Operational Review

(continued)

Magnit convenience stores

Magnit convenience is our primary format accounting for 72% of the Company’s retail revenue and 63% of its selling space. These stores are aimed at everyday shopping and minor stock up and offer a product range of more than 5,000 SKUs, including the most popular food and non-food products at attractive prices. We are constantly developing this format to follow consumer demand. Last year, Magnit opened 1,450 new convenience stores (gross) and redesigned another 61. At year-end, 78% of Magnit convenience stores were either new or redesigned.

At the same time, we continued to improve our customer value proposition. We expanded the ready-to-eat product range, unified dry food offering across the ready-to-eat product range, proposi. We expanded to improve our customer value

The share of private label goods, which usually cost consumers less than brand names, rose by 1.7 p.p. at convenience stores during the year. Net Promoter Score (NPS) – a metric that measures customers’ loyalty – rose by 2.5 p.p. for Magnit convenience stores last year, showing the widest improvement among the Company’s formats.

In the reporting year, Magnit convenience stores generated RUB 1,309,682 mln of net retail revenue, a 12.8% increase YoY. Total selling space of convenience stores expanded 10.7% during the year to 5,635 thous. sq. m due to new store openings.

In 2021, LFL sales in Magnit convenience stores increased by 8.2%. This was driven by 8% growth in the average ticket, while consumer traffic advanced 0.2%.

RUB 1,310 bln
net retail revenue, up 12.8% YoY

5,635 thous. sq. m
of selling space

8.2%
LFL sales growth

16,190 stores
+8.6% increase YoY

Magnit supermarkets

In 2021, the number of our supermarkets under the Magnit Family brand and supermarkets under the Magnit Extra brand remained unchanged and amounted to 470 stores. Magnit Family is a classic supermarket with average selling space of about 2 thous. sq. m. Its product range includes about 14.7 thous. items, almost triple the product range at a convenience store. Magnit Extra is an even larger format (superstore) with a more diverse range of products at competitive prices.

In the reporting year, we redesigned 74 Magnit supermarkets and superstores to improve the shopping experience. We added healthy food zones (“Health Island”), expanded the range of fresh and farm products.

RUB 208 bln
net retail revenue

937 thous. sq. m
of selling space

1.9%
LFL sales growth

470 stores

Magnit Cosmetic (drogerie)

Magnit Cosmetic stores (“drogerie”) are our leading non-food format offering a wide range of cosmetics, perfumes, home goods and household cleaning products. In 2021, Magnit Cosmetic posted strong growth in LFL sales by 4.4%. The format’s net retail revenue increased by 13.4% YoY to RUB 152,215 mln, while the sales density of the format improved by 2.3%.

In 2021, we opened 825 Magnit Cosmetic stores (gross), accelerating the pace of new openings YoY. At a result, our selling space reached 1,604 thous. sq. m, expanding 12.3%. This was the highest selling space growth across our formats. When opening new stores and redesigning the existing ones, we adhered to a neutral colour scheme that logically zone the premises, and also fit out stores with digital equipment, such as E-Visage smart mirrors, which allow us to test a particular cosmetic product in a virtual format, price checkers, interactive displays and self-service cash desks.

At the end of 2021, our drogerie format consisted of 6,966 Magnit Cosmetic stores.

Paying special attention to the marketing development of this format, in 2021 we launched three online “clubs”, where members receive exclusive content and exclusive offers from Magnit Cosmetic. To promote the format among younger generations, we are actively collaborating with influencers, who helped us significantly increase our audience reach by 78% in 2021. In the reporting year, we also expanded delivery from Magnit Cosmetic stores to regions of presence, where we previously hadn’t offered delivery.

RUB 152 bln
net retail revenue,

1,604 thous. sq. m
of selling space

4.4%
LFL sales growth

6,966 stores