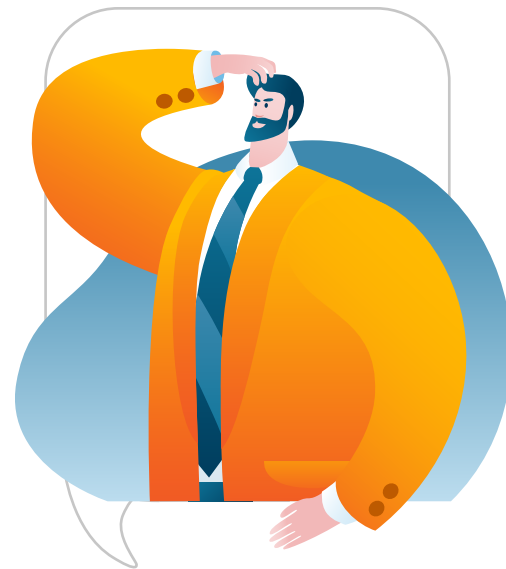


Investment Case

The acquisition of Dixy, the fifth largest grocery retailer in Russia, in 2021 is expected to strengthen Magnit's competitive position significantly in the Russian food retail sector.

The Dixy brand's strong exposure to the strategically important Moscow and St. Petersburg regions, which in 2020 accounted for approximately 29% of the total Russian food retail market¹, has led to a sharp increase in the Company's market positions in both capitals, including more than twofold market share growth in both Moscow and St. Petersburg. The integration of Dixy will provide synergies in procurement, category management, technology, as well as cost savings in various business processes. This, together with the significant gains in e-commerce and the development of Private Label products and CVP will benefit the Company's customers and provide value accretion for shareholders.



5 reasons to invest in Magnit

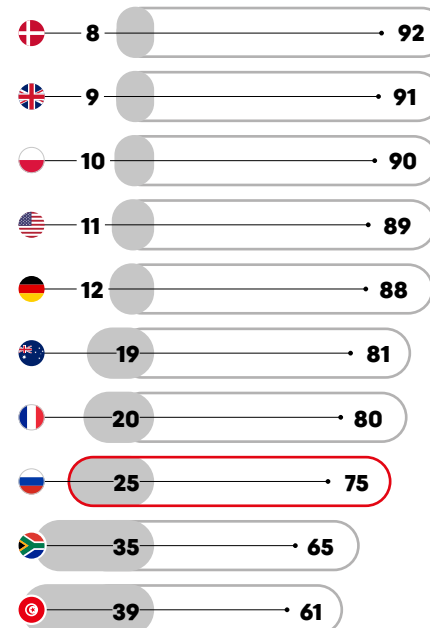
Market potential

We offer exposure to a sizeable market with potential for further organic expansion and consolidation

- Sizeable market with growing modern food retail penetration which offers opportunities for organic expansion
- Fragmented market with high potential for further consolidation
- Large players are gaining market share
- New niches / ways to market actively emerging with constantly evolving e-grocery market

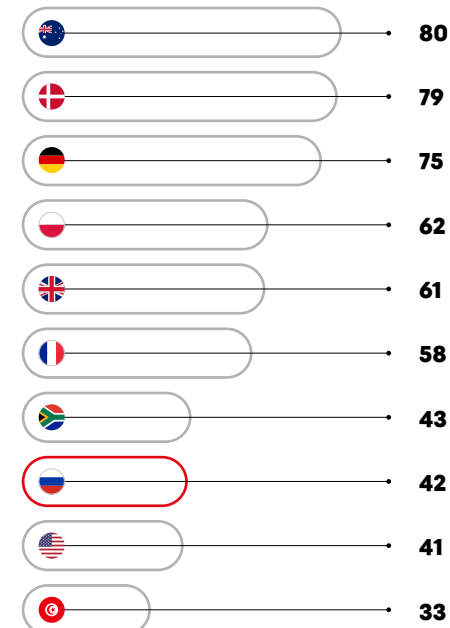
Russian market offers further growth potential

Share of Modern and Traditional Retail in 2021, %



The market has potential for further consolidation

Share of top-5 players in grocery retail in 2021, %



— Traditional retail — Modern retail

SOURCE: EUROMONITOR, 2021

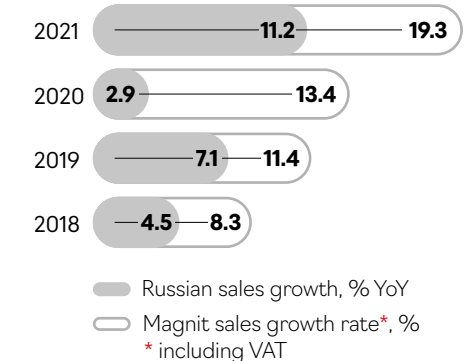
Leading player

Magnit is one of the largest food retailers in Russia with well-developed infrastructure, strong customer base, well-known brand, and market share gain

- Multi-format offering with four core formats covering range of shopping missions in grocery, drogerie and pharma segments
- Wide geographical coverage with 26,077 stores in 3,898 cities in 7 federal districts

- 11.5% market share in food retail sales
- Serving customers in all highly populated Russian regions (67 regions, 58.7 mln loyalty cards)
- Well-developed country-wide supply chain with 45 distribution centres and one of the largest own truck fleets
- The only vertically integrated retailer in Russia with 17 own production facilities and agricultural complexes

Russian food retail and Magnit sales growth in 2018–2021, %



— Russian sales growth, % YoY
— Magnit sales growth rate*, % including VAT

Growth ambitions

On track to speed up profitable return-driven growth leading to further market share grab

- Speed up value accretive organic expansion
- Smart expansion implying high profitability targets for new openings

- Consider small to mid-size value accretive M&A to strengthen market positions
- Adherence to sustaining high return requirements for new projects
- Store network redesign programme to improve sales density
- Build a leading e-grocery platform capable of handling 5%+ of turnover
- Proactively consider adjacent value accretive niches

+13 bps

EBITDA margin improvement in 2021 (IAS 17)

+ 4.7%

sales density improvement in 2021

Efficiency gains

We have tremendous business improvement potential to be materialised

- Further CVP improvement to drive material improvements of sales density and profitability

- CVP initiatives to enhance consumers' perception and experience
- Increase in sales densities also by way of speeding up redesigns and processes improvement
- Extension of consumer offering complementary to core business

- Benefits from lucrative EBITDA margin steadily improving to 8.0% within 2021–2024 and 8%+ (IAS 17) from 2025 despite expansion of the e-commerce channel and discounters
- Continuous focus on efficiency to get higher returns

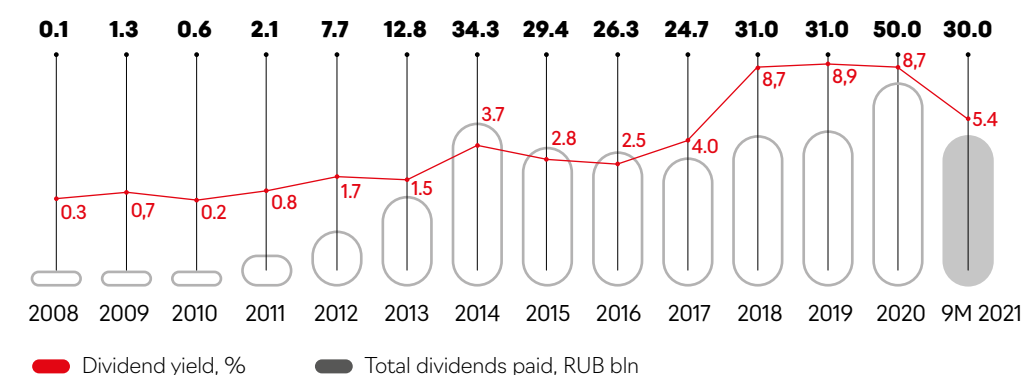
Dividends

Strong capital discipline with a focus on returns in all investment decisions providing substantial dividend payment

- Focus on quality of new store openings resulting in better payback
- Keeping a comfortable level of Net Debt/EBITDA leverage at ~1.5x (IAS 17)

- Clear plan to improve working capital with a focus on stock days optimisation
- Value accretion for shareholders leading to continuous strong dividend payment

Magnit dividend payment and dividend yield in 2008–2021



— Dividend yield, % — Total dividends paid, RUB bln

magnit.com

RUB 64.2* bln

strong free cash flow in 2021
* excluding Dixy

1.5x

Net Debt/EBITDA leverage (IAS17) as of December 2021

¹ DATA COMBINED FOR MOSCOW & MOSCOW REGION AND ST. PETERSBURG & LENINGRADSKY REGION FOR 2020 ACCORDING TO ROSSTAT