

# Highlights of the Year

## Strategic priorities

- Improvement of LFL sales growth
- Proactive and opportunistic return-driven consolidation play
- Margin regain
- High returns leading to strong dividend payment
- Accelerate smart organic expansion
- E-grocery platform development
- Improvements of the working capital cycle



## Achievements in 2021 vs 2020

### >7 days optimisation of WC

with RUB 18 bln cash release and working capital turning negative

EBITDA margin  
improvement to  
**7.2%**

in 2021 from 7.0% in 2020 on the back of gross margin gains and strict cost control

**2,281**

gross new stores of core formats opened in 2021 vs. **1,292** in 2020

Full-year GMV of  
**RUB 11.2 bln**

with more than 62,000 orders daily

**3 M&As**

strategic acquisition of Dixy business and two bolt-on acquisitions of Edelweiss and Radezh

LFL sales growth of  
**7.0%**

2021 – second consecutive year of market-leading LFL sales growth

ROIC<sup>1</sup> growth to  
**16.5%**

in 2021 vs 13.8% in 2020 vs 7.9% in 2019 and 20% YoY increase in dividend payment<sup>2</sup>

<sup>1</sup> ROIC = (EBIT - Income Tax) / (Average Net Debt + Average Equity)  
<sup>2</sup> BASED ON THE FIRST TRANCHE OF DIVIDEND PAYMENT – FOR 9M 2021 OF RUB 30 BLN VS 9M 2020 OF RUB 25 BLN  
NOTE: ALL FINANCIAL METRICS ARE PROVIDED IN ACCORDANCE WITH IAS 17 STANDARD.

## 2021 strategic priorities – We deliver what we promise

In 2021, Magnit delivered significant progress against its strategy. We continued organic expansion and improvement of customer experience in our stores, demonstrating industry-leading growth in LFL sales. We completed a strategically important acquisition of Dixy that strengthened our positions in Moscow and St. Petersburg and improved its profitability. Despite this large acquisition, we managed to maintain a “healthy” debt level at 1.5x EBITDA (IAS 17). The e-commerce channel, launched by Magnit in the second half of 2020, quickly gained traction

and surpassed RUB 11 bln in turnover for the full year. We also managed to further optimise our working capital cycle and improve return on investments.

### Corporate Governance

- Shareholders approved a new edition of the Articles of Association that expanded the size of the Board of Directors from nine to eleven members
- Magnit further strengthened the Board of Directors, introducing new independent Board Members with expertise in tech and finance
- We continued to strengthen the Management Board to improve decision-making. The Management Board was expanded to 13 members

- The Board of Directors introduced the Audit Fees Policy to limit the volume of non-audit fees received by the Company's external auditor to ensure its independence.

### Securities

- Dividends paid for 9M 2021 amounted to RUB 30 bln. This represents 20% YoY growth compared with RUB 25 bln paid for 9M 2020
- Magnit placed RUB 20 bln of exchange-traded bonds with a 7.05% coupon
- Credit Rating Agency ACRA affirmed its credit rating for Magnit bonds at AA (RU)
- S&P upgraded Magnit's credit rating to BB+ with forecast “Stable”

### Operations

- Redesign of more than 700 Magnit stores (including convenience stores, supermarkets and drogeries) to improve customer value proposition
- Magnit organic expansion to add 1,450 convenience stores, 825 cosmetic stores and 6 supermarkets during the year, boosting the gross number of store openings 77% from 2020
- Successful pilot of 190 My Price discounter stores showing returns of >50% has triggered the decision to further roll out this format
- Concept tailoring of new promising ventures City and Go and launch of updated pilots

- Multi-format e-commerce rollout (including dark stores scaling) led to 62,000 daily orders and annual GMV of RUB 11.2 bln
- IT landscape upgrade on track, including SAP-based ERP integration, supply chain software, focus on cloud-based technologies.

### Sustainability

- Reducing carbon emissions in logistics operations via upgrading our truck fleet, switching to more environmentally friendly fuel
- Ongoing energy saving programme for refrigerator equipment, air conditioners and lighting systems
- Magnit headquarters in Krasnodar received a Green Office certificate for practices including waste recycling, energy and water saving

- Project to analyse waste composition at our stores to increase waste recycling vs disposal
- Joint initiative with eight largest FMCG brands – “United for a Healthier Future” – to promote healthy lifestyles among consumers and local communities
- Rollout of healthy food zones in our stores
- “Kind Bunny” project – creating an inclusive environment for people with disabilities in our stores, training personnel to serve this category of customers
- In July, National Rating Agency ranked Magnit No.3 in the ESG rating of Russian public non-financial companies and No. 1 among retailers
- In August, MSCI increased Magnit's ESG rating to BBB.