

# MAGNIT REPORTS 33.7% TOTAL SALES GROWTH (14.6% ADJUSTED FOR DIXY ACQUISITION), 9.9% LFL SALES GROWTH AND 7.4% EBITDA MARGIN IN 4Q 2021

**Krasnodar, Russia (February 4, 2022):** Magnit PJSC (MOEX and LSE: MGNT; Magnit, the Company), one of Russia's leading retailers, announces its 4Q and 12M 2021 operational and unaudited financial results.

## 4Q 2021 Key Operational and Financial Highlights

### 33.7%

TOTAL REVENUE GROWTH

- **Total revenue increased by 33.7%** y-o-y to RUB 544.6 billion. Total revenue adjusted for the Dixy acquisition increased by 14.6%;
- Net retail sales reached RUB 530.7 billion increasing 34.3% y-o-y. Net retail sales growth adjusted for the Dixy acquisition was 15.6%;
- **LFL<sup>1</sup> sales growth of 9.9%** driven by 10.7% average ticket growth and 0.7% LFL traffic decline;

### 9.9%

LFL SALES GROWTH

- **The Company opened 834 stores on a gross basis** (565 Magnit and 9 Dixy convenience stores, 256 drogeries and 4 supermarkets). As part of the Company's ongoing efficiency driving campaign, 72 stores were closed resulting in a net addition of 762 stores. As of December 31, 2021 the total store base was 26,077;
- **Selling space increase of 273 thousand sq. m.**, bringing total selling space to 8,997 thousand sq. m. (20.0% y-o-y growth);
- **The Company redesigned 315 stores** under Magnit brand (279 convenience stores, 28 supermarkets and 8 drogeries). As at December 31, 2021, 78% of convenience stores, 45% of supermarkets and 62% of drogeries are either new or refurbished;
- **Gross Profit increased by 38.1% y-o-y** to RUB 131.3 billion. **Gross margin increased by 77 bps y-o-y to 24.1%** as a result of improved commercial terms, lower supply chain costs, smarter promotions and a favorable format mix;

### 7.4%

EBITDA MARGIN

- **EBITDA was RUB 40.2 billion** with a **7.4% margin** – an improvement of 36 bps y-o-y and 21 bps q-o-q driven by strong gross margin dynamics;
- **Net income increased by 36.4%** y-o-y to RUB 15.2 billion with a **margin of 2.8%**.

<sup>1</sup> LFL calculation base includes Magnit stores, which have been operating for 12 months since its first day of sales. LFL sales growth and average ticket growth are calculated based on sales turnover including VAT. Dixy stores will be added to the LFL panel after full 12 months of operations since consolidation

## FY 2021 Key Operational and Financial Highlights

# 19.5%

TOTAL REVENUE GROWTH

- **Total revenue increased by 19.5%** y-o-y to RUB 1,856.1 billion. Total revenue adjusted for the Dixy acquisition increased by 10.8%;
- Net retail sales reached RUB 1,807.8 billion increasing 19.7% y-o-y. Net retail sales growth adjusted for the Dixy acquisition was 11.3%;
- **LFL<sup>1</sup> sales growth of 7.0%** driven by 7.1% average ticket growth and 0.1% LFL traffic decline;

# 2,295

STORES OPENED (GROSS)

- Materially exceeded full year organic store opening guidance. **The Company opened 2,295 stores on gross basis** (1,450 Magnit and 14 Dixy convenience stores, 825 drogeries and 6 supermarkets). As part of the Company's ongoing efficiency improvement campaign, 259 stores were closed resulting in a net store addition of 2,036. As of December 31, 2021 the total store base was 26,077;
- **Selling space increase of 708 thousand sq. m.** and addition of 793 thousand sq. m. as a result of the Dixy acquisition, bringing total selling space to 8,997 thousand sq. m. (20.0% y-o-y growth);
- Met full year guidance on the number of store redesigns. **The Company redesigned 703 stores** under Magnit brand (611 convenience stores, 74 supermarkets and 18 drogeries);
- **Gross profit increased by 20.1% y-o-y** to RUB 439.2 billion. Gross profit margin stood at 23.7%;

# 7.2%

EBITDA MARGIN

- **EBITDA was RUB 133.1 billion with a 7.2% margin** – an improvement of 13 bps y-o-y as a result of stronger gross margin but partially offset by Dixy consolidation;
- **Net income increased by 36.8%** y-o-y to RUB 51.7 billion with a **margin of 2.8%** vs 2.4% a year ago.



*"We are delighted with Magnit's performance in 2021, a year in which we delivered significant progress against our strategy. In July we completed the strategically important acquisition of Dixy, adding another 2,500 stores to our network and strengthening our overall market position. We accelerated our organic expansion and opened almost 2,300 stores – above our original guidance – alongside redesigning a further 700 stores.*

*We delivered market leading LFL sales growth in every quarter, resulting in continued sales density improvement in our mature stores. Total sales growth driven by same-store sales and then additional selling space reached 33.7%.*

*We have already made good progress with the integration of Dixy and have successfully extracted first portion of synergies and achieved further margin improvements for the combined business – 7.4% EBITDA margin in the quarter and 7.2% for the full year. This gives us confidence in our ability to achieve our ambitious long-term growth targets.*

*Our recently launched e-commerce sales channel has gained traction, achieving RUB 11 bn Gross Merchandise Value for the full year with more than 100,000 orders carried out daily at the end of December.*

*We continued to develop our 'My Price' discounter concept and today have over 200 stores in operation delivering encouraging results. In 2022 we plan to add hundreds of stores of this format and will continue developing our quality value-for-money offering.*

**Jan Dunning**  
Magnit's President  
and CEO

*We have recorded another set of working capital optimization which turned negative for the first time in the history with RUB 18.5 billion cash release.*



*We ended 2021 in an extremely strong financial position. Leverage reduced to a comfortable level of 1.5x, a very good result given the acceleration of our store roll-out and acquisition of Dixy. Cash generation from operations increased, and, combined with further improvements in working capital, resulted in a healthy free cash flow position. As a result, we are pleased to be able to pay an increased dividend distribution to shareholders for the first nine months 2021, representing a 20% year-on-year growth”.*

## **Key events in 4Q 2021 and after the Reported Period**

- Magnit distributed dividends for 9M 2021 in the total amount of c. RUB 30 billion or RUB 294.37 per one ordinary share;
- S&P Global Ratings upgraded Magnit’s credit rating to “BB+” level;
- Magnit has reached an agreement for the long-term leasehold rights for the 56 stores operating under the Edelweiss brand in Kazan and 58 Radezh stores in Volgograd;
- Magnit and Wildberries rolled out express delivery of goods from convenience stores to new regions and launched a pickup service for alcohol;
- Magnit and Delivery Club have launched thirty-minute express grocery delivery;
- Magnit fulfilled over 100,000 online orders in one day in the lead-up to the New Year on December 30, 2021;
- Magnit has launched a pharmacy dark store;
- The Company has started implementing AI-powered customer offering personalization;
- Magnit has begun construction of the greenhouses for growing strawberries and blueberries.

**~30**

**RUB billion**

DIVIDENDS DISTRIBUTED  
FOR 9M 2021

## Consolidation of the Dixy business and changes to the reporting standards

Magnit completed the acquisition of the Dixy retail business on July 22, 2021, and subsequent performance of Dixy has been consolidated into Magnit's results. Sales and operating results of the stores under the Dixy brand are reported separately, and growth metrics will be published starting from 3Q 2022. Dixy stores are not included in the LFL panel; this will begin after full 12 months of operations following consolidation. The Dixy retail business does not form a separate segment - Magnit will continue reporting consolidated financial results for the Group.

## 4Q and FY 2021 Operating Results

### Retail Sales

	4Q 2021	4Q 2020	Change	Change, %	FY 2021	FY 2020	Change	Change, %
<b>Total Net Retail Sales, million RUB</b>	<b>530,708</b>	<b>395,160</b>	<b>135,548</b>	<b>34.3%</b>	<b>1,807,752</b>	<b>1,510,071</b>	<b>297,681</b>	<b>19.7%</b>
<b>Magnit</b>	<b>456,792</b>	<b>395,160</b>	<b>61,632</b>	<b>15.6%</b>	<b>1,680,528</b>	<b>1,510,071</b>	<b>170,457</b>	<b>11.3%</b>
Convenience Stores <sup>2</sup>	355,702	301,153	54,549	18.1%	1,309,682	1,161,295	148,387	12.8%
Supermarkets <sup>3</sup>	56,129	53,923	2,206	4.1%	208,316	203,541	4,776	2.3%
Drogerie Stores	42,317	36,997	5,320	14.4%	152,215	134,272	17,943	13.4%
Other Formats <sup>4</sup>	2,644	3,087	-444	-14.4%	10,314	10,963	-649	-5.9%
<b>DIXY</b>	<b>73,916</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>127,224</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Convenience Stores	70,057	n/a	n/a	n/a	120,552	n/a	n/a	n/a
Supermarkets <sup>5</sup>	3,858	n/a	n/a	n/a	6,672	n/a	n/a	n/a
<b>Number of Tickets, mln</b>	<b>1,391</b>	<b>1,155</b>	<b>236</b>	<b>20.5%</b>	<b>5,147</b>	<b>4,641</b>	<b>506</b>	<b>10.9%</b>
<b>Magnit</b>	<b>1,203</b>	<b>1,155</b>	<b>48</b>	<b>4.2%</b>	<b>4,806</b>	<b>4,641</b>	<b>165</b>	<b>3.6%</b>
Convenience Stores	1,010	962	48	5.0%	4,044	3,890	154	4.0%
Supermarkets	79	84	-5	-5.5%	328	338	-10	-2.9%
Drogerie Stores	107	100	7	7.0%	408	380	27	7.2%
Other Formats	6	9	-3	-28.9%	27	33	-6	-18.5%
<b>DIXY</b>	<b>188</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>341</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Convenience Stores	183	n/a	n/a	n/a	331	n/a	n/a	n/a
Supermarkets	5	n/a	n/a	n/a	10	n/a	n/a	n/a
<b>Average Ticket<sup>6</sup>, RUB</b>	<b>382</b>	<b>342</b>	<b>39</b>	<b>11.5%</b>	<b>351</b>	<b>325</b>	<b>26</b>	<b>7.9%</b>
<b>Magnit</b>	<b>380</b>	<b>342</b>	<b>38</b>	<b>11.0%</b>	<b>350</b>	<b>325</b>	<b>24</b>	<b>7.5%</b>
Convenience Stores	352	313	39	12.4%	324	299	25	8.5%
Supermarkets	708	643	65	10.1%	636	603	33	5.4%
Drogerie Stores	396	371	26	6.9%	373	353	20	5.7%
Other Formats	399	332	67	20.1%	371	322	49	15.1%
<b>DIXY</b>	<b>393</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>373</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Convenience Stores	383	n/a	n/a	n/a	364	n/a	n/a	n/a
Supermarkets	722	n/a	n/a	n/a	676	n/a	n/a	n/a

<sup>2</sup> Convenience Stores include convenience stores and small pilots such as Magnit City and My Price discounters

<sup>3</sup> Supermarkets include Magnit Family supermarkets and Magnit Extra superstores

<sup>4</sup> Other Formats include pharmacies and stores located at Russian Post offices

<sup>5</sup> Supermarkets include Megamart and Minimart stores

<sup>6</sup> Excluding VAT

## Stores and Selling Space

	4Q 2021	4Q 2020	Change	Change, %	FY 2021	FY 2020	Change	Change, %
<b>Number of Stores (EOP)</b>	<b>26,077</b>	<b>21,564</b>	<b>4,513</b>	<b>20.9%</b>	<b>26,077</b>	<b>21,564</b>	<b>4,513</b>	<b>20.9%</b>
<b>Magnit</b>	<b>23,626</b>	<b>21,564</b>	<b>2,062</b>	<b>9.6%</b>	<b>23,626</b>	<b>21,564</b>	<b>2,062</b>	<b>9.6%</b>
Convenience Stores	16,190	14,911	1,279	8.6%	16,190	14,911	1,279	8.6%
Supermarkets	470	470	0	0.0%	470	470	0	0.0%
Drogerie Stores	6,966	6,183	783	12.7%	6,966	6,183	783	12.7%
<b>DIXY</b>	<b>2,451</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>2,451</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Convenience Stores	2,412	n/a	n/a	n/a	2,412	n/a	n/a	n/a
Supermarkets	39	n/a	n/a	n/a	39	n/a	n/a	n/a
<b>Store Openings (Net)</b>	<b>762</b>	<b>410</b>	<b>352</b>	<b>85.9%</b>	<b>2,036</b>	<b>839</b>	<b>1,197</b>	<b>142.7%</b>
<b>Magnit</b>	<b>788</b>	<b>410</b>	<b>378</b>	<b>92.2%</b>	<b>2,062</b>	<b>839</b>	<b>1,223</b>	<b>145.8%</b>
Convenience Stores	533	212	321	151.4%	1,279	289	990	342.6%
Supermarkets	3	1	2	200.0%	0	-3	3	-100.0%
Drogerie Stores	252	197	55	27.9%	783	553	230	41.6%
<b>DIXY</b>	<b>-26</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-26</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Convenience Stores	-26	n/a	n/a	n/a	-26	n/a	n/a	n/a
Supermarkets	0	n/a	n/a	n/a	0	n/a	n/a	n/a
<b>Total Selling Space (EOP), th. sq.m</b>	<b>8,997</b>	<b>7,497</b>	<b>1,500</b>	<b>20.0%</b>	<b>8,997</b>	<b>7,497</b>	<b>1,500</b>	<b>20.0%</b>
<b>Magnit</b>	<b>8,204</b>	<b>7,497</b>	<b>708</b>	<b>9.4%</b>	<b>8,204</b>	<b>7,497</b>	<b>708</b>	<b>9.4%</b>
Convenience Stores	5,635	5,090	546	10.7%	5,635	5,090	546	10.7%
Supermarkets	937	941	-4	-0.4%	937	941	-4	-0.4%
Drogerie Stores	1,604	1,428	175	12.3%	1,604	1,428	175	12.3%
Other formats	28	37	-10	-25.6%	28	37	-10	-25.6%
<b>DIXY</b>	<b>793</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>793</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Convenience Stores	718	n/a	n/a	n/a	718	n/a	n/a	n/a
Supermarkets	75	n/a	n/a	n/a	75	n/a	n/a	n/a
<b>Selling Space Addition (Net), th. sq.m</b>	<b>273</b>	<b>126</b>	<b>148</b>	<b>n/a</b>	<b>701</b>	<b>258</b>	<b>443</b>	<b>n/a</b>
<b>Magnit</b>	<b>280</b>	<b>126</b>	<b>154</b>	<b>n/a</b>	<b>708</b>	<b>258</b>	<b>449</b>	<b>n/a</b>
Convenience Stores	226	85	141	n/a	546	138	408	n/a
Supermarkets	-4	1	-4	n/a	-4	-7	3	n/a
Drogerie Stores	58	45	14	n/a	175	126	49	n/a
Other formats	0	-4	4	n/a	-10	2	-11	n/a
<b>DIXY</b>	<b>-7</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-7</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Convenience Stores	-7	n/a	n/a	n/a	-7	n/a	n/a	n/a
Supermarkets	0	n/a	n/a	n/a	0	n/a	n/a	n/a

## 4Q and 12M 2021 LFL Results<sup>7</sup>

	4Q 2021			12M 2021		
	Average Ticket	Traffic	Sales	Average Ticket	Traffic	Sales
<b>Total (Magnit excl. Dixy)</b>	<b>10.7%</b>	<b>-0.7%</b>	<b>9.9%</b>	<b>7.1%</b>	<b>-0.1%</b>	<b>7.0%</b>
Convenience Stores	11.9%	-0.1%	11.9%	8.0%	0.2%	8.2%
Supermarkets	10.0%	-6.2%	3.1%	5.2%	-3.1%	1.9%
Drogerie Stores	6.3%	-1.5%	4.7%	5.2%	-0.8%	4.4%

<sup>7</sup> Excluding Dixy stores. Dixy stores will be added to the LFL panel after full 12 months of operations after consolidation

## Trading Performance

# 4.7%

LTM SALES DENSITY<sup>8</sup>  
IMPROVEMENT Y-O-Y

Total sales in 4Q 2021 grew by 33.7% y-o-y to RUB 544.6 billion. Net retail sales grew by 34.3% y-o-y, driven by a combination of 20.0% selling space growth and 9.9% LFL sales growth. Net retail sales achieved by the stores under the Magnit brand accelerated to 15.6% from 13.8% in 3Q 2021 driven by LFL sales growth in the mature outlets and higher selling space growth.

Net retail sales growth continued to outpace selling space growth on further improvement of sales densities. Overall sales densities in 4Q 2021 (excluding stores under the Dixy brand) improved by 1.6% q-o-q and 4.7% y-o-y while across the Company's main convenience store format these improved by 1.9% q-o-q and 5.9% y-o-y.

Net retail sales growth of Magnit business was strong and exceeded 35% in October and November 2021. In December 2021 it slightly decelerated to 32.5% driven by weaker performance of the last 2.5 weeks due to the high base effect of 2020 (social payments in December 2020), slight deceleration of on-shelf inflation versus peak levels and various COVID-related restrictions in the regions.

# 20%

SELLING SPACE  
GROWTH Y-O-Y

Selling space growth increased further from 18.4% in the previous quarter to 20.0% in the reported quarter, driven by accelerated organic expansion and the Dixy acquisition (2,477 stores added in 3Q 2021 but consolidated from July 22<sup>nd</sup>, 2021, i.e. 4Q was the first full quarter with Dixy stores consolidated). Selling space growth adjusted for the Dixy acquisition accelerated to 9.4% compared to the previous quarter, reflecting a record high number of store openings per quarter (825 on gross basis) since 1Q 2019.

LFL sales growth accelerated further from 8.6% in the previous quarter to 9.9% in 4Q 2021 predominantly driven by the strong performance of mature stores. 406 stores entered LFL comparison in 4Q (including 214 convenience stores and 192 drogeries). Only 7% of Magnit's selling space is currently in the 'ramp-up' phase with 93% already mature.

Performance of LFL stores was strong across all the regions with Caucasian and Siberian stores demonstrating the first-rate results in the double-digit zone.

LFL sales growth in the reported quarter was driven by strong LFL average ticket growth of 10.7% due to acceleration of inflation on top of the continued CVP improvements, store ramp-up effects, etc., while number of SKUs in the average customer basket and average price per article were under pressure, especially in December. LFL traffic was -0.7% driven by COVID uncertainty followed by the lockdown in November and the introduction of QR codes in shopping malls. The latter mostly affected traffic of larger formats located in the malls and a limited number of cosmetics stores in certain regions where they were not deemed 'essential' stores.

Acceleration of revenue and LFL sales growth versus previous quarter did not require any intensification of promo activity - it remained flat y-o-y with some acceleration q-o-q due to seasonal factors.

# 59 mln

OF LOYALTY PROGRAM  
CARDHOLDERS

During the quarter the number of loyalty program cardholders reached 58.7 million. Company-wide, the proportion of tickets using the loyalty card was 56% with sales penetration of 69%. During peak days of the quarter it reached 59% and 73% correspondingly. The loyalty program continues to deliver positive cross-format gains - 43% of Magnit's customer base at the end of the reporting period (compared to 40% in the previous quarter) visit 2+ store formats. Average ticket of the active user is 1.8x higher vs transaction without loyalty card in a convenience store and 2.0x higher in large formats.

<sup>8</sup> Net retail sales of the last four quarters divided by the average selling space at the end of the last five quarters (excluding Dixy)

## Store Network Development and Performance by Format

# 11.9%

LFL SALES GROWTH IN  
MAGNIT CONVENIENCE IN  
4Q 2021

The convenience segment within the Magnit brand generated 67.0% of total net retail sales in 4Q 2021. In the quarter Magnit accelerated its expansion program both q-o-q and y-o-y and opened (gross) 565 convenience stores (336 in 3Q 2021 and 243 in 4Q 2020). The Company continued its efficiency campaign and closed 32 convenience stores (flat y-o-y). Magnit added 533 convenience stores (net) during the quarter. The selling space growth of convenience stores picked up to 10.7% y-o-y, driving a 18.1% acceleration in sales in the format - the strongest performance across all Magnit's store formats - driven by LFL sales growth of 11.9% and selling space growth of 10.7%. LFL sales growth was driven by LFL average ticket growth of +11.9% while LFL traffic growth was -0.1%. Adjusted for the ramp-up effect following acceleration in redesign campaign, LFL traffic in convenience stores would be positive.

# 74

MAGNIT SUPERMARKETS  
REDESIGNED IN 2021

Magnit supermarkets generated 10.6% of the Group's net retail sales in the reported quarter. During 4Q 2021 the Company opened four supermarkets and closed one store, focusing on refurbishment versus adding new space. The Company's redesign program is gaining traction with 74 supermarkets refurbished during 2021 including 28 in 4Q 2021. Selling space across this format remained almost flat y-o-y. The Company was able to deliver LFL sales growth of 3.1% - in line with the previous quarter - despite the introduction of QR codes for customers of shopping malls where a third of Magnit's supermarkets are located. This was driven by 10.0% average ticket growth and 6.2% traffic decline. Traffic reduction was partly due to higher share of stores in the ramp-up phase following acceleration in the redesign campaign (6% of large format store portfolio has been redesigned in the reported quarter). As a result, net retail sales growth of supermarkets improved to 4.1% in the quarter.

# 12.3%

Y-O-Y SELLING SPACE  
INCREASE IN DROGERIE IN  
4Q 2021

The sales contribution of Magnit's drogerie format represented 8.0% of total net retail sales. During 4Q 2021 Magnit opened (net) 252 cosmetics stores - a record high since 3Q 2019. Selling space increased by 12.3% y-o-y or by 58 thousand sq. m., the highest of all formats. Driven by this increase in selling space and LFL sales growth of 4.7%, sales grew 14.4%. LFL traffic declined by 1.5% due to the introduction of QR codes in certain regions where drogeries were not considered stores selling essential goods. This was well compensated by 6.3% LFL average ticket growth. LFL trends in the cosmetics format reflect lower inflation on the non-food assortment, different mix of products on promotion and high comparison base.

During 4Q 2021 Magnit continued its renovation program and redesigned 279 convenience stores, 28 supermarkets and 8 drogeries. This resulted in the combined share of refurbished and new stores at: 78% for convenience stores, 45% for supermarkets and 62% for the drogerie format.

# 13.9%

SHARE OF THE DIXY  
STORES IN THE TOTAL NET  
RETAIL SALES IN 4Q 2021

The share of Dixy stores in the Group's total net retail sales reached 13.9% in the fourth quarter including 13.2% of Dixy convenience stores. In the reported period nine convenience stores were opened, while 35 outlets have been closed, resulting in 2,451 stores and 793 thousand sq. m. of selling space as at December 31, 2021 compared to 2,477 stores at the end of the previous quarter. On pro-forma basis, Dixy' store estate demonstrated mid-single digit LFL sales growth, driven by mature stores, despite high comparison base and strong sales density overall.

## E-commerce

# 11.2

RUB billion  
GMV IN 2021

Magnit has been piloting e-commerce services since the third quarter of 2020. The Company currently runs a number of online delivery projects, including own delivery and partnerships (express delivery, regular delivery, e-pharma, cosmetics and partnerships).

Total e-commerce GMV (incl. VAT) in the reported period was RUB 6.0 billion, contributing more than half to the full year e-commerce GMV of RUB 11.2 billion.

During 4Q 2021, the average number of orders per day almost doubled and reached 62,274. On December 30<sup>th</sup> Magnit fulfilled over 100,000 orders.

The average ticket across all online services was c. RUB 1,074 including VAT. This average ticket is approximately 2.7x higher than in the convenience stores (RUB 403 in 4Q 2021). This is mostly due to a larger number of items per basket. The average ticket within Magnit own delivery service was RUB 1,235.

Magnit's e-commerce services today cover over 4,490 offline stores and 20 dark stores in 64 regions and 301 cities, with 69% of the current revenue generated outside Moscow and St. Petersburg. The largest and fastest growing segment is express delivery, where orders are expected to be fulfilled within 60 minutes.

	4Q 2021	4Q 2020	Change	Change, times/%	12M 2021	12M 2020	Change	Change, times/%
GMV, billion RUB	6.0	0.3	5.7	18.5x	11.2	0.4	10.9	32x
Number of orders per day (average)	62,274	3,959	58,315	15.7x	29,481	2,496	26,985	11.8x
Average ticket incl. VAT, RUB	1,074	912	162	17.8%	1,045	925	120	13.0%
Number of stores covered, EOP	4,490	1,290	3,200	3.5x	4,490	1,290	3,200	3.5x

## Discounters

# 190

MY PRICE DISCOUNTERS  
AS AT DECEMBER 31, 2021

Magnit started piloting discounters in July 2020 as a response to the fast changing economic environment. The concept is aimed at price-sensitive consumers who frequently make minor purchases of traditional goods or stock up on products.

As at December 31, 2021 the Company had 190 operating 'My Price' discounters compared to 15 stores a year ago. During 2021 Magnit opened 175 stores including 78 in the reported quarter. Out of 190 operating discounters 71 are new store openings and 119 have been reformatted from convenience stores.

Average ticket at My price discounters increased by 8% y-o-y and stood at RUB 324. Outlets reformatted from convenience stores delivered LFL sales growth of above 30%.



## Financial Results for 4Q and FY 2021 (IAS 17)

RUB mln	4Q 2021	4Q 2020	Change	FY 2021	FY 2020	Change
<b>Total Revenue</b>	<b>544,552</b>	<b>407,227</b>	<b>33.7%</b>	<b>1,856,079</b>	<b>1,553,777</b>	<b>19.5%</b>
Retail	530,708	395,160	<b>34.3%</b>	1,807,752	1,510,071	<b>19.7%</b>
Wholesale	13,844	12,067	<b>14.7%</b>	48,327	43,707	<b>10.6%</b>
Gross Profit	131,255	95,027	<b>38.1%</b>	439,238	365,729	<b>20.1%</b>
Gross Margin, %	24.1%	23.3%	<b>77 bps</b>	23.7%	23.5%	<b>13 bps</b>
SG&A, % of Sales	-21.2%	-20.5%	<b>-72 bps</b>	-20.6%	-20.5%	<b>-17 bps</b>
EBITDA pre LTI <sup>9</sup>	40,452	28,803	<b>40.4%</b>	134,054	110,264	<b>21.6%</b>
EBITDA Margin pre LTI, %	7.4%	7.1%	<b>36 bps</b>	7.2%	7.1%	<b>13 bps</b>
EBITDA	40,167	28,592	<b>40.5%</b>	133,143	109,410	<b>21.7%</b>
EBITDA Margin, %	7.4%	7.0%	<b>36 bps</b>	7.2%	7.0%	<b>13 bps</b>
EBIT	23,745	16,516	<b>43.8%</b>	79,744	63,493	<b>25.6%</b>
EBIT Margin, %	4.4%	4.1%	<b>30 bps</b>	4.3%	4.1%	<b>21 bps</b>
Net Finance Costs	-3,835	-2,856	<b>34.3%</b>	-12,966	-13,497	<b>-3.9%</b>
FX Gain/ (Loss)	-150	419	<b>-135.7%</b>	302	-1,310	<b>-123.1%</b>
Profit before Tax	19,760	14,080	<b>40.3%</b>	67,081	48,686	<b>37.8%</b>
Taxes	-4,590	-2,962	<b>55.0%</b>	-15,387	-10,905	<b>41.1%</b>
Net Income	15,170	11,117	<b>36.4%</b>	51,694	37,781	<b>36.8%</b>
Net Income Margin, %	2.8%	2.7%	<b>6 bps</b>	2.8%	2.4%	<b>35 bps</b>

For 4Q and FY 2021 financial results in accordance with IFRS 16 – see Appendix

Total revenue in 4Q 2021 increased by 33.7%. This growth was underpinned by net retail sales growth of 34.3% and wholesale revenue growth of 14.7%. Wholesale operations accounted for 2.5% of total sales.

Gross Profit in 4Q 2021 increased by 38.1% y-o-y to RUB 131.3 billion. Gross margin increased by 77 bps y-o-y to 24.1% as a result of lower supply chain costs, improved commercial terms, smarter promotions and a favorable format mix. Promotional intensity was flat y-o-y with some acceleration q-o-q due to seasonal factors. On a q-o-q basis gross margin improved by 52 bps from 23.6% in 3Q 2021.

Despite further increases to on-shelf availability, supply chain costs decreased by 12 bps y-o-y. This was due to higher DC productivity and utilization, which offset the negative impact of the increased container shipping tariffs.

Shrinkage as a proportion of sales increased by 5 bps y-o-y driven by consolidation of the Dixy business. Shrinkage as a percentage of sales at Magnit's standalone business remained flat y-o-y despite the growing share of fresh products and overall improvement of on-shelf availability.

SG&A costs increased by 72 bps y-o-y to 21.2% as a percent of sales due to the different calendarisation of personnel costs versus the previous year as well as the accelerated expansion and redesign with higher a share of stores in the ramp-up phase.

Personnel costs as a percentage of sales increased by 62 bps which was predominantly driven by the different calendarisation of the annual bonus accrual (44 bps) versus previous year. Total amount of expenses related to STIP<sup>10</sup> remained flat y-o-y. Other influencing factors include higher share of outsource staff and much

# 24.1%

GROSS MARGIN  
IN 4Q 2021

<sup>9</sup> LTI – Long-Term Incentive Program  
<sup>10</sup> Short-Term Incentive Program

bigger number of new stores in the ramp-up phase. This was partially offset by continued productivity improvements and ongoing automation of business processes.

Advertising expenses decreased by 21 bps y-o-y on more efficient marketing activities and calendarisation of loyalty campaigns.

Rental costs as a percentage of sales increased by 12 bps y-o-y driven by consolidation of Dixy stores predominantly located in the Moscow and Saint-Petersburg regions with higher rent rates, acceleration in store openings and, subsequently, larger number of stores in the ramp-up period as well as higher share of leased selling space. The share of leased selling space increased to 80.2% in 4Q 2021 vs 78.0% a year ago. Despite the above-mentioned factors, rent expense of Magnit's standalone business decreased as a percentage of sales thanks to higher sales density, improved lease terms with landlords and the closure of inefficient stores.

Utilities costs as a percentage of sales increased by 8 bps y-o-y on accelerated store openings and their ramp-up period as well as y-o-y increase in cleaning expenses due to higher frequency of cleaning and sanitary treatment.

Depreciation, repair and maintenance, packaging and raw materials, bank, tax and other expenses as a percentage of sales remained broadly flat y-o-y.

As a result, EBITDA was RUB 40.2 billion with a 7.4% margin – an improvement of 36 bps y-o-y and 21 bps q-o-q. This was driven by strong gross margin dynamics but partially offset by higher SG&A costs as well as the consolidation of Dixy business with lower profitability. EBITDA margin for the FY 2021 was 7.2% with a y-o-y improvement of 13 bps.

Net finance costs in 4Q 2021 increased by 34.3% y-o-y to RUB 3.8 billion (but were flat in absolute terms q-o-q) due to the higher total amount of borrowings. The Company increased its total debt by RUB 104.3 billion during the last twelve months, by obtaining long-term bank loans and bond issuance. These supported the Company's accelerated expansion and the acquisition of Dixy.

As a result, average cost of debt increased y-o-y to 6.4% (33 bps y-o-y) but remained flat q-o-q. 99.8% of the Company's debt profile is represented by long-term borrowings and bonds with an average maturity of 18 months.

In 4Q 2021 the Company reported FX loss of RUB 0.2 billion related to direct import operations.

Income tax in 4Q 2021 was RUB 4.6 billion. The effective tax rate stood at 23.2%.

As a result, net income in 4Q 2021 increased by 36.4% y-o-y and stood at RUB 15.2 billion. Net income margin increased by 6 bps y-o-y to 2.8%. Net income for FY 2021 grew by 36.8% with a margin improvement of 35 bps to 2.8%.

## 7.4%

EBITDA MARGIN IN 4Q  
2021

## 2.8%

NET INCOME MARGIN  
IN 4Q 2021

## Financial Position Highlights (IFRS 16)

RUB mln	31.12.2021	31.12.2020
Inventories	<b>224,873</b>	205,949
Trade and other receivables	<b>11,902</b>	8,564
Cash and cash equivalents	<b>73,399</b>	44,700
Long-term borrowings and loans	<b>205,287</b>	147,695
Trade and other payables	<b>239,737</b>	184,325
Short-term loans and borrowings	<b>65,139</b>	18,392

NEGATIVE WORKING  
CAPITAL WITH

**18.5**  
billion

CASH RELEASE

Inventories increased by RUB 18.9 billion (9.2%) compared with December 31, 2020 and stood at RUB 225 billion on the back of total sales growth of 33.7%. Adjusted for the Dixy acquisition, inventories of the Magnit's standalone business reduced substantially. This was driven by a number of ongoing projects, including the reduction of slow-moving items, assortment harmonization and IT solutions that are aimed at better on-shelf availability and promotion forecasting.

Trade and other payables grew by RUB 55.4 billion compared with December 31, 2020 and stood at RUB 239.7 billion, driven by higher sales and increased payment days. Accounts receivables increased by RUB 3.3 billion vs December 31, 2020 and stood at RUB 11.9 billion due to higher sales and improved commercial terms with suppliers.

As a result, working capital as of December 31, 2021 turned negative with the cash release of RUB 18.5 billion. Negative working capital was achieved for both the standalone Magnit and Dixy businesses.

## Debt Composition and Leverage

	December 31, 2021	June 30, 2021	December 31, 2020
<b>IAS 17</b>			
Total Debt, RUB billion	270.4	265.5	166.1
Long-Term Debt	205.3	222.9	147.7
Short-Term Debt	65.1	42.6	18.4
Net Debt, RUB billion	197.0	136.1	121.4
Net Debt/EBITDA	1.5x	1.2x	1.1x
<b>IFRS 16</b>			
Net Debt, RUB billion	653.3	498.9	479.0
Net Debt/EBITDA	3.0x	2.7x	2.7x

**1.5x**

NET DEBT/EBITDA  
AS OF DECEMBER 31, 2021  
(IAS17)

As at December 31, 2021 Gross Debt increased by RUB 104.3 billion or 62.8% compared to December 31, 2020 and stood at RUB 270.4 billion. Total debt remained flat versus end of the previous quarter. The Company's cash position increased to RUB 73.4 billion as at December 31, 2021 from RUB 44.7 billion as at December 31, 2020. As a result, Net Debt increased by 62.3% y-o-y to RUB 197.0 billion as at December 31, 2021.

The Company's debt is fully RUB denominated, matching its revenue structure. The Net Debt to EBITDA ratio was 1.5x as at December 31, 2021 vs 1.1x as at December 31, 2020. During the reported quarter leverage reduced significantly from 1.9x as at September 30, 2021.

Capex in 4Q 2021 increased by 89.3% and stood at RUB 23.9 billion. This was driven by an almost twofold acceleration of the Group's expansion and a more than quadrupling of the store redesign program (834 store openings on gross basis and 315 redesigns in 4Q 2021 vs 445 and 72 respectively in 4Q 2020). Total capital expenditure for the full year almost doubled and stood at RUB 65.9 billion (matching guidance), compared with RUB 32.0 billion in FY 2020.

## FY 2022 Guidance

Number of store openings (all formats, gross)	>2,000
Number of redesigns (all formats)	~900
GMV on-line growth, RUB billion	>2.0x
CAPEX, RUB billion	80-85

# >2,000

STORES ON GROSS BASIS  
TO BE OPENED BY MAGNIT  
ORGANICALLY IN 2022

In 2022 Magnit plans to open more than 2,000 stores of different format on a gross basis as part of its organic expansion which is broadly in line with the previous year, adjusted for small organic-type acquisitions. The store opening program for the current year reflects a strict return requirement and continued focus on operating efficiency. The Company also plans to refurbish around 900 stores, more than in the previous year.

In 2022, the Company will continue developing its e-commerce services including Magnit's own delivery and partnerships and plans to at least double its e-commerce GMV.

In 2022 Capital expenditure is expected to be approximately RUB 80-85 billion, excluding M&A activity. An increase in the planned absolute investment compared to 2021 reflects the greater number of store redesigns, Dixy store network refurbishment and maintenance, launch of new own production facilities and higher spending on efficiency projects focused on both sales growth and productivity improvement, including supply-chain optimization and IT infrastructure. The Company expects that in 2022 capex of total sales will remain at similar levels to 2021.

Note:

1. This announcement contains inside information disclosed in accordance with the Market Abuse Regulation effective from July 3, 2016.
2. Please note that there may be small variations in calculation of totals, subtotals, and/or percentage change due to rounding of decimals.

### For further information, please contact:

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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 December 31, 2021, Magnit operated 45 distribution centers and 26,077 stores in 3,898 cities and towns throughout 7 federal regions of the Russian Federation.

In accordance with the unaudited IFRS 16 management accounts results for FY 2021, Magnit had revenues of RUB 1,856 billion and an EBITDA of RUB 214 billion. Magnit's local shares are traded on the Moscow Exchange (MOEX: MGNT) and its GDRs on the London Stock Exchange (LSE: MGNT) and it has a credit rating from Standard & Poor's of BB+.

## 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.

## APPENDIX

### 4Q 2021 Monthly Sales

	October	Change	November	Change	December	Change
<b>Total net retail sales, RUB million</b>	<b>168,086</b>	<b>35.6%</b>	<b>162,423</b>	<b>35.2%</b>	<b>200,199</b>	<b>32.5%</b>
<b>Magnit</b>	<b>144,308</b>	<b>16.5%</b>	<b>139,281</b>	<b>15.9%</b>	<b>173,203</b>	<b>14.6%</b>
Convenience Stores	113,449	18.7%	110,603	18.9%	131,650	17.0%
Supermarkets	16,950	8.5%	15,815	1.8%	23,365	2.7%
Drogerie Stores	12,985	12.3%	12,050	14.5%	17,282	15.9%
Other formats	925	-17.3%	813	-22.6%	906	-1.3%
<b>DIXY</b>	<b>23,778</b>	<b>n/a</b>	<b>23,141</b>	<b>n/a</b>	<b>26,996</b>	<b>n/a</b>
Convenience Stores	22,523	n/a	22,051	n/a	25,483	n/a
Supermarkets	1,255	n/a	1,091	n/a	1,513	n/a

### 4Q and FY 2021 Store Openings

	4Q 2021	4Q 2020	Change	Change, %	FY 2021	FY 2020	Change	Change, %
<b>Store Openings (Gross)</b>	<b>834</b>	<b>445</b>	<b>389</b>	<b>87.4%</b>	<b>2,295</b>	<b>1,292</b>	<b>1,003</b>	<b>77.6%</b>
<b>Magnit</b>	<b>825</b>	<b>445</b>	<b>380</b>	<b>85.4%</b>	<b>2,281</b>	<b>1,292</b>	<b>989</b>	<b>76.5%</b>
Convenience Stores	565	243	322	132.5%	1,450	669	781	116.7%
Supermarkets	4	2	2	100.0%	6	4	2	50.0%
Drogerie Stores	256	200	56	28.0%	825	619	206	33.3%
<b>DIXY</b>	<b>9</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>14</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Convenience Stores	9	n/a	n/a	n/a	14	n/a	n/a	n/a
Supermarkets	0	n/a	n/a	n/a	0	n/a	n/a	n/a
<b>Store Closures</b>	<b>72</b>	<b>35</b>	<b>37</b>	<b>105.7%</b>	<b>259</b>	<b>453</b>	<b>-194</b>	<b>-42.8%</b>
<b>Magnit</b>	<b>37</b>	<b>35</b>	<b>2</b>	<b>5.7%</b>	<b>219</b>	<b>453</b>	<b>-234</b>	<b>-51.7%</b>
Convenience Stores	32	31	1	3.2%	171	380	-209	-55.0%
Supermarkets	1	1	0	0.0%	6	7	-1	-14.3%
Drogerie Stores	4	3	1	33.3%	42	66	-24	-36.4%
<b>DIXY</b>	<b>35</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>40</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Convenience Stores	35	n/a	n/a	n/a	40	n/a	n/a	n/a
Supermarkets	0	n/a	n/a	n/a	0	n/a	n/a	n/a
<b>Store Openings (Net)</b>	<b>762</b>	<b>410</b>	<b>352</b>	<b>85.9%</b>	<b>2,036</b>	<b>839</b>	<b>1,197</b>	<b>142.7%</b>
<b>Magnit</b>	<b>788</b>	<b>410</b>	<b>378</b>	<b>92.2%</b>	<b>2,062</b>	<b>839</b>	<b>1,223</b>	<b>145.8%</b>
Convenience Stores	533	212	321	151.4%	1,279	289	990	342.6%
Supermarkets	3	1	2	200.0%	0	-3	3	-100.0%
Drogerie Stores	252	197	55	27.9%	783	553	230	41.6%
<b>DIXY</b>	<b>-26</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-26</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Convenience Stores	-26	n/a	n/a	n/a	-26	n/a	n/a	n/a
Supermarkets	0	n/a	n/a	n/a	0	n/a	n/a	n/a

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Wholesale	13,844	12,067	<b>14.7%</b>	48,327	43,707	<b>10.6%</b>
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Gross Margin, %	24.1%	23.3%	<b>76 bps</b>	23.7%	23.5%	<b>13 bps</b>
SG&A, % of Sales	-19.9%	-19.2%	<b>-71 bps</b>	-19.2%	-19.1%	<b>-15 bps</b>
EBITDA pre LTI <sup>11</sup>	63,138	46,168	<b>36.8%</b>	215,132	179,043	<b>20.2%</b>
EBITDA Margin pre LTI, %	11.6%	11.3%	<b>26 bps</b>	11.6%	11.5%	<b>7 bps</b>
EBITDA	62,853	45,957	<b>36.8%</b>	214,220	178,189	<b>20.2%</b>
EBITDA Margin, %	11.5%	11.3%	<b>26 bps</b>	11.5%	11.5%	<b>7 bps</b>
EBIT	31,016	22,572	<b>37.4%</b>	108,897	88,424	<b>23.2%</b>
EBIT Margin, %	5.7%	5.5%	<b>15 bps</b>	5.9%	5.7%	<b>18 bps</b>
Net Finance Costs	-13,398	-10,509	<b>27.5%</b>	-46,578	-44,268	<b>5.2%</b>
FX Gain/ (Loss)	-183	485	<b>-137.7%</b>	281	-1,453	<b>-119.3%</b>
Profit before Tax	17,435	12,547	<b>39.0%</b>	62,600	42,703	<b>46.6%</b>
Taxes	-4,136	-2,657	<b>55.7%</b>	-14,494	-9,709	<b>49.3%</b>
Net Income	13,299	9,890	<b>34.5%</b>	48,106	32,993	<b>45.8%</b>
Net Income Margin, %	2.4%	2.4%	<b>1 bps</b>	2.6%	2.1%	<b>47 bps</b>

<sup>11</sup> LTI – Long-Term Incentive Program