

Resilience through changes

Company overview

- 8 Magnit in focus
- 10 Key highlights
- 11 Geographical coverage
- 12 Business model
- 14 Investment case
- 16 Key developments of 2023
- 20 Resilience through changes



29,165 stores
in Russia and the Republic
of Uzbekistan

↗
p. 11

↗
p. 24

>5 thous. suppliers
cooperate with Magnit

↗
p. 10

>360 thous. employees
work at Magnit Group

МАГНИТ



Magnit in focus

Magnit is one of Russia's leading food retail chains founded in 1994 in Krasnodar. Today, we are the country's largest retail operator by the number of stores and geographical coverage.

29,165
stores

in 67 regions of Russia and in the Republic of Uzbekistan

>360
thous. employees

as at 31 December 2023

10,053
thous. sq. m

selling space

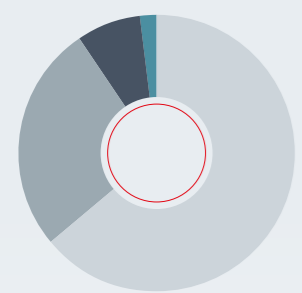
~17 mln
customers daily

76.4 mln
loyalty card holders

300
thous. tonnes

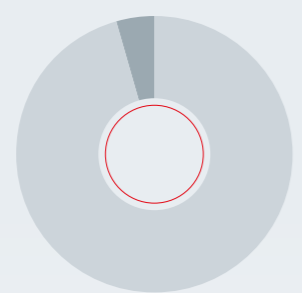
of in-house produce in 2023¹

Core formats



- 18,701 ● Magnit convenience stores²
- 7,740 ● Drogerie stores³
- 2,235 ● DIXY convenience stores
- 489 ● Supermarkets

New formats



- 1,176 ● My Price stores
- 53 ● First Choice discounters⁴

Magnit is one of Russia's largest retailers with a total selling space of 10,053 thous. sq. m and 29,165 stores of various formats operating in 67 regions of Russia and in the Republic of Uzbekistan.

Our multiformat model includes convenience and drogerie stores, supermarkets and pharmacies under the Magnit and DIXY brands. In 2023, Magnit launched the V1 chain of hard discounters, which focuses on a limited range of quality products at appealing prices to meet all of the key consumer needs. Customers can also shop across the Company's formats online, choosing between regular or express delivery options.

Magnit boasts one of the largest logistics network in Russia. The Company is continuously developing its own logistics infrastructure while also testing new logistics formats. Today, Magnit operates 45 distribution centres, warehousing facilities with a total area of 1.9 mln sq. m, and fleet of over 5,700 trucks, making it one of Russia's largest own fleets.

Magnit is the only retailer in Russia with its own food production capacities. It operates 20 production facilities, including six agricultural and 14 dry food and confectionery complexes.

Magnit is actively developing private labels to offer unique products with excellent value for money. Magnit's private label portfolio includes over 50 brands and around 5,500 SKUs. The portfolio boasts over 45 unique brands from various product groups and price segments. Available only in Magnit stores, private label items are made predominantly by Russian businesses and by Magnit's in-house facilities.

The Magnit Group includes, inter alia, PJSC Magnit and its subsidiaries JSC Tander, JSC DIXY Ug, Selta LLC, and Retail Import LLC.

For the list of the key Group companies, see our [consolidated financial statements](#).

Our mission, culture and values

At Magnit, we are committed to continuous operational improvement and professionalism in all areas of activity, while aiming to deliver exceptional quality and customer service.

Magnit's sustainability strategy to 2025, "Retail with Purpose", sets ambitious goals, promotes a sustainable corporate culture and focuses on embedding sustainability principles into all aspects and facets of our business.

We highly value the principles of teamwork and respect for each other and our customers, and encourage open and constructive dialogue and effective cross-functional cooperation.

We implement best practices and innovative technologies in our operations and seek to build a better future for all.

Our values

Customers at the heart of everything we do

Caring for our customers

We build long-lasting connections with our customers. Our team members are regular shoppers at Magnit stores and can easily relate to customers.



Stronger together

We achieve success through teamwork, incorporating the views of our employees.



Focusing on results

We strive to accomplish our goals in the most efficient manner.



Taking responsibility

We scrupulously follow the Company's principles and we take responsibility for our decisions.

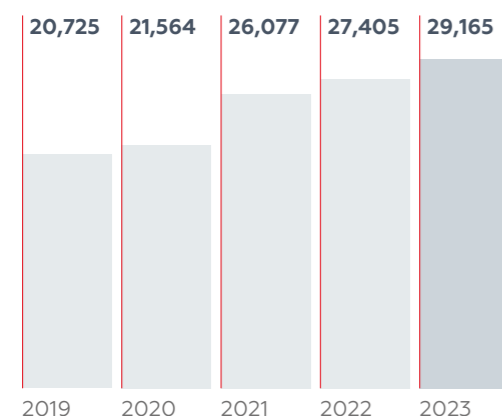


¹ Net of contract manufacturing.
² Including convenience stores, Magnit City stores, My Price soft discounters and First Choice hard discounters.
³ The names drogerie, drogerie stores, cosmetics stores and Magnit Cosmetic are interchangeable.
⁴ The names First Choice and V1 are interchangeable.

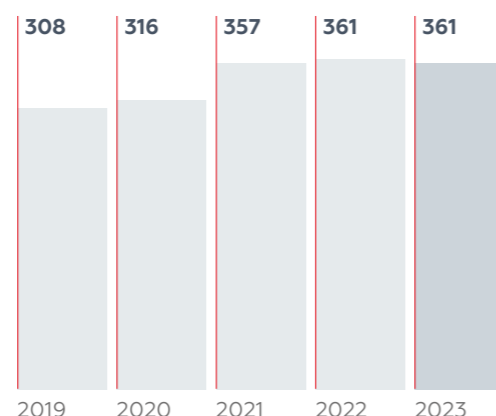
Key highlights

Operational and financial highlights

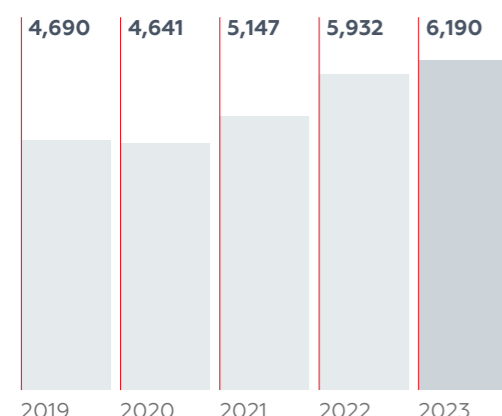
Number of stores



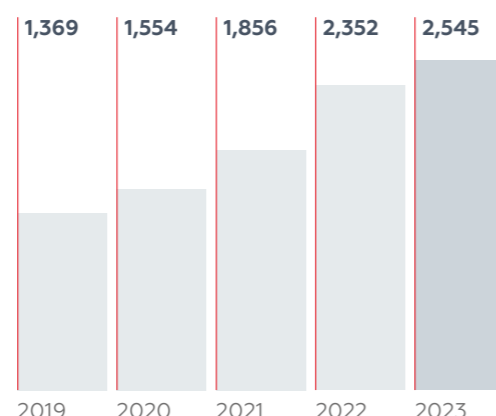
Headcount, thous.



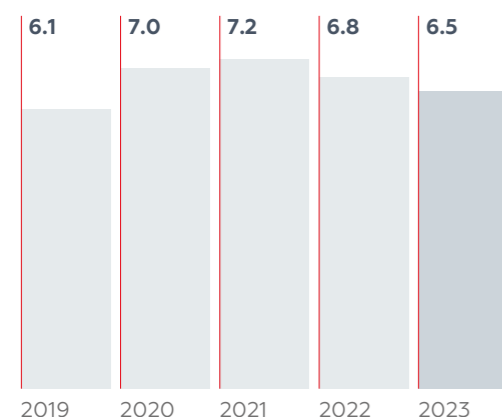
Number of tickets, mln



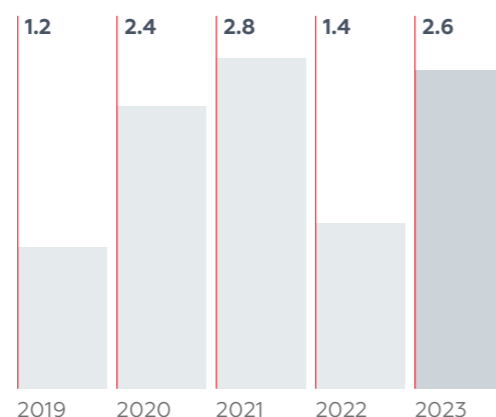
Revenue, RUB bln



EBITDA margin, %



Net income margin, %



Note: financial metrics are provided in accordance with IAS 17.



ESG metrics

31%
reduction in specific greenhouse gas emissions vs the 2019 base year
26.7% in 2022

81%
employee satisfaction rate
79.8% in 2022

59%
reduction in specific food waste generation vs the 2019 base year
52.5% in 2022

408,934
direct beneficiaries received support from Magnit

86%
employee engagement rate
84.9% in 2022

Geographical coverage

	Convenience stores ¹	Supermarkets ²	Drogeries ³	Convenience stores	Distribution centres	Agricultural facilities	Production sites
North Caucasian Federal District	603	19	272		1		
Southern Federal District	2,904	123	1,363		8	4	8
Central Federal District	4,921	83	1,988	1,770	15	2	2
Volga Federal District	4,885	123	1,928		10		4
Northwestern Federal District	2,170	35	749	465	4		
Urals Federal District	1,958	82	873		4		
Siberian Federal District	1,260	24	497		3		
Total	18,701	489	7,740	2,235	45	6	14
		Magnit		DIXY			

29,165 stores
4,287 cities and townships
7 federal districts

¹ Magnit convenience stores also include Magnit City, My Price and First Choice stores.
² Magnit supermarkets include Magnit Family supermarkets and superstores.
³ 70 drogerie stores operate in Uzbekistan.

Business model

Focus on caring for our customers

Our stakeholders

Customers ~17 mln customers daily	Employees >360 thous. people employed by the Company ¹	Suppliers >5 thous. suppliers
---	---	---

Our Sustainability Strategic Framework sets an ambitious goal for embedding sustainability in every aspect of the business and its processes across five key areas.

The number one employer in the industry 	Leadership in environmental impact reduction 	Creation of a 100% responsible supply chain 	Positive impact on the quality of life of all Russians 	Improvement in the quality of life for consumers and local communities
---	--	---	--	--

Shareholders ~300 thous. shareholders ³	Government and regulators Magnit liaises with executive and legislative government agencies nationally and regionally in strict compliance with applicable laws, acting as the industry's number one expert.	Local communities Magnit aims to integrate sustainability principles into all aspects of its operations.
--	--	--

Our strengths

Multiformat and omni-channel >29 thous. stores, including convenience stores, supermarkets, drogeries, discounters, and pharmacies 42% customers shopping across more than two formats	76.4 mln participants of the cross-format loyalty programme >12 mln monthly active users (MAU) of Magnit's mobile app	Recognised supreme quality and breadth of range ~5.5 thous. private label SKUs 20% share of private labels in sales 175 quality control laboratories 3,590 laboratory tests per year
---	--	---



Own production capabilities and private labels 6 agricultural complexes 14 production facilities	51 private labels	One of the largest supply chain networks in Russia 1.9 mln sq. m of warehouse space 5.7 thous. trucks 45 distribution centres in 7 federal districts
---	-------------------	---

Value for our stakeholders

Everywhere for our customers <ul style="list-style-type: none"> Adapting existing and creating new formats tailored to specific customer needs in different localities Implementing CVM² tools Developing online shopping and delivery services Improving availability of goods by leveraging new technology and communications development ~RUB 7 bln of discounts offered to pensioners in 2023 1,078 stores redesigned in 2023	Rewarding our employees <ul style="list-style-type: none"> Stable wages Employee benefits and perks Professional and career growth opportunities for employees at all levels 38 hours of training in Magnit's Corporate Academy per employee per year 81% employee satisfaction rate	Cooperating with our suppliers <ul style="list-style-type: none"> Engaging local suppliers Inviting supplier representatives to work at Magnit's offices Special cooperation conditions with farming enterprises 86 business events held for suppliers >2.5 thous. local suppliers >170 farming partners	Delivering returns to our shareholders <ul style="list-style-type: none"> Strong capital discipline with a focus on returns in all investment decisions 42% ROI of new store openings ⁴ RUB 42 bln amount of dividends announced in 2023 and paid after the reporting period	Economic contribution <ul style="list-style-type: none"> Supporting social and economic development in the regions of operation Hosting regional procurement sessions Making timely tax payments RUB 172 bln of taxes paid in 2023	Supporting local communities <ul style="list-style-type: none"> New jobs Social and charitable programmes in the regions where we operate Reducing environmental impact ~RUB 600 mln committed for charitable efforts 1,530 tonnes of products distributed under charitable projects 31% reduction in specific CO ₂ emissions ⁵
---	--	---	---	---	--

¹ As at December 2023.
² CVM – customer value management.

³ As at December 2023.
⁴ ROI = OCF for the year with the ramp-up phase / CAPEX.
⁵ Vs the 2019 base year.



Investment case

Market potential

For investors, we offer exposure to a sizeable market with potential for organic expansion and further consolidation.

- Sizeable market with increasing penetration of modern food retail and opportunities for organic expansion.
- Fragmented market with high potential for further consolidation.
- Growing market share of major players.
- New niches and growth opportunities coming along in the consistently growing e-grocery segment.

Leading player

Magnit is one of the largest food retailers in Russia, with a well-developed infrastructure, a strong customer base, a recognisable brand, and a growing market share.

- Multifformat offering with four core formats covering a range of shopping missions in grocery, drogerie and pharma segments.
- Wide coverage: 29,165 stores in 4 287 cities and townships across seven federal districts.
- 12.8%¹ market share in food retail sales.
- Serving customers in all highly populated Russian regions (67 regions, 76.4 mln loyalty cards).
- Established distribution chain, with 45 distribution centres and one of the largest own truck fleets in Russia.
- The only vertically integrated retailer in Russia: 20 own production facilities and agricultural complexes.

Growth ambitions

On track to speed up profitable return-driven growth leading to further market share gains.

- Acceleration of value-accretive organic growth.
- Smart expansion implying high profitability targets for new openings.
- Selective small to mid-size value-accretive M&As to strengthen market positions.
- Adherence to sustaining high return requirements for new projects.
- Store redesign programme to improve sales density.
- Building a leading e-grocery platform to account for over 5% of total turnover.
- Proactive forays into adjacent value-accretive niches.

Efficiency gains

We are consistently working to unlock the Company's huge potential to grow the business.

- Further CVP improvement. In 2023, the Company unveiled three new CVP concepts for DIXY, Magnit Convenience, and Magnit Pharmacy stores.
- CVP initiatives to enhance consumers' perception and experience with a focus on expanding the range of private labels, farm and healthy products and on revamping store interiors.
- Increase in sales density partly through redesign acceleration and process improvements.
- Extension of consumer offering complimentary to the core business: in 2023, the Company piloted the Magnit Ultra-Convenience and V1 hard discounter formats.

Dividends

Strong capital discipline with a focus on returns in all investment decisions with a view to generating substantial dividend payments.

- Focus on the quality of new store openings as a way to maximise ROI.
- Keeping Net Debt / EBITDA at a comfortable level.
- Clear plan to improve working capital with a focus on stock days optimisation.
- Value accretion for shareholders to deliver consistently solid dividends.

¹ Source: Magnit analysis.

Key developments of 2023

January



Magnit launches technology to check shelf life of labelled goods at checkout

Magnit launches a specialised Internet store Magnit Cosmetic Online



Magnit once again tops consumer sector ESG ranking by the National Rating Agency (NRA)



February



Magnit places exchange-traded bonds worth RUB 30 bln on the Moscow Stock Exchange

Analytical Credit Rating Agency (ACRA) assigns credit rating to exchange-traded bonds of PJSC Magnit



Magnit launches its own hard discounter store format under the V1 or First Choice brand

Magnit introduces technology to check shelf life of labelled goods in all stores



Magnit becomes the first retailer in Russia with certified organic production

Magnit provides 20 tonnes of products to people in need under food sharing programme

March



Magnit launches leaf vegetable growing center

Magnit deploys joint on-shelf availability management system

Magnit expands its test scope for the new Magnit Convenience Plus format

April



Magnit brands win four prizes at Private Label Awards



Magnit named finalist in E+ Awards, a major accolade recognising effectiveness in marketing communications, with Skrepyshi-NEW campaign



May



Magnit wins Data Award for excellence in training data management experts



Magnit opens its first V1 (First Choice) hard discounter in Moscow

Magnit and Aggregion launch new de-identified data processing service



First students graduate from Magnit's own Business Analysis School

June



Magnit to roll out AI-assisted cosmetics selection technology

Magnit scales extended barcode technology to control shelf life of goods



Magnit and partners create a standard of green packaging for e-commerce



Magnit announces a Tender Offer to shareholders by its subsidiary for Magnit's ordinary shares

July



Magnit wins two categories of Loyalty Awards Russia



Magnit integrates Magnit Delivery service into its core mobile app

Magnit self-checkouts to run on the Company's own software

Magnit opens third new superstore in Moscow



DIXY launches a project to collect unwanted clothes in its stores

- Business
- Finance and corporate events
- Achievements
- ESG
- External source link



August



DIXY introduces reverse franchising programme



Magnit launches a project in Karelia for producing fertilisers from food waste

September



Magnit completes purchase of Shares under the Tender Offer



Magnit wins the first Retail Tech project contest



Magnit introduces new loyalty promotion – Gold of the Magnit Sea



Magnit to develop inclusive volunteering programme together with the Enjoyable Ageing charitable foundation

October



Magnit becomes the winner of Quality of Service and Consumer Rights awards



Magnit migrates its Loyalty Programme to the Russian Software

V1 hard discounter chain launches its first distribution center

Magnit signs an agreement to acquire a stake in Samberi, the largest retailer in the Far East



Magnit announces an additional Tender Offer to shareholders by its subsidiary for Magnit's ordinary shares



Magnit together with largest product suppliers develops eco-friendly advertising package standard

November



Magnit wins forty-seven prizes at Quality Assurance Awards 2023



DIXY develops a new store concept and launched store remodeling programme

Magnit finalises the deal to acquire KazanExpress marketplace

Magnit opens a brewery in Moscow superstore

December



Expert RA assigns ruAAA credit rating to PJSC Magnit



Magnit announces results of the Annual General Shareholders Meeting



V1 hard discounters chain start testing loyalty programme

Magnit starts piloting the Magnit Ultra-Convenience format

Magnit develops a new convenience store concept

Magnit opens a new superstore in Krasnodar



Magnit becomes a strategic partner of the Hermitage Museum

Events after the reporting period



Magnit fully completes the process of acquisition of shares in the tender offers

ACRA upgrades the credit rating of PJSC Magnit to AAA(RU) level, stable outlook, and its bonds – to AAA(RU) level



Magnit pays dividends announced in 2023 in the amount of RUB 42 bln or RUB 412.13 per share

Magnit announces the appointment of Evgeny Sluchevsky as its Chief Executive Officer as of 17 May 2024. Mr. Sluchevsky previously served as the Company's Director of Agricultural and Production Complex



Magnit develops a new pharmacy concept and opened the first revamped Magnit Pharmacy location in Moscow

- Business
- Finance and corporate events
- Achievements
- ESG
- External source link

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.

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.

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

>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.



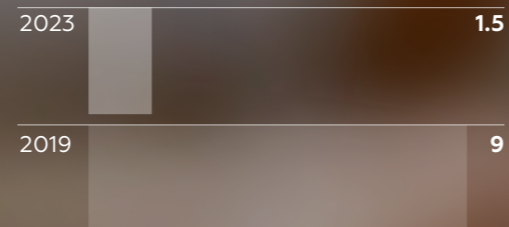
Our people

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

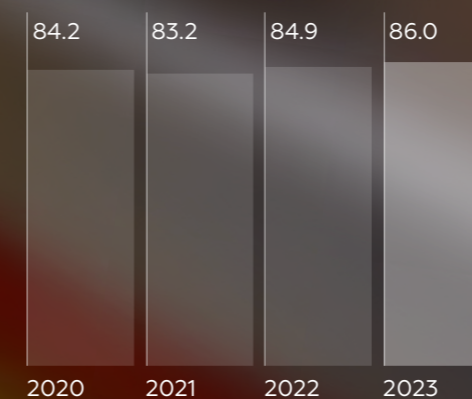
Magnit is committed to hiring people from various age groups, including young people aged above 16, as well as people with special needs, and those who rely on flexible working arrangements.

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.

