Case Study:
Dixy – Acquisition update

The acquisition of Dixy, the fifth largest grocery retailer in Russia, was completed on 22 July 2021

Key highlights:
— Enhanced scale
— Significantly strengthened market positions in two capitals: Moscow region market share increased by 2.1x and St. Petersburg and Leningrad region market share increased by 1.7x
— Accelerating e-commerce roll-out in both capitals
— High-quality locations
— Well-known brand
— Strong customer base
— FY2020 Dixy total revenue of RUB 298.8 bln
— Dixy to operate as a separate business

Significant synergies:
— Commerce
  • Procurement thanks to combined sourcing
  • Private label production, direct import, seasonal and exclusive Magnit assortment
  • Aligning pricing strategy
— Operations
  • New effective solutions for overlapping stores on a case-by-case basis
  • Potential transformation of some regional stores into Magnit convenience, supermarket, drogerie, hard discounter or dark stores
— Cost savings
  • Aligning business processes and IT
  • Centralising back-office & support functions where relevant
  • Decreasing costs in marketing, utilities and outsourced services
  • Reduction in tariffs for acquiring, cash collection, bank fees, etc.
— Cross-synergies
  • Technology sharing
  • Customer data analysis via loyalty programmes
  • Re-use of data centers

-25% EBITDA increase in 2022

Key achievements to date
— Smooth integration while maintaining growth and meeting key financial targets (revenue, sales density and EBITDA)
— All FAS requirements met on time in terms of store base optimisation
— 95 Dixy stores in Urals1 are in the process of transferring to Magnit format
— >150 bps commercial margin uplift driven by joint procurement conditions
— Scale-driven SG&A benefits, including cash collection, banking services and marketing, etc.
— Decreased staff turnover, with TMMA2 down by 39.3%

Next steps
— Continue roll-out of efficiency projects aimed at synergies extraction and profitability uplift
— Implementation of Magnit’s Direct Import and Private Label categories
— Backward upside for Magnit – Dixy’s category expertise in Moscow
— Extra synergies via joint marketing efforts
— Rent negotiation campaign for Dixy stores
— Megamart stores in Urals to be transferred to Magnit supermarkets and superstores
— Agile approach towards functional cooperation, organisational structure and SG&A optimisation

17 Dixy stores are already transferred to Magnit format
4 Three Months Moving Average as of December 2021 vs June 2021

<table>
<thead>
<tr>
<th>Distribution Centers</th>
<th>Supermarkets &amp;</th>
<th>Convenience Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>CENTRAL FEDERAL DISTRICT (ex. Moscow &amp; Moscow region)</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Moscow &amp; Moscow region</td>
<td>-</td>
<td>-</td>
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<tr>
<td>NORTHEASTERN FEDERAL DISTRICT (ex. St. Petersburg &amp; Leningrad region)</td>
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<td>-</td>
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<tr>
<td>St. Petersburg &amp; Leningrad region</td>
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<td>-</td>
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<tr>
<td>URALS FEDERAL DISTRICT</td>
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<tr>
<td>VOLGA FEDERAL DISTRICT</td>
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<td>-</td>
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<tr>
<td>Total</td>
<td>2,412</td>
<td>Total</td>
</tr>
</tbody>
</table>

As of 31 December 2021

2,477 operating DCs
with 150 thous. sq. m total space and a fleet of 708 trucks acquired