



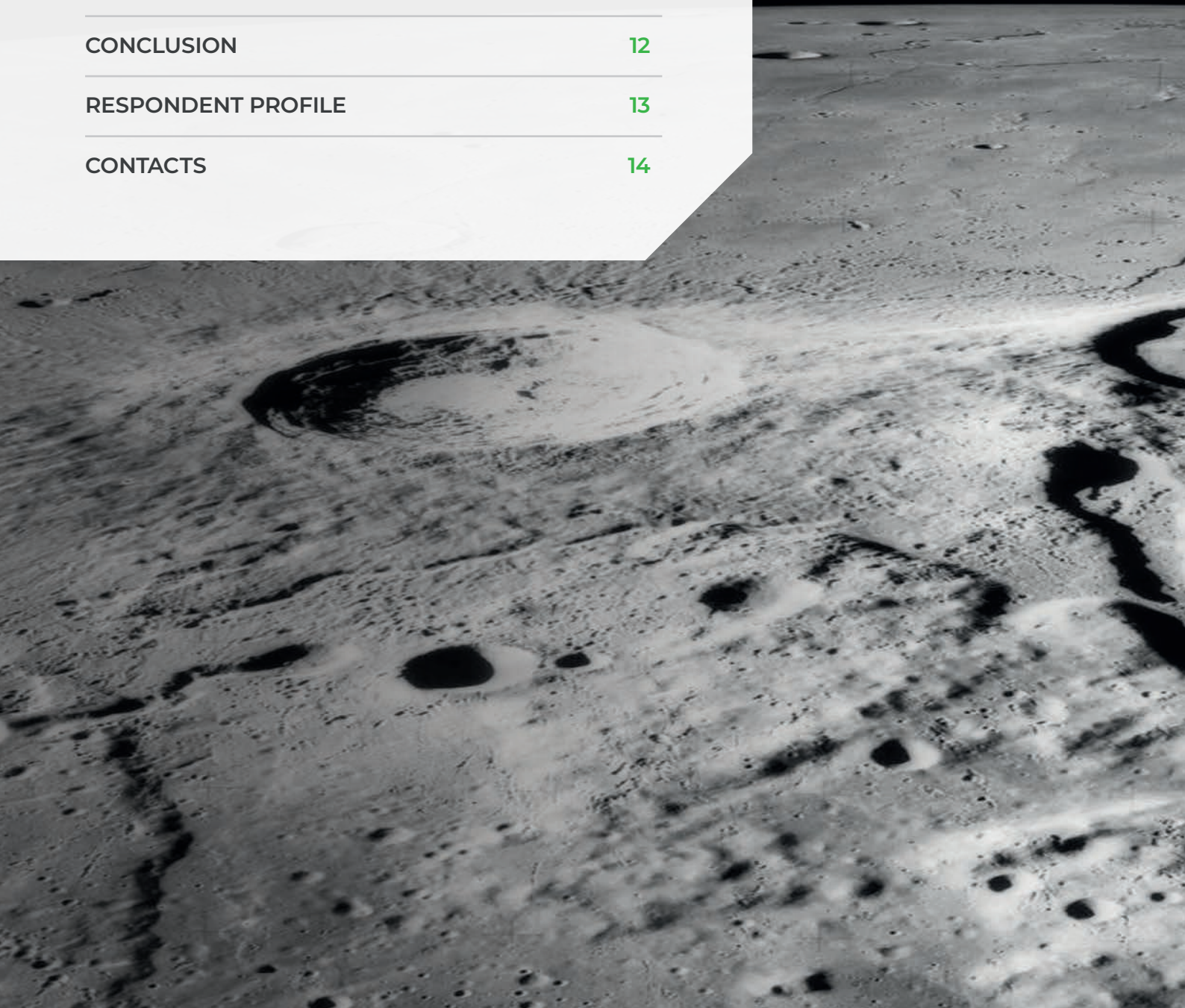
NEW CHALLENGES
NEW SOLUTIONS

**RUSSIAN
M&A MARKET 2025:
STRATEGIC
REALIGNMENT**



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ABOUT THE SURVEY

In early 2026, B1 Group surveyed more than 30 professionals active in the mergers and acquisitions (M&A) market. Respondents included M&A executives and project leads, as well as chief strategy officers and chief financial officers representing Russian companies across a diverse range of industries.

The survey sought to explore the overall investment and M&A landscape and to capture the views of M&A professionals on the market's future trajectory.

INTRODUCTION

A broad consensus has emerged within the investment community that 2025 was one of the most challenging years in the history of the Russian M&A market.

Estimates suggest that total market size (aggregate deal value) declined by 30%–40% year-on-year. M&A activity came under pressure amid a persistently high key rate, geopolitical uncertainty, tax reform and a widening gap in valuation expectations between buyers and sellers.

Nevertheless, transactions continued to take place. Large market players sought opportunities to consolidate selected industries, while elevated leverage levels and the need to rebalance capital structures further supported deal flow. At the same time, investment funds and family offices—many of which began building their portfolios after 2022—remained active, continuing to expand their footprint in attractive sectors through mergers and acquisitions.

KEY FINDINGS



DESPITE A SLOWDOWN IN M&A ACTIVITY IN RUSSIA IN 2025, **87% OF RESPONDENTS REPORTED PARTICIPATING IN MERGERS AND ACQUISITIONS**, UNDERSCORING THE CONTINUED RELEVANCE OF M&A AS A STRATEGIC TOOL FOR GROWTH AND DEVELOPMENT EVEN IN A CHALLENGING ECONOMIC ENVIRONMENT.



STRATEGIC ACQUISITIONS REMAIN AT THE CORE OF DEALMAKING, AS COMPANIES SEEK TO DIVERSIFY THEIR EXISTING OPERATIONS AND STRENGTHEN THEIR CAPABILITIES BY TAKING OVER FULL OR PARTIAL OWNERSHIP IN PROMISING BUSINESSES.



MORE THAN HALF OF RESPONDENTS (58%) REPORTED TRANSACTIONS INVOLVING A RUSSIAN BUYER OR SELLER IN 2025. AT THE SAME TIME, RESPONDENTS NOTED **A TREND TOWARDS A SHARP DECLINE IN THE AVAILABILITY OF HIGH-QUALITY ASSETS** IN THE DOMESTIC MARKET.



WHILE THE TREND OF INTERNATIONAL COMPANIES EXITING THE RUSSIAN MARKET HAS LARGELY RUN ITS COURSE, **DEALS WITH FOREIGN PARTNERS STILL ACCOUNTED FOR A SUBSTANTIAL SHARE OF TRANSACTIONS (42%)**. THESE WERE PRIMARILY DRIVEN BY THE COMPLETION OF PREVIOUSLY INITIATED DEALS, AND TO A LESSER EXTENT BY ONGOING ACTIVITY INVOLVING COUNTERPARTIES FROM 'FRIENDLY' JURISDICTIONS.



AGAINST A BACKDROP OF AN OVERALL MARKET CONTRACTION, SURVEY PARTICIPANTS TEND TO FOCUS ON LARGER ACQUISITION TARGETS. NOTABLY, **89% OF RESPONDENTS ACQUIRED COMPANIES WITH ANNUAL REVENUES OF RUB 1 BILLION AND ABOVE.**



FULL CONTROL IS THE DOMINANT PREFERENCE AMONG BUYERS, WITH **58% OF RESPONDENTS ACQUIRING A 100% STAKE IN THE COMPANIES THEY PURCHASED.** AMONG THOSE WHO INITIALLY ACQUIRED MAJORITY STAKES EXCEEDING 50%, **TRANSACTIONS WERE TYPICALLY STRUCTURED IN MULTIPLE STEPS,** WITH THE AIM OF ACHIEVING FULL CONTROL OVER TIME.



HIGH INTEREST RATES REINFORCED A CLEAR SHIFT TOWARDS SELF-FINANCING, WITH 84% OF RESPONDENTS RELYING ON **INTERNAL FUNDS** FOR M&A TRANSACTIONS.



MOST RESPONDENTS (61%) **HOLD A NEUTRAL VIEW ON THE OUTLOOK FOR THEIR RESPECTIVE INDUSTRIES IN 2026,** AND ONLY 23% EXPECT A DECLINE IN DEAL ACTIVITY.



A REDUCTION IN THE KEY RATE IS EXPECTED TO REMAIN THE PRIMARY MARKET DRIVER OVER THE NEXT 12 MONTHS, ACCORDING TO 52% OF RESPONDENTS. THE POTENTIAL **DE-ESCALATION OF GEOPOLITICAL TENSIONS** RANKS SECOND, CITED BY 29% OF THOSE SURVEYED.

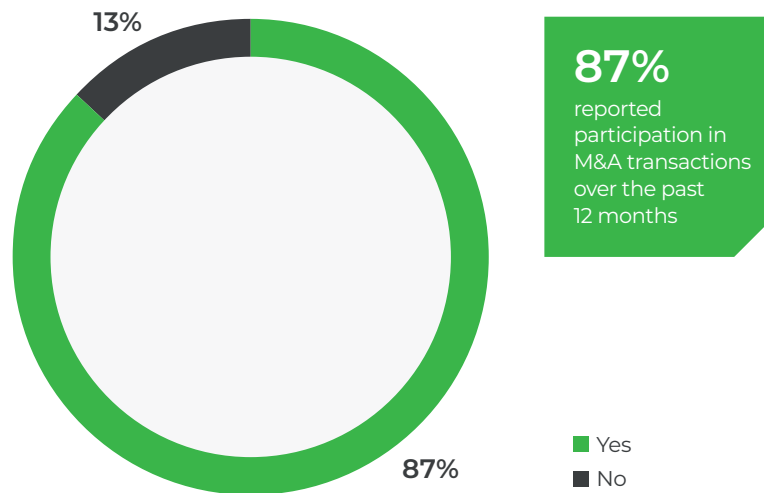
M&A MARKET AT A GLANCE

Despite a pronounced decline in overall M&A activity, the vast majority of respondents (87%) remained active in the market over the past 12 months.

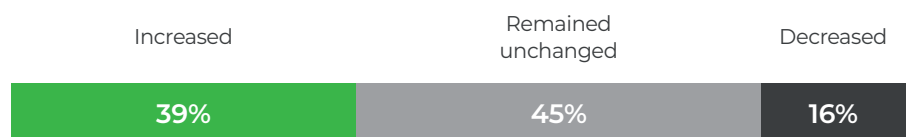
Companies that did not pursue transactions in 2025 pointed to a common constraint: a shortage of high-quality, transaction-ready assets. This was further exacerbated by unrealistic valuation expectations from sellers, alongside elevated capital costs and stricter investment return thresholds required by buyers.

Nearly half of respondents (45%) reported that their level of deal activity remained unchanged, while 39% indicated an increase. This is a strong signal of sustained strategic interest in inorganic growth as a powerful lever for improving revenue quality, strengthening product portfolios and customer base, and enhancing technological sovereignty. By contrast, only 16% of respondents reported a decline in their M&A activity.

HAS YOUR COMPANY PARTICIPATED IN M&A TRANSACTIONS OVER THE PAST 12 MONTHS?



HOW HAS YOUR COMPANY'S M&A ACTIVITY CHANGED OVER THE PAST 12 MONTHS?



84% reported no decline in M&A activity over the past 12 months

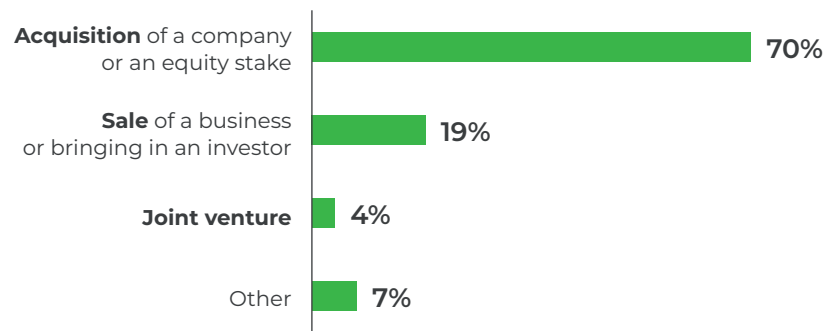


More than two-thirds of respondents (70%) who were involved in transactions over the past 12 months represented the buy side. In the current context, this reinforces the view that the 2025 market was largely shaped by buyer logic and negotiating power.

Respondents involved in the sale of a business or bringing in an investor (19%) did so primarily to divest non-core assets and unlock liquidity.

More than half of respondents (58%) reported transactions involving a Russian buyer or seller. In the remaining cases (42%), deals featured foreign counterparties, despite the fading momentum of international exits from the Russian market. This relatively high share of cross-border activity is likely explained by the completion of transactions initiated one to two years earlier, which had not been finalized due to various factors. Looking ahead, the number of transactions involving foreign counterparties is expected to decline significantly in the coming year.

WHAT TYPES OF TRANSACTIONS HAS YOUR COMPANY UNDERTAKEN OVER THE PAST 12 MONTHS?



HAVE YOU PARTICIPATED IN TRANSACTIONS INVOLVING RUSSIAN OR FOREIGN COUNTERPARTIES?



An overwhelming majority of respondents (89%) completed transactions targeting companies with annual revenues of at least RUB 1 billion, while more than half of these deals focused on even

larger businesses with revenues above RUB 5 billion. Against a backdrop of heightened market uncertainty, this may indicate that buyers are increasingly focused on acquiring established, resilient

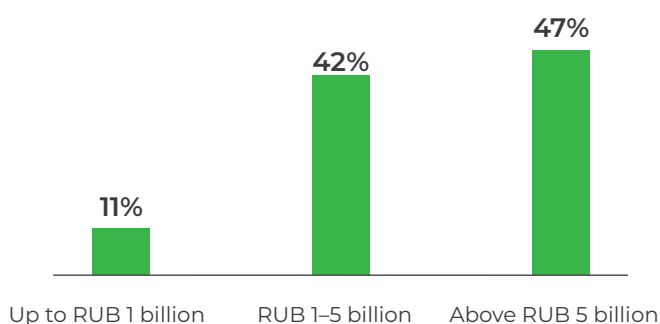


companies with proven products and competitive edge, while being less willing to invest in early-stage or higher-risk assets based on expectations of future growth.

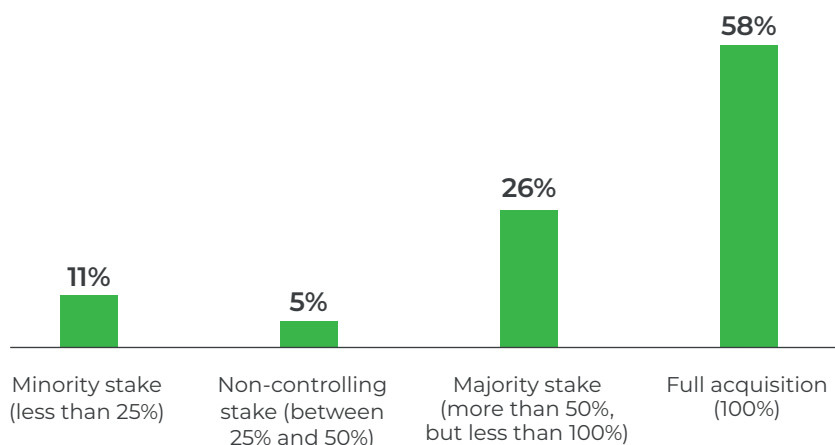
At the same time, more than half of buyer-side respondents secured full control over the target. The second most common transaction structure involved the acquisition of a controlling stake exceeding 50%. Some respondents in this group noted that this was only the first step, with the intention of obtaining full control at a later stage.

In this environment—marked by economic volatility and high financing costs—buyers are clearly prioritizing direct control over acquired assets, their cash flows and integration potential, rather than maintaining a limited equity stake. The elevated cost of capital has significantly increased the downside of deal execution mistakes, reinforcing direct control as one of the key considerations.

WHAT WAS THE SIZE OF THE ACQUIRED COMPANY (BASED ON 2024 REVENUE)?



WHAT STAKE DID YOU AIM TO ACQUIRE?



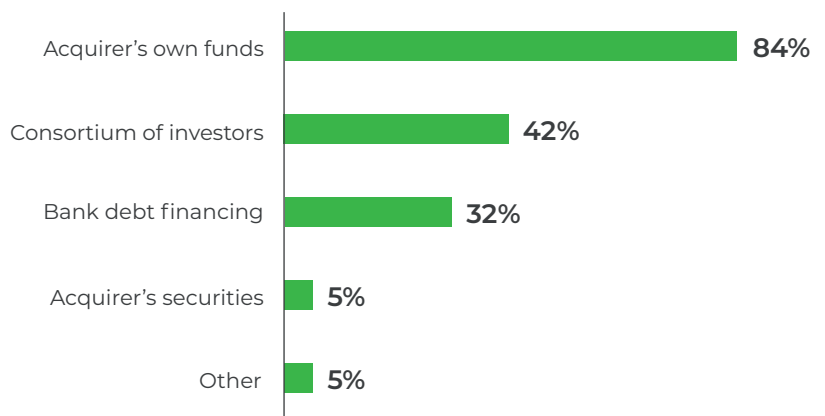
DEAL FINANCING

Over the past 12 months, the vast majority of companies financed M&A transactions using their own funds. This was the case for 84% of respondents involved in the acquisition of a business or its stake. The reliance on internal funding reflects a rational response to tight monetary policy, stricter lending requirements, and a broader preference to minimize credit risk amid market volatility. Notably, consortium structures have become increasingly prevalent, with 42% of respondents confirming their use in transactions.

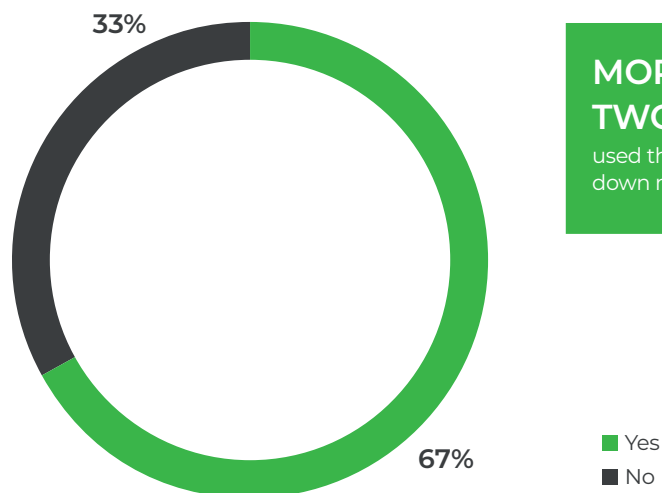
Debt financing was still employed by one-third of respondents, underscoring that leverage remains a viable financing tool even amid a high-rate environment. However, its application has become more selective, typically reserved for transactions where deal structure and asset profile support sustainable attraction of debt financing.

WHAT SOURCES OF FINANCING WERE USED IN TRANSACTIONS?

(multiple answers possible)



WAS THE DEBT PUSH-DOWN MECHANISM USED FOR THE ACQUIRED ASSET?



MORE THAN TWO-THIRDS
used the debt push-down mechanism

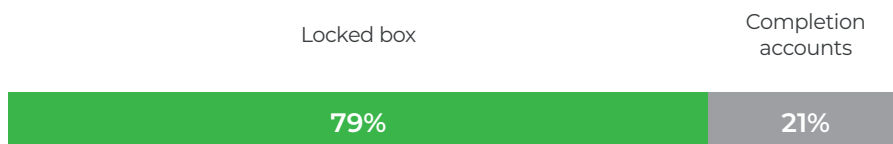
Among those who secured external financing, two-thirds used debt push-down structures,¹ primarily aimed at optimizing tax burden. Despite the associated risks of potential scrutiny from tax authorities, many market players in Russia continue to structure deals in this manner.

When it comes to deal closing, the vast majority of buy-side respondents (79%) favored a locked box mechanism over the past 12 months,² while only 21% relied on completion accounts.³

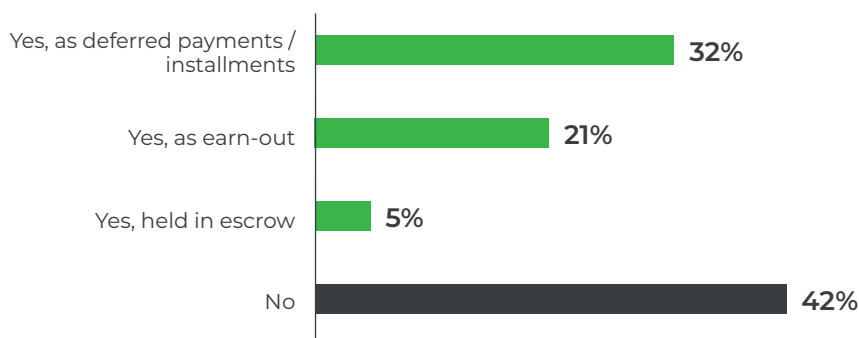
The growing preference for more straightforward closing mechanisms reflects a desire to simplify an already complex negotiation process around base valuation. At the same time, increasingly sophisticated payment structures are gaining traction as a means of achieving a better balance of risk between the parties. In such cases, agreements on the headline price tend to be more transparent, while subsequent price adjustments linked to business performance are addressed through post-closing settlement mechanisms.

The retention of a portion of the agreed purchase price has become a common feature in M&A transactions, with more than half of respondents (58%) incorporating such provisions into their deals.

WHICH DEAL CLOSING MECHANISM DID YOU USE?



WAS ANY PORTION OF THE AGREED PURCHASE PRICE STRUCTURED AS DEFERRED, CONTINGENT OR RETAINED CONSIDERATION?



Among the most widely used mechanisms are deferred and installment payments (32%), followed by earn-outs (21%).⁴

Mechanisms to retain a portion of the purchase price have gained particular relevance amid a widening gap in valuation expectations between buyers and sellers, as well as the growing need for more rigorous forecasting and tighter control over the achievement of agreed KPIs in a volatile economic environment.

As a result, deal pricing has ceased to be a mere outcome of an agreed asset valuation, but has become a function of deal structuring. In 2025, parties increasingly moved away from a single 'fair price' and instead agreed on constructs in which a significant portion of the consideration was contingent on future performance.

¹ Debt push-down is a financing structure in which the acquisition-related debt is pushed down to the company being acquired, rather than remaining with the buyer. One of the intended benefits of this mechanism is tax optimization, achieved through the deductibility of interest expenses on the borrowed funds from the taxable income of the acquired business.

² Locked box is a transaction closing mechanism under which the parties both agree on the final purchase price based on the target company's most recent audited financial statements, as reviewed and confirmed by the buyer. The price remains unchanged, provided that the seller complies with the pre-closing covenants set out in the binding transaction documentation.

³ Completion accounts are a transaction closing mechanism under which the parties agree on an estimated enterprise value based on historical financial data (annual or quarterly reports). The final purchase price may be adjusted to reflect the company's actual financial performance and financial position at the closing date.

⁴ Earn-out is a transaction mechanism whereby a portion of the purchase price is paid to the seller at a later stage, contingent on the acquired business achieving pre-agreed financial or operational performance targets (KPI).

TRANSACTION PROCESS HIGHLIGHTS

Conducting due diligence⁵ on the target asset has long become a standard component of the M&A process, with 96% of respondents reporting its use.

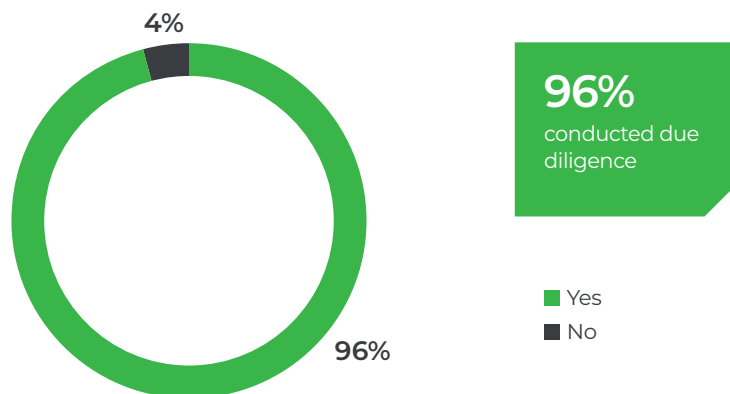
Likewise, the acquisition or sale of a business is rarely completed without the involvement of external advisors, as confirmed by 93% of respondents.

Advisors are most frequently engaged to support due diligence processes:

- ▶ 78% of respondents engaged advisors to conduct financial and tax due diligence
- ▶ 74% commissioned legal due diligence
- ▶ 59% used advisors for legal support or transaction structuring

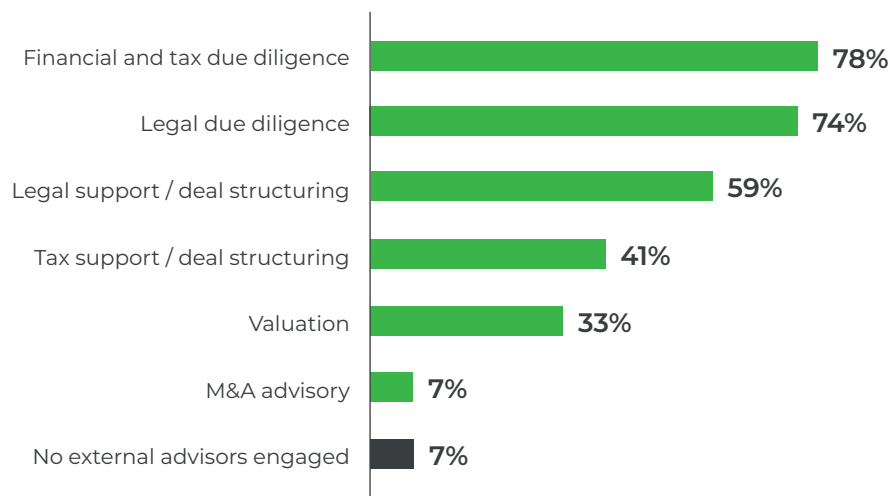
Major audit and consulting firms are the predominant choice of advisors, with 76% of respondents reporting their engagement. An identical share also worked with law firms. Smaller consulting firms were used less frequently, cited by 44% of respondents.

WAS DUE DILIGENCE CONDUCTED AS PART OF THE TRANSACTION?



FOR WHICH WORKSTREAMS WERE EXTERNAL ADVISORS ENGAGED?

(multiple answers possible)



WHO WERE YOUR ADVISORS IN THE TRANSACTION?

(multiple answers possible)



⁵ Due diligence is a pre-acquisition independent review of a potential target conducted in the context of a transaction, such as the acquisition of a business or equity stake, or a merger.



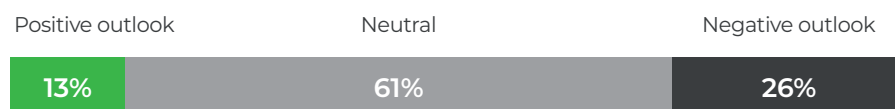
M&A MARKET OUTLOOK

Assessing the outlook for their respective industries, the majority of respondents (61%) expect conditions to remain broadly unchanged, while only 13% anticipate an improvement and 26% expect a deterioration.

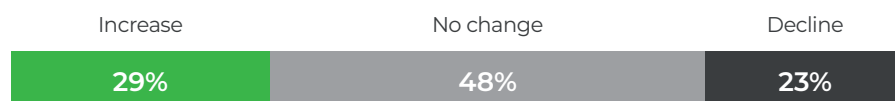
Against this backdrop, a near-term rebound in M&A activity appears unlikely. Approximately half of respondents (48%) expect transaction activity to remain at current levels over the next 12 months. Among those anticipating a change, sentiment is slightly skewed to the upside, with 29% expecting activity to increase, compared with 23% who foresee a decline.

Looking ahead, deal appetite remains resilient: 81% of respondents plan to pursue acquisitions, while 58% intend to divest non-core assets. More than half are also considering raising external capital.

HOW DO YOU ASSESS THE OUTLOOK FOR YOUR INDUSTRY OVER THE NEXT 12 MONTHS?

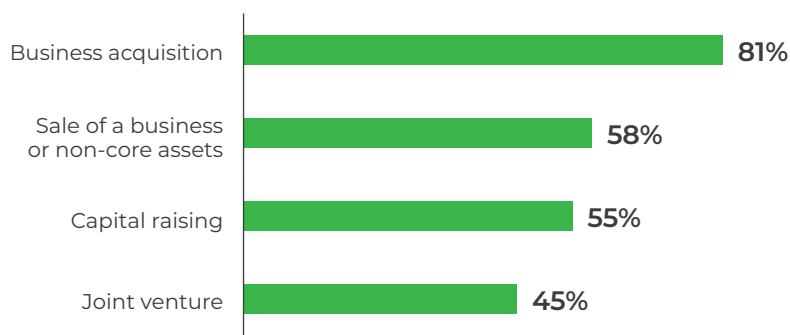


WHAT CHANGES DO YOU EXPECT IN M&A ACTIVITY OVER THE NEXT 12 MONTHS?



WHAT TYPES OF TRANSACTIONS DOES YOUR COMPANY PLAN TO UNDERTAKE OVER THE NEXT 12 MONTHS?

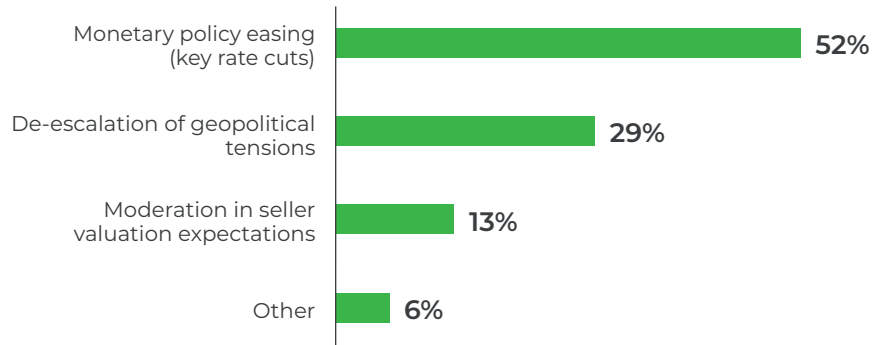
(multiple answers possible)



Notably, 45% of respondents are considering the establishment of a joint venture, whereas only 4% have actually done so over the past 12 months. The growing appeal of JVs may reflect a desire to access resources and capabilities without significant unilateral investment, relying instead on strategic partnerships to achieve clearly defined, shared objectives.

Among the factors expected to shape the market's future trajectory, more than half of respondents (52%) unsurprisingly identified a reduction in the key rate as the most critical factor for economic recovery. A further 29% pointed to the potential de-escalation of geopolitical tensions as a positive catalyst. In addition, 13% of respondents expect market growth to be driven by more moderate valuation expectations

WHAT WILL BE THE MAIN DRIVER OF MARKET GROWTH IN THE FUTURE?



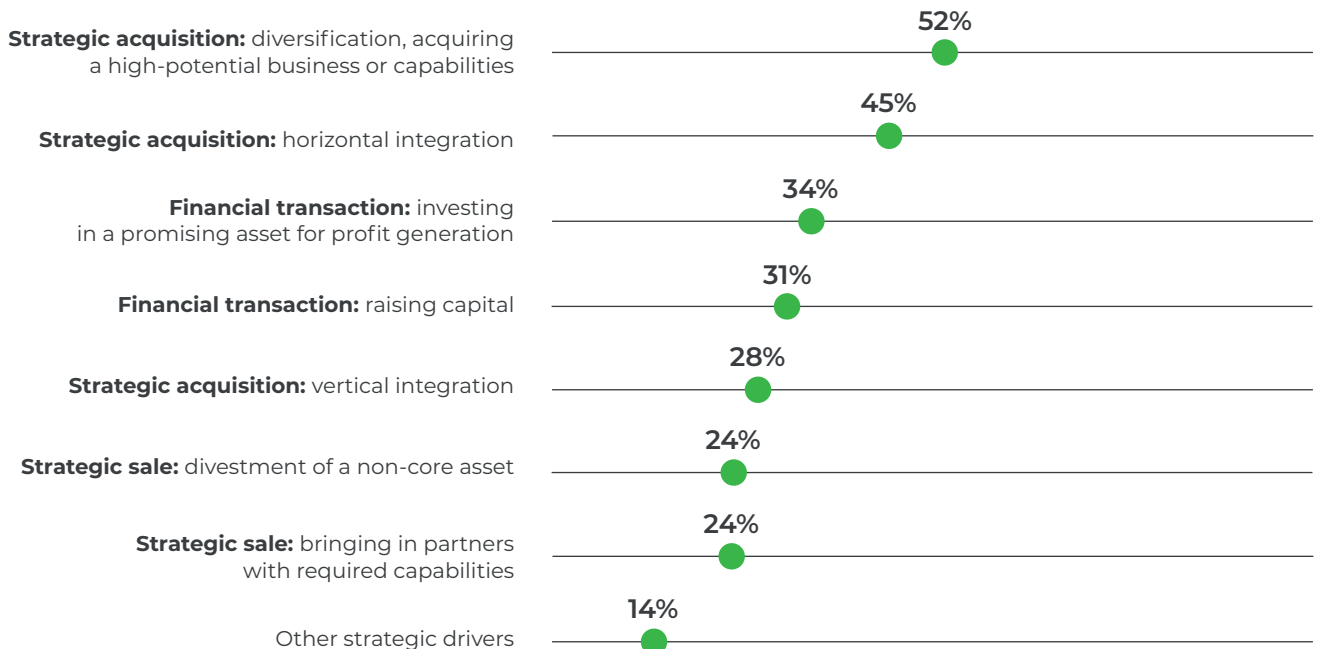
from sellers, which is largely seen as a reflection of broader macroeconomic factors, including the level of the key rate and the overall economic environment.

At the same time, M&A activity remains primarily driven by strategic considerations. Respondents

overwhelmingly cite acquisitions aimed at business diversification and horizontal or vertical integration as their key motivation. Only 34% report investing in promising assets to generate returns, and 31% indicate raising capital as a transaction objective.

WHAT DRIVES YOUR COMPANY'S TRANSACTION ACTIVITY?

(multiple answers possible)



CONCLUSION



A COMPREHENSIVE ANALYSIS OF THE SURVEY FINDINGS SUGGESTS THAT **THE RUSSIAN M&A MARKET HAS BECOME MORE DISCIPLINED OVER THE PAST 12 MONTHS.**



WHILE **ACTIVITY HAS REMAINED BROADLY STABLE ACROSS MOST PLAYERS**, DEAL MOTIVATIONS HAVE SHIFTED FROM SPECULATIVE TO INCREASINGLY STRATEGIC. STRICTER CAPITAL ALLOCATION DISCIPLINE, COUPLED WITH A MORE DISCERNING APPROACH TO ASSET VALUATION, HAS REINFORCED THE NEED FOR **GREATER SELECTIVITY IN DEALMAKING AND THE USE OF MORE SOPHISTICATED TRANSACTION STRUCTURES.**

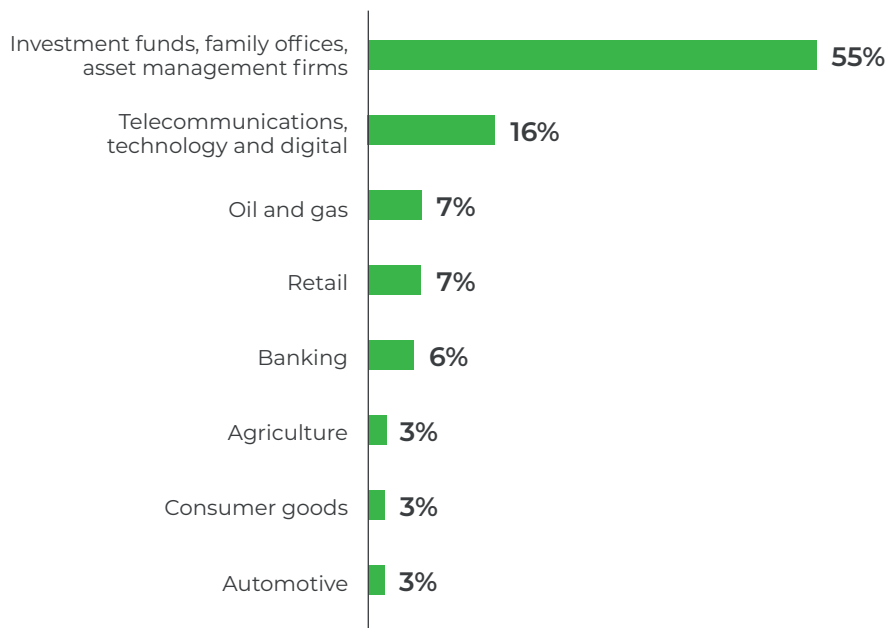


THE MARKET CONTINUES TO EVOLVE, BUT NO LONGER WITHIN A PARADIGM OF ABUNDANT LIQUIDITY AND CONFIDENCE IN SUSTAINED GROWTH. INSTEAD, IT IS INCREASINGLY DEFINED BY A **HEIGHTENED FOCUS ON RISK MANAGEMENT AND GREATER ACCOUNTABILITY FOR INVESTMENT OUTCOMES.**

RESPONDENT PROFILE

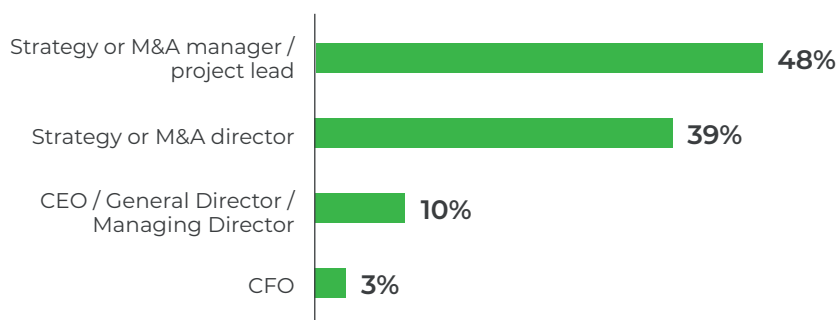
The survey brought together views from more than 30 M&A experts, with over half of respondents (55%) representing investment funds, family offices or asset management companies.

WHAT IS YOUR COMPANY'S INDUSTRY?



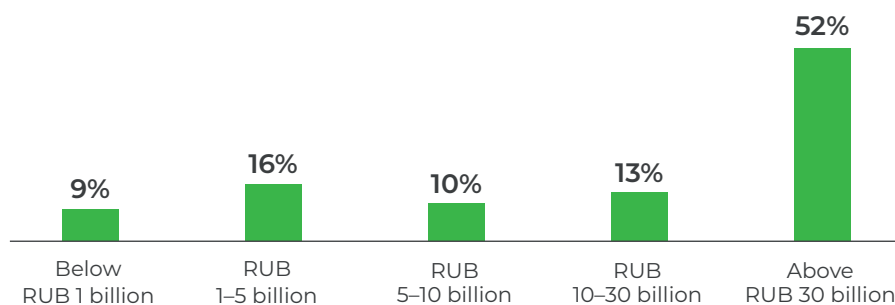
The respondent base is split between senior leadership roles (52%, director level and above) and strategy or M&A managers or project leads (48%).

WHAT IS YOUR POSITION IN THE COMPANY?



Most respondents represent large businesses, with 52% reporting 2024 revenues in excess of RUB 30 billion.

WHAT WAS YOUR COMPANY'S REVENUE IN 2024?



ABOUT B1 GROUP

B1 Group offers a comprehensive suite of professional services, including assurance, strategy, technology, consulting, transactions, valuation, tax, law and business support.

With over 35 years in Russia and more than 25 years in Belarus, we have built a strong team of professionals with diverse expertise and a wealth of experience in delivering the most challenging projects. B1 Group operates across 12 cities: Moscow, Minsk, Vladivostok, Ekaterinburg, Kazan, Krasnodar, Novosibirsk, Rostov-on-Don, Samara, St. Petersburg, Togliatti and Chelyabinsk.

Our mission is to help clients uncover innovative solutions, drive growth, transform their business and achieve success—all while boosting their financial resilience and nurturing talent.

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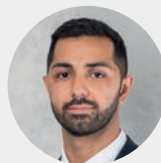
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