

Public Joint Stock Company “M.video”

Consolidated Financial Statements
for the year ended 31 December 2025
and Independent auditor’s report

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

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PUBLIC JOINT STOCK COMPANY «M.VIDEO»

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of Public Joint Stock Company "M.video" (the «Company») and its subsidiaries (the «Group») as at 31 December 2025, and the consolidated results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards as issued by the IFRS Accounting Standards («IFRS»).

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

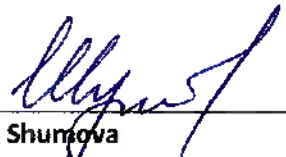
Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards of Russian Federation;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2025 were approved on 30th April 2026.



A. Sukhov
Chief Executive Officer



O. Shumova
Chief Accountant

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Public Joint Stock Company «M.video»

Opinion

We have audited the consolidated financial statements of Public Joint Stock Company «M.video» (OGRN 5067746789248) and its subsidiaries (the «Group»), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted the audit in accordance with the International Standards on Auditing («ISAs»). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements adopted in the Russian Federation, including the Rules on the Independence of Auditors and Audit Organizations and the Code of Professional Ethics for Auditors, including independence requirements applicable to the audit of financial statements of public interest companies, as well as those contained in the International Code of Ethics for Professional Accountants (including International Standards of Independence), developed by the Council on International Ethics Standards for Professional Accountants. We also have fulfilled other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
Deferred tax asset for unrealised losses	
Note 15 to the consolidated financial statements	
<p>We identified this matter as one of the most significant for our audit due to the materiality of the carrying amount of the deferred tax asset to the consolidated financial statements and the high level of subjectivity in the assessment of the recoverability of deferred tax assets, which is based on assumptions that are inherently uncertain.</p>	<p>We obtained an understanding of the Group's key controls and internal business processes related to the assessment of the recoverability of deferred tax assets and the preparation of the long-term financial model.</p> <p>We evaluated the requirements of the applicable tax legislation in the Russian Federation regarding the utilization of accumulated tax losses.</p> <p>We analyzed the model used to assess the probability of sufficient future taxable profits, including a challenge of the key assumptions and management judgments applied. We also tested the mathematical accuracy of the underlying calculations.</p> <p>We assessed the accuracy and completeness of the related disclosures in the consolidated financial statements.</p>

Key Audit Matter	How the matter was addressed in our audit
Impairment of goodwill	
Note 6 to the consolidated financial statements	
<p>Management applies significant estimates and assumptions in preparing cash flow forecasts, determining appropriate growth rates and discount rates when testing goodwill for impairment. Using different valuation methodologies and assumptions could produce materially different outcomes.</p> <p>We identified this matter as one of the most significant for our audit due to the materiality of the carrying amount of goodwill, the high degree of subjectivity in the assumptions applied in the impairment test, and the significance of management's judgments and estimates.</p>	<p>We obtained an understanding of the Group's internal business processes and control procedures applied to the goodwill impairment testing process.</p> <p>We involved valuation experts to assist in the analysis of the impairment test, including a critical assessment of the key assumptions and methodologies used by management.</p> <p>We compared the recoverable amount of the cash-generating units with their respective carrying amounts.</p> <p>We evaluated the reasonableness of the key assumptions and source data underlying the future cash flow forecasts.</p> <p>We assessed the accuracy and completeness of disclosures in the consolidated financial statements.</p>
Recognition of supplier bonuses	
Note 5 to the consolidated financial statements	
<p>We identified this matter as a key audit matter due to the judgment required in determining the nature of supplier bonuses, the timing of the Group's performance of its obligations to suppliers, their classification as a reduction of cost of sales, and the sufficiency of the basis for accruing bonuses and the probability of their collection from suppliers.</p>	<p>We obtained an understanding of the Group's internal business processes and control procedures related to the calculation and approval of supplier bonuses.</p> <p>We analysed the commercial substance of supplier bonuses by testing, on a sample basis, supplier agreements and underlying primary documentation supporting the Group's entitlement to these bonuses.</p> <p>On a sample basis, we requested direct confirmations from suppliers to verify the accuracy and completeness of the recognized bonus amounts and the outstanding balances as of the reporting date. Where confirmations were not received, we performed alternative procedures by reconciling the amounts recorded in the accounting records to the documentation supporting the Group's right to the bonus and verified the timeliness of recognition.</p>
Net realisable value of inventories	
Note 10 to the consolidated financial statements	
<p>Inventories of the Group are stated at the lower of cost and net realisable value. The valuation of inventories was determined to be a key audit matter due to the significant judgments required, particularly regarding the net realisable value of existing inventories and expected selling costs. The assessment process is subjective and includes the analysis of historical trends related to inventories, current operating plans, industry-specific characteristics, and specific trends in consumer behaviour.</p>	<p>We obtained an understanding of the internal business processes and control procedures applied by the Group in relation to the valuation of inventories.</p> <p>We attended the inventory stock count at the Group's retail outlets, taking into account the physical condition of inventories and the presence of indicators suggesting that an impairment of inventories may be required.</p> <p>We tested the value of inventories to confirm that they are measured at the lower of cost and net realisable value by analytically comparing the cost of inventories at the reporting date with their selling prices after the reporting date, as well as by analysing and assessing expected costs to sell.</p> <p>We analysed, recomputed and assessed the reasonableness of the inventory provision, taking into account historical trends.</p> <p>We assessed the accuracy and completeness of disclosures in the consolidated financial statements.</p>

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report of 2025 and Securities Issuer's Report for the 12 months 2025 but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report and Securities Issuer's Report for the 12 months 2025 are expected to be made available to us after the auditor's report date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work performed, we conclude that a material misstatement exists therein, we are required to communicate this matter to the Board of Directors.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ushakova Lyubov.

Translated from the Russian original signed by



Ushakova Lyubov Igorevna,

Acting on behalf of the auditor

by virtue of the Power of Attorney No. 45-17/26-8 dated 12 January 2026

The engagement partner on the audit resulting in this auditor's report

(Power of Attorney No. 46-17/26-8 dated 12 January 2026)

Registration No. 21906099483

The auditor:

Russaudit, LLC

76 Butyrskaya St., bld. 1, Office I, Intra-urban Territory of the Federal City Butyrsky Municipal Okrug, Moscow, 127015, Russia

Registration No. 11606048583

30 April 2026

PUBLIC JOINT STOCK COMPANY «M.VIDEO»

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

(in millions of Russian Rubles)

	Notes	31 December 2025	31 December 2024
NON-CURRENT ASSETS			
Property, plant and equipment	7	15 222	9 348
Investment property		285	156
Intangible assets	9	18 144	20 893
Goodwill	6	50 007	50 007
Right-of-use assets	8	42 179	50 213
Deferred tax assets	15	38 550	18 970
Other non-current assets		312	614
Total non-current assets		164 699	150 201
CURRENT ASSETS			
Inventories	10	82 705	138 256
Accounts receivable	11	23 381	37 546
Advances issued	11	9 619	5 206
Loans issued		373	114
Income tax receivable		56	104
Other taxes receivable	12	3 131	13 365
Cash and cash equivalents	13	4 737	22 659
Total current assets		124 002	217 250
TOTAL ASSETS		288 701	367 451
EQUITY			
Share capital	14	1 798	1 798
Prepaid capital	14	31 643	-
Other reserves	14	6 753	-
Additional paid-in capital		4 576	4 576
Treasury shares	14	(526)	(526)
Unrealised losses		(89 840)	(26 202)
Total equity		(45 596)	(20 354)
NON-CURRENT LIABILITIES			
Lease liabilities	8	42 121	48 283
Non-current borrowings and other financial liabilities	16	2 247	3 674
Deferred tax liabilities	15	1 999	60
Other liabilities		265	401
Total non-current liabilities		46 632	52 418
CURRENT LIABILITIES			
Trade accounts payable		100 065	187 352
Current borrowings and other financial liabilities	16	150 000	104 785
Other payables and accrued expenses	17	10 988	11 378
Contract liabilities	19	4 620	10 369
Lease liabilities	8	17 114	19 299
Income tax payable		240	-
Other taxes payable	18	4 539	1 964
Provisions	20	99	240
Total current liabilities		287 665	335 387
Total liabilities		334 297	387 805
TOTAL EQUITY AND LIABILITIES		288 701	367 451

The Notes form an integral part of these consolidated financial statements.

Signed on 30 April 2026 by:


A. Sukhov
Chief Executive Officer


O. Shumova
Chief Accountant

PUBLIC JOINT STOCK COMPANY «M.VIDEO»

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

(in millions of Russian Rubles, except earnings per share)

	Notes	2025	2024
REVENUE	21	324 761	451 642
COST OF SALES	22	(287 074)	(360 677)
GROSS PROFIT		37 687	90 965
Selling, general and administrative expenses	23	(72 254)	(80 430)
Other operating income	24	4 574	1 520
Other operating expenses		(246)	(105)
Changes in fair value of investment property		128	-
OPERATING LOSS/PROFIT		(30 111)	11 950
Finance income	25	781	1 227
Finance expenses	25	(52 760)	(40 353)
Other non-operating expenses	26	(917)	(212)
LOSS BEFORE INCOME TAX EXPENSE		(83 007)	(27 388)
Income tax benefit	15	19 369	7 267
NET LOSS for the period		(63 638)	(20 121)
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to profit or loss</i>			
Gains on revaluation of property, plant and equipment		8 794	-
Income tax relating to items that will not be reclassified		(2 041)	-
Other comprehensive income for the period, net of income tax		6 753	-
TOTAL COMPREHENSIVE LOSS for the period		(56 885)	(20 121)
BASIC and DILUTED LOSS PER SHARE (in Russian Rubles)	27	(356,75)	(112,8)

The Notes form an integral part of these consolidated financial statements.

Signed on 30 April 2026 by:

A. Sukhov
Chief Executive Officer

O. Shumova
Chief Accountant

PUBLIC JOINT STOCK COMPANY «M. VIDEO»


**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
(in millions of Russian Rubles)**

	Share capital	Additional paid-in capital	Other reserves	Prepaid capital	Treasury shares	Unrealised losses	Total equity
Balance as at 1 January 2024	1 798	4 576	-	-	(526)	(6 081)	(233)
Total comprehensive loss for the period	-	-	-	-	-	(20 121)	(20 121)
Balance as at 31 December 2024	1 798	4 576	-	-	(526)	(26 202)	(20 354)
Net loss for the period	-	-	-	-	-	(63 638)	(63 638)
Other comprehensive income	-	-	6 753	-	-	-	6 753
Total comprehensive loss for the period	-	-	6 753	-	-	(63 638)	(56 885)
Prepaid capital	-	-	-	31 643	-	-	31 643
Balance as at 31 December 2025	1 798	4 576	6 753	31 763	(526)	(89 840)	(45 596)

The Notes form an integral part of these consolidated financial statements.

Signed on 30 April 2026 by:


A. Sulikova
Chief Executive Officer


O. Shumova
Chief Accountant

PUBLIC JOINT STOCK COMPANY «M.VIDEO»

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
(in millions of Russian Rubles)**

	Notes	2025	2024
OPERATING ACTIVITIES			
Net loss for the period		(63 638)	(20 121)
<i>Adjustments for:</i>			
Income tax benefit	15	(19 369)	(7 267)
Depreciation and amortisation	23	23 046	25 729
Change in allowance for advances paid		545	93
Income from disposal right-of-use assets		(2 240)	(1 010)
Change in allowance for obsolete and slow-moving inventories and inventory losses, net of surpluses and income from unclaimed goods		(745)	(812)
Income from property sales	7	(74)	(191)
Interest income	25	(663)	(1 227)
Interest expenses	25	52 760	40 301
Changes in fair value of investment property		(128)	-
Net foreign exchange expense (gain)		(193)	48
Other non-cash reconciling items, net		371	(294)
Operating cash flows before movements in working capital		(10 328)	35 249
Decrease in inventories		56 296	2 259
Decrease/(Increase) in accounts receivable and advances issued		8 240	(4 661)
Decrease in other taxes receivable		10 472	1 987
(Decrease)/ Increase in trade accounts payable		(89 705)	2 404
Decrease in other payables and accrued expenses		(390)	(2 710)
Increase in liabilities to customers		1 251	3 266
Decrease in other liabilities		-	-
Increase/(decrease) in other taxes payable		2 431	(1 101)
Other changes in working capital, net		95	1
Cash (used in)/ received from operations		(21 638)	36 694
Income taxes paid		(119)	(510)
Interest paid		(36 426)	(36 476)
Net cash used in operating activities		(58 183)	(392)

PUBLIC JOINT STOCK COMPANY «M.VIDEO»

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
(in millions of Russian Rubles)**

	Notes	2025	2024
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(921)	(3 806)
Proceeds from sale of property, plant and equipment		193	2 324
Purchase of intangible assets		(3 801)	(4 998)
Issuance of consumer loans		(682)	-
Receipts of consumer loans		415	-
Interest received		663	1 227
Loans issued		(306)	(114)
Net cash used in investing activities		(4 439)	(5 367)
FINANCING ACTIVITIES			
Proceeds from bonds	16	2 000	3 750
Repayment of bonds	16	(10 170)	(13 225)
Proceeds from borrowings	16	124 458	151 084
Repayment of borrowings	16	(98 332)	(119 971)
Proceeds from loans	16	14 218	-
Prepaid capital	14	23 000	-
Repayment of lease liabilities	8	(10 474)	(11 882)
Net cash received from financing activities		44 700	9 756
NET (DECREASE)/INCREASE CASH AND CASH EQUIVALENTS		(17 922)	3 997
CASH AND CASH EQUIVALENTS, at the beginning of the year		22 659	18 662
CASH AND CASH EQUIVALENTS, at the end of the year		4 737	22 659

The Notes form an integral part of these consolidated financial statements.

Signed on 30 April 2026 by:

A. Sukhev
Chief Executive Officer

O. Shumova
Chief Accountant

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (in millions of Russian Rubles)

1. GENERAL INFORMATION

The consolidated financial statements of Public Joint Stock Company “M.video” (the “Company”) and its subsidiaries (the “Group”) for the year ended 31 December 2025 were authorised for issue by management on 30 April 2026.

The Company is incorporated in the Russian Federation.

Following the initial public offering in November 2007, the Company’s ordinary shares were admitted to trading on MICEX stock exchange (Moscow Exchange) in the Russian Federation.

The Group is operating a chain of household appliance and consumer electronics stores and online stores in the Russian Federation. The Group specialises in the sale of TV, audio, video, Hi-Fi, home appliances and digital equipment, as well as related services.

The Group is operating under two brands: M.video and Eldorado.

The accompanying consolidated financial statements include assets, liabilities and operating result of the Company and its subsidiaries as at 31 December 2025 and 2024:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			31 December 2025	31 December 2024
LLC “MVM”	Retailing	Russian Federation	100	100
LLC “Invest-Realty”	Operating lease of real estate	Russian Federation	100	100
LLC “Rentol”	Operating lease of real estate	Russian Federation	100	100
LLC “Trade center “Permskiy”	Operating lease of real estate	Russian Federation	100	100
LLC “BT HOLDING”	Holding company	Russian Federation	100	100
LLC “MV FINANCE”	Financial company	Russian Federation	100	100
LLC “Direct Credit Center”	Financial company	Russian Federation	100	100
LLC “M tech”	Software development and IT services	Russian Federation	100	100
LLC “Aliance Credit”	Financial company	Russian Federation	100	100
LLC MCC “DC Pay”	Financial company	Russian Federation	-	100
LLC “DIRECT TECH”	Financial company	Russian Federation	100	-
LLC “Techkod”	Wholesale company	Russian Federation	100	100
LLC UK Popova-86	Property Management Company	Russian Federation	66,66	66,66
Guanzhoy MVM Trade Ko., Ltd.	Wholesale company	China	100	100

In July 2025 LLC “DIRECT TECH” was established.

In August 2025 LLC MCC “DC Pay” was disposed of by the Group.

In April 2024 LLC “Techkod” was established.

PUBLIC JOINT STOCK COMPANY "M.VIDEO"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (in millions of Russian Rubles)

Shareholders

As at 31 December 2025 and 2024, the registered shareholders of the Company and their respective ownership and voting interests were as follows:

	<u>2025</u>	<u>2024</u>
ILLC "ERICARIA"	50,0000%	50,0000%
CECONOMY AG	15,0556%	-
Media-Saturn-Holding GmbH	-	15,0000%
LLC "SFI Capital"	9,8735%	-
PJSC "SFI"	-	10,3735%
Treasury shares	0,7720%	0,7720%
Various shareholders	24,2989%	23,8545%
Total	<u>100%</u>	<u>100%</u>

As of 31 December 2025 and 31 December 2024, the ultimate controlling party of the Company is Bilan Abdurakhimovich Uzhakhov.

2. BASIS OF PREPARATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IFRS Accounting Standards ("IFRS").

Basis of Accounting

The consolidated financial statements have been prepared on a historical cost basis as modified by the valuation of financial instruments in accordance with International Financial Reporting Standard 9 *Financial Instruments* ("IFRS 9") and International Financial Reporting Standard 13 *Fair Value Measurement* ("IFRS 13") and valuation of property, plant and equipment items and investment property measured at fair value which was used as deemed cost of the property, plant and equipment.

The Group's entities maintain their accounting records in compliance with the local legislation on accounting and reporting adopted in jurisdictions of the countries in which they were founded and registered. The accounting principles and reporting procedures and these jurisdictions may differ from generally accepted IFRS principles. Accordingly, financial statements of individual entities of the Group have been adjusted to ensure that the consolidated financial statements are presented in accordance with IFRS.

These consolidated financial statements are presented in millions of Russian Rubles (hereinafter, "mIn rubles"), except for per share amounts which are in Rubles or unless otherwise indicated.

Functional and presentation currency

The consolidated financial statements are presented in Russian Rubles ("RUB"), the functional currency of each operating company of the Group.

PUBLIC JOINT STOCK COMPANY "M.VIDEO"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (in millions of Russian Rubles)

Adoption of New Standards and Interpretations

Except as noted below, the accounting policies applied the accounting policies applied in the preparation of these consolidated financial statements are consistent with those used in the preparation of the Group's consolidated financial statements for the year ended 31 December 2024.

Effective from 1 January 2025, the Group's management decided to change the accounting policy for property, plant and equipment and investment property and adopting the revaluation model. As at 1 January 2025, the fair value of property, plant and equipment (including assets within the "Land and buildings") and investment property amounted to 17 684, compared to their aggregate carrying amount of 9 504 as at 31 December 2024.

The Group has adopted new and revised accounting standards, which are mandatory for adoption in these consolidated financial statements in the annual periods beginning on or after 1 January 2025:

<u>Title</u>	<u>Subject</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 21	IAS 21 Lack of Exchangeability	1 January 2025

New amendments did not have a material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power over the investee to affect its returns.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Subsidiaries are fully consolidated from the date of acquisition, being the date when the Group obtains control, and continue to be consolidated until the date when such control ceases.

All intra-group transactions, balances, income and expenses or profits and losses resulting from intra-group transactions are eliminated in full on consolidation.

PUBLIC JOINT STOCK COMPANY “M.VIDEO”

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 (in millions of Russian Rubles)

Going concern

In preparing these consolidated financial statements, management has performed an assessment of the Group’s ability to continue as a going concern, covering a period of 12 months from the reporting date.

In performing this assessment, the Group’s management considered the following circumstances:

- The Group's EBITDA was (7 982), and the Group's net loss was (63 638) for the year 2025;
- As at 31 December 2025, the Group was in breach of several financial covenants set forth in its loan agreements (Note 16), which gives the banks the right to demand early repayment of the respective liabilities. As at the date of authorization of these consolidated financial statements, none of the banks have exercised this right. Subsequent to the reporting date, waiver letters were received from all banks confirming they will not seek penalties in connection with the covenant breaches;
- As at the end of 2025, the Group’s current liabilities exceed its current assets by 163 663, the cash flow from operating activities is negative and amounted to (58 183), and accumulated losses increased to (89 840).

The Group’s management has prepared **a cash flow budget for a period of at least 12 months after the reporting date**, which includes measures to ensure sufficient liquidity. In addition to ongoing efforts to improve internal efficiency and reduce operating costs, these measures include:

Utilisation of available credit lines: as at 31 December 2025, the Group has a portfolio of loans and issued bonds totaling 152 247, of which 150 000 is reported within short-term liabilities (Note 16). As at the date of authorisation of these consolidated financial statements, the Group has conducted negotiations with all banks and received waiver letters confirming they will not seek penalties in connection with the covenant breaches. Furthermore, during 2025, the Group entered into addenda to revise the terms of its loan agreements, granting the Group the right to refinance current debt for a period exceeding 12 months from the reporting date. These measures will allow the Group to refinance its current debt for a period exceeding 12 months after the reporting date.

Shareholders made contributions to the Group's equity in amount of 30 000 during 2025 (as at 31 December 2025, the entire amount had been fully contributed in cash). The funds received from the Group’s shareholders were used to replenish working capital (Note 14). As at the date of authorization for issue of these consolidated financial statements, all necessary regulatory approvals for the additional share issue have been obtained, as a result of which the Group expects to receive additional cash proceeds.

In addition to the measures mentioned above, the shareholders **have issued a letter of financial support to the Group**.

Management also took into account that in 2025 the Group developed a new strategy and a long-term development model, which involves a transition from traditional retail to a multi-platform ecosystem. The Company is building an integrated online platform aimed at expanding its product range far beyond traditional consumer electronics and household appliances, with **a primary focus on a multi-category marketplace**. Shifting a significant portion of retail sales to an agency model will optimize costs and reduce dependence on working capital, serving as a driver for sustainable development. The launch of a retail media advertising platform to promote sellers will be an additional milestone in M.Video’s transformation into a multi-category marketplace.

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During the reporting period and up to the date of authorisation for issue of the consolidated financial statements, the Group has successfully implemented the strategic development initiatives outlined in its long-term strategy, alongside measures to optimize operating costs and improve business efficiency:

- The Group actively transitioned to an agency-based sales model. By December, more than half of the key consumer electronics and household appliances suppliers had been shifted to the agency scheme. Collectively, the share of partner formats (the agency model and marketplace vendor sales) reached 35% of total GMV (Gross Merchandise Value) by December 2025. This drove a 162% increase in agency and third-party marketplace sales in 2025 compared to 2024. As of 1st quarter 2026, over 100 agency agreements had been signed with key manufacturers and distributors.
- Sales through the own marketplace expanded at an accelerated pace. The number of active sellers increased more than five times compared to 2024, reaching 4.3 thousand. An additional 3.2 thousand new partners joined during 1st quarter 2026. By the end of 1st quarter 2026, the product assortment exceeded 400 000 SKUs, which is 2 times more than in 2025.
- During 2025 the Group significantly strengthened its management team, initiated a transformation of its IT architecture into a platform-based model, and launched new product categories. Onboarding processes for new sellers were streamlined, and the partner pick-up point and locker network was expanded to over 50 000 locations, alongside improvements in delivery speeds and warehouse processing efficiency.
- As part of cost optimization efforts, more than 200 retail outlets that did not meet efficiency criteria were closed in 2025, leading to a substantial reduction in operating expenses. Meanwhile, 11 new high-potential stores were opened.

Based on the assessment performed, including consideration of the circumstances described above, all information available at the date of publication, and the measures being taken, the Group's management has concluded that the Group will continue as a going concern.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Initial cost includes expenditure that is directly attributable to the acquisition of the items.

Effective 1 January 2025, the Group applies the revaluation model for real estate properties, under which they are carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed on an annual basis, or more frequently if there are indications that the market value of property, plant and equipment and investment property has changed significantly.

Major replacements or modernisations of property, plant and equipment are capitalised and depreciated over their estimated useful lives. All other repair and maintenance expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income during the financial period in which it is incurred.

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Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	20-30 years
Leasehold improvements	7 years
Trade equipment	3-5 years
Security equipment	3 years
Computer and telecommunication equipment	3 years
Other fixed assets	3-5 years

Capital investments in leased fixed assets are depreciated over their useful life or the term of the related lease, if shorter.

The fixed assets' residual value and useful lives are reviewed and adjusted, if necessary, at each balance sheet date. However, all changes in estimates are reflected in the financial statements on a prospective basis.

Where there are indicators that an asset's or a cash generating unit's carrying amount exceeds its estimated recoverable amount, it is written down to its recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss and other comprehensive income on a net basis.

Construction in progress comprises the cost of equipment in the process of installation and other costs directly relating to the construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction. Depreciation of these assets, on the same basis as for other property assets, commences when the assets are ready for their intended use.

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over estimated useful lives of these intangible assets. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful lives per class of intangible assets are as follows:

Software licenses, development and web site	1-10 years
Other intangible assets	5-10 years

The Group owns the trademark “Eldorado” acquired through a business combination. It has an indefinite useful life as there is no foreseeable limit to the period when the asset is expected to generate economic benefits for the Group.

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Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- The probability that the asset will generate future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. The useful life of intangible assets is determined on the basis of expert opinion, taking into account the speed of software change in the modern economic environment and ranges from 1 to 5 years. The useful life is regularly reviewed.

Impairment of non-current assets

At each balance sheet date the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price if available or other fair value indicators.

For non-current assets, the CGU is deemed to be a group of stores located in one city. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

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Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized in the financial statements if temporary differences arise from the initial recognition of goodwill.

Deferred tax liabilities are not recognised for taxable temporary differences associated with investments in subsidiaries, associate companies and joint ventures as the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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Current and deferred income tax for the period

Current and deferred income tax are recognised as an expense or income in the consolidated statement of profit or loss and other comprehensive income, except when they relate to items credited or debited directly to equity (in which case the tax is also recognised directly in equity) or where they arise from the initial accounting for a business combination. For business combinations, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over cost.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses.

Amortisation of goodwill is not performed, however it is tested for impairment not less than annually. For the purposes of impairment testing, goodwill is allocated to the groups of cash-generating units (CGU) that are expected to benefit from the synergies of the combination. CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in subsequent periods.

If the CGU is disposed the related amount of goodwill is considered for profit or loss on disposal.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques, which include using recent arm’s length market transactions, reference to the current fair value of another instrument that is substantially the same, a discounted cash flow analysis, or other valuation models.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets

Financial assets are those to be measured at amortised cost.

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The classification depends on the Group’s business model for managing financial assets and the contractual cash flow characteristics.

Financial assets are measured at amortised value if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets,
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus (for financial asset not at fair value through profit or loss (FVTPL) transaction costs directly attributable to the acquisition of the financial asset.

Transaction costs of the financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flows characteristics of the asset. The major part of the Group’s debt instrument are represented by trade accounts and loans receivable and are measured at amortised cost applying the effective interest rate as these instruments are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/losses, together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

Impairment of financial assets

Financial assets, other than those as at FVTPL, are assessed for indicators of impairment at each balance sheet date.

The Group always recognises lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions at the reporting date, including time value of money where appropriate.

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For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring in the financial instrument at the reporting date with the risk of default occurring on the financial instrument at the date of initial recognition. In making such an assessment, the Group analyses the change in the risk of default over the expected life of the financial instrument, taking into account reasonable and verifiable information available without excessive cost or effort that indicates a significant increase in credit risk since the initial recognition of the relevant instrument (including using forward-looking information).

The Group determines that the risk of default related to financial instrument exists in cases that there is small probability that the contractual obligations will be fulfilled by the vendor in full without undertaking additional measures such as sale of collateral (if any exists).

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The carrying value of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of provision account. When a trade receivable is considered uncollectible, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against the provision account. Changes in the carrying amount of the provision account are recognised in profit or loss.

If in the following reporting periods impairment loss is reduced, and this reduction relates to the event that has taken place after the loss is recognised, then previously recorded impairment loss is recovered by adjustment in profit or loss. Meanwhile carrying value of the financial assets on the recovery date must not exceed depreciated value that would have been reported if the impairment loss had not been recognised.

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Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest income is included in finance income in the consolidated statement of profit or loss and other comprehensive income.

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded as the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method. Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL. Otherwise financial liabilities are measured subsequently at amortised cost using the effective interest method.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities only if the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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Supplier Finance Arrangements

The Group participates in supply chain finance arrangements under which the Group is able to extent payment terms for certain suppliers to generally accepted industry terms. Under such arrangements, financial institution makes payment to creditor on specified date according to the invoice issued, and receives payment from the Group over the period not exceeding the Group’s normal business cycle. From the Group’s view, such arrangements do not extent payment terms beyond standard terms agreed with other creditors, which do not participate in such arrangements.

The Group includes such liabilities to trade payables because nature and function of the financial liability is consistent with the nature and function of other trade payables.

Payments under such supply finance arrangements are included to operating cash flows as they appear to be the part of normal operating cycle and their nature remains operational.

Inventories

Inventories are recorded at the lower of average cost or net realisable value. In-bound freight related costs from the suppliers incurred to deliver inventories to the Group’s central distribution warehouse are included as part of the net cost of merchandise inventories. Certain supplier bonuses that are not reimbursement of specific, incremental and identifiable costs to promote a supplier’s products are also included in the cost of inventory. Other costs associated with storing and transporting merchandise inventories from the central distribution warehouse to the retail stores are expensed as incurred and included either in “Cost of sales” (costs of transporting merchandise from central distribution warehouses to the retail stores) or in “Selling, general and administrative expenses” (all other costs).

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, in transit, including credit card payments, on hand in stores and short-term deposits with an original maturity of three months or less.

Repayments and receipts of loans and borrowings during a period of less than 3 months are presented on a gross basis in the consolidated statement of cash flows.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

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When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

As a rule, warranty for goods are provided directly by the manufacturer of the goods of the relevant brand, or by the brand owners through official representatives in the Russian Federation.

If the supplier is unable to provide warranty services for goods sold in Russia, the Group accrues an appropriate provision for warranty service costs. Such expenses are recognised in accounting at the date of sale of the relevant goods. The amount of provision is determined based on management’s assessment of the expenses necessary to cover the relevant obligations of the Group.

Revenue recognition

Revenue is recognised by the Group as the promised goods or services are transferred to customers in an amount that corresponds to the expected consideration to which the Group is entitled in exchange for the goods and services. The estimated cost of customer returns, discounts and VAT are deducted from the revenue. Revenues from sales of goods to companies within the Group are not recognised for the purposes of the consolidated financial statements.

The Group recognises revenue when or as a performance obligation is satisfied, i.e. when control over goods or services representing the Group’s obligation is transferred to a customer: when the goods are sold in retail stores (offline retail revenue) or at the point of delivery of goods to customers for online sales including in-store pick-up (online retail revenue).

The Group cooperates with banks to provide consumer loans to customers to finance the purchase of goods. Partner banks pay the Group a commission fee for the volume of loans provided and additional services. The Group recognises revenue at the time of providing the lending service to the buyer.

Loyalty programs

The Group operates integrated customer loyalty programs for the brands “M.Video” and “Eldorado” which allow customers to accumulate points when they purchase goods in the Group’s retail stores. The Group concluded that under IFRS 15 the points give rise to a separate performance obligation because they provide a material right to the customer and allocated a portion of the transaction price to the loyalty points awarded to customers based on the relative stand-alone selling price.

Agent fees

Receipts from the sale of goods or services by the Group as an intermediary are reflected in revenue in the net amount (in the amount of commission payable to the Group). The Group receives the corresponding remuneration for the sale of goods, contracts for the provision of telephone and television services, insurance policies, and other services.

Gift cards

The Group sells gift cards to its customers in its retail stores and through its website. Gift cards have an expiration date and have to be used within the specified time period. The Group recognises income from gift cards at the earlier of: (i) the gift card is redeemed by the customer; or (ii) when the gift card expires.

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Cost of sales

The cost of sales includes the cost of goods and services purchased from suppliers, the cost of delivering goods to distribution centers, costs associated with transporting goods from distribution centers to stores, allowance for obsolete and slow-moving inventory, allowance for shortages and supplier bonuses. The cost of rendered services includes costs related to the services, such as salaries of employees directly providing services, the cost of services purchased from service providers, salaries of credit brokers, expenses for credit broker services.

Supplier bonuses

The Group receives supplier bonuses in the form of cash payments or other allowances for various programs, primarily volume incentives, reimbursements for advertising expenses and other costs as well as contributions towards margin protection during specific marketing and promotional activities and other fees. The Group has agreements in place with each vendor setting forth the specific conditions for each allowance or payment. Depending on the arrangement, the Group either recognises the allowance as a reduction of current costs or defers the payment over the period the related merchandise is sold.

If the payment is a reimbursement of specific, incremental and identifiable costs incurred to promote a supplier's products, it is offset against those related costs; otherwise, it is treated as a reduction to the cost of merchandise.

Supplier bonuses earned by achieving a certain volume of purchases are recorded when it is reasonably certain that the Group will reach these volumes. Such payments are accounted for as a reduction of inventory purchases and recognised in the consolidated statement of profit or loss and other comprehensive income when the related inventory is sold.

Markdown reimbursements related to merchandise that has been sold, contributions towards promotional activities and similar payments are negotiated and documented by the Group's buying teams and are credited directly to cost of goods sold in the period the performance conditions for their receipt are met by the Group.

Pre-opening expenses

Expenses incurred in the process of opening new stores, which do not meet capitalisation criteria under IAS 16 Property, Plant and Equipment are expensed as incurred. Such expenses include rent, utilities and other operating expenses.

Employee benefits

Remuneration to employees in respect of services rendered during the reporting period is recognised as an expense in that reporting period. The Group contributes to the Russian social fund and social insurance fund on behalf of all its current employees (a defined contribution plan) by paying social security contributions (“SSC”). The Group's only obligation is to pay contributions to the funds as they fall due. As such, the Group has no legal obligation to pay and does not guarantee any future benefits to its Russian employees. Any related expenses are recognised in the consolidated statement of profit or loss and other comprehensive income as they become due. Contribution for each employee varies from 15.1% to 30% depending on the annual gross remuneration of each employee. The Group does not operate any employer sponsored pension plans.

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Dividends

Dividends are recognised as a liability in the period in which they have been declared by the shareholders in a general meeting and become legally payable. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

Treasury shares

If the Group reacquires its own equity instruments, those instruments (“treasury shares”) are recognised as a deduction to equity at cost, being the consideration paid to reacquire the shares. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Such treasury shares may be acquired and held by the Company or by the subsidiaries of the Company.

Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the lease commencement date, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period when the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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The Group has elected to use the recognition exemptions for short-term leases that have a lease term of 12 months or less and leases of low-value assets. Payments associated with these leases are recognised as an expense on a straight-line basis over the lease term or another systematic basis if it is more representative of the time pattern of the user’s benefit.

Lease term – the Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. The lease term determined by management can be different from contractual lease term. The Group’s lease terms are up to 10 years.

4. NEW AND REVISED IFRS ACCOUNTING STANDARDS

The Group has not early adopted standards, interpretations or amendments that have been issued but are not yet effective for annual reporting periods beginning on or after 1 January 2026:

- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (date to be determined by the IASB);
- Annual Improvements to IFRS Accounting Standards (1 January 2026);
- Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments (1 January 2026);
- Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity (1 January 2026);
- IFRS 18 Presentation and Disclosure in Financial Statements (1 January 2027);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (1 January 2027).

These amendments and new standards are not expected to have a material impact on the Group, with the exception of IFRS 18, for which the Group is currently in the process of assessing the impact on its consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

In the application of the Group’s accounting policies described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including, but not limited to, the uncertainties and ambiguities of the Russian legal and taxation systems and the difficulties in securing contractual rights as defined in contracts. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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Significant estimates and assumptions

Supplier bonuses

Management makes estimates in determining the amount and timing of recognition of income received from suppliers for various programs, including volume incentives and reimbursements for specific programs such as markdowns, margin protection and advertising. In determining the amount of volume-related bonuses recognised in any period, management estimates the probability that the Group will meet contractual target volumes, based on historical and forecast performance.

Management assesses its performance against the obligations conditional on earning the income, with the income recognised either over time as the obligations are met, or recognised at the point when all obligations are met, dependent of the contractual requirements. Income from supplier bonuses is recognised as a credit within cost of sales unless it relates to compensation of specific, incremental and identifiable costs incurred to promote a supplier's products, in which case it is offset against those expenses. Where the income earned relates to inventories which are held by the Group at period ends, the income is included within the cost of those inventories.

Currently, the Group relies less on preliminary estimates, recognising income from bonuses at the time of receipt of primary documents from suppliers. Documents are received before the close of the corresponding period to which the suppliers' bonuses relate.

Inventory valuation

In accordance with the Group's accounting policy management reviews the inventory balances to determine if inventories can be sold at amounts exceeding or equal to their carrying amounts plus costs to sell. This review includes identification of slow-moving inventories, obsolete inventories and partially or fully damaged inventories. The identification process includes assessing historical performance of the inventory and analysis of sales of merchandise at prices below their carrying amounts less costs to sell in the recent years. Damaged stock is either provided for or written off depending on the extent of damage. Management makes an allowance for any items considered to be obsolete. The allowance represents the difference between the cost of inventory and its estimated net realisable value.

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The net realisable value allowance is calculated using the following methodology:

- Stock held for resale – comparison of expected selling price versus the carrying value on a stock keeping unit basis;
- Damaged goods – examination of historical data relating to discounts associated with damaged goods and comparison to book value at the balance sheet date, and also examination of historical data on compensations, received from suppliers for damaged goods;
- Stock held at service centers – an allowance is applied based on management’s estimate of the carrying value of the inventory and based on historical data on sales of respective inventories and compensations, received from suppliers in relation to stock held at service centers;
- Additional allowance is accrued if there is actual evidence of a decline in selling prices after the end of the reporting period to the extent that such decline confirms conditions existing at the end of the reporting period.

If actual results differ from management’s expectations with respect to the selling of inventories at amounts equal to or less than their carrying amounts, management would be required to adjust the carrying amount of inventories.

Revenue attributed to loyalty programs

The Group accounts for customer loyalty points as a separate component of the sale transaction in which they were granted. As a result, a portion of the fair value of consideration received from customers for goods related to bonus points is recognised in the consolidated statement of financial position as deferred revenue. Bonus points are recognised as revenue during the period when they are used or cancelled in accordance with the terms of the loyalty program. Therefore, management has to make assumptions about expected redemption rates, which can be based on accumulated statistics from previous periods. This assessment is carried out under conditions of high uncertainty, which exists at each reporting date, since accumulated statistics may not reflect the actual use of bonus points (Note 19).

Impairment of intangible assets with an indefinite useful life

In accordance with IAS 36, the Group tests an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount to its carrying amount annually, and whenever there is an indication that an intangible asset may be impaired. Determination of recoverable amount is based on estimation of Group’s management that includes estimation of future cash flows, discount rate, assumption of future market conditions and other factors.

Significant judgments made in applying the Group’s accounting policies

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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The Group has a number of lease contracts that include termination options. The Group applies judgement in evaluating whether it is reasonably certain not to exercise the option to terminate the lease. That is, it considers all relevant factors that create an economic incentive whether or not to exercise termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability whether or not to exercise the option to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). Periods when it is reasonably certain that termination options will be exercised are not included in lease term.

Classification of supplier financing arrangements

As mentioned in Note 31, for the purpose of liquidity risk management the Group uses various instruments to manage working capital and obtain the necessary payment deferral from suppliers, including factoring agreements, commercial loans and bills of exchange. Management reviews each instrument for classification as trade payables or financial liabilities.

In its analysis, the Group considers such factors as the commercial substance of the instrument, its effect on working capital, the consistency of the received payment deferral with market conditions, the presence or absence of collateral, etc.

Tax loss carried forward

As described in Note 15, as at 31 December 2025 the Group has recognized deferred tax assets in respect of available tax loss carry forwards in the amount of 31 142 (as at 31 December 2024: 10 768). Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Assessing the likelihood of sufficient future taxable profits is an element of judgment and is based, among other things, on management's assessment of the Group's future income and expenses that are available to utilise accumulated tax losses.

Based on such analysis, management assessed the probability of sufficient future taxable income being available to fully utilize accumulated tax losses as high. The key estimates and assumptions made by the management within analysis of recoverability of deferred tax assets are presented in Note 15. If circumstances change in future reporting periods, management's estimate may be revised.

6. GOODWILL

At 31 December 2025, the Group performed an impairment test for goodwill related to the acquisition of Eldorado, Media Markt and Direct Credit businesses as well as “Eldorado” trademark.

For the purpose of impairment testing, the CGUs (being each group of stores located in one city) were grouped at the level of the Group's single operating segment. The recoverable amount of CGUs was determined as value in use.

Cash flows were projected based on budgets approved by the Group. A forecast period of 5 years was used, as it was determined by the Group's management as an acceptable planning horizon period.

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Cash flows beyond 5 years are extrapolated using growth rates comparable to the forecast growth rates of the consumer price index.

The assumptions used to calculate the value in use as at 31 December 2025 for which the recoverable amount is most sensitive are: EBITDA to revenue ratio from -9% to 15,2% over the forecast period, the pre-tax discount rate applicable to the projected cash flows of 19,5% and terminal growth rates of 4%.

The assumptions used to calculate the value in use as at 31 December 2024 for which the recoverable amount is most sensitive are: EBITDA to revenue ratio from 4,7% to 7,1% over the forecast period, the pre-tax discount rate applicable to the projected cash flows of 19,4% and terminal growth rates of 3%.

Management reviewed the impact of changes in key assumptions on recoverable amount. Changes in key assumptions that could result in a possible impairment of specified non-current assets are not probable under current market conditions.

Based on the results of the impairment testing performed in 2025, no impairment was identified.

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7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at 31 December 2025 and 2024 comprised the following:

	Land and buildings	Leasehold improvements	Construction in progress and equipment to be installed	Trade equipment	Security equipment	Computer and Telecomm	Other fixed assets	Total
Cost								
As at 31 December 2023	9 597	9 877	439	14 953	3 983	7 217	2 931	48 997
Additions	-	-	3 416	-	-	-	-	3 416
Transfers	107	529	(3 452)	1 380	371	482	583	-
Disposals	(1 548)	(503)	-	(675)	(143)	(117)	(112)	(3 098)
As at 31 December 2024	8 156	9 903	403	15 658	4 211	7 582	3 402	49 315
Additions	184	-	875	-	-	-	-	1 059
Transition to revaluation model	8 009	-	-	-	-	-	-	8 009
Elimination of accumulated depreciation upon transition to the revaluation model	(5 535)	-	-	-	-	-	-	(5 535)
Revaluation	786	-	-	-	-	-	-	786
Elimination of accumulated depreciation resulting from revaluation	(538)	-	-	-	-	-	-	(538)
Transfers	-	4	(1 075)	452	261	140	218	-
Disposals	(162)	(1 647)	-	(1 983)	(594)	(1 211)	(403)	(6 000)
As at 31 December 2025	10 900	8 260	203	14 127	3 878	6 511	3 217	47 096
Accumulated depreciation								
As at 31 December 2023	6 229	7 708	-	11 998	3 481	6 454	2 362	38 232
Charge for the year	167	946	-	1 759	381	469	318	4 040
Disposals	(773)	(494)	-	(671)	(143)	(114)	(110)	(2 305)
As at 31 December 2024	5 623	8 160	-	13 086	3 719	6 809	2 570	39 967
Charge for the year	561	778	-	1 542	358	360	353	3 952
Elimination of accumulated depreciation upon transition to the revaluation model	(5 535)	-	-	-	-	-	-	(5 535)
Elimination of accumulated depreciation resulting from revaluation	(538)	-	-	-	-	-	-	(538)
Disposals	(81)	(1 647)	-	(2 041)	(592)	(1 210)	(401)	(5 972)
As at 31 December 2025	30	7 291	-	12 587	3 485	5 959	2 522	31 874
Net book value								
As at 31 December 2024	2 533	1 743	403	2 572	492	773	832	9 348
As at 31 December 2025	10 870	969	203	1 540	393	552	695	15 222

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Depreciation expenses were included in “Selling, general and administrative expenses” (Note 23).

Assets with net book value of 27 were disposed of by the Group for the year ended 31 December 2025 (for the year ended 31 December 2024: 793). Profit on disposal of these items of 115 (for the year ended 31 December 2024: 191) was recorded within other operating expenses.

In 2025 and 2024 the Group performed an impairment test of fixed assets to determine indication of impairment and the impairment loss was not identified.

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below is the carrying value of right-of-use assets of the Group and changes for the period:

	Land	Stores	Warehouses	Vehicles	Other assets	Total
Cost						
As at 31 December 2023	288	112 687	9 924	443	807	124 149
New lease agreements	-	3 859	45	86	2	3 992
Recognition of sale-leaseback agreements	-	71	654	-	-	725
Modifications	4	4 321	(103)	6	48	4 276
Disposals	(25)	(5 857)	(6)	(29)	(6)	(5 923)
Reassessment of termination options*	-	5 556	-	-	-	5 556
As at 31 December 2024	267	120 637	10 514	506	851	132 775
New lease agreements	1	948	-	-	631	1 580
Modifications	11	1 515	5 454	114	606	7 700
Disposals	(8)	(13 581)	(2 813)	(33)	(915)	(17 350)
As at 31 December 2025	271	109 519	13 155	587	1 173	124 705
Accumulated amortisation and impairment						
На 31 декабря 2023 года	92	65 301	6 257	187	624	72 461
Charge for the period	44	12 323	1 562	131	119	14 179
Disposals	-	(4 039)	(5)	(28)	(6)	(4 078)
As at 31 December 2024	136	73 585	7 814	290	737	82 562
Charge for the period	32	10 473	1 651	209	145	12 510
Disposals	-	(9 220)	(2 813)	(30)	(483)	(12 546)
As at 31 December 2025	168	74 838	6 652	469	399	82 526
Net book value						
As at 31 December 2024	131	47 052	2 700	216	114	50 213
As at 31 December 2025	103	34 681	6 503	118	774	42 179

* During the 2024 year, the Group’s management reviewed the terms of lease agreements and the history of termination options and revised the assessment regarding the exercise of early termination options or rescheduling of lease agreements. The review resulted in an increase in the Group’s right-of-use assets and lease liabilities by 5 556.

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Set out below is an overview of a book value of lease liabilities of the Group and changes for the period:

	<u>2025</u>	<u>2024</u>
As at 1 January	67 582	66 785
New lease agreements	1 471	3 916
Recognition of sale-leaseback agreements	-	2 057
Modifications	7 700	3 976
Disposals	(7 044)	(2 789)
Forex	(118)	-
Interest expenses	12 001	11 055
Payments	(22 357)	(22 974)
Reassessment of termination options	-	5 556
As at 31 December	59 235	67 582
Current	17 114	19 299
Non-current	42 121	48 283

The Group has lease agreements for retail premises, office buildings, warehouses, land, vehicles and other equipment.

The amount of lease modifications in right-of-use assets differs from the corresponding amount in lease liabilities by the amount of security deposits under the lease agreements.

During 2024, the Group performed sale and leaseback transactions of several real estate objects. The total gain from such transactions in the amount of 191 was recognised in Other operating income (Note 24).

In 2025, the Group recognised expenses related to variable lease payments in the amount of 350 (2024: 1 063).

Undiscounted obligations as at 31 December 2025 and 2024 comprised the following:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Minimum lease payments, including:		
Current portion (less than 1 year)	20 875	23 010
From 1 to 5 years	55 774	59 265
Over 5 years	19 733	27 569
Total minimum lease payments	96 382	109 844

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9. INTANGIBLE ASSETS

Intangible assets as at 31 December 2025 and 2024 comprised the following:

	<u>Software licenses, capitalised development costs and web site</u>	<u>Other intangible assets</u>	<u>Total</u>
Cost			
As at 31 December 2023	29 029	9 159	38 188
Additions	4 997	4	5 001
Disposals	(594)	-	(594)
As at 31 December 2024	33 432	9 163	42 595
Additions	4 231	4	4 235
Disposals	(10 250)	(1)	(10 251)
As at 31 December 2025	27 413	9 166	36 579
Accumulated amortisation			
As at 31 December 2023	14 770	19	14 789
Charge for the year	7 503	2	7 505
Disposals	(591)	(1)	(592)
As at 31 December 2024	21 682	20	21 702
Charge for the year	6 548	2	6 550
Disposals	(9 816)	(1)	(9 817)
As at 31 December 2025	18 414	21	18 435
Net book value			
As at 31 December 2024	11 750	9 143	20 893
As at 31 December 2025	8 999	9 145	18 144

In 2025, the Group incurred capital expenses in the total amount of 4 235 (in 2024: 5 001) which for the most part were related to the development of the front-office / back-office system, new web site platform implementation, development of software for automation of business processes and purchase of software licenses.

Amortisation expense has been included in “Selling, general and administrative expenses” (Note 23).

The impairment test for other intangible assets is performed in accordance with the key assumptions disclosed in Note 6.

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10. INVENTORIES

Inventories as at 31 December 2025 and 2024 comprised the following:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Goods for resale	80 718	135 762
Right of return assets	1 802	2 324
Other inventories	<u>185</u>	<u>170</u>
Total	<u>82 705</u>	<u>138 256</u>

Cost of inventories recognised as an expense amounted to 276 971 and 352 318 for the years ended 31 December 2025 and 2024, respectively. Inventory losses, net of surpluses and unclaimed returned goods, in the amount of 177 for the year ended 31 December 2025 (income for the year ended 31 December 2024: 1 049) were recognised within cost of sales in the consolidated statement of profit or loss and other comprehensive income.

During 2025 year 922 was recognised as income (2024: 237 as an expense) in respect of inventories carried at net realisable value. This amount is included in cost of sales in the consolidated statement of profit or loss and other comprehensive income.

11. ACCOUNTS RECEIVABLE AND ADVANCES ISSUED

Accounts receivable and advances issued as at 31 December 2025 and 2024 comprised the following:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Accounts receivable		
Bonuses receivable from suppliers	14 990	27 542
Accounts receivable from marketplaces	3 609	6 272
Other accounts receivable	4 803	3 736
Expected credit losses for accounts receivable	<u>(21)</u>	<u>(4)</u>
Total accounts receivable	<u>23 381</u>	<u>37 546</u>
Advances issued		
Advances issued to suppliers	10 217	5 303
Advances issued to related parties (Note 29)	-	-
Impairment allowance for advances issued	<u>(598)</u>	<u>(97)</u>
Total advances issued	<u>9 619</u>	<u>5 206</u>
Total	<u>33 000</u>	<u>42 752</u>

As of December 31, 2025, accounts receivable include accounts receivable on demand in the amount of 3 609 (as of December 31, 2024 – 6 272). These accounts receivable are highly liquid as the Group has the contractual ability to convert them to cash within 1 to 30 days from date of demand.

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As at 31 December 2025 and 2024, the Group did not have accounts receivable past due but not impaired.

In determining the recoverability of accounts receivable the Group considers any change in the credit quality of receivables and advances issued from the date the credit was initially granted up to the reporting date. Details about concentration of credit risk and related management activities are disclosed in Note 31.

12. OTHER TAXES RECEIVABLE

Other taxes receivable as at 31 December 2025 and 2024 comprised the following:

	<u>31 December 2025</u>	<u>31 December 2024</u>
VAT recoverable	2 895	13 132
Other taxes receivable	236	233
Total	<u>3 131</u>	<u>13 365</u>

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 31 December 2025 and 2024 comprised the following:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cash at banks	2 924	16 657
Cash in transit	1 549	5 090
Cash on hand in stores and petty cash	224	321
Short-term bank deposits	40	591
Total	<u>4 737</u>	<u>22 659</u>

Cash in transit represents acquiring and cash collected from the Group's stores and not yet deposited into the bank accounts at the year-end.

Cash was denominated in the Russian Ruble.

14. EQUITY

Share capital

As at 31 December 2025 and 2024, the Company had the following number of authorised, issued and outstanding ordinary shares:

	<u>Outstanding ordinary shares</u>	<u>Issued ordinary shares</u>	<u>Authorised ordinary shares</u>
Balance as at 31 December 2025, 31 December 2024, 31 December 2023	<u>178 380 477</u>	<u>179 768 227</u>	<u>209 768 227</u>

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Each share has par value of RUB 10 per share. All issued ordinary shares were fully paid.

Prepaid capital

Prepaid capital reflects contributions to the Group's equity made prior to the registration and placement of additional shares. The decision for this capital increase was approved during the half-year period ended 30 June 2025 for an amount of no less than 30 000. As of the reporting date, these funds had been received in full by the Group: 7 000 was received in 2024, and 23 000 was received during 2025 and 1 643 represents interest accrued on the received funding as of the reporting date. On 19 November 2025, the Group registered an additional issue of 1,500 million shares.

Additional paid-in capital

Additional paid-in capital consists of share premium which is the excess between proceeds from issuance of 30 000 000 additional ordinary shares issued at 1 November 2007 and their par value, less share issuance costs and related current and deferred income tax amounts.

Treasury shares

As at 31 December 2025 and 2024, the Group owned 1 387 750 treasury shares held at cost of 526 (31 December 2024: 526).

Dividends declared

In June 2025, the General Meeting of Shareholders of the Company decided not to pay dividends.

In June 2024, the General Meeting of Shareholders of the Company decided not to pay dividends.

As at 31 December 2025 and 2024, the Group had no outstanding dividend obligations.

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15. INCOME TAX

The Group’s income tax expense for the years ended 31 December 2025 and 2024 comprised the following:

	<u>2025</u>	<u>2024</u>
Current tax		
Current tax expense for the current year	(435)	(534)
Sales tax	(144)	(80)
	<u>(579)</u>	<u>(614)</u>
Deferred tax		
Deferred tax benefit recognised in the current year	19 545	4 436
The effect of changing the tax rate	-	3 848
Reversal/(Recognition) of a reserve for deferred tax assets for tax losses	403	(403)
	<u>19 948</u>	<u>7 881</u>
Total income tax benefit recognised in the current year	<u>19 369</u>	<u>7 267</u>

The tax effect on the major temporary differences that give rise to the deferred tax assets and liabilities as at 31 December 2025 and 2024 is presented below:

	<u>31 December 2024</u>	<u>Recognised in profit or loss*</u>	<u>Recognised in OCI**</u>	<u>31 December 2025</u>
Deferred tax assets				
Lease liabilities	16 826	(1 970)	-	14 856
Tax loss carried forward	11 171	19 971	-	31 142
Difference in depreciable value of property, plant and equipment	1 845	74	-	1 919
Supplier bonuses allocated to inventories	829	(128)	-	701
Accrued expenses	925	(88)	-	837
Salary-related accruals	260	92	-	352
Allowance for obsolete and slow-moving inventories	800	(236)	-	564
Other items	83	259	-	342
Reversal of deferred tax assets for tax losses	(403)	403	-	-
Total	<u>32 336</u>	<u>18 377</u>	<u>-</u>	<u>50 713</u>
Tax offset	(13 366)			(12 163)
Net tax assets	<u>18 970</u>			<u>38 550</u>
Deferred tax liabilities				
Difference in amortisable value of intangible assets	(710)	(5)	-	(715)
Right-of-use assets	(12 184)	1 639	-	(10 545)
Difference in depreciable value of property, plant and equipment	(36)	(308)	(2 041)	(2 385)
Other items	(496)	(21)	-	(517)
Total	<u>(13 426)</u>	<u>1 305</u>	<u>(2 041)</u>	<u>(14 162)</u>
Tax offset	13 366			12 163
Net tax liabilities	<u>(60)</u>			<u>(1 999)</u>
Deferred tax assets, net	<u>18 910</u>			<u>36 551</u>

* Statement of profit or loss

** Statement of profit or loss and other comprehensive income

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	31 December 2023	Change	Effect of income tax rate change	31 December 2024
Deferred tax assets				
Lease liabilities	13 357	104	3 365	16 826
Tax loss carried forward	4 408	4 529	2 234	11 171
Difference in depreciable value of property, plant and equipment	1 241	236	368	1 845
Supplier bonuses allocated to inventories	290	373	166	829
Accrued expenses	596	145	184	925
Salary-related accruals	467	(259)	52	260
Allowance for obsolete and slow-moving inventories	593	48	159	800
Deferred revenue and prepayments received for goods	438	(378)	12	72
Other items	321	(315)	5	11
Reserve for deferred tax assets for tax losses	-	(403)	-	(403)
Total	21 711	4 080	6 545	32 336
Tax offset	(10 625)			(13 366)
Net tax assets	11 086			18 970
Deferred tax liabilities				
Difference in amortisable value of intangible assets	(600)	32	(142)	(710)
Right-of-use assets	(10 063)	314	(2 435)	(12 184)
Difference in depreciable value of property, plant and equipment	71	(87)	(20)	(36)
Other items	(90)	(306)	(100)	(496)
Total	(10 682)	(47)	(2 697)	(13 426)
Tax offset	10 625			13 366
Net tax liabilities	(57)			(60)
Deferred tax assets, net	11 029			18 910

12 July 2024 the President of the Russian Federation signed the Law on Amendments to the tax system in the Russian Federation, providing for a change in income tax rate from 20% to 25%, and for the Group’s companies operating in the field of information technology, from 0% to 5%, starting from 1 January 2025.

As at 31 December 2024, the Group measured deferred tax assets and deferred tax liabilities using tax rate of 25%, which is the rate expected to be applied in the period in which the asset is realised or the liability is settled.

As at 31 December 2025 and 2024 the Group recognized deferred tax assets in respect of accumulated and carried forward tax losses of MVM LLC, the Group's main operating company, amounted to 31 142 and 10 768 respectively.

The amount of tax loss carried forward, for which deferred assets are recognized, as of 31 December 2025 and 2024, is 124 568 and 44 658 respectively.

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The management believes that the recognition of the deferred tax asset is appropriate, as the Group has accumulated a sufficient history of profitability up to 2022. The Group also determined that future taxable profit against which the accumulated tax losses can be offset will be available in the foreseeable future. In making this assessment, the Group took into account that, in accordance with the long-term strategic model, it will start using the accumulated losses in 2029 and fully use it during 2029-2032.

In 2025, the Group developed a new strategy and a long-term development model, which involves a transition from traditional retail to a multi-platform ecosystem. The Company is building an integrated online platform aimed at expanding its product range far beyond traditional consumer electronics and household appliances, with a primary focus on a multi-category marketplace. Shifting a significant portion of retail sales to an agency model will optimize costs and reduce dependence on working capital, serving as a driver for sustainable development. The launch of a retail media platform will also be a key milestone in M.Video’s transformation into a multi-category marketplace.

The key assumptions in the Group’s long-term model for 2026–2033 include: the closure of at least 100 stores in 2026 with the store count remaining constant in subsequent years, while focusing on the development of a multi-category marketplace; an annual EBITDA ranging from 3% to over 20%; the key rate determined in accordance with the current long-term forecast of the Central Bank of the Russian Federation; and a gradual decrease in the share of semi-fixed costs due to economies of scale. The recognition of the deferred tax asset depends on the Group’s ability to adhere to these key assumptions in the long-term model.

In addition, when assessing the recoverability of deferred tax assets recognised in respect of tax losses carried forward, the Group’s management assumed that the tax legislation of the Russian Federation will continue to allow the indefinite carry-forward of accumulated tax losses throughout the entire period of the long-term model.

As part of the sensitivity analysis, the Group estimated that if the annual EBITDA were 5.8% lower than the figures reflected in the long-term model, with all other assumptions remaining constant, the period for full utilisation of the deferred tax asset would shift from 2032 to 2033. Furthermore, if the Bank of Russia’s key rate (and, consequently, the Group’s market cost of borrowing) were 2.4 p.p. higher in each period compared to the model data, with all other assumptions remaining constant, the full utilisation period of the deferred tax asset would also shift from 2032 to 2033. The Group has tax planning tools available to enable the future realisation of the deferred tax asset arising from tax losses.

Based on the assessment results, the Group’s management believes that the deferred tax asset is recoverable and assumes that any shift in the timing does not affect the probability of the deferred tax asset being realised, as tax losses can be carried forward indefinitely and have no expiration date under the legislation of the Russian Federation.

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The amount of income tax for the year differs from the amount that would be obtained by applying the statutory income tax rate to the loss before tax. A reconciliation between the theoretical income tax benefit, calculated using the statutory income tax rate of 25%, and the actual tax expense reported by the Group in the consolidated statement of profit or loss and other comprehensive income is presented below:

	<u>2025</u>	<u>2024</u>
Loss before income tax expense	(83 007)	(27 388)
Income tax benefit calculated at 25/20%	20 752	5 478
Sales tax	(144)	(80)
Effect of expenses that are not deductible in determining taxable profit		
<i>The effect of change in reserve for deferred tax assets for tax losses*</i>	-	(1 146)
<i>Income from forgiveness of trade payables</i>	(477)	-
<i>Inventory losses</i>	(119)	(110)
<i>Charitable donations and corporate events</i>	(234)	(49)
<i>Non-deductible payroll expenses</i>	(24)	(26)
<i>Other non-deductible expenses</i>	(385)	(648)
The effect of income tax rate change	-	3 848
Income tax profit	19 369	7 267

* During 2024, the Group companies (LLC “Invest-Realty”, LLC “Rentol”, and LLC “Trade center “Permskiy”) granted LLC “MVM” partial forgiveness of outstanding rental payments and promissory notes.

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16. BORROWINGS AND OTHER FINANCIAL LIABILITIES

This note provides information about the contractual terms of the Group’s long-term and short-term interest-bearing bank borrowings and other financial liabilities measured at amortised cost. The borrowings described below are denominated in the Russian Ruble.

	<u>Maturity</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Long-term loans			
LLC Capitalguard	March 2030	281	-
		281	-
Long-term financial liabilities			
Bonds issued	April 2027	1 966	3 674
		1 966	3 674
Total long-term loans and other financial liabilities		2 247	3 674
Short-term loans and credit lines			
Unsecured loans and credit lines			
Bank 1	January 2026 – December 2027	61 836	47 613
Bank 2	January – December 2026	33 809	12 235
Bank 3	February 2026	5 272	8 549
Bank 4	September 2028	12 680	9 040
Bank 8	January–February 2025	-	10 000
Bank 6	September 2027	5 068	5 000
		118 665	92 437
Short-term loans			
LLC A-FINANCE PROJECT	December 2028	14 218	-
LLC GRAND SMV	December 2028	10 419	-
PJSC SFI	July 2026	898	-
LLC SFI CAPITAL	July 2026	23	-
LLC Lanbury	June 2026	18	-
		25 576	-
Bonds			
Bonds issued	April–August 2026	5 759	12 348
		5 759	12 348
Total short-term loans, credit lines and other financial liabilities		150 000	104 785
Total loans, credit lines and other financial liabilities		152 247	108 459

As at 31 December 2025, the Group received a notice from LLC “A-FINANCE PROJECT” regarding a payment deferral until December 2028; however, this notice was not accepted by the Group. Consequently, the debt is presented within short-term loans.

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As at 31 December 2025, the carrying amount of existing loans and credit lines was remeasured due to changes in the terms of the loan agreements. The negative effect from the recognition of these modifications in the statement of profit or loss amounted to (712).

As at 31 December 2025, the Group was in breach of several financial covenants set forth in its loan agreements, which gives the banks the right to demand early repayment of the respective liabilities. As at the date of authorization of these consolidated financial statements, none of the banks have exercised this right. Subsequent to the reporting date, waiver letters were received from all banks confirming they will not seek penalties in connection with the covenant breaches. In 2026, the Group also expects to breach several financial covenants in its current loan agreements; however, the Group has reason to believe that the covenants will be revised as a result of ongoing negotiations with the banks.

In April 2025, investors partially exercised their put option rights for the fourth bond issue, resulting in the Group repurchasing bonds for a total amount of 5 152 and fully meeting all obligations under the presented bonds.

In April 2025, the Group placed long-term non-convertible fixed-rate rouble bonds in the total amount of 2 000 with a maturity date in April 2027.

In July 2025, the Group redeemed its obligations under the third bond issue in the amount of 5 000. In August 2024, the Group fully redeemed its obligations under the second bond issue in the amount of 9 000.

In August 2024, the Group placed long-term non-convertible floating-rate rouble bonds in the total amount of 3 750 with a maturity date in August 2026.

As at 31 December 2025, the unused amount of credit lines, for which, however, the banks have no firm commitment to provide funding, was 112 (31 December 2024: 11 286). The unused limit under the bond program as at 31 December 2025 was 13 250 (31 December 2024: 15 250).

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Movements in liabilities arising from financing activities

The table below presents changes in liabilities arising from financing activities, including both changes related to cash flows and changes not related to cash flows. Liabilities arising from financing activities include liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

	31 December 2024	Cash flows from financing activities	Interest paid	New leases, modifications and reassessment	Interest expense	Other changes*	31 December 2025
Bank borrowings and loans	92 437	40 344	(14 826)	-	26 086	481	144 522
Bonds	16 022	(8 170)	(2 172)	-	2 088	(43)	7 725
Lease liabilities	67 582	(10 474)	(11 304)	9 171	12 001	(7 741)	59 235
	176 041	21 700	(28 302)	9 171	40 175	(7 303)	211 482

	31 December 2023	Cash flows from financing activities	Interest paid	New leases, modifications and reassessment	Interest expense	Other changes*	31 December 2024
Bank borrowings	60 792	31 113	(14 756)	-	15 350	(62)	92 437
Bonds	25 643	(9 475)	(2 595)	-	2 499	(50)	16 022
Lease liabilities	66 785	(11 882)	(11 092)	15 504	11 056	(2 789)	67 582
	153 220	9 756	(28 443)	15 504	28 905	(2 901)	176 041

* Other changes include accrued expenses in respect of bank commissions, and the termination of recognition of lease obligations due to the closure of stores and revision of payment terms.

The amount of interest paid on factoring and commercial loans was 8 124 for 2025 (for 2024: 8 033).

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17. OTHER PAYABLES AND ACCRUED EXPENSES

Other payables and accrued expenses as at 31 December 2025 and 2024 comprised the following:

	31 December 2025	31 December 2024
Wages and bonuses	2 098	2 362
Refund liabilities	1 514	1 904
Advances received	1 383	529
Payables for property, plant and equipment and intangible assets	764	1 622
Variable lease and utility payables	567	1 367
Repair services payables	558	504
Payables to marketplaces	543	926
Consulting services payables	383	429
Insurance services payables	351	36
Warehousing services payables	238	139
Packaging services payables	81	130
Service center payables	92	123
Other payables and accrued expenses	2 416	1 202
Итого	10 988	11 378

18. OTHER TAXES PAYABLE

Other taxes payable as at 31 December 2025 and 2024 comprised the following:

	31 December 2025	31 December 2024
VAT payable	3 111	709
Payroll taxes	792	1 050
Other taxes payable	636	205
Итого	4 539	1 964

19. CONTRACT LIABILITIES

Liabilities to customers as at 31 December 2025 and 2024 comprised the following:

	31 December 2025	31 December 2024
Prepayments received for goods	3 178	9 418
Deferred revenue	1 442	951
Total	4 620	10 369

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Deferred revenue for 2025 and 2024 comprised the following:

	2025				2024			
	Customer loyalty programs	Gift certificates	Additional services	Total	Customer loyalty programs	Gift certificates	Additional services	Total
As at 1 January	247	704	-	951	2 190	602	6	2 798
Revenue deferred during the period	10 251	529	-	10 780	18 830	3 497	-	22 327
Revenue recognised in the consolidated statement of profit or loss and other comprehensive income	(9 732)	(557)	-	(10 289)	(20 773)	(3 395)	(6)	(24 174)
As at 31 December	766	676	-	1 442	247	704	-	951

New loyalty program, integrated for both brands, was started from September 2024. At the beginning of December 2024 a promotion with doubling of accumulated organic bonus rubles and mandatory burning of the remaining balance at the end of the year was performed.

Revenue for the year ended 31 December 2025 includes the amount of obligations under contracts with customers at the beginning of the year in the amount of 2 859 (2024: 4 859).

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20. PROVISIONS

Provisions as at 31 December 2025 and 2024 comprised the following:

	31 December 2024	Accrual of provision	Utilisation of provision	Write-off of provision	31 December 2025
Provision for litigation and fines	153	29	(65)	(52)	65
Warranty provision – repair of imported goods*	94	188	(119)	(126)	37
Total	247	217	(184)	(178)	102

	31 December 2023	Accrual of provision	Utilisation of provision	Write-off of provision	31 December 2024
Provision for litigation and fines	129	88	(47)	(17)	153
Warranty provision – repair of imported goods*	125	285	(157)	(159)	94
Total	254	373	(204)	(176)	247

* The provision for liabilities to customers for warranty repairs of imported goods is made up of a short-term of 34 (as at 31 December 2024 – 87) and a long-term of 3 (as at 31 December 2024 – 7), which is included in the Other Non-Current Liabilities line of the Consolidated Statement of Financial Position.

21. REVENUE

Revenue for the years ended 31 December 2025 and 2024 comprised the following:

	2025	2024
Retail revenue	317 582	447 252
<i>including revenue own marketplace and agency fees</i>	22 021	6 563
Consumer loan revenue	4 512	1 748
Rental income from investment property	358	366
Other revenue	2 309	2 276
Total	324 761	451 642

Retail revenue includes sales of goods in stores, pick-up in-store, home-delivery and commission fees.

Other revenue for the years, ended 31 December 2025 and 2024 includes revenue from services of installation, recycling of home appliances and digital assistance.

Revenue for the year ended 31 December 2025 recognised at a point in time was 324 401 (2024: 451 269), and revenue recognised over time was 360 (2024: 373).

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22. COST OF SALES

Cost of sales for the years ended 31 December 2025 and 2024 comprised the following:

	<u>2025</u>	<u>2024</u>
Cost of goods sold		
- Cost of goods sold	277 986	352 554
- Transportation to stores	2 671	4 047
- Inventory losses net of surpluses and income from unclaimed returned goods	177	(1 049)
Cost of credit broker services:		
- Purchased credit broker services	127	3
- Payroll of credit broker staff and related taxes	2 803	2 056
- Consumer loan service costs	1 128	-
Cost of additional services	165	80
Cost of other services	2 017	2 986
Total	<u>287 074</u>	<u>360 677</u>

23. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the years ended 31 December 2025 and 2024 comprised the following:

	<u>2025</u>	<u>2024</u>
Wages, salaries and related taxes	26 097	28 088
Depreciation and amortisation of property, plant and equipment, intangible assets, investment property and right-of-use assets	23 046	25 729
Advertising and promotion expenses, net	3 394	4 732
Utilities	2 811	2 853
Marketplace commissions	2 912	3 000
Bank services	2 355	2 948
Repair and maintenance	2 281	2 387
Security	1 992	2 346
Warehousing expenses	1 488	1 662
Consulting services	1 418	1 717
Office expenses	417	612
Packaging expenses	371	510
Variable lease expenses	350	1 063
Service center expenses	331	336
Taxes, other than income tax	326	303
Communication	249	287
Operating expenses	137	138
Travel expenses	62	161
Other staff costs	43	169
Other expenses	2 174	1 389
Итого	<u>72 254</u>	<u>80 430</u>

Payroll and related taxes for the year ended 31 December 2025 include 3 744 contribution to the Russian social fund (2024: 4 105) and medical insurance in the amount of 1 434 (2024: 1 570).

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In 2025, the Group received 1 005 from its suppliers as a compensation of advertising and promotional expenses (2024: 1 338).

24. OTHER OPERATING INCOME

Other operating income for 2025 comprise income from disposal of lease agreements of RUB 2 240, income from supplier debt forgiveness in the amount of 1 907, income from sale of real estate items of RUB 115, and other individually immaterial items.

Other operating income for 2024 comprise income from disposal of lease agreements of RUB 1 010, income from sale of real estate items of RUB 191, and other individually immaterial items.

25. FINANCE INCOME AND EXPENSES

Finance income/(expenses) for the years ended 31 December 2025 and 2024 comprised the following:

	<u>2025</u>	<u>2024</u>
Interest income	663	1 227
Exchange rate differences financial	118	-
Total financial income	<u>781</u>	<u>1 227</u>
Interest on bank borrowings, bonds and other	(40 759)	(29 245)
Interest expense on lease liabilities	(12 001)	(11 056)
Exchange rate differences financial	-	(52)
Total financial expenses	<u>(52 760)</u>	<u>(40 353)</u>
Total	<u>(51 979)</u>	<u>(39 126)</u>

26. OTHER NON-OPERATING EXPENSES

Other non-operating expenses include charity expenses. These expenses are not related to the Group's core business.

27. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares.

Diluted earnings per share are calculated by dividing net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period, after adjusting for the effect of all potentially dilutive ordinary shares.

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The following reflects the income and share data used in the basic and diluted earnings per share computations:

	<u>2025</u>	<u>2024</u>
Net loss attributable to equity holders of the Company	(63 638)	(20 121)
Weighted average number of ordinary share in issue (millions of shares)	<u>178,38</u>	<u>178,38</u>
Basic earnings per share (in the Russian Ruble)	(356,75)	(112,8)
Net loss attributable to equity holders of the Company, adjusted for dilution effect	(63 638)	(20 121)
Weighted average number of ordinary shares for the purpose of diluted earnings per share (millions of shares)	<u>178,38</u>	<u>178,38</u>
Diluted earnings per share (in the Russian Ruble)	<u>(356,75)</u>	<u>(112,8)</u>

28. SEGMENT INFORMATION

Products and services of operating segments

The activities of the Group are carried out on the territory of the Russian Federation and consist mainly of the retail trade of household appliances and electronics. Despite the fact that the Group operates through various types of stores and in various regions of the Russian Federation, Group’s management acting as chief operating decision maker, analyses the operations of the Group and allocates resources by individual stores. The segment’s performance measurement is based on net profit for the period being total comprehensive income for the period.

The group assessed the economic characteristics of individual stores, including “M.video” and “Eldorado” stores, online stores and others, and determined that the stores have similar margins, products, customers and methods of selling such products. Therefore, the Group believes that it has only one operating segment in accordance with IFRS 8 “Operating segments”.

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29. RELATED PARTIES

Related parties include shareholders, key management, entities under common ownership and control, entities under the control of key management and entities over which the Group has significant influence.

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial year and the outstanding balances owed by/to related parties as at 31 December 2025 and 2024, respectively:

	2025		31 December 2025		2024		31 December 2024	
	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Entities under common control (i)	-	-	-	680	-	-	-	-
Entities under significant influence of the controlling shareholder (ii)	-	-	-	-	1 479	230	-	7 000
Total	-	-	-	680	1 479	230	-	7 000

The nature of transactions with related parties is as follows:

- (i) Entities under common control – purchase and sale of Group’s goods, warehouses and trade premises rent, consulting services, charity, reimbursement of tax charges and fines, etc.
- (ii) Entities under significant influence of the controlling shareholder – agent services for sales of insurance policies, credit broker services.

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The following table provides the total amount of financial transactions, which have been entered into with related parties during the year periods ended 31 December 2025 and 2024 and the outstanding balances owed by/to related parties as at 31 December 2025 and 2024, respectively:

	2025		31 December 2025		2024		31 December 2024	
	Financial income from related parties	Financial expense from related parties	Amounts owed by related parties	Amounts owed to related parties	Financial income from related parties	Financial expenses from related parties	Amounts owed by related parties	Amounts owed to related parties
Entities under common control (i)	-	(329)	-	(281)	-	-	-	-
Entities controlled by a party exercising significant influence (ii)	-	-	-	-	-	(97)	-	-
Other related parties (iii)	-	(2 693)	-	(939)	-	-	-	-
Total	-	(3 022)	-	(1 220)	-	(97)	-	-

- (i) Entities under common control – finance costs related to the receipt of contributions from shareholders as part of a capital increase;
- (ii) Entities controlled by a party exercising significant influence – finance expenses for insurance services.
- (iii) Other related parties – finance costs in connection with contributions received from non-controlling shareholders as part of a capital increase.

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Terms and conditions of transactions with related parties

Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There were no guarantees received or provided on receivables and payables in favor of related parties. As at 31 December 2025 and 2024, the Group has no allowance for doubtful accounts receivable from related parties. The Group performs expected credit loss analysis of related parties balances as described in Note 3.

Compensation of key management personnel of the Group

The remuneration of directors and other members of key management during the years ended 31 December 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
Short-term benefits	453	981
Total	<u>453</u>	<u>981</u>

As at 31 December 2025, outstanding payables to key management personnel amounted to 0 (31 December 2024: 0).

As at 31 December 2025, the number of key management positions was 32 (as at 31 December 2024: 22).

During the reporting period, the Group did not assume any significant obligations for pension payments or other obligations to key management personnel. Social contributions relating to compensation of key management personnel amounted to 61 for the year ended 31 December 2025 (for the year ended 31 December 2024: 119) and were included in the amounts stated above.

30. COMMITMENTS AND CONTINGENCIES

Operating environment

M.Video Group is one of the largest omni-channel consumer electronics and household appliances retailers in Russia, operating in a transforming economic environment. In 2025, the Group continued to actively adapt its operating model to external challenges, ensuring business resilience and maintaining its competitive position by launching a transformation into a multi-category marketplace while preserving its offline retail footprint, actively developing online sales, and transitioning to an agency supply model with key suppliers.

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The Group operates in the Russian Federation, where ongoing economic reforms are aimed at increasing fiscal revenues, promoting manufacturing and socially significant sectors, and refining regulation across various industries. These reforms are intended to mitigate the impact of political and economic sanctions imposed on the Russian Federation by the United States, the European Union, and several other nations. Consequently, M.Video Group operates within Russian economic and financial markets that are undergoing a period of significant change driven by economic transformation. This environment is characterized by elevated inflation, tight monetary policy, rising borrowing costs, and softened consumer demand due to an increase in personal savings (deposits) and a slowdown in lending growth. Furthermore, the Group faces labor market fluctuations, as well as increasingly complex logistics chains and international settlement mechanisms.

At the same time, positive macroeconomic trends emerged in 2025. Inflation in Russia decreased to 5.6%, compared to 9.5% in 2024. The Central Bank of Russia continues to maintain policies aimed at price stabilization and strengthening the rouble despite economic challenges. Throughout the year, the Central Bank of Russia continued to lower the key rate. By the end of 2025, the key rate had been reduced from 21% to 16%. The gradual reduction of the key rate will allow the Group to benefit from improved borrowing conditions to optimize its debt structure and refinance liabilities on more favorable terms.

The Group’s core market is the retail of consumer electronics and household appliances, where demand is sensitive to sharp changes in economic and social conditions that affect consumer spending. A volatile economic situation may influence consumer spending and preferences. Significant changes in the growth rates of the Russian and global economies, disruptions in global production and/or logistics processes, and settlement methods may affect the range of electronics and appliances available in local markets, including the domestic one. All of these factors can directly impact the operating and financial results of M.Video Group.

To minimize the impact of these external factors, the Group implements an operational flexibility strategy, which includes developing its own logistics capacities and warehouse infrastructure, increasing the share of direct import contracts in total purchases, adapting its assortment policy to changing consumer preferences, and utilizing dynamic pricing management and promotional activities.

A key element of the Company’s digital transformation has been the shift to an agency supply model. Given the high key rate, the traditional retail model—involving the purchase of inventory onto the Group’s balance sheet—proved economically unsustainable due to capital being tied up in inventory, as well as the high cost of bank financing, factoring, and insurance limits. The agency model has enabled the expansion of the product range without the need for debt financing: goods from suppliers are received on a consignment basis, with settlements made post-sale on deferred payment terms.

The Group conducts its own import operations, procuring goods both domestically and from friendly nations, including China, the UAE, Turkey, EAEU countries, and others, which maintains a broad representation of various products in Russia and increases trade volumes with these regions. The Group has established all necessary supply chains, documentation workflows, payment instruments, and other supporting processes. Notably, in 2025, M.Video Group minimized settlements with suppliers in foreign currencies. The diversification of the supplier portfolio has allowed the Group to maintain an assortment matrix of 209 thousand SKUs, ensure uninterrupted supplies of key product categories, and minimize dependence on traditional import channels.

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The total volume of online sales in Russia reached approximately RUB 9.2 trillion in 2025 (+26.6% year-on-year). The e-commerce share of total retail turnover rose to 23%, with forecasts predicting growth to 27% in 2026 and 30% by 2027. The consumer electronics and household appliances category maintained its leadership in digitalization, with online sales accounting for 53% of the market. Meanwhile, in many other segments—such as DIY, Home & Garden, Furniture & Home Goods, Sports & Leisure, Jewelry, Automotive, Pet Supplies, Household Chemicals, and Stationery—the online share remains below 50%. This creates an opportunity for M.Video Group to successfully expand into new market segments using its new marketplace model.

In parallel with the expansion of universal platforms, a niche marketplace segment is actively forming in the Russian market. According to research data, the niche marketplace market reached approximately RUB 990 billion in 2025 (+22% year-on-year), and is projected to exceed RUB 1.1 trillion in 2026. Category-specific retailers developing their own marketplaces account for about 20% of this market structure. The share of marketplace sales within the operations of category-specific players grew from 20% in 2023 to 25% in 2024, reaching 30% in 2025. These figures confirm that the marketplace model is becoming an integral part of the business model for specialized retailers.

However, a high degree of uncertainty remains regarding the impact of these events and possible subsequent changes in the economic and geopolitical situation on the Group’s future performance and financial position. The actual impact of future operating conditions may differ from management’s estimates.

The described events were considered as indicators of potential impairment of the assets of the Group. The Group has conducted impairment test of Goodwill, Trademark, Right-of-use assets and Property, plant and equipment as at 31 December 2025 (Notes 6, 8 and 9).

Tax risk management

Laws and regulations affecting business in the Russian Federation continue to change rapidly. Management’s interpretation of such legislation as applied to the activity of the Group may be challenged by the relevant regional and federal authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. Fiscal periods generally remain open to tax audit by the authorities in respect of taxes for three calendar years preceding the year of tax audit. Under certain circumstances reviews may cover longer periods. The Group’s management believes that all applicable taxes have been accrued based on market practices and many years of expertise in the interpretation of tax legislation. However, the relevant authorities may have differing interpretations, and the effects on the financial statements could be significant.

Customs

During the years ended 31 December 2025 and 2024, the Group purchased a significant portion of its foreign manufactured goods on the territory of the Russian Federation from Russian legal entities, including Russian wholesalers or resellers, which may or may not have imported the goods into the Russian Federation directly. Such operations were carried out within the framework of mechanisms for import operations that are correct from the point of view of Russian legislation.

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The Group's companies operate exclusively within the framework of Russian legislation, in accordance with all applicable tax and legal requirements in relation to imported products, therefore, the Group did not participate in, did not know and could not have known about any material violations of the applicable customs code by Russian wholesale or intermediary companies. Accordingly, management did not recognise any provisions in respect of such contingencies in these consolidated financial statements and determined that with current limitations in access to customs clearance documents it is not practicable to estimate the likely potential financial effect, if any, of such contingent liabilities.

Under Russian law a company in possession of goods that were imported with proven violations of the customs law may be subject to significant administrative or civil penalties and/or confiscation of the goods, if it was involved in, aware of, or should have known that violation of the customs code were occurring. To date, the Group has not been subject to any notification of violations of the customs code.

Litigation

In the normal course of business, the Group is subject to proceedings, lawsuits and other claims. While such matters are subject to other uncertainties, and outcomes are not predictable with assurance, the management of the Group believes that any financial impact arising from these matters would not exceed amount disclosed as a provision for litigation and fines in Note 20.

Financial guarantees

In the normal course of business the Group from time-to-time enters into financial guarantee contracts with banks. Under these contracts banks provide guarantees in favor of the Group's suppliers and the Group may be required to pay under those contracts only if it fails to make timely payments to its suppliers. As at 31 December 2025, the Group entered into such guarantee contracts for the total amount of 4 479 (as at 31 December 2024: 10 463). As at the 31 December 2025 and 2024, the Group has not pledged any assets as collateral under these guarantee contracts.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Generally, the Group's principal financial liabilities comprise bank borrowings, bonds, lease liabilities and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has trade and other receivables and cash and short-term deposits that are generated directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

The Group's senior management oversees the risk management process. The Group's senior management provides assurance to the Group's Board of Directors that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

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Categories of financial instruments

The carrying values of financial assets and liabilities grouped by each category of financial instruments as at 31 December 2025 and 2024 were as follows:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Financial assets		
Assets carried at amortised cost	28 571	60 319
Financial liabilities		
Liabilities carried at amortised cost	322 535	374 771

Fair value of financial instruments

	<u>31 December 2025</u>		<u>31 December 2024</u>	
	<u>Carrying value</u>	<u>Fair value</u>	<u>Carrying value</u>	<u>Fair value</u>
Financial liabilities				
Borrowings and other financial liabilities with fixed interest rate	144 522	152 211	92 437	88 962
Bonds	7 725	7 123	16 022	14 315
Total	<u>152 247</u>	<u>159 334</u>	<u>108 459</u>	<u>103 277</u>

Fair value of borrowings received in rubles in 2025 and 2024 was estimated using borrowing rates of 20,2% and 25,5% respectively. Bonds were estimated using market quotes. Fair value measurement was categorised within level 1 of the fair value hierarchy.

The fair value of such assets and liabilities as long-term financial assets, cash and cash equivalents, accounts receivable, trade payables and other payables corresponds to the current value at which they are recorded due to the short maturity of these instruments.

Interest rate risk management

The Group is exposed to insignificant interest rate risk as entities in the Group borrow funds on fixed rates primarily. The Group is exposed to risk of fair value of financial liabilities changes because of changes of market interest rates.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The following analysis of changes in the fair value was performed for non-derivative financial instruments at the reporting date. For the purpose of preparing risk management reports for key managers of the Group, the assumption of a change in interest rate of 300 basis points is used, which is in line with management's expectations regarding reasonably possible fluctuations in interest rates. The increase/(decrease) of market interest rate by 300 basis points, if other conditions remain constant, would lead to (increase)/decrease of loss before income tax by (2 302)/2 302 (2024: (1 732)/1 732).

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To minimize the negative impact of interest rate volatility on financial results and to ensure the predictability of cash flows, the Group applies the following risk management measures:
Debt portfolio optimization – The Group aims to maintain a balanced ratio between fixed-rate and floating-rate liabilities.

Reducing dependence on external financing – The active development of the marketplace model will allow the Group to reduce the amount of funds tied up in inventory and, consequently, decrease the need for working capital financing, which is most sensitive to market rate fluctuations.

Cost of borrowing management – The Group regularly works with a pool of major banks to refinance its debt obligations.

Credit risk management

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in financial loss to the Group. Financial assets which are potentially subject to credit risk consist primarily of bonuses receivable from suppliers, other receivables as well as cash on current and deposit accounts in banks and other financial institutions.

Bonuses receivable from suppliers are either offset against respective accounts payable or paid in cash. As at 31 December 2025, bonuses receivable from 5 major suppliers comprised 32% of the Group’s consolidated accounts receivable and prepaid expenses (as at 31 December 2024: 40%). The Group believes no material credit risk is associated with these receivables since all of the debtors are represented by the Group’s major suppliers.

The credit risk on liquid funds (see the table below) is managed by the Group’s treasury department. Management believes that credit risk on investments of surplus funds is limited as the counterparties are financial institutions with high credit ratings assigned by Russian credit rating agencies.

The table below shows the balances that the Group had with five of its major banks as at 31 December 2025 and 2024:

			Carrying amount	
	Currency	Rating as of 31 December 2025*	31 December 2025	31 December 2024
Bank 2	RUB	ruAAA	1 932	4 913
Bank 4	RUB	ruAA+	766	2 142
Bank 9	RUB	AAA	190	230
Bank 8	RUB	AA	4	3 357
Bank 3	RUB	ruA+	1	6 031
Other	RUB	–	71	575
Total			2 964	17 248

*Credit ratings of the Expert RA and AKRA agency were used.

The carrying amount of financial assets recorded in the consolidated statement of financial position, net of impairment losses, represents the Group’s maximum exposure to credit risk. There were no other concentrations of credit risk as at 31 December 2025 and 2024.

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Liquidity risk management

The Group’s treasury department monitors the risk of a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivable) and projected operating cash flows.

The Group’s objective is to maintain a continuity of funding and flexibility through the use of bank overdrafts and bank loans. Each year the Group analyses its funding needs and anticipated cash flows, so that it can determine its funding obligations. The seasonality of the business, the store expansion plan, capitalised projects and the anticipated working capital requirements form the basis of the evaluation. When necessary the Group uses long-term instruments (bonds, loans and borrowings) to cover its base liquidity needs. The Group uses short-term loans and bank overdrafts to cover seasonality needs.

In addition, in order to manage liquidity risk, the Group uses a balanced approach to working capital management with balancing the terms of inventory and accounts payable turnover, and therefore certain requirements are imposed on suppliers to provide deferred payment conditions. Various mechanisms are used to provide the necessary deferred payment including factoring agreements, commercial loans and bills of exchange. As the Group does not receive significant benefits of additional financing and does not provide additional collateral using these mechanisms, the corresponding liabilities are recorded as trade payables, interest expenses – as finance expenses, and cash flows - as cash flows from operating activities.

As at 31 December 2025, trade payables in respect of which the Group used mechanisms to obtain an additional deferral of payment with the involvement of financial institutions amounted to 27 194 (as at 31 December 2024: 24 131), the corresponding interest expense for the year ended 31 December 2025 of 6 260 (for the year ended 31 December 2024: 6 059). Also, as at 31 December 2025, the Group had trade payables to suppliers in the amount of 4 450 (as at 31 December 2024: 36 450), in respect of which a compensated deferral of payment was provided. Finance expenses incurred by the Group in connection with the provision of such a grace period by suppliers amounted to 3 620 and 4 715 for the years ended 31 December 2025 and 2024, respectively.

The table below summarises the information of the Group’s supplier finance arrangements:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Carrying value of financial liabilities		
Presented within trade accounts payable:	13 867	24 131
- from which suppliers received payment from factor	13 867	24 131
Range of payment terms		
	174-252 days after financing date	88-272 days after financing date
Liabilities, which are the part of arrangements	1-180 days after date of acceptance of goods	1-304 days after date of acceptance of goods
Comparable trade payables, not part of the arrangements		

Comparable trade payables also include deferrals granted by suppliers, most of whom include the cost of such deferrals in the price of the goods or have direct factoring arrangements.

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The table below summarises the maturity profile of the Group’s financial liabilities as at 31 December 2025 and 2024 based on contractual undiscounted payments:

	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
As at 31 December 2025					
Trade accounts payable	75 456	24 609	-	-	100 065
Borrowings and other financial liabilities	75 480	30 113	96 884	-	202 477
Lease liabilities	5 575	15 300	55 774	19 733	96 382
Other payables and accrued expenses	10 988	-	-	-	10 988
Total	167 499	70 022	152 658	19 733	409 912
	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
As at 31 December 2024					
Trade accounts payable	179 919	7 433	-	-	187 352
Borrowings and other financial liabilities	93 068	13 265	4 385	-	110 718
Lease liabilities	6 028	16 982	59 265	27 569	109 844
Other payables and accrued expenses	11 378	-	-	-	11 378
Total	290 392	37 680	63 650	27 569	419 292

Capital risk management

The Group manages its capital to ensure that all Group entities will be able to continue as a going concern in the foreseeable future and to implement its strategy aimed at stabilizing the financial position and maximizing shareholder returns by optimizing the debt-to-equity ratio. There were no changes in the objectives, policies or processes during the years ended 31 December 2025 and 2024.

The Group’s capital comprises issued shares, net of treasury shares, share premium, revaluation reserve for property, plant and equipment, and accumulated losses.

The primary objective of the Group’s capital management program is to maximize shareholder value and minimize credit portfolio risks. The consumer electronics business is cyclical and, accordingly, requires short-term fluctuations in the amount of capital used for inventory procurement to meet seasonal demand. To cover seasonal capital requirements, the Group uses a combination of borrowings such as short-term loans, supply chain financing arrangements, and trade payables. While the Group has no formal policy regarding an optimal debt-to-equity ratio, it periodically reviews its capital requirements to determine necessary measures to maintain a balanced capital structure through capital returns to shareholders, the issuance of new debt, or the redemption of existing debt.

The primary objective of the Group’s capital management in the current macroeconomic environment is to ensure financial stability and maintain sufficient liquidity to implement its transformation strategy. In contrast to the traditional retail model, which requires significant investment in inventory, the Group is transitioning to a development model driven by marketplace expansion. This allows for the minimization of risks associated with market cyclical and the need for short-term debt financing to meet seasonal demand.

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To maintain a balanced capital structure, the Group utilizes the following instruments:

Diversification of sources – a combination of bank loans, factoring, and trade credit to minimize the weighted average cost of capital (WACC).

Active debt portfolio management – the Group continuously monitors its liability structure, striving to reduce sensitivity to fluctuations in the key rate.

Increasing the share of equity – management regularly analyzes opportunities for the Group’s recapitalization, including debt-to-equity conversion instruments and equity fundraising, which is critical for covenant compliance and maintaining creditor confidence.

32. SUBSEQUENT EVENTS

In January 2026, the Group signed agreements for the sale of LLC “Alliance Credit” and LLC “DIRECT TECH” for a cash consideration of 194. As at the date of disposal, the carrying amount of the net assets disposed of was (1 308). As a result of the disposal, goodwill in the amount of 1 032 was also written off. The net gain on the disposal of these companies amounted to 399.

On 13 March 2026, the Group accepted a notice from LLC “A-FINANCE PROJECT” regarding a payment deferral until December 2028, as a result, the debt was reclassified to long-term loans.

The Board of Directors of PJSC M.video approved Alexey Sukhov as the Chief Executive Officer of PJSC M.video. Alexey Sukhov assumed the position on 20 March 2026.

In April 2026, the Group repaid the remaining amount of its obligations under the fourth bond issue in the amount of 1 848.

On 27 April 2026, Olga Shumova was appointed to the position of Chief Accountant of PJSC “M.video.