

DIXY INTRODUCES REVERSE FRANCHISING PROGRAM

Moscow, Russia (August 9, 2023): Dixy retail chain, which is a part of Magnit Group, has introduced a reverse franchising program. This program allows to open convenience stores under the Dixy brand. The retailer provides comprehensive support to franchisees in all aspects of launching and operating their retail outlets.

Since 2023, a number of Dixy stores have been opened in Moscow and the Leningrad region using the reverse franchise model. It is expected that the number of stores will increase to 20 by the end of this year. The program covers Moscow and the Moscow region, St. Petersburg and the Leningrad region, as well as the central regions of Russia.

The reverse franchise option allows businesses to open stores with the Dixy brand with adherence to the retail chain's standards. These stores can be located in various high-traffic areas within the regions where the company operates. The size of these stores can range from 210 to 600 square meters, offering a wide range of products from 5,000 to 8,000 items. Entrepreneurs who choose this franchise option will receive a ready-made model for launching a retail outlet, based on the expertise and experience of the retailer. The franchisees will be responsible for finding and leasing a suitable retail space, as well as handling any necessary construction and renovation work. They will also need to purchase equipment for the sales area, but Dixy can help obtain this equipment on favorable terms through their partners.

The retail chain, as the franchisor, will provide expert assessments of the trading potential of different locations, helping select the best premises and negotiate optimal lease terms. Dixy will also help create product assortment, establish logistics, and provide IT support for the store. Additionally, the retailer can offer guidance on legal matters and provide general support for all aspects of running the store. Furthermore, the Dixy outlets opened under this reverse franchising model will be eligible for the regular customer loyalty program and promotions offered by the retailer.

Therefore, cooperation with the retail chain will allow partners to minimize potential risks when opening stores, competently build business processes, gain customer loyalty due to a well-known brand and increase sales.

During the beginning of partnership, the business will be offered attractive compensation terms for being the agency. The exact amount will depend on the store's turnover. Furthermore, the retailer will ensure that the payment is made promptly as it has fast data processing capabilities for tracking store sales. Dixy has also implemented flexible lump sum and security payment terms to accommodate the needs of its partners.



Yuri Semenov

Chief Executive Officer of
Dixy



"The future looks bright for our reverse franchise program. Not many players in the retail industry have tried this approach yet. However, it gives us a great opportunity to expand our presence in both major cities and remote regions. With this program, we can continue opening new stores under our very own brand, ensuring that they meet the highest quality standards. This allows us to provide customers with the necessary goods they need. For our partners, we offer a competitive retail format. Our stores are equipped with a carefully selected range of products that cover all essential items, including exclusive brands. In addition, we pride ourselves on delivering exceptional customer service. Thanks to the strong reputation of the Dixy brand, franchisees will enjoy a consistent stream of customers right from the start".

In parallel, Dixy retail chain has been developing a direct franchise model under the "Pervym Delom" brand since 2019. Currently, almost 740 such stores have been opened in Moscow, the Moscow region, St. Petersburg and the Leningrad region.

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Note to editors

"Magnit" is one of Russia's leading retailers. Founded in 1994, the company is headquartered in the southern Russian city of Krasnodar. As of March 31, 2023, Magnit operated 45 distribution centers and 27,909 stores in 4,114 cities and towns throughout 7 federal regions of the Russian Federation and in the Republic of Uzbekistan.

In accordance with IAS 17 results for FY 2022, Magnit had revenues of RUB 2,352 billion and an EBITDA of RUB 161 billion. Magnit's local shares are traded on the Moscow Exchange (MOEX: MGNT).

Forward-looking statements

This document contains or may contain forward-looking statements that may or may not prove accurate. For example, statements regarding expected sales growth rate and/or store openings are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from what is expressed or implied by the statements. Any forward-looking statement is based on information available to Magnit as of the date of the statement. All written or oral forward-looking statements attributable to Magnit are qualified by this caution. Magnit does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances.