

Our business

Robust foundation is the cornerstone of successful transformation. In its development, Magnit combines organic growth and M&As while also testing out new formats.

Never resting on our laurels

29,165

our total number of stores reached by the end of 2023



Testing new formats

- The Company is experimenting with the ultra-convenience format: these are compact stores located as close as possible to customers and offering the most popular staples at competitive prices and a fast shopping experience. Since September, we have opened three Magnit Ultra-Convenience stores in Moscow and the Moscow region.
- In early 2023, Magnit launched its own hard discounter format under the V1 brand, which stands for "First Choice" in Russian, with an assortment of more than 1,000 SKUs. The format's key features are low prices and high quality of goods, which has been made possible by end-to-end optimisation of in-store operational processes and logistics.

1.3-1.6 thous.
SKUs

assortment of Magnit Ultra-Convenience stores

53

hard discounter stores under the V1 ("First Choice") brand in Moscow and Moscow region

Keeping up with the trends

The Company always remains on the lookout for new ideas in the retail sector. As part of its e-commerce development, Magnit completed the acquisition of the KazanExpress marketplace. The integration process is now underway to lay the foundation for the launch of Magnit Market, our own marketplace.

Technological capabilities, in-house logistics, dozens of distribution centres, and the country's largest store network, combined with IT solutions, infrastructure capacities, and the expertise of the KazanExpress team, is set to propel Magnit Market to a leadership position in the e-commerce domain.

KazanExpress

Expanding into new markets

Magnit penetrated the market of the Russian Far East, acquiring the region's largest retail chain Samberi.

291 stores¹

including 31 hypermarkets, operate in the Samberi group of companies

Discovering untapped markets

Magnit continues developing the M Cosmetic format in Uzbekistan as it ramps up operations in the country. The stores have an assortment of more than 5,000 SKUs, including 1,200 private label items.

70

the total number of M Cosmetic stores in Uzbekistan in 2023

¹ As at 27 October 2023, Samberi Group had 291 stores, including 31 Samberi hypermarkets, 42 supermarkets under the Samberi and Samberi-Express brands, as well as 82 Raz Dva minimarkets and 136 Blizky discounters.

Our customers

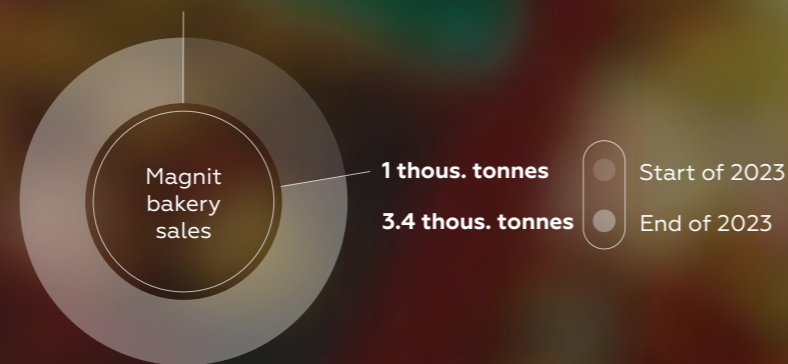
Striving to excel for customers is what we do. Magnit tests new CVPs¹ to help the customer feel our care and enjoy their shopping experience. We develop a multiformat business model, aiming to get closer to customers by adopting a tailored approach to assortment management.

Freshly baked delights for setting the right mood

2,500

bakeries are scheduled to launch in 2024

In 2023, we opened about 2,000 bakeries in convenience stores across all 67 regions where we operate, offering customers freshly baked treats to elevate their daily shopping experience.



¹ CVP – customer value proposition.



Delicious, quick, and healthy

We have expanded the sales geography of our ready-to-eat meals, with the M Kitchen private label items now available at 4,000 convenience stores all across Russia. We carefully select suppliers from among local manufacturers and rely on unique recipes and cooking techniques.

Our stores offer an average of

45 SKUs

under the M Kitchen brand

Everything you need, close at hand – that’s the essence of our convenience stores' updated CVP

- In 2023, we started updating the DIXY convenience store concept, with the selling space rearranged and the exterior redesigned. DIXY's new CVP focuses more on ready-to-eat, ready-to-cook and on-the-go options, healthy, gluten-free, and lactose-free foods. The format will also strengthen its offering of local and farm products, along with private labels.
- We developed a new concept for Magnit convenience stores, our key format. It entails a greater focus on fresh and ultra-fresh products, fresh vegetables and fruit, ready-to-eat meals, locally sourced goods, an expanded range of private labels, as well as additional services such as cafes and delivery areas. The updates will also extend to store interiors, layouts, and exterior design.

>289

DIXY stores

were updated in line with the new concept in 2023



Our suppliers

We work with the best to become the best. Magnit values its suppliers and makes sure to select them meticulously.

Helping farmers grow

~RUB **300** mln

Volume of procurement via the aggregator since early 2023

In 2023, Magnit expanded the reach of its farm products aggregator, initially piloted in the Tula region, to encompass farmers from the neighbouring Kaluga, Ryazan, Oryol, Voronezh, Lipetsk, and Moscow regions. The aggregator model enables us to centralise procurement and supply of farm products, while also providing farmers with storage and processing infrastructure, as well as guidance on matters related to production, sales, documentation, labelling, analytics, and more.

Growing together with suppliers

Magnit continues to enhance services to promote the products of its suppliers, with new options now available. Our advertising ecosystem brings together various promotion tools and channels, along with analytical platforms that help suppliers harness the breadth of data on consumer demand and preferences to boost sales.

Magnit has

>5 thous.

Russia-based suppliers

All of them can benefit from our robust promotion and sales enhancement tools and tap into our audience of millions of customers.

Greater efficiency, speed, and proximity to customers

Magnit expanded the pool of suppliers engaged in enhancing the joint supply chain as part of the end-to-end procurement process.

232

suppliers

migrated to the simplified delivery procedure in 2023

After optimising its supply chain, the Company achieved a more than 2x reduction in the average duration of delivery from 8–10 to just 2–4 days.



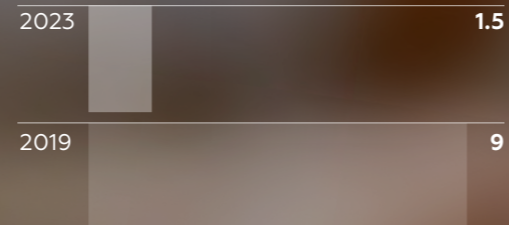
Our people

Magnit is evolving, yet our employees remain the cornerstone of our success.

We are all about time efficiency

Magnit develops hiring technologies and relies on process automation and robotisation. We make sure our new hires start working in just 1.5 days after our first contact.

Reduction in time to start after the first contact with potential hires, days



We provide employment for those who need it

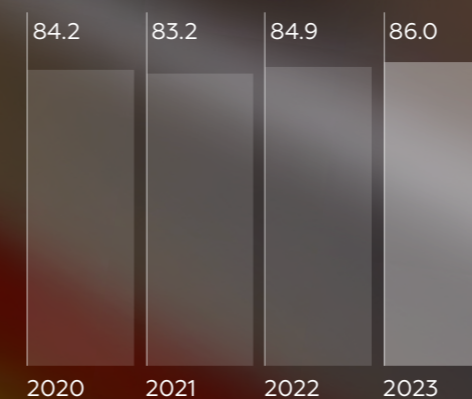
Magnit is committed to hiring people from various age groups, including young people aged above 16, as well as people with special needs, and those who rely on flexible working arrangements.

We have an internal software solution for shift swapping, enabling our employees and external staff to take on additional shifts as they see fit.

People passionate about what they do are the pillar of our growth

Creating a positive employee experience is one of Magnit's priorities. We want to make sure our people feel good about their entire employee journey right from the first contact. We are also committed to helping our staff improve their income levels.

Employee engagement, %



We want to keep our people excited about what they do

To achieve that, we strive to reduce the number of mundane tasks that involve people. We increasingly rely on technology-driven solutions to help run our stores, warehouses, and back office, from self-checkouts to electronic document management and decreased use of price tags.



Shareholders and investors

We value those who support and believe in us. In our relations with investors and shareholders, we are guided by principles of transparency and mutual respect.

Tender Offer

In June-December 2023 following the two tender offers announced to shareholders of the Company who wish to exit their investment in Magnit, as well as the bilateral transaction in October 2023,

LLC Magnit Alyans (a wholly owned subsidiary of Magnit), acquired 30,245,828.8 shares of PJSC Magnit representing approximately 29.7% of all issued and outstanding shares of PJSC Magnit. The purchase price was set at RUB 2,215 per share in line with an approval of the Government commission for control over foreign investment in the Russian Federation.

¹ Including the settlement on 22,948 shares made in January 2024



The deals involved

>300 investors
from **25** countries
globally

including

- long-term active management funds
- passive index funds/ETFs²
- hedge funds
- pension and sovereign wealth funds
- family offices
- retail investors

² ETF – exchange-traded fund.

