

DIXY DEVELOPS NEW STORE CONCEPT AND LAUNCHES STORE REMODELING PROGRAM

Krasnodar, Russia (November 1, 2023): Dixy (part of Magnit Group) starts reconceptualizing its stores in accordance with the new CVP (customer value proposition). The first updated store was opened in the Central District of Moscow.

As part of the new concept, the Company is going to rearrange the selling space and update the design of its stores. Dixy's traditional orange color will now be complemented by purple, which symbolizes the brand's uniqueness and modern-day approach, while the revamped logo and updated typeface will highlight its openness and affordability. The sales floor will be arranged to accommodate different customer journeys: the first loop, which starts at the entrance, covers the ready-to-eat, bakery, café, and fruit & vegetables departments; the second loop incorporates the basic fresh categories (meat, dairy, cheese, etc.); and the third loop extends to the racks with dry foods, alcohol, etc.

Dixy's assortment policy will rest on three main pillars: product quality, low prices, and shopping convenience. Still, the Company does not plan to limit its range to the basic needs. To that end, Dixy's new CVP includes a greater focus on ready-to-eat, ready-to-cook, and on-the-go products, which are especially important for customers in metropolitan areas, such as Moscow and Saint Petersburg, where the Company has a large footprint. For example, Dixy stores will offer an expanded range of freshly baked products from in-house bakeries, which customers can pair up with a nice cup of freshly brewed coffee. The updated assortment accounts for other relevant consumer trends as well, including healthy living and personalized nutrition (with the stores featuring low-calorie, gluten-free, and lactose-free articles). The Company will also strengthen its local and farmed products offering. Moreover, Dixy's updated CVP focuses on developing private labels and increasing their share in the assortment.

In addition to all of the above, Dixy will feature "hero products" — popular or unique items at the best prices, intended to become the hallmark of the Company's stores. One of these "heroes" will be an apple, which will also be incorporated into Dixy's visual identity. Other key categories — meat, dairy, ready-to-eat, and frozen — will get their "heroes" as well.

The main customer missions served by the format will be weekly stock-up and daily top-up. Besides the current target audience (older comfort lovers, older traditionalists, and modern thrifty women), Dixy's new format will focus on younger customers.



Yuri Semenov

Chief Executive Officer of
Dixy



"The modern retail market is developing rapidly, and the competitive environment and consumer preferences continue to evolve. To keep up, we are constantly working to improve ourselves. Since last year, Dixy has updated over 25% of its stores by enhancing their assortment and appearance and adding new services, such as self-checkouts and bakeries. Now, we intend to take all the best practices and make the next step by introducing a new store concept. We want to be a modern and approachable brand that is perceived as being easy to understand and relatable by younger audiences in addition to our existing customers. While evolving, we still strive to keep our key advantage — low prices. By the end of the year, we are going to open several more stores under the updated concept. We will then analyze their performance and the customers' response and will make the decision on further rollout of the reconceptualization program next year."

Today, Dixy has over 2.2 thousand convenience stores with an average age of 10.5 years. Magnit acquired Dixy in July 2021. Since 2022, Dixy has been redesigning some of its stores to test various hypotheses and find the optimal CVP. Last year, the Company updated 80 of its existing stores, this year — over 280. Besides that, Dixy will open around 100 new stores in 2023.

For pictures showing a remodeled store, please go to our [website](#).

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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 June 30, 2023, Magnit operated 45 distribution centers and 28,309 stores in 4,183 cities and towns throughout 7 federal regions of the Russian Federation and in the Republic of Uzbekistan.

In accordance with IAS 17 results for 1H 2023, Magnit had revenues of RUB 1,229 billion and an EBITDA of RUB 82 billion. Magnit's shares are listed on the Moscow Exchange (MOEX: MGNT).

Forward-looking statements

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