

**DISCLAIMER**

*Regulations on the Dividend Policy  
of Public Joint-Stock Company “M.video”  
(approved on 05 February 2021 by decision of the  
Board of Directors of Public Joint-Stock Company  
“M.video” Minutes No.195/2021 dated 08.02.2021)  
(the **Dividend Policy**) is prepared in Russian. This  
document is an English translation of the Dividend  
Policy and has been prepared for information  
purposes only. In an event of any inconsistencies or  
disagreement as to interpretation of any provisions,  
the Russian version of the Dividend Policy shall  
prevail.*

**APPROVED**

on 05 February 2021  
by decision of the Board of Directors of  
Public Joint-Stock Company “M.video”  
Minutes No. 195/2021 dated 08.02.2021

**REGULATIONS  
on the Dividend Policy  
of Public Joint-Stock Company “M.video”**

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## Terms and definitions

For the purposes of these Regulations, the following terms and definitions are used:

**Associated and Joint Venture** means an associated and joint venture as defined in the International Financial Reporting Standards (IFRS).

**M.video-Eldorado Group** means PJSC “M.video” and the legal entities under the direct or indirect control of the Company.

**Dividends** means the part of the Company’s net profit distributed among the shareholders in proportion to the number of shares they own.

**Consolidated Financial Statements** means the Company’s consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

**Consolidated Net Profit IAS 17** means the Company’s consolidated net profit calculated based on the Company’s Financial information prepared in accordance with IAS 17, excluding the share of profit (loss) of associates or joint ventures. This measure is verified by an independent auditor.

**Company** means Public Joint-Stock Company “M.video” or PJSC “M.video”.

**Financial information prepared in accordance with IAS 17** – Company’s financial information prepared in accordance with the IFRS accounting policy but using IAS 17 as opposed to IFRS 16 for accounting of leases and disclosed in the “additional information” section of the Consolidated Financial Statements of the Company.

**EBITDA IAS 17** means a measure determined as profit before deduction of interest, income tax expense, depreciation of fixed assets and amortisation of intangible assets, and calculated based on the Company’s Financial information prepared in accordance with IAS 17. This measure is verified by an independent auditor.

**Net Debt IAS 17** means a measure determined as the amount of debt obligations (loans and borrowings) less cash and cash equivalents and calculated based on the Company’s Financial information prepared in accordance with IAS 17. This measure is verified by an independent auditor.

## Article 1. General terms

1.1. These Regulations on the Company’s dividend policy (the **Regulations**) were drafted in compliance with Russian law, the Charter, and the internal documents of PJSC “M.video”.

1.2. The Regulations are aimed at:

- determining the approach of the Board of Directors of the Company to be applied in making recommendations on the amount of Dividends to be paid, if any;
- establishing principles, which are clear and comprehensible for the Company’s shareholders, for adopting decisions on payment of Dividends, and determining the amount and procedure for payment thereof;
- ensuring sustainable dividend payments to the shareholders of the Company.

1.3. The decision to pay Dividends on the Company’s shares constitutes a right, and not an obligation, of the Company. The General Shareholders Meeting has the right to adopt a decision on non-payment of Dividends.

1.4. Payment of declared Dividends constitutes the Company’s obligation. The Company is liable to persons entitled to receive Dividends for failure to perform its obligations in accordance with current Russian law. In the absence of a decision to pay (declare) Dividends, the Company is not entitled to pay, and shareholders are not entitled to demand, payment of Dividends.

1.5. These Regulations are to be considered neither a recommendation, nor an instruction, to the General Shareholders Meeting of the Company.

## **Article 2. Dividend policy principles**

2.1. The Company's dividend policy is based on the following general principles:

- securing the interests of the Company's shareholders by ensuring that their rights to receive income in the form of Dividends can be exercised;
- increasing the Company's market capitalisation and investment attractiveness;
- ensuring the balance of the Company's investment needs and the Dividend payments;
- ensuring transparency of the procedure for determining Dividend amounts;
- endeavouring to meet high corporate governance standards;
- the Company's dividend policy should not hinder the development of its operating and investment activities.

## **Article 3. Conditions for Dividend payment**

3.1. The Company pays Dividends subject to all the following conditions being met:

- net profit having been earned by the Company in the reporting period for which the Dividends are declared and/or any undistributed earnings having remained from previous years as reflected in the accounting (financial) statements prepared in accordance with Russian legislation on accounting;
- no restrictions stipulated by the legislation of the Russian Federation applying to the payment of the Dividends;
- the relevant recommendations having been issued by the Board of Directors;
- the relevant decision having been passed by the General Shareholders Meeting of the Company.

## **Article 4. Determination of the amount of Dividends**

4.1. When determining the recommended amount of Dividends, the Board of Directors is guided by the legislation of the Russian Federation, these Regulations, and the financial results, and proposals of the executive management bodies, of M.video-Eldorado Group.

4.2. When determining the amount of Dividends to be recommended to the General Shareholders Meeting, the Board of Directors of the Company considers it a priority to ensure Dividend payment in the amount of at least 100% of the Consolidated Net Profit IAS 17, provided that the ratio of Net Debt IAS 17 to EBITDA IAS 17 at the end of the last reporting year was equal to or less than 2.0.

If the Net Debt IAS 17 to EBITDA IAS 17 ratio at the end of the last reporting year was more than 2.0, the recommended Dividend amount is to be determined taking into account clauses 2.1. and 4.4. of these Regulations.

4.3. When determining the amount of Dividends per 1 ordinary share in accordance with clause 4.2. of the Regulations, the result is rounded down to an integer number of kopeks. Given this condition, the actual ratio of Dividend payments to the amount of Consolidated Net Profit IAS 17 indicated above may deviate slightly lower.

4.4. The Company's Board of Directors may use various measures of financial and economic activity when making recommendations on the Dividend amount.

## **Article 5. Procedure for passing resolutions on payment of Dividends**

5.1. The Company intends to pay Dividends twice per calendar year.

5.2. The decision to pay (declare) the interim Dividends and the Dividends based on the results of the reporting year is adopted by the General Shareholders Meeting of the Company. Payment (declaration) of Dividends based on the results of the reporting year is adopted taking into account the (interim) Dividends declared earlier in the reporting year.

The decisions are adopted by a simple majority of votes of shareholders, i.e., owners of

voting shares who participated in the meeting.

5.3. The decision of the General Shareholders Meeting on the payment of Dividends should determine:

- the amount of Dividends per 1 share (including the amount of taxes established by the current legislation of the Russian Federation);
- the form of payment;
- the date on which the persons entitled to receive Dividends are determined;
- the procedure for payment of Dividends in non-cash form.

5.4. The decision to pay Dividends is adopted by the General Shareholders Meeting upon the relevant recommendation of the Company's Board of Directors. The amount of Dividends may not exceed that recommended by the Company's Board of Directors.

## **Article 6. Dividend payment**

6.1. Dividends are paid to persons who were owners of the Company's shares of the corresponding category (type) or persons exercising rights under these shares in accordance with federal laws as at the close of business on the date on which the persons entitled to receive those Dividends are determined in accordance with the decision to pay Dividends.

6.2. No Dividends are accrued or paid:

- in relation to non-placed shares of the Company (for which the issue (additional issue) of securities was registered and their alienation to the first owners was not carried out);
- on own shares purchased and/or redeemed by the Company;
- in other cases stipulated by the legislation of the Russian Federation.

6.3. In order to pay Dividends, the registrar who maintains the register of shareholders of the Company shall draw up a list of persons entitled to receive Dividends as at the date determined by the General Shareholders Meeting of the Company. The list of persons entitled to receive Dividends is compiled in accordance with the requirements of the current legislation of the Russian Federation. The date on which the persons entitled to receive Dividends are determined in accordance with the decision on payment of Dividends cannot be set earlier than 10 days after, or later than 20 days after, the date of the General Shareholders Meeting's decision on payment of Dividends.

6.4. Declared Dividends are paid in cash unless the General Shareholders Meeting has made a decision to pay Dividends in a non-cash form. The decision of the General Shareholders Meeting on the payment of Dividends in a non-cash form is made on the basis of the recommendation of the Board of Directors of the Company, which should indicate the assets allocated for Dividend payments

6.5. The period for Dividend payment to a nominal holder and a trustee being a professional participant in the securities market registered in the register of shareholders shall not exceed 10 business days and, for other shareholders registered in the Register, shall not exceed 25 business days from the date on which those persons entitled to receive Dividends are determined.

6.6. The Company is entitled to fulfil the obligation to pay Dividends on any day during the period for payment of Dividends.

6.7. Payment of cash Dividends to individuals whose rights to shares are recorded in the register of shareholders of the Company is effected by transferring funds to their bank accounts, the details of which are available to the registrar of the Company, or, in the absence of information about such bank accounts, by means of postal remittance, and, to legal entities whose rights to shares are recorded in the register of shareholders of the Company, by transferring funds to their bank accounts.

6.8. The Company's obligation to pay Dividends to the persons specified in clause 6.7. of these Regulations shall be deemed executed from the date of receipt of the transferred funds by the federal postal service organisation or from the date of receipt of funds by the credit organization in which the bank account of the person entitled to receive the Company's Dividends is opened, or, if such person is a credit organization, on its account.

6.9. The persons entitled to receive Dividends from the Company whose rights to shares are recorded by the nominal holder receive cash Dividends as established by Russian legislation on securities.

6.10. The Company, the registrar and their officials are not liable for non-payment of Dividends to shareholders who have not provided the registrar with accurate bank details or postal addresses or changes to that data.

6.11. A person who has not received the Dividends declared due to the fact that the Company or the registrar did not have accurate address data or bank details, or due to another delay by the creditor, has the right to apply for the payment of such Dividends (unclaimed Dividends) within three (3) years of the date of the decision on payment thereof. After expiration of this period, the declared and unclaimed Dividends are restored as part of the Company's retained earnings, and the obligation to pay the same is considered terminated.

## **Article 7. Disclosure and provision of information on Dividends and dividend policy of the Company.**

7.1. These Regulations, and any changes or additions thereto, as well as information about the decision to pay Dividends, the amount, terms, method and form of their payment, are disclosed by the Company on the website provided by the information agency for disclosure of information, as well as on the Company's website (<https://www.mvideoeldorado.ru/en/>), in accordance with the time frame provided by the current legislation of the Russian Federation

The Company also discloses information about the payment of Dividends as part of the Company's annual report.

7.2. The information (materials) that shall be provided to persons entitled to participate in a General Shareholders Meeting when preparing to holding of the General meeting of shareholders the agenda of which contains the payment (announcement) of Dividends, includes recommendations of the Board of Directors on the amount of Dividends to be paid and the procedure for its payment, and can also include the reasoning for the proposed distribution of net profit and assessment of its compliance with the Company's dividend policy in force at the time.

## **Article 8. Incorporation of amendments to these Regulations**

8.1. These Regulations are approved, amended and supplemented by a decision of the Company's Board of Directors adopted by a majority of votes of the members of the Board of Directors participating in the meeting or by absentee voting. If the dividend policy is changed, this change must be accompanied by an explanation to shareholders of the reasons for and conditions to such change.

8.2. Issues that are not regulated by these Regulations are regulated by the current legislation of the Russian Federation and internal documents of the Company.

8.3. If, as a result of changes in the legislation of the Russian Federation or the Company's Charter, some clauses hereof become non-compliant with the same, these clauses are not to be applied and, until the relevant amendments are incorporated into these Regulations, the Company shall apply the requirements of the legislation of the Russian Federation and/or its Charter.