

Case Study:

E-commerce

2021 highlights:

62,274

average number
of orders per day*

RUB 11.2 bln

2021 online GMV

4,490

offline stores in 301 cities
are covered by Magnit's
e-commerce services

* in 4Q 2021

Developing strong omni-channel business to further enhance our CVP

Magnit has been piloting e-commerce services since the second half of 2020, with the online sales channel already demonstrating strong performance. The Company currently operates both its own delivery through the Magnit Dostavka (Magnit Delivery) app and delivery via partnerships with Yandex.Eda, Delivery Club, Sbermarket and Wildberries. Both food and non-food segments of Magnit are present online, covering all customer missions:

Grocery and drogerie

- Stock-up (2 hours+) – big ticket purchase
- Express (30 minutes) – everyday small purchases
- E-Pharma – current needs and regular purchases

Magnit's e-commerce services today cover 4,490 offline stores and 20 dark stores in 301 cities across 64 Russian regions, with 66% of the revenue generated outside Moscow and St. Petersburg.

The aim is to quickly capture opportunities in low-penetrated regional markets by converting Magnit's loyal customers into online, while getting new customer inflow in computerised Moscow & St. Petersburg markets. The Company plans to leverage existing infrastructure in the regions with strong physical presence. However, in Moscow and St. Petersburg, Magnit may continue opening dark stores to support brick-and-mortar presence to cover the cities with its delivery service.

Performance

Our online sales channel is delivering strong results despite only recently launching in the second half of 2020.

In 2021, our e-commerce gross merchandise value (GMV) totalled RUB 11.2 bln. By the end of December 2021, GMV of Magnit's e-commerce services exceeded 1% of total revenue, while for the full year of 2021 it stood at 0.6% of total revenue.

Over the course of the year, the average number of orders per day continued to grow steadily, reaching 62,274 in 4Q 2021 vs 3,959 the year before (15.7x growth). On 30 December 2021, we reached a milestone of 100,000 orders per day, whilst in December 2020 the daily number of orders was only 7,000.

The average order value across all online services for 2021 was RUB 1,045 including VAT. This average order value is approximately 2.8x higher than the average ticket in the convenience stores (RUB 371). This is mostly due to a larger number of items per basket. The average ticket within Magnit's own delivery service was RUB 1,239.



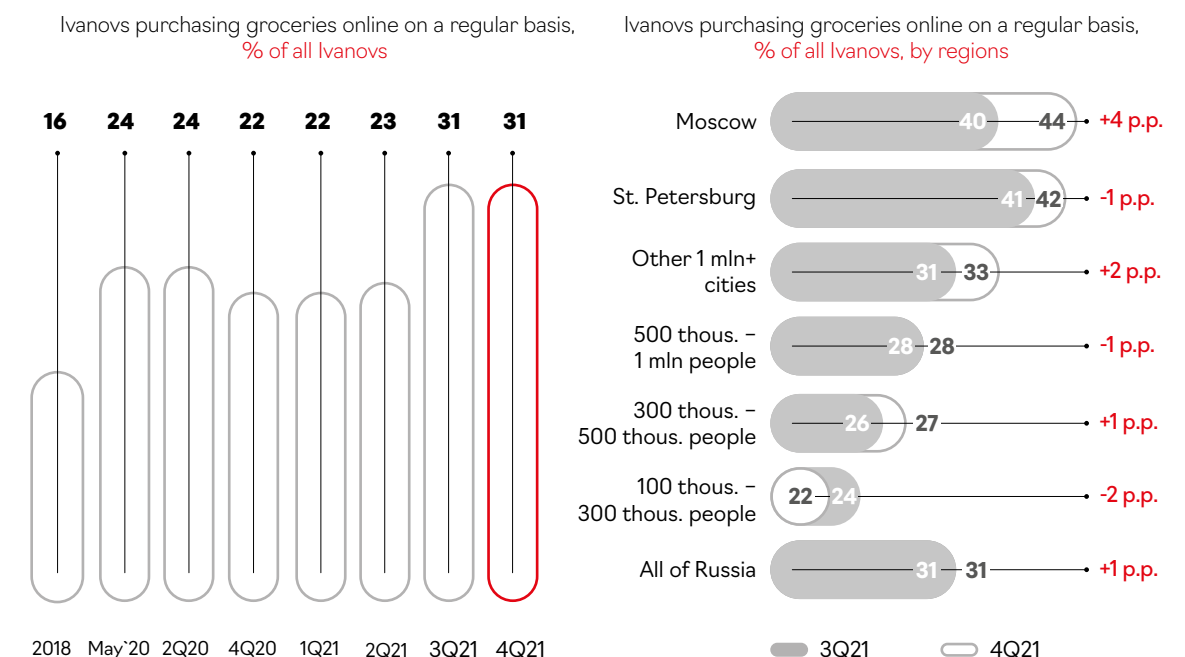
Key developments

During the year we continued to develop our partnerships and began working with Sbermarket and Wildberries, the largest online retailer in Russia, as we rolled out the joint delivery offering across Russian cities. In December 2021, we launched 30-minute express grocery delivery through Delivery Club, building on our previous delivery projects with the company. We also launched a new partnership with Uteka and Megapтека, a pharmacy products marketplaces, which made Magnit Pharmacy assortment available on a partner platform, successfully complementing our own e-pharma offering.

In 2021 we started opening dark stores throughout the country, which will further enhance our operational efficiency in e-commerce. These include our first pharmacy dark store, which operates as a click-and-collect pharmacy.

In July 2021, Magnit appointed Andrey Lukashevich as E-Commerce Director. He was responsible for shaping our e-commerce strategy and executing the roll-out of digital sales channels, establishing and developing the e-commerce infrastructure, and ensuring that the e-commerce business achieves its key financial targets. Andrey brought a wealth of experience in e-commerce, having previously held executive positions at Delivery Club, Mail.Ru Foodtech Ventures and Vezet taxi aggregator. On 12 April 2022 Andrey Lukashevich left the Company for family reasons.

Growing online grocery adoption in Russia, %



Omni retail at the core of Magnit's future ecosystem

We aim to build an ecosystem of complementary services around the Magnit brand and our strong omni-channel core. The launch of our payment service Magnit Pay in December 2020 was an important step in this process, which represented the first stage in the development of an enhanced app centred around Magnit's loyalty programme.

Magnit Pay can be used to pay for purchases in any store – online and offline, within and beyond Magnit.

As at year-end 2021, the Company issued 7.5 million virtual payment cards. About 51% of holders use this service for purchases outside the Magnit ecosystem. Most often, virtual cards are used in grocery stores, as well as for payment for transport, subscription and delivery services.