

# Shareholder

## and Investor Engagement

### Authorised and issued share capital

As of 31 December 2021, the authorised capital of Public Joint-Stock Company Magnit amounted to RUB 1,019,113.55 and consisted of 101,911,355 ordinary registered uncertified shares<sup>1</sup> with a par value of RUB 0.01 each.

In addition to its outstanding shares, the Company had the right to place 98,938,645 ordinary registered shares with a par value of RUB 0.01 each (declared shares).

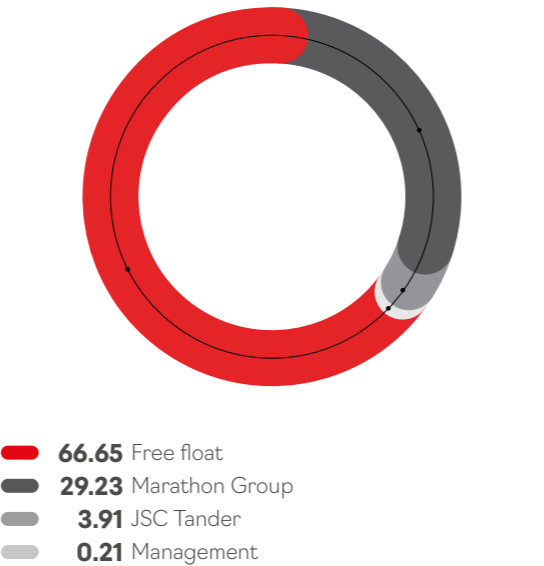
Marathon Group had 29,791,196 votes which is 29.23% of the total number of ordinary registered shares, including shares held by VTB Group under repurchase agreements (as of 14 January 2022).

As of 31 December 2021, PJSC Magnit does not hold any treasury shares. As of 31 December 2021, JSC Tander, owned by the Company, held 3,982,871 voting shares in PJSC Magnit, which amounts to 3.91% of the total number of ordinary registered shares, which were acquired in 2018–2019 in order to implement its LTI programme. As of 31 December 2021, no other organisations controlled by the Company owned voting shares in PJSC Magnit.

205,905 shares and 24,427 GDRs (0.21% of the total registered shares) are owned by the Members of the PJSC Magnit Management Board.

As of 31 December 2021, 37 entities were registered in the share register, including 33 individuals, one nominal holder (National Settlement Depositary) and three other legal entities.

### Information on persons who hold, dispose of votes accounted for and/or are beneficiaries of PJSC Magnit shares<sup>2</sup>, %



The Company has both an ordinary share listing on the Moscow Exchange (MOEX) and a GDR listing on the London Stock Exchange (LSE). According to Moscow Exchange as of 31 December 2021, the share of the free-float in the Company's shares was 66.65%<sup>3</sup>. As at the end of 2021, Magnit's market capitalisation was RUB 554.6 bln<sup>4</sup> on MOEX and USD 7,643 mln<sup>5</sup> on the LSE.

### Structure of share capital as at the end of 2021<sup>3</sup>

Title	Number of registered entities	Share of authorised capital, %
Legal entities	4	97.58
Including nominal holders	1	97.58
Individuals	33	2.42
Other (unidentified persons)	1	0.00004
Total	38	100

### Significant changes in the share capital structure in 2021

Date of change	Change
November 2021	<p>VTB Group announced the sale of its stake in PJSC "Magnit", including the sale of approximately 12.4% of the PJSC "Magnit" shares to Marathon Group.</p> <p>As a result of the transaction with VTB Group, Marathon Group increased the share of votes accounted for voting shares in the charter capital of PJSC "Magnit" to 24.99%.</p>
January 2022	<p>Marathon Group increased its share of votes accounted for voting shares in the charter capital of PJSC "Magnit" to 29.23%.</p>

<sup>1</sup> STATE REGISTRATION NUMBER: 1-01-60525-P OF 4 MARCH 2004

<sup>2</sup> ACCORDING TO INFORMATION AVAILABLE TO PJSC MAGNIT AS OF 14 JANUARY 2022

<sup>3</sup> THE SHARE OF THE FREE-FLOAT IS DETERMINED BASED ON AN ANALYSIS OF THE SHARE CAPITAL OWNERSHIP STRUCTURE, AND BY DEDUCTING THE NUMBER OF SHARES WHICH ARE NOT IN THE FREE-FLOAT FROM THE TOTAL NUMBER OF THE ISSUER'S SHARES. THE CALCULATION IS MADE IN ACCORDANCE WITH THE LISTING RULES OF THE MOSCOW EXCHANGE AND THE APPROVED METHODOLOGIES FOR CALCULATING THE FREE-FLOAT RATIO.

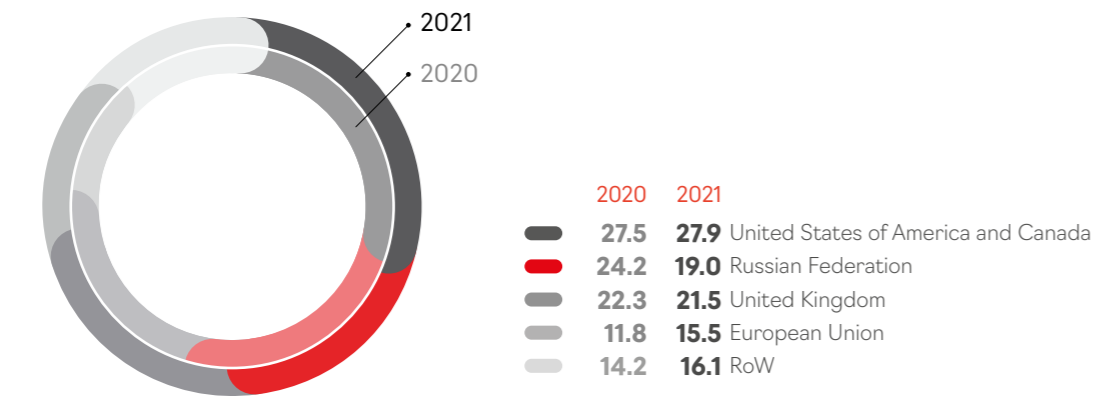
<sup>4</sup> CAPITALISATION IN RUB IS CALCULATED USING THE FOLLOWING FORMULA: NUMBER OF SHARES OUTSTANDING \* SHARE PRICE AS AT THE END OF 2021.

<sup>5</sup> CAPITALISATION IN USD IS CALCULATED USING THE FOLLOWING FORMULA: 5\* NUMBER OF SHARES OUTSTANDING \* GDR PRICE AS AT THE END OF 2021.

# Shareholder and Investor Engagement

(continued)

## Breakdown by geography of free-float, %



SOURCE: SHAREHOLDER IDENTIFICATION REPORT

## Listing of shares on the Moscow Exchange

The Company's shares have been traded on the Moscow Exchange (MGNT) since 24 April 2006 (ticker MGNT) and are included in the first quotation list.

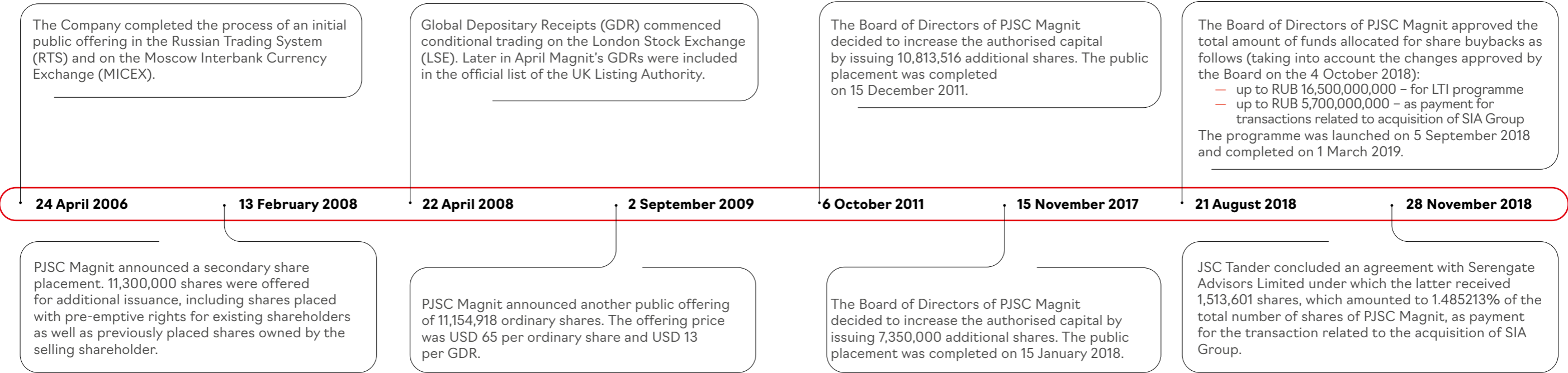
As of 31 December 2021, Magnit shares were included in the following indices on Moscow Exchange: Stock Subindex, MOEX Index, MOEX Index 10, Blue Chip Index, Broad Market Index, Consumer Sector Index / Consumer Sector Index, RTS Consumer Sector Index, RTS Index, and Broad Market RTS Index.

## Share price and trading volume on the Moscow Exchange in 1Q–4Q 2021

Period 2021	Share price, RUB			Volume, RUB mln <sup>1</sup>			Market capitalisation at end of period, RUB bln
	Min.	Max.	As at end of period	Period total	Daily average	Daily median	
1Q	4,874	5,749	5,334	164,603	2,572	2,401	543.6
2Q	5,065	5,657	5,313	131,302	2,020	1,659	541.4
3Q	5,091	6,085	6,085	119,239	1,807	1,533	620.1
4Q	5,431	6,920	5,441	163,148	2,472	2,097	554.6

SOURCE: BLOOMBERG, COMPANY ANALYSIS

## Authorised and issued share capital history

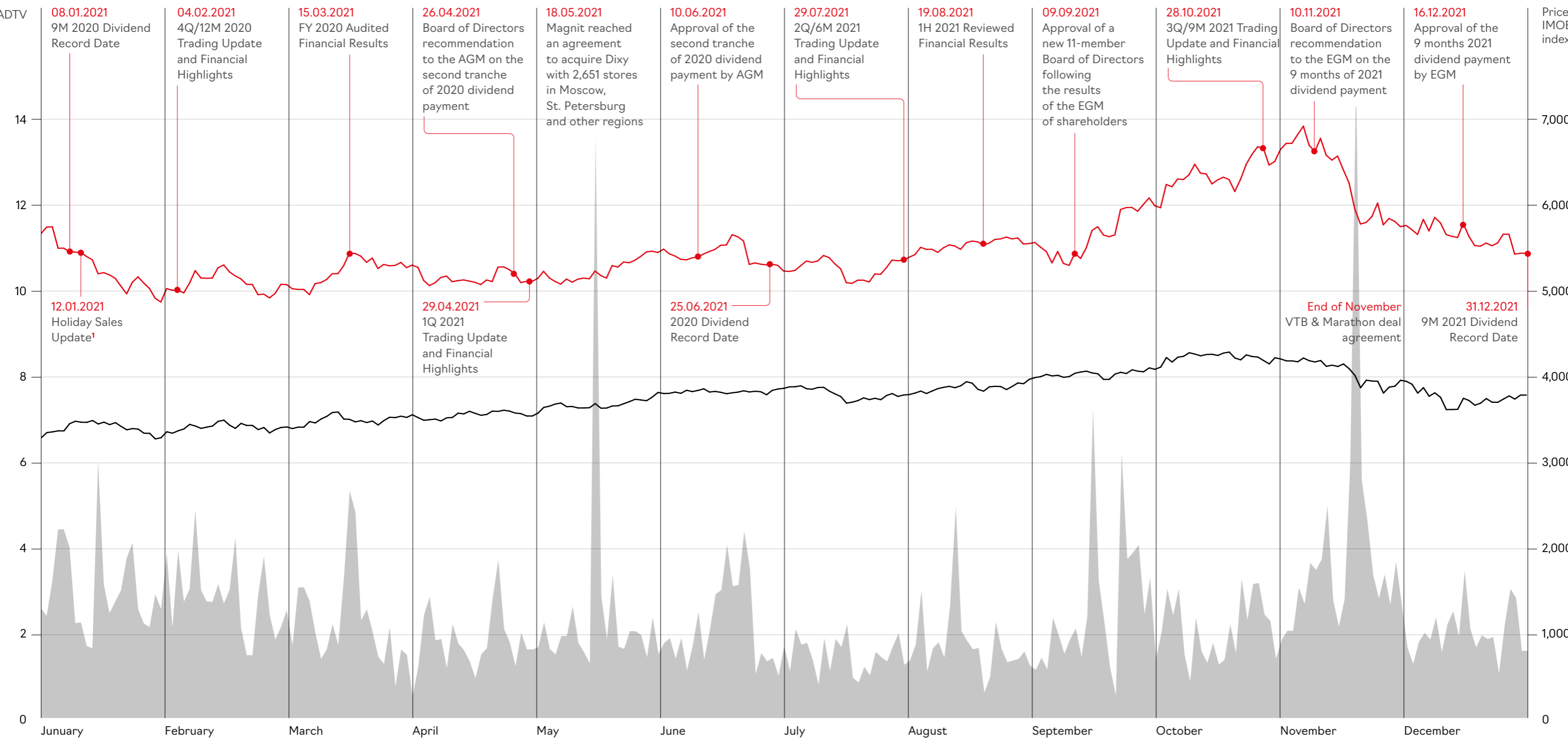


<sup>1</sup> CALCULATIONS ARE BASED ON DAILY TRADING VOLUMES IN CURRENCY, WHICH ARE CALCULATED AS THE DAILY TRADING VOLUME IN SECURITIES MULTIPLIED BY THE CLOSING PRICE.

# Shareholder and Investor Engagement

(continued)

Share trading on the Moscow Exchange in 2021



<sup>1</sup> MAGNIT DEFINES "PRE-NEW YEAR SALES" AS SALES MADE ACROSS ALL THE CHAIN'S FORMATS FROM 17 DECEMBER TO 31 DECEMBER.

ADTV, RUB blnIMOEX Index, RUBPrice, RUB

SOURCE: BOOMBERG

# Shareholder and Investor Engagement

(continued)

## GDR listing

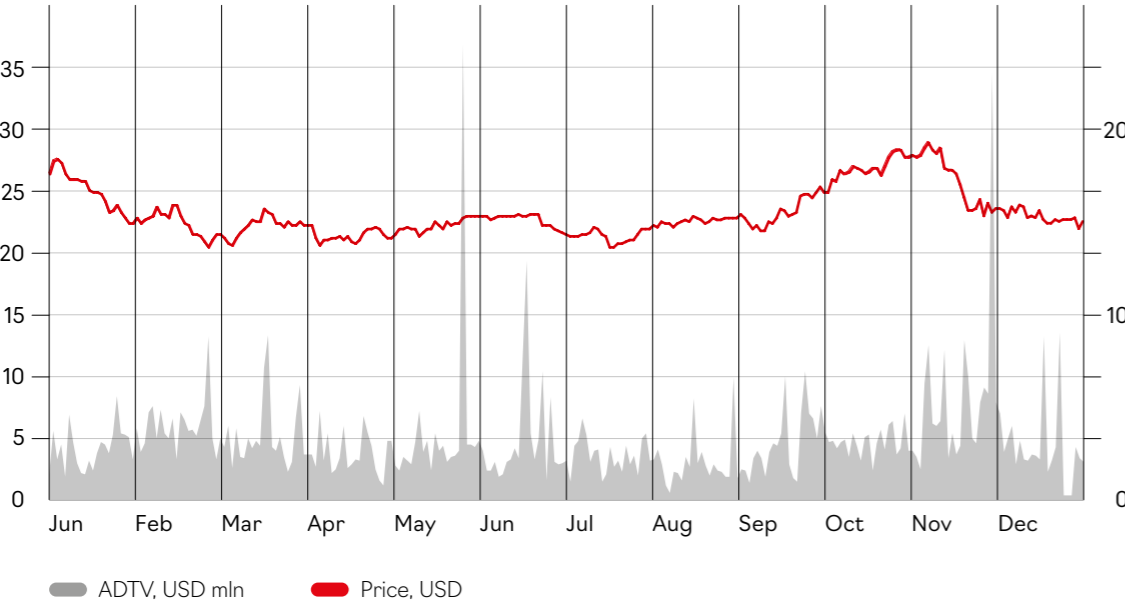
The Company’s global depositary receipts (GDR) have traded on the main market of the London Stock Exchange (MGNT) since 22 April 2008.

One share represents five depositary receipts. As of 31 December 2021, 27.78% of the Company’s total shares were listed on the London Stock Exchange in the form of GDRs.

### GDR price and trading volume on LSE

Period 2021	GDR price, USD <sup>1</sup>			Volume, USD mln <sup>2</sup>			Market capitalisation at end of period, USD mln
	Min.	Max.	As at end of period	Period total	Daily average	Daily median	
1Q	13.57	18.41	14.99	330.40	5.16	4.98	7,638.26
2Q	13.74	15.42	14.51	308.40	4.74	3.63	7,391.12
3Q	13.62	16.85	16.85	246.65	3.74	3.21	8,586.03
4Q	14.58	19.26	15.00	378.95	5.74	4.63	7,643.35

### GDR quotes on London Stock Exchange in 2021



SOURCE: BLOOMBERG, COMPANY ANALYSIS

<sup>1</sup> MAXIMUM AND MINIMUM ARE CALCULATED BASED ON QUOTES AT THE END OF THE TRADING SESSION.

<sup>2</sup> CALCULATIONS ARE BASED ON DAILY TRADING VOLUMES IN CURRENCY, WHICH ARE CALCULATED AS THE DAILY TRADING VOLUME IN SECURITIES MULTIPLIED BY THE CLOSING PRICE.

## Indices

As of 31 December 2021, Magnit was included in a broad number of different indices.

VanEck	<a href="https://www.vaneck.com">vaneck.com</a>
SPDR	<a href="https://www.ssgafunds.com">ssgafunds.com</a>
iShares	<a href="https://www.ishares.com">ishares.com</a>
Columbia Threadneedle Investments	<a href="https://www.columbiathreadneedleus.com">columbiathreadneedleus.com</a>
Vanguard	<a href="https://investor.vanguard.com">investor.vanguard.com</a>
S&P	<a href="https://spglobal.com">spglobal.com</a>
MSCI	<a href="https://www.msci.com">msci.com</a>
STOXX	<a href="https://www.stoxx.com">stoxx.com</a>
MOEX and RTS	<a href="https://moex.com/ru/index/IMOEX">moex.com/ru/index/IMOEX</a>
FTSE	<a href="https://ftserussell.com">ftserussell.com</a>
WisdomTree	<a href="https://www.wisdomtree.com">wisdomtree.com</a>

## Analyst coverage and consensus forecasts

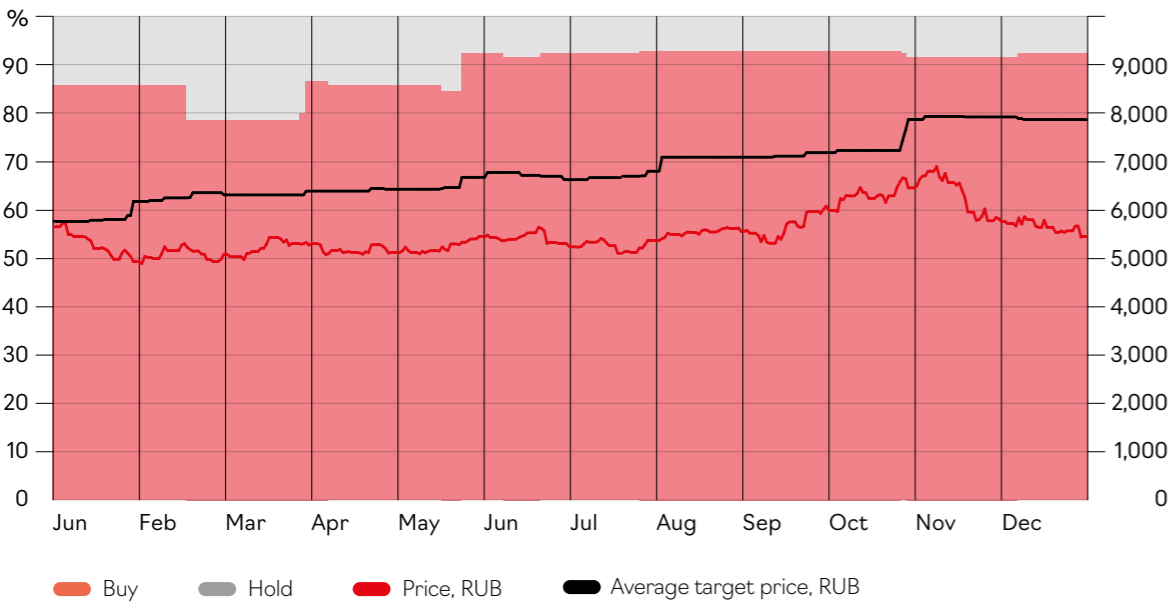
As of 31 December 2021, 17 investment banks produced equity research on Magnit.

Bank	Analyst	Phone	E-mail
Alfa Bank	Evgeniy Kipnis	+7 (495) 795-3713	<a href="mailto:ekipnis@alfabank.ru">ekipnis@alfabank.ru</a>
Aton	Victor Dima	+7 (495) 213-0344	<a href="mailto:victor.dima@aton.ru">victor.dima@aton.ru</a>
Bank of America Merrill Lynch	Ilya Ogorodnikov	+7 (495) 662-6073	<a href="mailto:ilya.ogorodnikov@bofa.com">ilya.ogorodnikov@bofa.com</a>
BCS	Maria Sukhanova	+7 (495) 213-1505	<a href="mailto:MSukhanova@bcsgm.com">MSukhanova@bcsgm.com</a>
Citi	Nick Coulter	+44-20-7500-7266	<a href="mailto:nick.coulter@citi.com">nick.coulter@citi.com</a>
Gazprombank	Marat Ibragimov	+7 (495) 980-4187	<a href="mailto:marat.ibragimov@gazprombank.ru">marat.ibragimov@gazprombank.ru</a>
Goldman Sachs	Maxim Nekrasov	+7 (495) 645-4013	<a href="mailto:maxim.nekrasov@gs.com">maxim.nekrasov@gs.com</a>
HSBC	Bulent Yurdagul	+90 (212) 376-4612	<a href="mailto:bulentyurdagul@hsbc.com.tr">bulentyurdagul@hsbc.com.tr</a>
JP Morgan	Elena Jouronova	+7 (495) 967-3888	<a href="mailto:elena.jouronova@jpmorgan.com">elena.jouronova@jpmorgan.com</a>
Morgan Stanley	Henrik Herbst	+44 2076 77-1309	<a href="mailto:henrik.herbst@morganstanley.com">henrik.herbst@morganstanley.com</a>
Raiffeisen	Egor Makeev	+7 (495) 221-9851	<a href="mailto:egor.makeev@raiffeisen.ru">egor.makeev@raiffeisen.ru</a>
Renaissance Capital	Kirill Panarin	+7 (499) 956-4216	<a href="mailto:kpanarin@rencap.com">kpanarin@rencap.com</a>
Sberbank CIB	Mikhail Krasnoperov	+7 (495) 933-9838	<a href="mailto:mikhail_krasnoperov@sberbank-cib.ru">mikhail_krasnoperov@sberbank-cib.ru</a>
SOVA Capital	Leonid Sinyutin	+7 (495) 223-2323	<a href="mailto:Leonid.Sinyutin@sovacapital.com">Leonid.Sinyutin@sovacapital.com</a>
UBS	Ulyana Lenvalskaya	+7 (495) 648-2093	<a href="mailto:ulyana.lenvalskaya@ubs.com">ulyana.lenvalskaya@ubs.com</a>
VTB Capital	Maria Kolbina	+7 (495) 663-4648	<a href="mailto:maria.kolbina@vtbcapital.com">maria.kolbina@vtbcapital.com</a>
Wood & Company	Lukasz Wachelko	+48 22 222 15 60	<a href="mailto:lukasz.wachelko@wood.com">lukasz.wachelko@wood.com</a>

# Shareholder and Investor Engagement

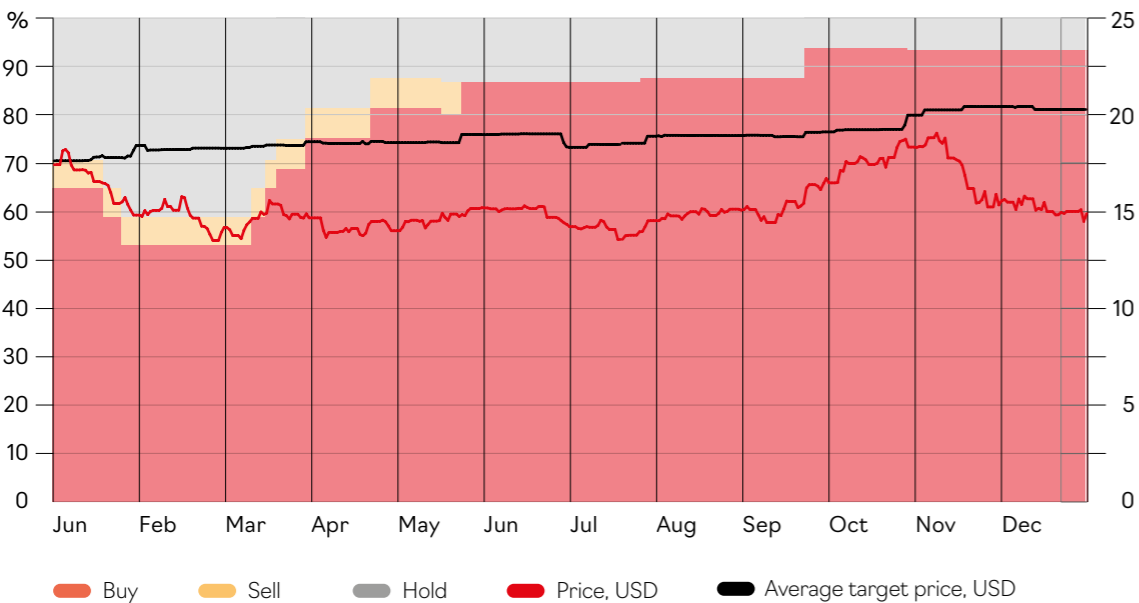
(continued)

Analyst recommendations and average target price, local shares



SOURCE: BLOOMBERG, COMPANY ANALYSIS

Analyst recommendations and average target price, GDRs



SOURCE: BLOOMBERG, COMPANY ANALYSIS

Company collected recommendations and consensus on local shares for 2021, %



100 Buy  
0 Hold

Company collected recommendations and consensus on GDRs for 2021, %



90 Buy  
10 Hold

SOURCE: COMPANY COLLECTED CONSENSUS

Consensus for key financial indicators for 2021, RUB bln (IAS 17)

	Sales and growth	Gross profit and margin	EBITDA and margin	Net Income and margin
Consensus average	1,844.5 18.7%	434.8 23.6%	130.6 7.1%	48.9 2.7%
Reported	1,856.1 19.5%	439.2 23.7%	133.1 7.2%	51.7 2.8%

Consensus for key financial indicators for 2021, RUB bln (IFRS 16)

	Sales and growth	Gross profit and margin	EBITDA and margin	Net Income and margin
Consensus average	1,845.5 18.7%	434.8 23.6%	208.7 11.3%	43.3 2.3%
Reported	1,856.1 19.5%	439.2 23.7%	214.2 11.5%	48.1 2.6%

SOURCE: COMPANY COLLECTED RECOMMENDATIONS AND CONSENSUS FOR 2021 BASED ON OPEN SOURCES

# Shareholder and Investor Engagement

(continued)

Bonds

The Company uses bonded loans as a form of debt financing for its business, which are primarily raised by issuing exchange bonds.

In 2021, PJSC Magnit had nine outstanding issues of exchange bonds (BO-003P-02, BO-003P-01, BO-003P-04, BO-003P-05, BO-002P-01, BO-002P-02, BO-002P-03, BO-002P-04, BO-001P-05) with a total nominal volume of RUB 100 bln (the volume in circulation at the end of the reporting year was RUB 90 bln, bonds issue BO-003P-02 was repaid on 24 February 2021).

Parameters of the BO-003P-02, BO-003P-01, BO-003P-04, BO-003P-05 series bonded loans of PJSC Magnit

Issue identification number and assignment date	4B02-02-60525-P-003P, 21.02.2019	4B02-01-60525-P-003P, 1.02.2019	4B02-04-60525-P-003P, 29.10.2019	4B02-05-60525-P-003P, 23.12.2019
Volume of issue, RUB	10,000,000,000 (ten bln)	10,000,000,000 (ten bln)	10,000,000,000 (ten bln)	10,000,000,000 (ten bln)
Number of securities	10,000,000 (ten mln)	10,000,000 (ten mln)	10,000,000 (ten m ln)	10,000,000 (ten mln)
Nominal value of each security, RUB	1,000 (one thousand)	1,000 (one thousand)	1,000 (one thousand)	1,000 (one thousand)
Placement price	100% of nominal value	100% of nominal value	100% of nominal value	100% of nominal value
Placement date	26.02.2019	05.02.2019	05.11.2019	26.12.2019
Placement method	public placement	public placement	public placement	public placement
Maturity date	728th day from the placement date	1,092th day from the placement date	910th day from the placement date	1,092th day from the placement date
Number of coupons	4	6	5	6
ISIN code	RU000A1004G9	RU000A1002U4	RU000A100ZS3	RU000A1018X4
Coupon rate	8.50 %	8.70%	6.90%	6.60%

Parameters of the BO-002P-01, BO-002P-02, BO-002P-03, BO-002P-04, BO-001P-05 series bonded loans of PJSC Magnit

Issue identification number and assignment date	4B02-01-60525-P-002P, 04.03.2020	4B02-02-60525-P-002P, 27.04.2020	4B02-03-60525-P-002P, 19.05.2020	4B02-04-60525-P-002P, 02.06.2021	4B02-05-60525-P-001P, 02.06.2021
Volume of issue, RUB	15,000,000,000 (fifteen bln)	10,000,000,000 (ten bln)	15,000,000,000 (fifteen bln)	10,000,000,000 (ten bln)	10,000,000,000 (ten bln)
Number of securities	15,000,000 (fifteen mln)	10,000,000 (ten mln)	15,000,000 (fifteen mln)	10,000,000 (ten mln)	10,000,000 (ten mln)
Nominal value of each security, RUB	1,000 (one thousand)	1,000 (one thousand)	1,000 (one thousand)	1,000 (one thousand)	1,000 (one thousand)
Placement price	100% of nominal value	100% of nominal value	100% of nominal value	100% of nominal value	100% of nominal value
Placement date	05.03.2020	29.04.2020	22.05.2020	02.06.2021	02.06.2021
Placement method	public placement	public placement	public placement	public placement	public placement
Maturity date	1,092th day from the placement date	1,092th day from the placement date	1,092th day from the placement date	1,092th day from the placement date	1,092th day from the placement date
Number of coupons	6	6	6	6	6
ISIN code	RU000A101HJ8	RU000A101MC3	RU000A101PJ1	RU000A1036H9	RU000A1036M9
Coupon rate	6.20%	6.70%	5.90%	7.05%	7.05%

Credit ratings

In 2021, leading rating agencies assigned credit ratings to the Company. ACRA affirmed its ratings of the Company and bonds. S&P upgraded its rating of the Company to BB+ (Outlook Stable). Credit ratings of PJSC Magnit as of 31 December 2021 are provided in the table.

Rating agency	Rating recipient	Rating	Forecast	Date of rating (issued / reaffirmed)
Standard&Poors	Issuer at international scale	BB+	Stable	17.12.2021
ACRA	Issuer at national scale	AA (RU)	Stable	02.06.2021
	Bonds BO-003P-01; BO-003P-04; BO-003P -05; BO-002P-01; BO-002P-02; BO-002P-03; BO-002P-04; BO-001P-05.	AA (RU)	—	02.06.2021

# Shareholder and Investor Engagement

(continued)

## Dividends

The key objective of the Company's dividend policy is to provide increasing shareholder returns and ensure further growth of the Company's capitalisation. The dividend policy is also focused on optimising the balance between retained profit and shareholder returns.

The core principles underpinning Magnit's dividend policy are as follows:

- **Transparency:** identifying and disclosing information about the duties and responsibilities of the parties involved in carrying out the dividend policy, including the procedure and conditions for deciding on the payment and amount of dividends.
- **Timeliness:** establishing time limits for dividend payments.
- **Justifiability:** the decision on the payment and the amount of dividends may only be made if the Company achieves a positive financial result taking into account development plans and investment programmes.
- **Fairness:** equal rights for shareholders in acquiring information about the decisions on payment, size and procedures for payment of dividends.
- **Consistency:** strict implementation of the procedures and principles of the dividend policy.
- **Progression:** continuous improvement of the dividend policy in line with the evolution of the Company's strategic goals.
- **Sustainability:** commitment to ensuring a stable level of dividend payments.

## Report on announced and paid dividends in 2008–2021

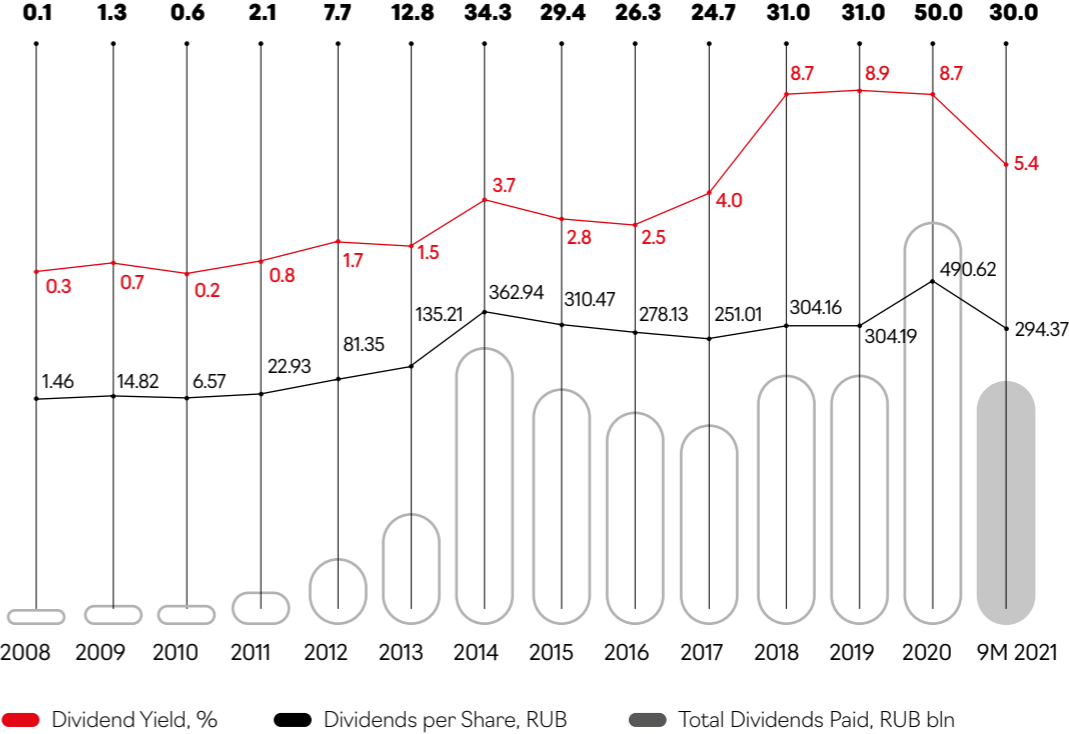
Year	Total dividends announced, RUB bln	Total dividends paid, RUB bln	Dividend per share, RUB
2008	0.1	0.1	1.46
2009	1.3	1.3	14.82
2010	0.6	0.6	6.57
2011	2.1	2.1	22.93
2012	7.7	7.7	81.35
2013	12.8	12.8	135.21
2014	34.3	34.3	362.94
2015	29.4	29.4	310.47
2016	26.3	26.3	278.13
2017	24.7	24.7	251.01
2018	31.0	31.0	304.16
2019	31.0	31.0	304.19
2020	50.0	50.0	490.62
9M 2021	30.0	30.0	294.37

A dividend payment in the amount of RUB 245.31 on the ordinary registered shares of PJSC Magnit in relation to the 2020 financial results was approved by the Annual General Meeting of Shareholders on 10 June 2021 (minutes dated 11 June 2021). Earlier, on 24 December 2020, the Extraordinary General Meeting of Shareholders approved a decision to pay dividends based on the results of 9 months 2020 in the amount of RUB 245.31 on the ordinary registered shares (minutes dated 25 December 2020).

Thus, the total payment of dividends for 2020 amounted to RUB 50 bln or RUB 490.62 per ordinary share, which is 61% higher compared to the amount paid for the previous year.

The Extraordinary General Meeting of Shareholders on 16 December 2021 (minutes dated 17 December 2021) approved the payment of an interim dividend in the amount of RUB 294.37 on the ordinary registered shares of PJSC Magnit which corresponds to the total payment of RUB 30 bln, based on the results of nine months of 2021.

## Total Dividends Paid, RUB bln



Regulations on the dividend policy of PJSC Magnit (new edition) dated 27 May 2016  
<https://www.magnit.com/en/shareholders-and-investors/dividends/>



# Shareholder and Investor Engagement

(continued)

## Shareholder and investor engagement

Magnit pays due attention to the attractiveness of its investment proposition and constantly seeks to increase the level of openness and transparency of its activities. The Company is interested in attracting new and retaining existing investors and maintains a constant dialogue with the investment community, while treating all the investment categories with special attention.

The Company uses various formats of interaction, including distributing press releases announcing operational and financial results; organising conference calls, face-to-face and virtual meetings; conducting road shows and site visits; and participating in investment conferences and other events.

Eight conference calls and six publications regarding the financial and operational results were conducted by senior management in 2021, including dedicated investor calls focusing on the rationale, strategy and progress of discounter, private label initiatives and the Dixy acquisition. In 2021 the IR team also participated in a number of virtual conferences, including the ones with retail investors.

On 18 February 2021 Magnit held its Capital Markets Day and presented its 2025 Strategy. This event covered about 300 institutional and individual investors as well as media representatives.

The Company's management held six roadshows and together with the IR team participated in 199 different investor events covering 211 institutional investors in 2021. Seven conferences for individual investors were also held.

### IR department activity

- ☆ 6

Financial and operational results releases
- ☆ 7

individual investor events
- ☆ 8

Calls with senior management
- ☆ 211

institutional investors covered
- ☆ 6

Roadshows
- ☆ 4

ESG events/calls with investors
- ☆ 199

institutional investor events (e.g. conferences, consumer days, tours, forums, etc.), where Magnit participated

Magnit continued to develop its website to improve disclosure and the accessibility of information, including maintaining an up-to-date consensus forecast of key financial indicators based on analysts' forecasts. The Company also produced a corporate video highlighting its operations and achievements.

The list of the most frequently asked questions by investors and analysts is presented below:

- LFL indicators and their dynamics

— Sales density indicators

— The impact of the pandemic on the consumer, industry, Company

— Macroeconomic environment, inflation and promo activity

— CVP implementation including assortment, redesign programme, loyalty programme, organisational model, etc.
- Status of business transformation

— Changes in strategy

— Digital transformation, including ERP implementation and e-commerce initiatives

— Innovations and efficiency gains

— Expansion plans and M&A opportunities, including Dixy acquisition and status of integration

— Discounter pilot

— Sustainability of margins

— Working capital improvements

— Management KPIs and incentive schemes

— Management team changes

— Changes in the shareholder structure

### Responding to our investors' concerns

- ☆ In 2021 we established an audit fee policy

in response to investor concerns.
- ☆ This important issue was highlighted

at our AGM, a number of investors voted to not re-elect our auditors, E&Y, on the basis that non-audit related fees exceeded audit fees for the year ended 31 December 2020.
- ☆ We took this issue seriously

and sought to understand the reason why investors saw this issue as important.
- ☆ We hired an external consultant

to carry out a review to understand their concerns and expectations going forward.
- ☆ This resulted in the creation of the Audit Fee Policy

, which states that Magnit will limit the total fees for non-audit services in a calendar year to an amount not exceeding 50% of the total fees for the audit and audit-related services in the relevant year with effect from 1 January 2022.

