

Magnit Pharmacy



Conveniently located small stores offering medicines and healthcare products at affordable prices.

Location

Near drogeries and/or grocery stores

Floor area

20–70 sq. m

Product mix

4,600 SKUs



Distinctive features

- Traffic-generating synergies between pharmacies, drogeries, and grocery stores, multiplying the economic effect
- Synergies in the supply chain and operating costs

2023 developments

In the reporting year, 114 Magnit Pharmacy stores were opened. The leaders in new store growth were the Volga, Siberian, and Ural federal districts.

Currently, the network operates in 391 cities and towns across 59 regions nationwide, with over 2,000 employees serving 2 million customers monthly.

In 2023, Magnit integrated the Magnit Pharmacy format into its Magnit Delivery app.

Now the app provides access to the entire range of offline pharmacies (over 5,000 different products such as over-the-counter and prescription medicines, vitamins and dietary supplements, personal hygiene products, medical supplies, cosmeceuticals, and more). In future, app users will also be able to order items from an expanded assortment directly from the warehouse. The app also provides information on the composition of medicines and instructions for use. To collect ordered prescription medicines, customers are required to present their prescription upon receiving the order.

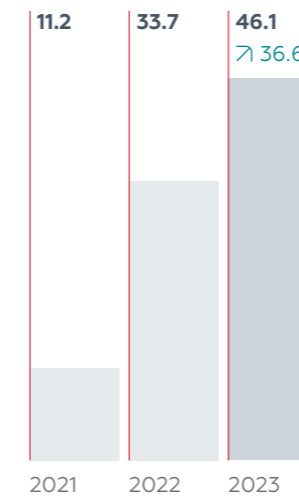
In 2023, the Magnit Pharmacy stores expanded their product range and implemented a category management system. Furthermore, the visual aesthetics of the stores have undergone substantial transformations, with the navigation updated, new checkout areas added, and the planogram system improved.

Major developments in staff and incentive management included the introduction of a new incentive system and a Code of Conduct and Friendliness.

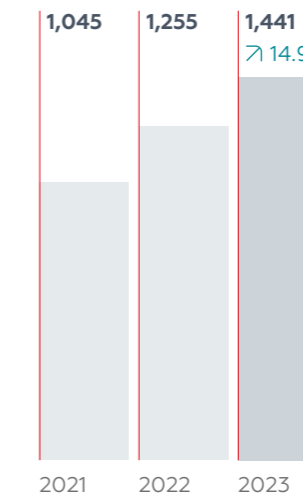
E-commerce

Magnit has been developing e-commerce services since 2020. Today, the Company runs a number of both own and partner online delivery projects: express delivery, regular delivery, online pharmacy, cosmetics and partnerships.

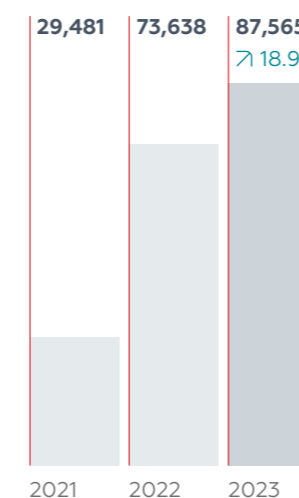
GMV¹, RUB bln



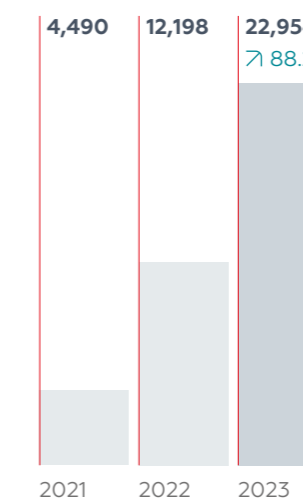
Average ticket, RUB incl. VAT



Average number of orders per day



Number of covered stores as at the end of period



An important part of our communication with customers and potentially an additional future source of traffic for our e-commerce services and online stores is the Gastronom.ru website. Combined with their social media accounts of the same name and channels in live messengers, Gastronom.ru had a total unique audience of more than 17 million people per month as at the end of 2023.

In 2023, online GMV (including VAT) amounted to RUB 46.1 bln, with the average number of orders per day reaching 87,565 (up 18.9% YoY from 73,638 orders per day in 2022). The average ticket for all online services was RUB 1,441 including VAT, up 14.9% vs 2022 (RUB 1,255 including VAT).

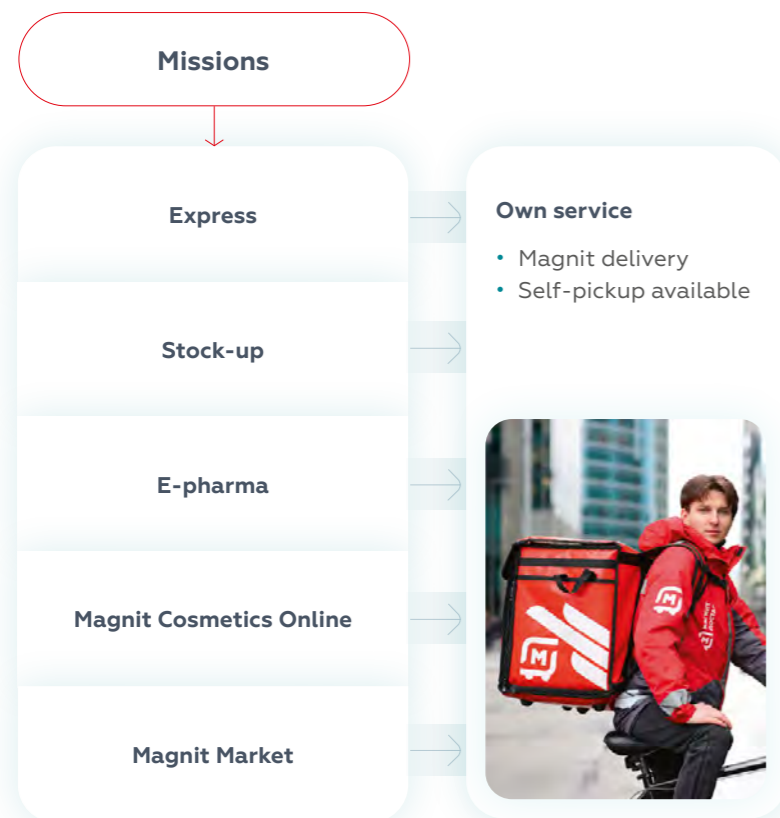
At present, Magnit's e-commerce services cover around 23,000 offline stores. 80% of current revenue is generated outside of Moscow, the Moscow region and St Petersburg. The largest and fastest-growing segment is express delivery.

Our online services are all available in the Magnit: Promos and Delivery app, which features the following sections.

- Special offers (loyalty card)
- Delivery from stores
- Up-to-date product catalogue
- Thematic clubs
- Price checker
- Store locator
- Magnit magazine with a focus on tasty and healthy eating

¹ GMV – gross merchandise value; is the total sales value at the final cost for customers for merchandise sold through e-commerce websites before promocodes and taxes (VAT) including own and commission merchandise, delivery cost, gift certificates net of discounts, returns and cancellations. GMV does not include services of merchandise suppliers and sellers (photoprint, merchandise preparation center, advertising, etc.).

Launching e-commerce in all missions



22,954 stores connected **~80%** coverage

93,884 SKUs available across Magnit Delivery services

2,299 cities and townships **in 67** regions

80% of e-commerce revenue is generated outside of Moscow, the Moscow region and St Petersburg

Developing Magnit's own marketplace

In a landmark move of 2023, the Company acquired 100% of the KazanExpress marketplace in November. E-commerce remains one of the most rapidly growing segments of the retail industry, with the online channel already substantial in non-food categories. Magnit has decided to use the new asset to launch its own marketplace, Magnit Market. By acquiring KazanExpress, Magnit will be able to quickly penetrate the buoyant segment of marketplaces without having to set up infrastructure from scratch.

The integration of Magnit and KazanExpress will focus on unlocking synergies in commercial terms and category management. The Company is also undertaking several initial projects and steps, aiming for a broad reach of Magnit Market across the country.

Integrating Magnit Delivery into our core mobile app

In 2023, Magnit made further efforts to enhance its customer experience and expand the user base for its own e-commerce service: we integrated the Magnit Delivery option into our core mobile app, combining all aspects of online shopping experience in one place. The new app, now called "Magnit: Promos and Delivery", helps shoppers make online orders, in addition to the standard functions of managing loyalty programme options. Users will have access to the same services as in the Magnit Delivery app, such as orders from convenience stores, drogeries, supermarkets and pharmacies, express delivery, and scheduled delivery options.

The merger of the two apps resulted in a **14x** increase in the Company's monthly active users (MAU) for 2023

2023 performance

Orders and delivery are handled through our own service (Magnit app) and partners (delivery aggregators).

In 2023, Magnit focused on developing its own service, improving the app and enhancing in-house courier delivery. These efforts helped the service's revenue to post a 2.5x growth for December 2023 as compared to January 2023. Magnit Cosmetics proved the most active format, with own service delivery expanding its revenue more than 10x from January to December 2023. This makes Magnit is the fastest-growing player in the own delivery market in Russia for 2023¹.

As at the end of 2023, we had almost 23,000 stores connected to Magnit's own delivery service, contributing to its availability to more customers. More than 16,000 stores are connected to the self-pickup service, which we launched for the convenience store, Magnit Cosmetic, and hypermarket formats in 2023.

Magnit's own service

Orders are made via the Magnit app, with delivery and self-pickup available for convenience stores and large formats (Magnit Family and Magnit Extra), as well as Magnit Cosmetics and Magnit Pharmacy. Orders are made via the SberMarket, Yandex. Eda, and Delivery aggregators.

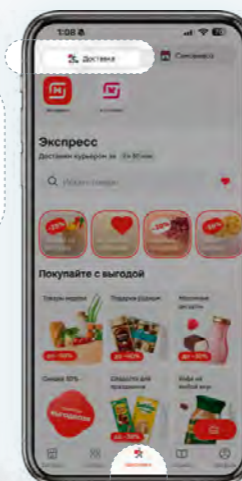
Partners

Orders are made via the SberMarket, Yandex. Eda, and Delivery aggregators.

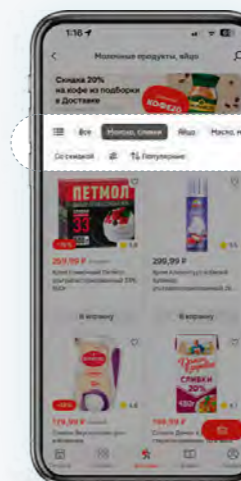
We have migrated to the OMNI app, making vital changes to our product so that we can keep growing and evolving



The core Magnit app now has the Delivery section



We have implemented quick and simple navigation with scrollable feed and tabs



Self-pickup is now available

¹ Source: Data Insight.