

Business Model

We are everywhere for our customers

Inputs: resources and relationships

Our customers

15 mln

customers daily

Suppliers

>6 thous.

Government and regulators

Magnit has an efficient corporate governance framework

Employees

~360 thous.

one of the largest private employers in Russia

Shareholders

>150 thous.

According to EGM 2021

Environment and communities

Magnit's Sustainability Strategic Framework sets an ambitious goal for embedding sustainability in every aspect of the business

How our business is different

Quality and range

100 quality awards in 2021

12 quality control laboratories conducting

>2.8 thous. daily tests

>4 thous. private label SKUs = **16%** share of PL

Largest supply chain network

45 distribution centres in seven federal districts

>5 thous. trucks

1.9 mln sq. m of warehouse space

Multi-format and omni-channel

>4,490 offline stores

and 20 dark stores in 64 regions of Russia

8,997 thous. sq. m selling space

3,898 cities & townships

Own production and private label

4 agricultural complexes in seven federal districts

13 industrial facilities

168 production lines

Outcomes for our stakeholders

Everywhere for our customers

Cooperating with our suppliers

Economic contribution

Rewarding our employees

Delivering returns to our shareholders

Protecting the environment and supporting communities



Business Model

(continued)

We are everywhere for our customers.

Magnit is further solidifying its leading position in Russian retail by transforming the business, improving its customer proposition and maintaining high business profitability. We strive to become the number one choice for our customers, employees and investors.

Inputs: resources and relationships

Our customers

Magnit is the number one Russian retailer in terms of the quantity of stores, proximity to customers and geographical coverage. Around two-thirds of the Company's stores are located in cities with a population of less than 500,000 people. We also operate in townships with a population of 3,000 people.

15 mln customers daily

~59 mln cross-format loyalty card holders

69% penetration in sales

Suppliers

Magnit is committed to being a reliable and trusted partner to its suppliers. We differentiate our product offering through tailored procurement initiatives, which includes direct import and strategic partnerships with suppliers.

>6 thous. suppliers

7% direct import supplies (~750 contracts)

Shareholders

Strong capital discipline with a focus on returns in all investment decisions

Comfortable level of Net debt/EBITDA leverage at 1.5x (IAS17)

RUB 64.2¹ bln strong free cash flow

Government and regulators

Magnit has an efficient corporate governance framework that complies with Russian laws, the Rules of the Moscow Exchange and the London Stock Exchange rules. The Company continuously enhances its corporate governance, focusing on the best national and international practices and ensuring the protection of stakeholders rights.

Environment and communities

Magnit's Sustainability Strategic Framework sets an ambitious goal for embedding sustainability in every aspect of the business and its processes across five key areas:

- reducing environmental impact
- creating a responsible supply chain
- taking care of employees
- supporting local communities
- promoting healthy lifestyles

Employees

The scale of operations makes Magnit one of Russia's largest employers. Being an employer of choice is a key strategic focus to achieve our ambitions.

~360 thous. employees – one of the largest private employers in Russia

Experienced and talented management team

¹ EXCLUDING DIXY ACQUISITION

How our business is different

Recognised for supreme quality and breadth of range

We strive to be recognised as a "value" retailer that fulfils customer needs and provides the "best quality for an affordable price". To achieve this, we continue to adjust our customer value proposition (CVP), develop our own production facilities and expand our private label assortment.

100 quality awards in 2021

12 quality control "from field to plate" laboratories conducting

>2.8 thous. daily tests

>4 thous. private label SKUs

16 % share of private label (PL)

Largest supply chain network in Russia

Our wide geographical coverage requires us to have advanced logistics and supply chain management to always bring fresh produce to our customers. We have a continuous long-term programme of truck fleet renewal replacing old vehicles with Euro-5 eco standard.

45 distribution centres in seven federal districts

>5 thous. trucks

1.9 mln sq. m of warehouse space

Own production capabilities and private label

Uniquely in Russia, Magnit operates a private label (PL) food production business, managing plants for growing vegetables and the production of dry food and confectionery as well as greenhouse and mushroom complexes, which are amongst the largest in Russia.

4 agricultural complexes

13 industrial complexes facilities

168 production lines

Multi-format and omni-channel

Magnit operates a multi-format model across 26,077 stores which includes convenience stores and supermarkets, drogeries and pharmacies. Both food and non-food segments of Magnit are present online.

8,997 thous. sq. m selling space

3,898 cities & townships

Covers over 4,490 offline stores and 20 dark stores in 64 regions of Russia

Outcomes for our stakeholders

Everywhere for our customers

- Customer satisfaction rates and NPS scoring
- Adapting / new format based on specific customer trends prevalent in different localities
- Launching new pilots including the rollout of CVM (Customer Value Management) tools
- Gaining new customers
- Online delivery / shopping

Rewarding our employees

200 thous. employees enrolled in Magnit's Corporate Academy

83% employee engagement rate

72% employee satisfaction rate

Cooperating with our suppliers

52% of SKUs supplied by 4.2 thous. local producers

Improving availability of goods through technology, innovation and communication

Working together to identify new trends and upcoming projects

Supplier representatives working within Magnit offices

Delivering returns to our shareholders

Consistent strong dividend payment

~RUB 48 bln of dividends paid in 2021

New store openings payback with ROI² >40%

Economic contribution

RUB 94 bln taxes paid in 2021

44 procurement sessions in 38 regions

'Retail with Purpose': delivering value through our sustainability strategic framework

Our ambitions

Leader

in environmental impact reduction in the industry

#1 Employer in the industry

Best

in class corporate governance

100% responsible supply chain

Positive impact

on the quality of life of all people in Russia

Protecting the environment and supporting communities

- Reduction targets for carbon emissions, energy and resource usage, pollution and food waste
- Responsible sourcing and production and 100% responsible sourcing for socially important categories
- Community programmes across Magnit's geographic footprint



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2021

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