) must be discussed at in-person meetings of the board of directors</div>	Complied with	



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
2.7.4	Resolutions on the most important matters related to the company's operations are adopted at meetings of the board of directors by a qualified majority vote or by a majority vote of all elected directors	<div>1. The company's charter states that resolutions on the most important matters, including those set out in Recommendation 170 of the Code, must be passed at a meeting of the board of directors by a qualified majority of at least three quarters or by a majority of all elected board members</div>	Partially complied with	<p>The comments below refer to item 1 of the assessment criteria.</p> <p>The Company's charter does not state that resolutions on the matters set out in Recommendation 170 of the Code must be passed at a meeting of the Board of Directors by a qualified majority of at least three quarters or by a majority of all elected Board members.</p> <p>The Company's Charter stipulates that resolutions of the Board of Directors must be passed by a majority vote of the attending members of the Board of Directors, unless otherwise provided for by Federal Law №. 208-FZ On Joint-Stock Companies dated December 26, 1995.</p> <p>The risks associated with partial implementation of Recommendation 170 of the Code are mitigated by the historically active participation of the Directors on the Board in the meetings (usually 100% attendance), as well as the Board's resolutions made consensually (in most cases unanimously). Matters of particular importance are studied in-depth by the Board's Committees prior to the Board meetings, hence the Company does not plan to make any respective amendments to the Company's Charter. The Company finds it inexpedient to change the quorum required for decision-making by the Board of Directors, in particular, due to the fact that this may adversely affect the speed of decision-making</p>
2.8	The board of directors shall establish committees for the preliminary consideration of the most important matters related to the company's operations			
2.8.1	An audit committee comprising independent directors has been established for the preliminary consideration of matters related to controlling the company's financial and business operations	<div>1. The board of directors set up an audit committee comprised solely of independent directors</div> <div>2. The company's internal documents set out the tasks of the audit committee, including those listed in Recommendation 172 of the Code</div> <div>3. At least one member of the audit committee who is an independent director has experience and knowledge of preparing, analyzing, assessing and auditing accounting (financial) statements</div> <div>4. Meetings of the audit committee were held at least once a quarter during the reporting period</div>	Complied with	
2.8.2	For the preliminary consideration of matters related to adopting an efficient and transparent remuneration scheme, a remuneration committee has been established comprising independent directors and headed by an independent director who is not the chairman of the board of directors	<div>1. The board of directors set up a remuneration committee comprised solely of independent directors</div> <div>2. The remuneration committee is chaired by an independent director who is not the chairman of the board of directors</div> <div>3. The company's internal documents set out the tasks of the remuneration committee, including those listed in Recommendation 180 of the Code, as well as the conditions (events) upon the occurrence of which the remuneration committee shall consider revising the company's remuneration policy for the board of directors, executive bodies and other key executives</div>	Complied with	
2.8.3	For the preliminary consideration of matters related to talent management (succession planning) and the professional composition and efficiency of the board of directors, a nomination (appointments, HR) committee has been established predominantly comprising independent directors	<div>1. The board of directors has established a nomination committee (or its tasks listed in Recommendation 186 of the Code are fulfilled by another committee) predominantly comprising independent directors</div> <div>2. The company's internal documents set out the tasks of the nomination committee (or the tasks of the committee assuming this function), including those listed in Recommendation 186 of the Code</div> <div>3. In the reporting period, the nomination committee, independently or jointly with other committees of the board of directors or the company's authorized shareholder relations unit, has engaged with shareholders, not limited to the largest shareholders, with regard to selecting candidates for the company's board of directors to form the board of directors best suiting the company's goals and objectives</div>	Complied with	



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
2.8.4	Taking into account the company's scale of operations and risk level, the company's board of directors has made sure that the composition of its committees is fully in line with the company's business goals. Additional committees were either established or deemed unnecessary (strategy committee, corporate governance committee, ethics committee, risk management committee, budget committee, health, safety and environment committee, etc.)	<div>1. In the reporting period, the board of directors considered whether its structure was consistent with the scope, nature, goals, needs and risk profile of the company and its operations. Additional committees were either established or deemed unnecessary</div>	Complied with	
2.8.5	Committees are composed to enable the comprehensive discussions of matters under preliminary consideration, taking into account a full range of opinions	<div>1. During the reporting period, the audit committee, the remuneration committee and the nomination committee (or another relevant committee with combined functions) were headed by independent directors</div> <div>2. The company's internal documents (policies) include provisions stipulating that persons who are not members of the audit committee, the nomination committee (or another relevant committee with combined functions) and the remuneration committee may attend committee meetings only by invitation of the chairman of the respective committee</div>	Complied with	
2.8.6	Committee chairs inform the board of directors and its chairman about the work of their committees on a regular basis	<div>1. During the reporting period, committee chairs reported to the board of directors on the work of their committees on a regular basis</div>	Complied with	
2.9	The board of directors shall assess the performance of the board of directors, its committees and members of the board of directors			
2.9.1	The board of directors' performance assessment seeks to determine the efficiency of the board of directors, its committees and members of the board of directors, conformity of their work with the company's development requirements, as well as stimulating the work of the board of directors and identifying areas for improvement	<div>1. The company's internal documents define procedures for assessment (self-assessment) of the performance of the board of directors</div> <div>2. Assessment (self-assessment) of the board of directors' performance carried out in the reporting period included performance assessment of committees, individual members of the board of directors, and the board of directors in general</div> <div>3. Results of assessment (self-assessment) of the board of directors' performance carried out in the reporting period were reviewed at an in-person meeting of the board</div>	Partially complied with	<div>Items 1 and 3 of the assessment criteria are complied with.</div> <div>The comments below refer to item 2 of the assessment criteria.</div> <div>Assessment (self-assessment) of the board of directors' performance carried out in the reporting period did not include assessment of performance of each individual Director due to the fact that the Company does not consider it appropriate and necessary to carry out individual assessment of Directors on the Company's Board.</div> <div>Self-assessment of the Board of Directors' performance carried out in the reporting period included assessment of the Board's performance as a whole, and also assessment of the Board's committees' performance.</div> <div>All Directors on the Company's Board have extensive experience in senior management positions, and many of them are experienced in areas relevant for the Company. Cumulatively, the Directors on the Company's Board have a wide range of professional competences that are assessed at the stage of nomination to the Board of Directors and their subsequent election.</div> <div>The composition of the Board is balanced in terms of professional qualifications, experience and business skills of Directors. Robust performance of the Company testifies, among other things, the efficient work of its Board, and the Company considers it excessive to assess each Director's performance since the Company does not see any negative implications in case this recommendation is not observed</div>



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
2.9.2	The performance of the board of directors, its committees, and its members is assessed regularly, at least once a year. An external organization (adviser) is engaged at least once every three years to carry out an independent assessment of the board of directors' performance	1. The company engaged an external organization (adviser) to carry out an independent assessment of the board of directors' performance on at least one occasion over the last three reporting periods	Not complied with	<p>The comments below refer to item 1 of the assessment criteria.</p> <p>During the last three reporting periods, the Company did not engage an external organization (adviser) to carry out an independent assessment of the Board of Directors' performance due to the challenging geopolitical situation over the last two years, in which the Company's efforts and resources are primarily focused on handling operational tasks and overcoming the consequences of the sanctions pressure exerted on Russia.</p> <p>An external assessment of the Board's performance with independent advisers involved was last carried out in 2020.</p> <p>Independent assessment of the Board's performance shall be carried out at least once every three years; therefore, the Company planned to carry it out within the reporting year.</p> <p>At the same time, on the back of the changing geopolitical situation globally, the composition of the Company's Board changed in the reporting year (as well as in 2022). In these circumstances, it was inexpedient for the Board to carry out an independent external assessment, since the changed external environment and the short period of the new Board of Directors' work render it impossible to obtain objective information on the processes taking place, including the Board's performance. In addition, it did not seem timely to allocate the Group's resources for a third-party expert to assess the Board's performance.</p> <p>The Company intends to ensure an external assessment of the Board's performance following the results of its work in the 2024/2025 corporate year</p>
3.1	The company's corporate secretary shall facilitate efficient day-to-day interactions with shareholders, coordinate the company's efforts to protect shareholder rights and interests, and support the efficient performance of the board of directors			
3.1.1	The corporate secretary has the knowledge, experience and qualifications necessary to perform his/her duties, as well as an impeccable reputation and the trust of shareholders	1. The biographical data of the corporate secretary (including information about age, education, qualifications, experience) as well as information about the positions in the governing bodies of other legal entities held by the corporate secretary at least for the last five years are published on the corporate website and in the company's annual report	Complied with	
3.1.2	The corporate secretary is sufficiently independent of the company's executive bodies and has the powers and resources required to perform his/her tasks	2. The company has adopted and disclosed an internal document – regulations on the corporate secretary 3. The board of directors approves the appointment, dismissal and additional remuneration of the corporate secretary 4. The company's internal documents stipulate the right of the corporate secretary to request and receive company documents and information from governing bodies, structural units and officers of the company	Complied with	
4.1	The remuneration offered by the company shall be sufficient to attract, motivate and retain people with the talents and qualifications required by the company. The remuneration payable to members of the board of directors, executive bodies and other key company executives shall comply with the company's approved remuneration policy			
	The amount of remuneration paid by the company to members of the board of directors, executive bodies and other key executives creates sufficient incentives for them to work efficiently, while enabling the company to engage and retain competent and qualified specialists. At the same time, the company avoids unnecessarily high remuneration, as well as unjustifiably large gaps between remunerations of the above persons and the company's employees	1. Remuneration of members of the board of directors, executive bodies and other key executives of the company is determined based on the results of benchmarking the company's remuneration levels with those in peer companies	Complied with	



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
4.1.2	The company's remuneration policy is developed by the remuneration committee and approved by the board of directors. The board of directors, assisted by the remuneration committee, ensures control over the introduction and implementation of the company's remuneration policy, revising and amending it as required	1. During the reporting period, the remuneration committee considered the remuneration policy (policies) and/or the practical aspects of its (their) introduction, evaluated their efficiency and transparency, and presented relevant recommendations to the board of directors with regard to its (their) revision, as required	Complied with	
4.1.3	The company's remuneration policy includes transparent mechanisms for determining the amount of remuneration due to members of the board of directors, executive bodies and other key company executives, and regulates all types of payments, benefits and privileges provided to such persons	1. The company's remuneration policy (policies) includes (include) transparent mechanisms for determining the amount of remuneration due to members of the board of directors, executive bodies and other key company executives, and regulates (regulate) all types of payments, benefits and privileges provided to such persons	Complied with	
4.1.4	The company outlines its policy on the reimbursement (compensation) of expenses, detailing a list of reimbursable expenses and specifying the service levels that members of the board of directors, executive bodies and other key company executives can claim. Such policy can make part of the company's remuneration policy	1. The remuneration policy (policies) defines (define) the rules for reimbursing costs incurred by members of the board of directors, executive bodies and other key company executives	Complied with	
4.2	The remuneration system for members of the board of directors shall ensure that the financial interests of the directors are aligned with the long-term financial interests of the shareholders			
4.2.1	The company pays fixed annual remuneration to members of the board of directors. The company does not pay remuneration for attending particular meetings of the board of directors or its committees. The company does not apply any form of short-term motivation or additional financial incentives for members of the board of directors	1. During the reporting period, the company paid remuneration to members of the board of directors in line with the remuneration policy adopted by the company 2. During the reporting period, the company did not apply any forms of short-term motivation or additional financial incentives for members of the board of directors linked to the company's performance results (indicators). The company did not pay remuneration for attending particular meetings of the board of directors or its committees	Complied with	
4.2.2	Long-term ownership of the company's shares ensures the best alignment of directors' financial interests with the long-term interests of shareholders. At the same time, the company does not link the right to dispose of shares to performance targets, and directors do not participate in stock option plans	1. If the company's internal document(s) – the remuneration policy (policies) stipulates (stipulate) provision of the company's shares to members of the board of directors, clear rules for share ownership by board members shall be defined and disclosed, aimed at stimulating long-term ownership of such shares	Complied with	



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
4.2.3	The company does not provide for any extra payments or compensations in the event of early termination of directors' tenure resulting from the change of control or any other reasons	1. The company does not provide for any extra payments or compensations in the event of early termination of directors' tenure resulting from the change of control or any other reasons	Complied with	
4.3	The company considers its performance and the personal contribution of each executive to the achievement of such performance when determining the amount of a fee payable to members of executive bodies and other key executives of the company			
4.3.1	Remuneration due to members of executive bodies and other key executives of the company is determined in a manner providing for reasonable and justified ratio of the fixed and variable parts of remuneration, depending on the company's results and the employee's personal contribution	1. In the reporting period annual performance results approved by the board of directors were used to determine the amount of the variable part of remuneration due to members of executive bodies and other key executives of the company 2. During the latest assessment of the remuneration system for members of executive bodies and other key executives of the company, the board of directors (remuneration committee) made sure that the company applies an efficient ratio of the fixed and variable parts of remuneration 3. When determining the amount of remuneration to be paid to the members of the executive bodies and other key executives of the company, the risks borne by the company are taken into account in order to avoid incentives to take excessively risky management decisions	Complied with	
4.3.2	The company has in place a long-term incentive program for members of executive bodies and other key executives of the company with the use of the company's shares (options and other derivative instruments where the company's shares are the underlying asset)	1. If the company has in place a long-term incentive program for members of executive bodies and other key executives of the company with the use of the company's shares (financial instruments based on the company's shares), the program implies that the right to dispose of shares and other financial instruments takes effect no sooner than three years after such shares or other financial instruments are granted. The right to dispose of such shares or other financial instruments is linked to the company's certain performance targets	Net complied with	<p>The comments below refer to item 1 of the assessment criteria.</p> <p>In the reporting year, the Company's Board of Directors approved a new long-term incentive program for members of executive bodies and other key executives of the M.Video-Eldorado Group. The program is approved for three years and provides for incentive payments to participating employees in three tranches in cash (in the form of cash bonuses) over the life of the program if certain performance indicators of the Group are achieved.</p> <p>In the current geopolitical situation and unstable environment, the Company has come to the conclusion that the effectiveness of incentive programs based on the Company's shares (financial instruments based on the Company's shares) is insufficient, as such programs are usually used to support the implementation of long-term business development goals. In the existing circumstances, it was important for the Company to incentivize its employees to overcome the current challenges on the back of the complex geopolitical situation.</p> <p>In 2026, after the current approved program expires, the Company does not think it impossible to introduce a long-term incentive program using the Company's shares (financial instruments based on the Company's shares)</p>
4.3.3	The compensation ("golden parachute") payable by the company in case of early termination of powers of members of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, shall not exceed the double amount of the fixed part of their annual remuneration	1. In the reporting period the compensation ("golden parachute") payable by the company in case of early termination of the powers of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, did not exceed the double amount of the fixed part of their annual remuneration	Complied with	



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
5.1	The company shall have an effective risk management and internal control system in place providing reasonable assurance in achieving the company's goals			
5.1.1	The company's board of directors determined the principles of, and approaches to, setting up a risk management and internal control system at the company	1. Functions of different management bodies and business units of the company in the risk management and internal control system are clearly defined in the company's internal documents / relevant policy approved by the board of directors	Complied with	
5.1.2	The company's executive bodies ensure the establishment and continuous operation of an efficient risk management and internal control system	1. The company's executive bodies ensured the distribution of duties, powers, responsibilities related to risk management and internal control between the heads (managers) of business units and departments accountable to them	Complied with	
5.1.3	The company's risk management and internal control system ensures an objective, fair, and clear view of the current state and future prospects of the company, the integrity and transparency of the company's reporting, as well as reasonable and acceptable risk exposure	1. The company has in place an approved anti-corruption policy 2. The company established a safe, confidential and accessible method of notifying the board of directors or the board's audit committee of breaches or any violations of the law, the company's internal procedures and code of ethics	Complied with	
5.1.4	The company's board of directors takes necessary measures to make sure that the company's risk management and internal control system is consistent with the principles of, and approaches to, its setup and efficient functioning determined by the board of directors	1. In the reporting period the board of directors (the audit committee and (or) the risk management committee (if available) organized the assessment of the reliability and efficiency of the risk management and internal control system 2. In the reporting period the board of directors reviewed the results of assessment of the reliability and efficiency of the company's risk management and internal control system. Information on the results consideration is included in the company's annual report	Complied with	
5.2	The company performs internal audits for regular independent assessment of the reliability and efficiency of its risk management and internal control system, as well as corporate governance practice			
5.2.1	The company has set up a separate business unit or engaged an independent external organization to carry out internal audits. Functional and administrative reporting lines of the internal audit unit are delineated. The internal audit unit functionally reports to the board of directors	1. To perform internal audits, the company has set up a separate business unit – internal audit division, functionally reporting to the board of directors, or engaged an independent external organization with the same line of reporting	Complied with	
5.2.2	The internal audit division assesses the reliability and efficiency of the risk management and internal control system, as well as the corporate governance system, applies generally accepted standards of internal audit	1. In the reporting period, the reliability and efficiency of the risk management and internal control system were assessed as part of the internal audit procedure 2. In the reporting period, the corporate governance practice (certain practices) was (were) assessed as part of the internal audit procedure, including the procedures of the information interaction (including internal control and risk management issues) at all levels of the company's management, as well as stakeholders engagement	Complied with	



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
6.1	The company and its operations are transparent for its shareholders, investors, and other stakeholders			<p>The comments below refer to items 1 and 2 of the assessment criteria.</p> <p>At present the Company's Board of Directors has approved no information policy developed with due regard to the Code recommendations in the form of a single document. Currently the Company carries out communications with its shareholders, investors and other stakeholders as guided by the standards set forth in various internal documents of the Company, as well as the provisions of the applicable Russian law, maintaining a balance between the observance of the rights and legitimate interests of its shareholders, investors and other stakeholders and the reasonable measures to counteract the pressure of the sanctions.</p> <p>In the reporting period, the Board of Directors (its committees) did not consider the matter of the efficiency of communications the between the Company, its shareholders, investors and other stakeholders and the expediency (necessity) of revising the Company's information policy, as the geopolitical and economic events of 2022 and the subsequent period of instability and tension in the reporting year required the Company and its management bodies to promptly revise the priorities for fulfilment of their tasks, shifting the focus to the matters associated with adaptation of the business model to the new realities and concentration on operations. In the current circumstances, the concept of disclosure also requires consideration of the current geopolitical situation.</p> <p>The Company, expecting the situation to stabilise, continues to update its information policy and strives for maximum observance of the interests of the Company, its shareholders and third parties and the requirements of the applicable Russian law, with due account of the measures taken to counteract the sanctions pressure</p>
6.1.2	The company discloses information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of the Code	<div><div>1.</div><div>The company's board of directors approved an information policy developed in accordance with the Code's recommendations</div></div> <div><div>2.</div><div>In the reporting period the board of directors (or one of its committees) considered the issue on the efficiency of information engagement of the company, shareholders, investors and other stakeholders, and considered if it was reasonable (necessary) to revise the company's information policy</div></div>	Partially complied with	<p>Item 1 of the assessment criteria is complied with.</p> <p>The comments below refer to item 2 of the assessment criteria.</p> <p>The information specified in item 2 of the assessment criteria is temporarily not disclosed in order to protect the rights and legitimate interests of persons who are members of the Company's governing bodies against the background of the unrelenting sanctions pressure.</p> <p>The Company intends to remedy this non-compliance with the Code recommendations in 2024 subject to changes in external and internal factors that underpin the application of anti-sanctions regarding information disclosure.</p> <p>The comments below refer to item 3 of the assessment criteria.</p> <p>The Company has not published a memorandum of the controlling person setting out this person's plans for the Company as no such memorandum was available. The controlling shareholder of the Company shall provide timely public access to information on all their plans for the Company through various disclosure channels, guided by the principles of protecting confidential information and the rights of the Company's shareholders.</p> <p>If the controlling shareholder of the Company makes a memorandum regarding such person's plans as to the corporate governance in the Company, this memorandum will be publicly disclosed</p>



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
6.2	The company makes timely disclosures of complete, updated, and reliable information to allow shareholders and investors to make informed decisions			
6.2.1	The company discloses information based on the principles of regularity, consistency, and promptness, as well as availability, reliability, completeness, and comparability of disclosed data	<div><div>1.</div><div>The company has a procedure ensuring coordination of work of all structural units and employees of the company who are related to information disclosure or whose operation may result in the requirement to disclose information</div></div> <div><div>2.</div><div>If the company's securities are traded in foreign organized markets, the company makes disclosures of material information in the Russian Federation and in the said markets in the reporting year on a concurrent and equal basis</div></div> <div><div>3.</div><div>If foreign shareholders hold a substantial number of shares in the company, the relevant information was disclosed in the reporting period both in the Russian language and in one of the most widely used foreign languages</div></div>	Partially complied with	<p>Items 1 and 2 of the assessment criteria are complied with.</p> <p>The comments below refer to item 3 of the assessment criteria.</p> <p>In the reporting year, the Company made information disclosures in the Russian language.</p> <p>As the translation of information and documentation requires additional resources, the Company will consider a possibility to make full information disclosures in the English language if it receives a relevant request from foreign shareholders. In the reporting year, the Company received no such requests from its shareholders</p>
6.2.2	The company avoids a formalistic approach to information disclosure and discloses material information on its operations, even if disclosure of such information is not required by law	<div><div>1.</div><div>The company's information policy defines the approaches to identifying information that can have a material impact on the company's value and the price of its securities and that is not required to be disclosed by law</div></div> <div><div>2.</div><div>The company discloses information on its shareholding structure in its annual report and on its website as required by recommendation 290 of the Code</div></div> <div><div>3.</div><div>The company discloses information on the controlled entities that are of significant importance to the company, including the key areas of operation, tools ensuring accountability of the controlled entities, the powers of the company's board of directors to determine the strategy and assess the performance of the controlled organization</div></div> <div><div>4.</div><div>The company publishes a non-financial report – a sustainability report, an environmental report, a corporate social responsibility report or any other report containing non-financial information, including that on factors related to the environment (including environmental and climate change factors), society (social factors) and corporate governance, except for a report of the issuer of issue-grade securities and a report of the joint-stock company</div></div>	Partially complied with	<p>Items 1 and 3 of the assessment criteria are complied with.</p> <p>The comments below refer to item 2 of the assessment criteria.</p> <p>The information specified in item 2 of the assessment criteria is temporarily not disclosed in order to protect the rights and legitimate interests of the Company's controlling persons.</p> <p>The Company intends to remedy this non-compliance with the Code recommendations in 2024 subject to changes in external and internal factors that underpin the application of anti-sanctions regarding information disclosure, or changes in the applicable Russian law.</p> <p>The comments below refer to item 4 of the assessment criteria.</p> <p>In the reporting period, the Company discloses non-financial information, including the ESG factors, as a separate section within the Company's annual report</p>
6.2.3	The company's annual report, being one of the key tools for keeping its shareholders and other stakeholders informed, includes data that can be used to assess the company's performance in the reporting year	<div><div>1.</div><div>The company's annual report contains the results of the assessment by the audit committee of the effectiveness of external and internal audit</div></div> <div><div>2.</div><div>The company's annual report outlines the company's environmental protection and safety policies, as well as the social policy of the company</div></div>	Complied with	



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
6.3	The company provides shareholders with equal and unhindered access to information and documents as per their request			
6.3.1	Ne unreasonable difficulties prevent the shareholders from exercising their right to access the Company's documents and information	<div><div>1.</div><div>The company's information policy (internal documents determining the information policy) establishes (establish) the procedure for providing shareholders with unhindered access to information and documents of the company at the request of shareholders</div><div>2.</div><div>The company's information policy (internal documents determining the information policy) contains (contain) provisions stipulating that if a shareholder requests information on the company's controlled entities, the company shall make the necessary efforts to obtain such information from the relevant controlled entities of the company</div></div>	Partially complied with	<div><div>Item 1 of the assessment criteria is complied with.</div><div>The comments below refer to item 2 of the assessment criteria.</div><div>There are currently no provisions stipulating that if a shareholder requests information on entities controlled by the Company, the Company shall take the necessary steps to obtain such information from the relevant entities controlled by the Company. As part of the new information policy being implemented in 2024, when developing the policy, the Company will see if it is necessary to include the provisions stipulated in this item of the assessment criteria into it</div></div>
6.3.2	When providing information to shareholders, the company maintains a reasonable balance between the interests of individual shareholders and those of the company, as it is in the company's best interests to keep confidential any sensitive commercial information that may have a material effect on its competitive position	<div><div>1.</div><div>In the reporting period, the company did not refuse to provide shareholders with requested information, or such refusals were justified</div><div>2.</div><div>In cases specified by the information policy, shareholders are informed of the confidential nature of the information provided and undertake to keep it confidential</div></div>	Complied with	
7.1	Actions that have or may have a material effect on the company's shareholding structure and financial position and, consequently, on the shareholders' position (material corporate actions) are taken on fair terms ensuring that rights and interests of the shareholders and other stakeholders are respected			
7.1.1	Material corporate actions include reorganization of the company, acquisition of 30% or more of the company's voting shares (takeover), execution by the company of major transactions, increase or decrease of the company's charter capital, listing or delisting of the company's shares, as well as other actions which may lead to material changes in the rights of shareholders or violation of their interests. The company's Charter sets out a list (criteria) of transactions or other actions classified as material corporate actions, which are reserved to the company's board of directors	<div><div>1.</div><div>The company's Charter includes a list (criteria) of transactions or other actions classified as material corporate actions. In accordance with the company's Charter, decision-making with regard to material corporate actions is reserved to the board of directors. If and when the law expressly reserves such corporate actions to the general meeting of shareholders, the board of directors provides shareholders with relevant recommendations</div></div>	Complied with	



N	Corporate governance principle	Compliance criteria	Compliance status	Explanation of deviations from the criteria for assessing compliance with the corporate governance principle
7.1.2	The board of directors plays a key role in making decisions or recommendations with regard to material corporate actions and relies on the opinion of the company's independent directors	<div>1. The company has in place a procedure for independent directors to express their opinions on material corporate actions prior to their approval</div>	Complied with	
7.1.3	<div>When taking material corporate actions affecting the rights and legitimate interests of shareholders, the Company ensures equal treatment of all its shareholders; and where the statutory procedures protecting shareholder rights are insufficient, the Company takes additional measures to protect their rights and legitimate interests.</div> <div>In doing so, the company is guided by the corporate governance principles set forth in the Code, as well as by formal statutory requirements</div>	<div>1. Approval of the Company's material transactions is reserved to Board of Directors in accordance with the company's charter, with due regard to the specifics of the Company's operations and in addition to regulatory requirements for transaction approvals</div> <div>2. All material corporate actions in the reporting period were duly approved before they were taken</div>	Complied with	
7.2	The company ensures that material corporate actions are taken in a manner enabling shareholders to receive full information on such actions in due time and influence them, and guarantees respect and due protection of shareholder rights when such actions are taken			
7.2.1	Information on material corporate actions is disclosed, with an explanation of the relevant reasons, conditions and consequences	<div>1. In the reporting period, the company disclosed information on its material corporate actions (if any) in a timely and detailed manner, including the relevant reasons, conditions and consequences for the shareholders</div>	Complied with	
7.2.2	Rules and procedures for taking material corporate actions are set out in the company's internal documents	<div>1. The company's internal documents provide for cases and procedure for engaging an appraiser to determine the value of the property disposed of or acquired pursuant to a major transaction or a related-party transaction</div> <div>2. The company's internal documents provide for the procedure for engaging an appraiser to assess the value of the company's shares at their purchase and buyback</div> <div>3. If a member of the company's board of directors, the sole executive body, a member of the collegial executive body, or a person who is a controlling person of the company or a person entitled to give the company binding instructions has no formal interest in the company's transactions, but has a conflict of interest or other actual interest with regard to such transactions, such persons shall abstain from voting on the approval of such transactions as required by the company's internal documents</div>	Partially complied with	<div>The comments below refer to item 1 of the assessment criteria.</div> <div>The Company's internal documents do not provide for a procedure for engaging an appraiser to determine the value of the property disposed of or acquired in a major transaction or a related-party transaction.</div> <div>In implementing the recommendations of the Code, the Company adheres to the position that each recommendation of the Code should be assessed for its usefulness and applicability to the corporate governance system of a particular company. The Company considers it inexpedient to stipulate in its internal documents a list of cases when an appraiser's engagement would be obligatory. The Company assesses the risk of incorrect decision-making by the management bodies in the absence of an independent appraisal report as insignificant (negligible), since the Company has established and effectively operates a system of internal protection of the Company's property interests, including full and reliable accounting of property, and control over its use and disposal. Any transactions related to the acquisition, disposal or encumbrance of property in excess of the limits specified in internal documents are subject to close scrutiny, including that for compliance with market conditions.</div> <div>The comments below refer to item 2 of the assessment criteria.</div> <div>The Company shall engage an independent appraiser in all cases provided for by the Russian law.</div> <div>If an independent appraisal is required for the Board of Directors to make an informed decision, the Company's internal documents provide for a possibility to engage consultants and experts, including financial experts, at the initiative of the Board of Directors. In 2024, the Company does not plan to develop or amend the existing internal documents to regulate the procedure for engaging an appraiser to assess the cost of acquiring and repurchasing of the Company's shares</div>



Appendix 3. Major transactions and related-party transactions¹

Report on major transactions and related-party transactions made by PJSC M.video (the “Company”) in 2023.

No.	Transaction date	Subject-matter and material terms of the transaction, details of the related party (parties) to the transaction ²	Company’s governing body that resolved to agree to proceed with or further approve the transaction
Major transactions			
In the reporting period, the Company did not enter into any transactions recognized as major transactions according to the Law On Joint-Stock Companies, as well as other transactions subject to the major transaction approval procedure under the Company’s Charter.			
Related-party transactions			
1	March 20, 2023	<p>Performance guarantee for MVM LLC, a subsidiary.</p> <p>Subject-matter and material terms of the transaction: guarantee of performance by the Principal of the obligations under long-term non-residential property lease agreement №. 022017120221 dated December 7, 2017, entered into by and between MVM LLC and ENCA TC LLC (the “Agreement”).</p> <p>Guarantee amount: not exceeding RUB 15,229,030.88.</p> <p><i>The amount of the guarantee was less than 2% of the value of assets according to the consolidated financial statements of the Company as of the last reporting date (the end date of the last completed reporting period preceding the date of the transaction).</i></p> <p>Guarantee period: from March 23, 2023 till March 22, 2024.</p> <p>Parties to and beneficiaries of the transaction:</p> <p>Guarantor (party to the transaction): M.video PJSC (OGRN: 5067746789248, TIN: 7707602010).</p> <p>Beneficiary (beneficiary of the transaction): ENCA TC LLC (OGRN: 1027739529399, TIN: 7702190316).</p> <p>Principal (beneficiary of the transaction): MVM LLC (OGRN: 1057746840095, TIN: 7707548740).</p> <p>Individuals and legal entities recognized as related parties to the transaction:</p> <p>Information is not disclosed on the grounds stipulated by the applicable Russian law</p>	Board of Directors

¹ Report on major transactions and related-party transactions made by PJSC M.video in 2023.
² This information is provided as at the transaction date.



No.	Transaction date	Subject-matter and material terms of the transaction, details of the related party (parties) to the transaction ²	Company's governing body that resolved to agree to proceed with or further approve the transaction
2	April 7, 2023	<p>License Agreement.</p> <p>Subject-matter and material terms of the transaction: a non-exclusive license granted by the Company to MVM Limited Liability Company, against consideration, to use the M.video trademark (Trademark (Service Mark) Certificate №. 228734, date of registration: November 25, 2002, application №. 2001709375, priority: March 30, 2001, the "trademark") in the Licensee's business activities carried out in the Russian Federation with regard to all the goods and services listed in above-mentioned Trademark (Service Mark) Certificate №. 228734, in particular by way of trademark placement:</p> <ul style="list-style-type: none">• when performing works and rendering services;• on documents related to introducing goods into civil circulation;• in proposals on selling goods, performing works, rendering services, as well as in announcements, on signboards and in advertising;• in the Internet, including the domain name and other addressing modes. <p>Transaction value: RUB 534,427,804.80, including VAT at the current rate.</p> <p><i>The size of the transaction was less than 2% of the value of assets according to the consolidated financial statements of the Company as of the last reporting date (the end date of the last completed reporting period preceding the date of the transaction).</i></p> <p>Transaction term: The license agreement comes into effect as of April 7, 2023 and is effective until March 31, 2025. In this case, the granting of the right to use a trade mark arises immediately after its registration with the Federal Service for Intellectual Property (Rospatent). Given that the trademark had been actually used by the Licensee upon consent of the Licensor as of April 1, 2023, the License Agreement applies to the parties' relations starting from April 1, 2023.</p> <p>Parties to and beneficiaries of the transaction</p> <p>Parties to the transaction:</p> <p>Licensor: M.video PJSC (TIN: 7707602010, OGRN: 5067746789248);</p> <p>Licensee: MVM LLC (TIN: 7707548740, OGRN: 1057746840095).</p> <p>Beneficiaries of the transaction: there are no beneficiaries that are not parties to the transaction.</p> <p>Individuals and legal entities recognized as related parties to the transaction:</p> <p>Information is not disclosed on the grounds stipulated by the applicable Russian law</p>	Board of Directors



№.	Transaction date	Subject-matter and material terms of the transaction, details of the related party (parties) to the transaction ²	Company's governing body that resolved to agree to proceed with or further approve the transaction
3	October 27, 2023	<p>Performance guarantee for MVM LLC, a subsidiary.</p> <p>Subject-matter and material terms: guarantee of performance by the Principal of the obligations under Supply Agreement №. 01–6309/12–2021 dated January 11, 2022, entered into by and between MBM LLC and KANDI S.N.G. LLC (the “Agreement”).</p> <p>Guarantee amount: not exceeding RUB 1,200,000,000.00.</p> <p><i>The amount of the guarantee was less than 2% of the value of assets according to the consolidated financial statements of the Company as of the last reporting date (the end date of the last completed reporting period preceding the date of the transaction).</i></p> <p>Guarantee period: from October 20, 2023 till June 30, 2024.</p> <p>Parties to and beneficiaries of the transaction:</p> <p>Guarantor (party to the transaction): M.video PJSC (OGRN: 5067746789248, TIN: 7707602010).</p> <p>Beneficiary (beneficiary of the transaction): KANDI S.N.G. LLC (OGRN: 1047796070453, TIN: 7704512015).</p> <p>Principal (beneficiary of the transaction): MVM LLC (OGRN: 1057746840095, TIN: 7707548740).</p> <p>Individuals and legal entities recognized as related parties to the transaction:</p> <p>Information is not disclosed on the grounds stipulated by the applicable Russian law</p>	Board of Directors
4	December 21, 2023	<p>Addendum to the Loan Agreement.</p> <p>Subject-matter and material terms of the transaction: renewal of the Loan Agreement №. 01–0030/01–2014 dated January 14, 2014 (the “Agreement”) entered into by and between the Company and MVM LLC for a period through December 31, 2025 (the “Renewal Period”)) on the following terms and conditions:</p> <ul style="list-style-type: none">• principal amount during the Renewal Period shall not exceed RUB 995,000,000.00 (nine hundred and ninety-five million);• interest payable by the Borrower: 10% (ten per cent) per annum;• the Borrower may repay the loan in instalments or in full by December 31, 2025 at the latest, with a possibility of full or partial repayment of the loan before this term expires. <p>Transaction value: RUB 1,194,000,000.00</p> <p><i>The size of the transaction was less than 2% of the value of assets according to the consolidated financial statements of the Company as of the last reporting date (the end date of the last completed reporting period preceding the date of the transaction).</i></p> <p>Term of the transaction: from the date of conclusion till December 31, 2025</p> <p>Parties to and beneficiaries of the transaction</p> <p>Parties to the transaction:</p> <p>Lender: M.video PJSC (TIN: 7707602010, OGRN: 5067746789248);</p> <p>Borrower: MVM LLC (TIN: 7707548740, OGRN: 1057746840095).</p> <p>Beneficiaries of the transaction: there are no beneficiaries that are not parties to the transaction.</p> <p>Individuals and legal entities recognized as related parties to the transaction:</p> <p>Information is not disclosed on the grounds stipulated by the applicable Russian law</p>	Board of Directors



No.	Transaction date	Subject-matter and material terms of the transaction, details of the related party (parties) to the transaction ²	Company's governing body that resolved to agree to proceed with or further approve the transaction
5	December 25, 2023	<p>Performance guarantee for MVM LLC, a subsidiary.</p> <p>Subject-matter and material terms of the transaction: guarantee of performance by the Principal of the obligations under long-term premises lease agreement №. 06–DDA/SB dated December 20, 2018, entered into by and between MVM LLC and Slavyanka LLC (the “Agreement”).</p> <p>Guarantee amount: not exceeding USD 341,622.68.</p> <p><i>The amount of the guarantee was less than 2% of the value of assets according to the consolidated financial statements of the Company as of the last reporting date (the end date of the last completed reporting period preceding the date of the transaction).</i></p> <p>Guarantee period: from January 1, 2024 till December 31, 2024.</p> <p>Parties to and beneficiaries of the transaction:</p> <p>Guarantor (party to the transaction): M.video PJSC (OGRN: 5067746789248, TIN: 7707602010).</p> <p>Beneficiary (beneficiary of the transaction): Slavyanka LLC (OGRN: 1127746288636, TIN: 7730663821).</p> <p>Principal (beneficiary of the transaction): MVM LLC (OGRN: 1057746840095, TIN: 7707548740).</p> <p>Individuals and legal entities recognized as related parties to the transaction:</p> <p>Information is not disclosed on the grounds stipulated by the applicable Russian law</p>	Board of Directors
6	December 25, 2023	<p>Performance guarantee for MVM LLC, a subsidiary.</p> <p>Subject-matter and material terms of the transaction: guarantee of performance by the Principal of the obligations under long-term premises lease agreement №. 03–DDA/P dated December 20, 2018, entered into by and between MVM LLC and TC HOROSHOI LLC (the “Agreement”).</p> <p>Guarantee amount: not exceeding USD 288,354.28.</p> <p><i>The amount of the guarantee was less than 2% of the value of assets according to the consolidated financial statements of the Company as of the last reporting date (the end date of the last completed reporting period preceding the date of the transaction).</i></p> <p>Guarantee period: from January 1, 2024 till December 31, 2024.</p> <p>Parties to and beneficiaries of the transaction:</p> <p>Guarantor (party to the transaction): M.video PJSC (OGRN: 5067746789248, TIN: 7707602010).</p> <p>Beneficiary (beneficiary of the transaction): TC HOROSHOI LLC (OGRN: 5177746164888, TIN: 7714417755).</p> <p>Principal (beneficiary of the transaction): MVM LLC (OGRN: 1057746840095, TIN: 7707548740).</p> <p>Individuals and legal entities recognized as related parties to the transaction:</p> <p>Information is not disclosed on the grounds stipulated by the applicable Russian law</p>	Board of Directors



Appendix 4. Reports of the Committees of the Board of Directors [2-9]

Report on the activities of the Audit Committee of the Board of Directors

The Audit Committee (the "Committee" or the "Audit Committee") is an advisory and consultative body of the Board of Directors established to enhance its performance by monitoring the financial and economic operations (accounting (financial) reports, risk management, internal control and corporate governance) of the Company and its controlled entities.

The Audit Committee's remit covers the following activities of the Company, its subsidiaries and/or controlled entities, and the Group¹ as a whole:

- control over preparation of accounting (financial) statements;
- internal control, risk management and corporate governance;
- countering misconduct, compliance;
- internal audit;
- external audit.

In the reporting year, the Committee continued its work ensuring the completeness and reliability of the financial statements of the Company and the Group companies² including control over the disclosure of relevant information, as well as over the performance of the internal audit and external auditor, assessment of the quality of their work, and compliance with independence and objectivity criteria.

The matters reviewed by the Audit Committee and its recommendations to the Board of Directors included approval of the 2022 financial statements and annual reports of the Company and the Group companies, election of the external auditors of the Company and the Group companies, defining the external auditors' remuneration and conditions of their engagement. The Committee carried out annual work to analyze the list and structure of the Group's material risks and their indicators, implemented a number of measures to build mechanisms for reviewing and decision-making within the risk management system, and updated documents related to the risk management system. In the reporting year, the Committee held a number of meetings with the external auditor taking part to review audit reports, audit planning, recommendations of the external auditor, and follow-up on the external auditor's recommendations.

During the reporting year, the Committee analyzed and discussed with the management representatives matters relevant for the Company and the Group companies, such as reports of the internal audit function (including internal audit performance assessment), the internal audit plan for 2023, reports on the development of the internal control and risk management system,

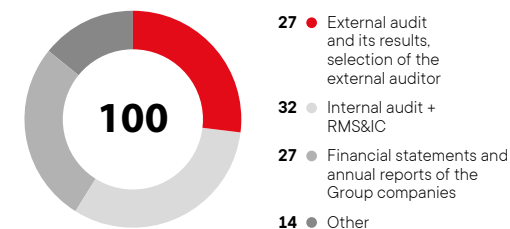
matters related to improving the IT system resilience and ensuring uninterrupted operations within the Group, and other matters.

The Audit Committee meetings were held only in person, regularly, in accordance with the Committee's plan for 2023 and in response to the emerging operational needs of the Company or the external auditor, and the Committee's activities were consistent with the Committee's expectations and list of functional responsibilities. In 2023, the Committee considered 22 matters at seven meetings.

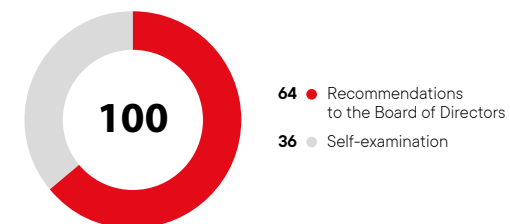
The Committee maintained close cooperation with both the external auditor and the management of the Company and the Group companies, both individually and jointly, in the course of which opinions on relevant matters were exchanged.

In addition to the meetings, the Committee members held sessions with the financial management of the Company and the Group companies and the management responsible for the risk management and internal control system.

Matters reviewed by the Committee, %



Categories of matters reviewed, %



¹ Hereinafter, the "Group" refers to the Company and business entities directly and/or indirectly controlled by the Company.

² Hereinafter, the "Group companies" refers to business entities directly and/or indirectly controlled by the Company.



Activities of the Committee in terms of control over preparation of accounting (financial) statements

In 2023, the Audit Committee continued to focus on the integrity of the Group's accounting (financial) statements and compliance with regulatory requirements of the Russian Federation. These matters were fully analyzed on an ongoing basis and the Committee received regular updates from the Group's financial and operational management, the internal audit function and the external auditors.

The consolidated financial statements of M.video PJSC for 2022, prepared in accordance with the International Financial Reporting Standards, and the accounting (financial) statements of M.video PJSC for 2022, prepared in accordance with the Russian Accounting and Reporting Standards, have been reviewed, and the results of their audit were analyzed jointly with the management and the external auditor. The Committee separately reviewed the 2022 financial statements prepared in accordance with the International Financial Reporting Standards of MV FINANCE LLC, a subsidiary of M.video PJSC, which is the issuer of the bonds, and the 2022 financial statements of the Group companies prepared in accordance with the Russian Accounting and Reporting Standards.

In 2023, the Audit Committee reviewed the interim condensed consolidated financial statements (unaudited) of M.video PJSC for six months ended June 30, 2023, prepared in accordance with the International Financial Reporting Standards, and the external auditor's report on the review of those statements to determine the completeness and consistency of information and to provide a reasonable assessment of the Group's position, performance and prospects.

The Audit Committee recommended the Board of Directors to approve the consolidated financial statements of the Company for 2022 prepared in accordance with the International Financial Reporting Standards and to approve the annual accounting (financial) statements of the Company and the Group companies for 2022 prepared in accordance with the Russian Accounting and Reporting Standards. The recommendations were accepted by the Board of Directors.

Activities of the Committee in terms of matters related to external audit and its efficiency assessment

Upon the recommendation of the Audit Committee, the Board of Directors advised the General Meeting of Shareholders to approve Joint-Stock Company Business Solutions and Technologies as the auditor responsible for reviewing the financial and economic records of M.video PJSC for 2023. This decision was upheld by the Annual General Meeting of Shareholders of M.video PJSC on June 27, 2023. Prior to that, the Committee approved and recommended to the Board of Directors to approve the auditor's remuneration.

The Audit Committee is responsible for monitoring the ongoing efficiency and independence of the external auditor, and makes recommendations to the Board of Directors regarding the reappointment of the auditor.

The quality of the audit is assessed by the Committee based on the results of analysis and discussion of the auditor's reports. The Audit Committee discussed and took note of the findings and conclusions of the external auditor following the consideration of the annual audit and the review audit for the first half of 2023. The Committee was satisfied with the quality of the audit.

The Committee has an established process to monitor the efficiency, independence, objectivity and compliance of the external auditors with ethical, professional and regulatory requirements, which includes:

- analyzing the external audit plan for the interim and year-end audit, taking into account the scope of the audit, key audit risks and audit materiality, and observance of the best audit practices;
- analyzing and approving the contractual obligations of the external auditor;
- review of the external auditor's opinion on the interim and annual statements, letters of representation;
- reviewing together with the management the external auditor's 2022 audit recommendation letter and discussing the management's response and intended actions, coordinating the internal audit function's re-audit activities in key areas.

Engagement of the external auditor to provide non-audit services is carried out in accordance with the Company's internal policy to ensure the independence of the external auditor.

The external audit processes and results for 2022 are recognized by the Committee as appropriate and effective.



Activities of the Committee in terms of matters related to internal audit and its efficiency assessment

The independence of the Company's internal audit function is ensured by functional subordination to the Company's Board of Directors and administrative subordination to the Company's General Director, which prevents interference with the function's activities.

In the reporting year, the Audit Committee:

- reviewed the report of the internal audit function of the Company and the Group companies for the second to fourth quarters of 2022 and the first quarter of 2023;
- formulated the goals of the Company's internal audit function for 2023;
- reviewed the internal audit plan of the Company and the Group companies for the second to fourth quarters of 2023 and the first quarter of 2024;
- reviewed matters related to the remuneration of the Head of the Company's Internal Audit.

The Audit Committee made recommendations on the above matters, which were subsequently adopted by the Board of Directors.

During the reporting year, the Audit Committee recommended to the Board of Directors to make certain changes to the internal audit plan of the Company and the Group companies for the second to fourth quarters of 2023 and the first quarter of 2024, taking into account the general economic situation, commercial risk profile and available resources.

Overall, the Committee considers that the internal audit resources available are sufficient to meet the internal control and risk management requirements. The Committee assesses the efficiency, independence and quality of the internal audit function on a regular basis throughout the year by reviewing reports by the Head of Internal Audit. As part of its review of these periodic reports, the Committee pays close attention to the organization of inspections, the status of follow-up actions, and plans to address the identified deficiencies. As a result, a satisfactory conclusion was made with regard to the efficiency of the internal audit function in the reporting year.

Activities of the Committee in terms of matters related to the risk management and internal control system and its efficiency assessment

The Company has a comprehensive approach to risk management designed to ensure that up-to-date information is communicated through risk review and analysis to managers at all levels, and to assist in the design of the internal control system and internal audit process.

In 2023, the Committee continued to place significant emphasis on the risk management and internal control system. The Audit Committee successfully organized a major review and update of the Group's risk matrix, which resulted in the Board approving an updated Group risk matrix in December 2023, taking into account the Committee's recommendations.

The Committee actively discussed with the Group's management the stability of the risk management and internal control system, as well as relevant matters of testing the internal control procedures.

The Committee assessed the effectiveness of the Group's risk management and internal control system on a regular basis during the reporting year. The Committee paid considerable attention to improving the risk management system, including analyzing new challenges for the Company and the Group companies. Based on the results of the above, the Committee has sufficient grounds to conclude that the Group's existing risk management and internal control systems are in line with the approaches and principles established by the Board of Directors and the Company's management, provide in all material aspects an objective view of the current state and prospects of the Group, acceptability of the risks assumed by the Group, and compliance with the requirements of the Russian law and the Group's internal documents.



Report on the activities of the Remuneration and Nominations Committee of the Board of Directors

The Remuneration and Nominations Committee (the "Committee" or the Remuneration and Nominations Committee) is an advisory and consultative body of the Board of Directors established to enhance its performance by fulfilling management and governance functions in the Company, working out criteria of talent attraction and assessment, ensuring that the Company and its subsidiaries comply with the remuneration policy and use best practices of staff recruitment, development and continuity.

The Remuneration and Nominations Committee's remit covers the following activities of the Company, its subsidiaries and/or controlled entities, and the Group as a whole:

- formulation of HR policy and development strategy for the Group's corporate culture;
- matters of appointments to key positions in the Company and its subsidiaries;
- matters of remuneration for various positions in the Company and its subsidiaries.

The key matters reviewed by the Remuneration and Nominations Committee in 2023, on which, among other things, it made respective recommendations to the Board of Directors, were related to the following aspects:

- nomination of candidates to the Board of Directors and assessment of compliance with the independence criteria of nominees to the Board of Directors;
- development of a strategy for the formation of the Group's talent pool and review of the Group's top management succession matters;
- changes in the organizational structure of the Group's main operating company;
- preliminary review of the new long-term incentive program for key management personnel and periodic review of proposals to include employees in the list of participants of the long-term incentive program for key management personnel;

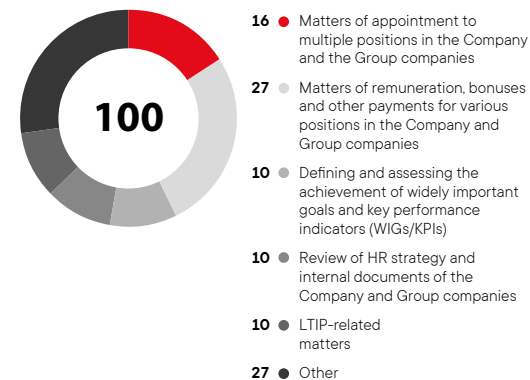
- Setting widely important goals and key performance indicators (WIGs/KPIs) of the Group's senior executives for 2023 and assessment the Group's senior executives performance against widely important goals and key performance indicators (WIGs/KPIs) in 2022;
- appointments to key management positions in the Company and the Group companies;
- reviewing the Group's HR strategy and the approach to talent management, and considering the results of the implementation of this strategy;
- periodic review of reports from the Group's HR department on the results of activities aimed at improving organizational efficiency by enhancing incentive systems and creating an effective partnership between the business and the digital block;
- revision of the incentive system structure for key management positions of the Group;
- addressing personnel engagement;
- regular self-assessment of the Company's Board of Directors performance.

In the reporting year, the Committee considered all matters within its remit that are necessary for effective support of the Group's operations and its development.

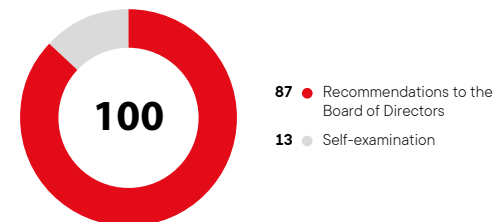
In 2023, the Committee considered 30 matters at seven meetings. All meetings were held in person.

The General Director of the Company and the Chief Executive Officer of the Group's main operating company were regularly invited to attend the Committee meetings, which enabled the Committee to obtain additional information and make balanced and constructive recommendations.

Matters reviewed by the Committee, %



Categories of matters reviewed, %



Key activities of the Remuneration and Nominations Committee in 2023

Matters of appointment to key management positions in the Company and the Group companies:

- recommendations to the Board of Directors regarding candidates for the positions of the sole executive body and other key senior executives of the Group companies;
- development of proposals on material terms of labor agreements made with the sole executive bodies and key senior executives of the Group's companies;
- assessment of the adequacy of experience; for internal candidates the results achieved were also analyzed.

Matters in the areas of organizational structure, incentive system and remuneration of employees of the Company and the Group companies:

- review of key transformations in the organizational structure of the Company and the Group's main operating company, their alignment with the Group's top-level business goals and strategic plans;
- making recommendations to the Board of Directors on the approval of the organizational structure of the Company and the Group's main operating company;
- setting key performance indicators for senior executives of the Company and the Group companies and review of the final performance results for the previous period;
- development of a long-term incentive program for key management personnel of the Group's companies, review of proposals to include the Group's employees in the list of program participants;

Matters of the Group's human resources policy and remuneration strategy:

- consideration of a set of measures aimed at implementing the Group's HR policy;
- discussing ecosystem matters affecting the Group's personnel development strategy;
- consideration of new approaches to the structure of the incentive system for the Group's key management personnel.

Assessment of the Board of Directors and its Committees:

- assessing the independence of candidates for the list of nominees to the Board of Directors;
- regular self-assessment of the Board of Directors' and its Committees' performance.

Succession planning for the Directors on the Board and key employees of the Group:

- consideration of matters related to the organization of the succession planning process for the Directors on the Board and key employees of the Company, updating of the succession plan, participation in the selection of candidates to the Board of Directors;
- development of the strategy for the formation of the Group's talent pool.



Report on the activities of the Strategy and Digital Transformation Committee

The Strategy and Digital Transformation Committee (the «Committee» or the «Strategy and DT Committee») is an advisory and consultative body of the Board of Directors and is established to facilitate the effective performance of the functions of the Board of Directors in terms of decision-making on strategy and digitalization.

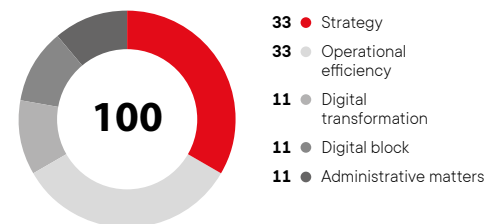
The Strategy and DT Committee's remit covers the following activities of the Company, its subsidiaries and/or controlled entities, and the Group as a whole:

- matters of the strategy, measures for its implementation, criteria for implementation and interim results and monitoring of execution;
- analysis of strategic risks and recommendations on their minimization;
- use and development of key digital technologies, products, information technology systems, priority areas and projects in the field of digital technologies, monitoring of the implementation of development priorities and projects, key principles of formation, changes and development plans of the information technology architecture;
- information security matters, including information security policies and standards.

In the reporting year, as part of its meetings, the Committee reviewed and submitted relevant recommendations to the Board of Directors on matters related to the strategy update, the status of digital transformation and the update of the related investment portfolio, analyzed and discussed with management representatives the relevant matters of the Company's and the Group companies' operations: the CEO program (action plan for 2023), the transformation of the digital block, scenarios for the development of the logistics function, and the program for the re-platforming of key IT systems.

In 2023, the Committee considered nine matters at five meetings.

Matters reviewed at the Committee meetings in the reporting year and their categories, %



Committee's activities in terms of the Strategy and operational efficiency

In the first quarter of 2023, the Strategy and DT Committee reviewed the CEO program for 2023 covering the Group's key operational performance metrics, and objectives and targets for improving operational performance in 2023.

In the second quarter of 2023, the Strategy and DT Committee discussed the approach to shaping the Group's Strategy 2025.

In the third quarter of 2023, the reshaped the Strategy and DT Committee, together with the Board Directors, reviewed the draft strategic initiatives submitted by the Group's management team and provided comments to the management on the content of the proposal.

In the fourth quarter of 2023, the Strategy and DT Committee reviewed the management's proposals for strategic initiatives and also discussed the management's proposal to modernize the Group's logistics infrastructure.

Activities of the Committee in terms of digital transformation matters

In the second quarter of 2023, the Committee summarized the results of the digital transformation and outlined key changes to the digital block for 2023 to improve its productivity and increase the value delivered.

In the fourth quarter of 2023, the Committee presented a plan an IT landscape re-platforming program to optimize the IT infrastructure, reduce the cost of ownership (support and development), accelerate software product upgrades, and enable implementation of dependent strategic projects and initiatives.



Appendix 5. GRI Content Index

Disclosure	Content	Page in the Report, omission, comment
GRI 2: Key metrics – 2021		
The organization and its reporting practices		
2-1	Organizational details	Group profile Contact details
2-2	Entities included in the organization's sustainability reporting	About the Report
2-3	Reporting period, frequency and contact point	Annual reporting cycle Report publication date: XX.05.2024
2-4	Restatements of information	Financial performance No restatements of information compared to the previous reporting period were made
2-5	External assurance	Sustainability information in the report has not been assured externally
Activities and workers		
2-6	Activities, value chain and other business relationships	Business model Operating activities
2-7	Employees	Personnel structure
2-8	Workers who are not employees	n/a
Governance		
2-9	Governance structure and composition	Corporate governance system Governing bodies Reports of the Committees of the Board of Directors
2-10	Nomination and selection of the highest governance body	Board of Directors
2-11	Chair of the highest governance body	The Chairman of the Board of Directors is not General Director The sole executive body is General Director Business ethics and compliance
2-12	Role of the highest governance body in overseeing the management of impacts	Board of Directors

Disclosure	Content	Page in the Report, omission, comment
2-13	Delegation of responsibility for managing impacts	Board of Directors
2-14	Role of the highest governance body in sustainability reporting	Board of Directors
2-15	Conflicts of interest	Business ethics and compliance
2-16	Communication of critical concerns	Board of Directors
2-17	Collective knowledge of the highest governance body	Board of Directors
2-18	Evaluation of the performance of the highest governance body	Board of Directors
2-19	Remuneration policies	Due to the approach to information disclosure adopted by M.Video-Eldorado, the amount of remuneration is not disclosed in the reporting period Board of Directors
2-20	Process to determine remuneration	Board of Directors
2-21	Annual total compensation ratio	Due to the approach to information disclosure adopted by M.Video-Eldorado, this metric is not disclosed in the reporting period
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Statement of the management team / CEO Macroeconomic situation in Russia in 2023 Business ethics and compliance
2-23	Policy commitments	Creating a working and living environment Business ethics and compliance
2-24	Embedding policy commitments	Business ethics and compliance
2-25	Processes to remediate negative impacts	Business ethics and compliance
2-26	Mechanisms for seeking advice and raising concerns	Employee health and safe working environment Business ethics and compliance
2-27	Compliance with laws and regulations	Business ethics and compliance



Disclosure	Content	Page in the Report, omission, comment
2–28	Membership associations	SKO Electronics-Utilization Association, the Retail Companies Association (ACORT), the Association of the Companies of Internet Trade (AKIT), Association of Trading Companies and Manufacturers of Household Electrical Equipment and Computers (RATEK), the Association of European Businesses (AEB), the Chamber of Commerce and Industry of the Russian Federation (CCI), the Russian Union of Industrialists and Entrepreneurs (RSPP), the Russian Managers Association (RMA), OPORA RUSSIA, Business Russia
Stakeholder engagement		
2–29	Approach to stakeholder engagement	About the Report Each stakeholder group plays a role in our business, so taking their interests into account in planning and conducting operations will always be a cornerstone of M.Video-Eldorado Group’s sustainable development. The Group centers its stakeholder engagement activities around the fundamental principles of the AA1000 Series of Standards, which are inclusivity, materiality, responsiveness, and impact
2–30	Collective bargaining agreements	The Group does not have any collective bargaining agreements
GRI 3: Material topics		
3–1	Guidance to determine material topics	About the Report
3–2	List of material topics	About the Report
3–3	Management of material topics	About the Report
GRI 203: Indirect economic impacts		
203–1	Infrastructure investments and services supported	Charity and social projects
GRI 205: Anti-corruption		
205–2	Communication and training about anti-corruption policies and procedures	Business ethics and compliance
205–3	Confirmed incidents of corruption and actions taken	Business ethics and compliance
GRI 401: Employment		
401–1	New employee hires and employee turnover	Personnel structure Employee training and development
GRI 403: Occupational health and safety		
403–1	Occupational health and safety management system	Employee health and safe working environment

Disclosure	Content	Page in the Report, omission, comment
403–2	Hazards identification, risks assessment and incident investigation	Employee health and safe working environment
403–5	Worker training on occupational health and safety	Employee health and safe working environment
403–8	Workers covered by an occupational health and safety management system	Employee health and safe working environment
403–9	Work-related injuries	Employee health and safe working environment
GRI 404: Training and education		
404–2	Programs for upgrading employee skills and transition assistance programs	Employee training and development
GRI 405: Diversity and equal opportunity		
405–1	Diversity of governance bodies and employees	Personnel structure
GRI 412: Human rights assessment		
412–1	Operations that have been subject to human rights reviews or impact assessments	No specialized reviews of human rights violations were conducted in 2023
Specific material topics relevant for M.Video-Eldorado Group		
Operational efficiency and economic performance		
–	Gross merchandise value (GMV)	
–	Consolidated revenue	
Product safety and availability, service quality, consumer confidence		
–	Infrastructure and logistics development	
–	Customer loyalty indicators	
Cyber security and personal data protection		
–	Information security strategy	
–	Information security measures implemented in the reporting period	
Technology, innovation and digital transformation of the business		
–	Enhancement of the ONE RETAIL technology platform	
–	Development of in-house IT competencies	
Responsible marketing		
–	Improvement of formats and methods of product promotion	
–	Increasing brand recognition and trust	



Contact details

Full name in Russian	M.video Public Joint-Stock Company [2-1]
Short name	PJSC M.video
Certificate of incorporation №. and date of issue	5067746789248 September 25, 2006
Registered office	40/12 Nizhnyaya Krasnoselskaya St., bld. 20, 105066, Moscow, Russian Federation [2-1]
Postal address	40/12 Nizhnyaya Krasnoselskaya St., bld. 20, 105066, Moscow, Russian Federation
Telephone	+7 (495) 644 1043
Website	www.mvideoeldorado.ru/en

For media enquiries [2-3]

Email	PR pr@mvideo.ru
-------	---

Registrar

Full name	Joint-Stock Company Servis-Reestr
Short name	JSC Servis-Reestr
Postal address	12 Sretenka St., Moscow, 107045, Moscow
Telephone	+7 (495) 608 1043
Website	https://servis-reestr.ru

