Our strategic goal is to cement our current leading federal retail positions by growing our market share significantly and profitably.

Our strategic ambition is to become #1 for consumers, employees and investors.

Magnit recorded significant sales growth in 2021, driven by increased selling space, a trading environment that improved throughout the year, and continued sales uplift from mature stores, resulting in a sales density improvement of 4.7%.

It is clear that our initiatives to enhance consumer perception and experience are working, as demonstrated by positive NPS and Consumer Satisfaction Index trends and net consumer gains. Our sustainability strategy is now embedded throughout our organisation as we continue to add more data metrics to monitor our performance and improvements.

We have continued to develop internal processes to extract greater efficiency and our investment in people has intensified to ensure we have the right competencies and have an agile and innovative company.

These efforts have created significant value for shareholders – Magnit’s local share price has increased by 55% from January 2019 to December 2021, and a new approach to investments and redesigns drove impressive returns and uplifts.

Our goals are supported by four pillars:

**Consumer first**
- Consumer-centric decision-making with enhanced loyalty (as the key data source)/ personalisation powered by AI / Big Data
- Enhanced CVP and clustering to better serve consumer needs
- Improved brand positioning (including care, safety, ESG and value for money)
- E2E consumer offering going beyond traditional offline space – digital / ecosystem

**Employer of choice**
- Flexible and proactive approach to personnel attraction
- Intensified investment in people to ensure best competences and business continuity
- One team approach as the base for effective cross-functional cooperation
- Talent assessments and social lifts
- Agility and innovative thinking

**Most efficient and promising ways to market**
- Smart expansion in core formats to profitably catch up market share, including M&As
- Actively and structurally consider new sales lines, new niches / markets
- OMNI including online
- Agile sourcing including partnerships with suppliers, crystallised offering in own production / Private Label
to enhance offering and secure positioning

**Modern and efficient platform**
- Defined and straightforward functional strategies
- Smooth and efficient processes
- Flexible organisational structure, clear responsibility split combined with entrepreneurial culture
- Flexible, reliable and scalable cloud-based IT solutions and Data platform
- Product-centric technology organisation

Sustainability

Sustainability is firmly embedded in all areas of our strategy and it is key to the continued growth of the Company. It is an integral part of what we do and acting in the interests of all our stakeholders will produce better returns over the long term for our shareholders.

Our Sustainability Strategy sets out our ambitions and strategic principles and formalises our approach. We are committed to reducing our environmental impact and having a positive impact on the wider society, as well as ensuring our employees are satisfied and upholding the highest standards of corporate governance.
We believe that every strategic move should be supported by strong and robust financials:

- Benefits from lucrative EBITDA margin (IAS 17) steadily improving to 8.0% in 2021–2024 and 8%+ from 2025 despite expanding into e-commerce channel and discounters
- Improvement of working capital with a focus on stock days optimisation by 4–7 days, incl.:
  - 3–5 days in grocery
  - 10–15 days in drogerie
- Continue following strict return requirements for all projects. CAPEX to remain <4.0% as a % of sales
- Comfortable leverage of ~1.5x (IAS 17) of Net Debt/EBITDA with a self-imposed ceiling of 2.0x and high potential to fall to around 1.0x in the next years subject to M&A opportunities
- Focus on constant improvement of returns and value accretion for shareholders. Expect double-digit ROIC growth in 2025 vs 2021
- Capacity for annual increase of dividend payments depending on the financial position and subject to Board decision and shareholder approval

Integrating Dixy

Our in-depth examination makes us confident that we can extract significant synergies from the acquisition of Dixy in the medium term, and allows us to maintain our ambitious long-term targets.

While Dixy and Magnit will continue to operate as separate brands, we have established an integration management office (IMO) as well as new joint committees at the senior level

Synergies identified:

Commercial
- Combined sourcing/procurement
- Private label production, direct import and seasonal and exclusive assortment
- Align pricing strategy

Cost savings
- Align business processes and IT
- Centralise back office and support functions where relevant
- Share and decrease costs in marketing, utilities and outsourced services
- Reduce tariffs for acquiring, cash collection and bank fees

Operations
- New effective solutions for overlapping stores on a case-by-case basis
- Potential to transform / redeploy Dixy stores into a Magnit convenience, supermarket, drogerie, hard-discounter or dark store

Cross-synergies
- Technology sharing
- Customer data analysis via loyalty programmes
- Re-use of data centers

* ROIC = (EBIT - Income Tax) / (Average Net Debt + Average Equity)

See more on how we are integrating Dixy on p. 42.