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PJSC Magnit Annual Report 2024

**years of serving
customers**



MAGNIT | Everything within reach



About the Report

The Annual Report of Public Joint-Stock Company Magnit for 2024 (hereinafter also referred to as PJSC Magnit or the Company) (the Annual Report or the Report) was prepared based on the information available to PJSC Magnit and its subsidiaries (hereinafter together referred to as the Group or Magnit Group) as at 31 December 2024, unless otherwise implied by the meaning or content of the information provided.

This Annual Report was drafted in accordance with applicable laws, is addressed to a wide range of stakeholders and reflects the key performance results of Magnit for 2024 in such matters as strategic and corporate governance as well as financial and operating results.

The Report meets the following requirements and guidelines:

- regulations of the Central Bank of the Russian Federation (the Bank of Russia) No. 714-P On Disclosing Information by Issuers of Issue-Grade Securities dated 27 March 2020;
- letter of the Bank of Russia No. 06-52/2463 On the Corporate Governance Code dated 10 April 2014;
- letter of the Bank of Russia No. IN-06-28/102 On Disclosing the Corporate Governance Code Compliance Report in a Public Joint-Stock Company's Annual Report dated 27 December 2021;

- Moscow Exchange listing rules;
- letter of the Bank of Russia No. IN-06-28/49 On Recommendations for Public Joint-Stock Companies to Disclose Non-Financial Information Regarding Their Operations dated 12 July 2021;
- Federal Law No. 261-FZ On Energy Saving and Improving Energy Efficiency and Amendments to Certain Legislative Acts of the Russian Federation dated 23 November 2009.

Financial indicators referred to in this Annual Report are disclosed based on Magnit's consolidated financial statements under the International Financial Reporting Standards (IFRS) for 2024 as audited by Centre for Audit Technologies and Solutions. The Annual Report should be read as a whole taking into account the content of all sections as well as the notes and the explanations herein. In addition to official information on the activities of Magnit, this Annual Report contains information obtained from third parties and from sources which Magnit finds to be reliable. However, the Company does not guarantee the accuracy of this information, as it may be abridged or incomplete.



Disclaimer

Forward-looking statements contained in this Annual Report, including all statements concerning the Company's intentions, opinions, or current expectations regarding its performance, financial position, liquidity, growth prospects, strategy and the industry in which Magnit operates, are not based on actual circumstances. Such terms as "assume," "believe," "expect," "predict," "intend," "plan," "project," "consider" and "could" along with other similar expressions as well as those used in the negative usually indicate

the predictive nature of the statement. Forward-looking statements are characterised by risks and uncertainties since they relate to events and depend on circumstances that may not occur in the future. Magnit offers no guarantees that the actual results, scope, or indicators of its performance or the industry in which the Company operates will correspond to the results, scope, or performance indicators clearly expressed or implied in any forward-looking statements contained in this Annual Report or elsewhere. The recipients of the information

presented in the Annual Report should not base their assumptions solely on it. Magnit is not liable for any losses that any person may incur due to the fact that the above person relied on forward-looking statements.

Except as expressly envisaged by applicable law, the Company assumes no obligation to distribute or publish any updates or changes to forwardlooking statements reflecting any changes in expectations or new information as well as subsequent events, conditions, or circumstances.

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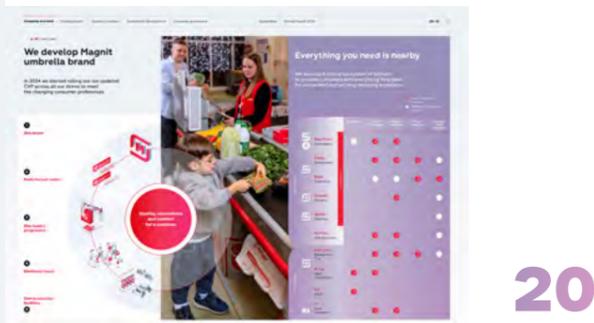
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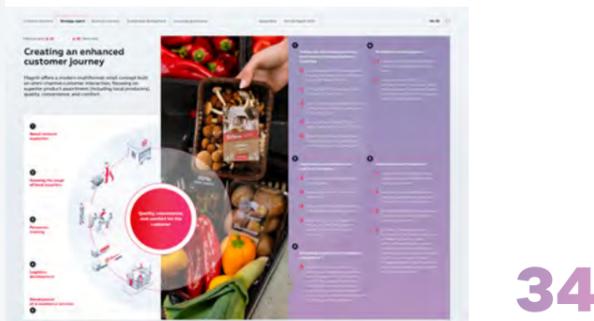
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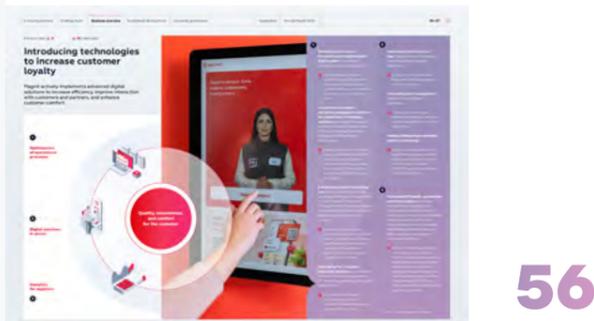
Developing Magnit umbrella brand



Creating an enhanced customer journey



Introducing technologies to increase customer loyalty



For the online version of the Report, see the Company's official website magnit.com



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Developing Magnit umbrella brand



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Who we are



30 years
putting our customers at the heart of everything we do

Magnit is one of Russia's largest retailers with a total selling space of 10,934 thous. sq. m and 31,483 stores of various formats operating in 72 regions of Russia and in the Republic of Uzbekistan.

On 5 March 2024, Magnit celebrated its 30th anniversary.

Our formats

Our multiformat model includes convenience and drogerie stores, supermarkets, and pharmacies under the Magnit and DIXY brands. Additionally, we operate the First Choice chain of technologically advanced hard discounters. Customers can also shop across the Company's formats online, choosing between regular or express delivery options.

For Magnit multiformat model, see the [Business model](#) and [Format overview](#) sections.



Own production and private labels

Magnit develops its own food production capacities. It operates 21 production facilities, including seven agricultural and 14 dry food and confectionery complexes.

Magnit is actively developing private labels to offer unique products with excellent value for money. Our private label portfolio currently features over 60 brands and around 5,700 SKUs across various product groups and price segments. Available only in Magnit stores, private label items are made predominantly by Russian businesses and by Magnit's in-house facilities.

The Magnit Group includes, inter alia, PJSC Magnit and its subsidiaries JSC Tander, JSC DIXY Ug, Selta LLC, and Retail Import LLC.

>60
brands in private label portfolio

-5,700
private label SKUs

For the list of the key Group companies, see our [consolidated financial statements](#).

Logistics

Magnit boasts one of the largest logistics networks in Russia. The Company is continuously developing its own logistics infrastructure while also testing new logistics formats. Today, Magnit operates 51 distribution centres, warehousing facilities with a total area of over 2 mln sq. m, and a fleet of around 7,300 trucks, making it one of Russia's largest own fleets.

51
distribution centres

2 mln sq. m
total area of warehousing facilities

7,300
trucks





CEO's statement



Evgeny Sluchevsky
Chief Executive Officer

**Dear clients, shareholders,
and partners,**

2024 marked a major milestone in Magnit's development. In the reporting year, we continued to enhance our customer value proposition in line with current market trends. Despite external challenges and macroeconomic conditions, the Company delivered robust financial and operating results. We solidified our market position by expanding formats and perfecting customer experience.

Financial and operating performance

In the reporting year, the Company's total revenue was up 20% to reach RUB 3,043 bln. In spite of inflation pressures and growing finance costs, the Company maintained strong control over its debt, with a comfortable Net Debt / EBITDA ratio of 1.5x.

We continued the active expansion of our store network: 2,349 new stores were opened during the year, bringing the total to 31,483. LFL sales were up 11.2% boosted by a 10.2% increase in the average ticket and stable growth of traffic of 0.8%. Total selling space expanded to 10,934 thousand sq. m., up 8.8%. Our store upgrade programme deserves special mention for its success. 2,536 stores, including 1,340 convenience stores and 344 DIXY convenience stores, along with 803 drogerie stores and 49 supermarkets underwent an upgrade.

2024 saw a significant milestone: a comprehensive relaunch of our loyalty programme. We introduced a new visual style, logo, and name – Magnit Plus, reflecting the additional benefits our customers can enjoy. The Magnit Plus loyalty programme covers the Company's key retail formats, both offline and online, while offering customers extra options. As its key highlights, it features omni-channel experience and enhanced personalisation, enabling programme members to receive more tailored promotions. As at the end of 2024, the number of registered loyalty programme members exceeded 80 million. Overall, the share of tickets using the loyalty card reached 63% with sales penetration of 79%. The average ticket of an active loyalty card user is 2x higher compared to transactions without a loyalty card.

Strategic achievements: digitalisation and new formats

Growing interest in quick shopping, 24/7 availability, ready-to-eat food, and delivery services has significantly influenced our product mix policy and strategic initiatives. A major trend in the Company's development is digitalisation of all business aspects. In 2024, online GMV exceeded RUB 100 bln, more than doubling the previous year's result.

An important step in our omni-channel development was the integration of the KazanExpress marketplace into our ecosystem under the Magnit Market brand. It offers over 1.2 million SKUs, and now boasts a network of 4.6 thousand pick-up points in 275 cities and towns.

We have ambitious plans to develop new business lines, which are now at the active testing stage. The smaller ultra-convenience store format shows

particular promise – these compact outlets are located right where customers need them. This format focuses on delivering maximum speed and comfort in customer service. A new concept of "convenience store 3.0", our flagship format, has passed the pilot stage, and we see that our customers are positive about the innovations.

Yet another major development is our M Cosmetic chain successfully expanding into Uzbekistan. Within two years, the store count has grown to 124, making M Cosmetic a market leader in the Uzbekistan drogerie segment. We have tailored both our product mix and loyalty programme to local preferences, while actively expanding partnerships with local and international suppliers. M Cosmetic was recognised as Central Asia's fastest-growing non-food chain by Retail Week Awards 2024.

We are actively developing our food production capabilities. In 2024, Magnit was among the first Russian companies to obtain the Green One certification for superior product quality at its Green Line greenhouse complex in the Krasnodar territory.

We believe that investing in the development of production and logistics infrastructure is a must for ensuring the Company's resilience. Among our key focus areas are construction and modernisation of distribution centres, car fleet upgrades and process automation. The construction of the largest distribution centre in the Moscow region to supply goods to over 400 supermarkets is underway. We also began developing our proprietary demand forecasting and replenishment (F&R) system.

Franchising is yet another important avenue for the chain's expansion. It will serve as an efficient tool to bolster our regional footprint, helping us strengthen our positions in the regions where



traditional ways of expansion face limitations. The first franchised store under the Magnit Cosmetic brand opened in October 2024 in the Leningrad region, and we expect this business to be successful.

In response to shifting product range in the market, we have reinforced our import substitution processes significantly. Our product mix has added high-quality Russian goods and private labels that match international standards. We launched a new private label of decorative cosmetics, LAF (Love_Against_Filters), already on offer across all the Magnit Cosmetic stores. At Private Label Awards, LAF products won in the Best Private Label category. Magnit's Auramore private label was recognised as the Best Private Label of Perfume and Beauty Chains and Drogeries. In the Best Private Label Packaging Design category, Magnit became the winner with its exclusive food line created in partnership with the State Hermitage Museum.

Corporate governance

In 2024, Magnit fully completed the process of acquisition of shares as part of the tender offers. All in all, the Company acquired from foreign shareholders at the same price 30,245,828.8 shares for an amount of RUB 67 bln, which makes up about 29.7% of all the shares issued and outstanding.

An important step in developing operational management of the chain was transition to a format-based management model. The decentralised approach will enable the Company to address format-specific challenges more effectively. We have gathered the initial pool of top managers responsible for developing key business lines and formats. Team formation is underway, with planned strategic initiatives being launched.

In the reporting year, Analytical Credit Rating Agency (ACRA) upgraded the credit rating of PJSC Magnit to AAA(RU) level with a stable outlook, confirming the Company's strong market position.

Sustainable development and social responsibility

Our employees have always been our key asset. In 2024, our employee training expenses amounted to RUB 233 mln. We are deeply grateful to all our employees for their dedication and active engagement, which creates a solid foundation for the Company growth.

Magnit maintains its traditional strong focus on sustainable development and social responsibility. In 2024, we reduced our greenhouse gas emissions by 42% as compared to the base of 2019, although our business grew significantly over the same time.

Our long-standing programmes supporting disadvantaged groups continue. In the reporting year, another 15 supermarkets joined our food sharing programme, providing over 1,500 tonnes of products to thousands of beneficiaries.

We are particularly proud that in 2024 Magnit received the highest A+ score in the Corporate Charity Leader ranking by the Donor's Forum, an association of the largest donor entities operating in Russia. Magnit was the only retailer to achieve this top rating. Furthermore, we were again among the leading consumer companies in the ESG ranking by the National Rating Agency (NRA).

Looking ahead

The past year confirmed that quick adaptability is a key driver of success. We look to the future with confidence and plan to continue development of basic and new store formats, introduce digital solutions more actively, enhance services and offer innovative products to customers.

On behalf of Magnit's entire team let me express our sincere gratitude for your trust and support. We are confident that through our efforts and continued partnership, we will achieve even greater success and create long-term value for customers, shareholders, and partners.

Evgeny Sluchevsky

Chief Executive Officer



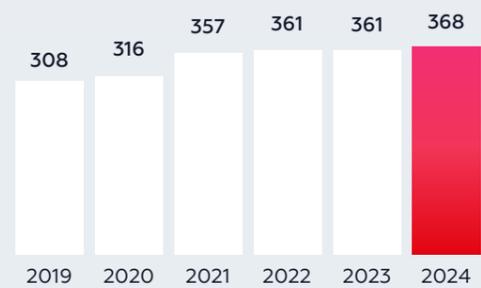
Key highlights

Operational highlights

Number of stores



Headcount, thous.



Number of tickets, mln

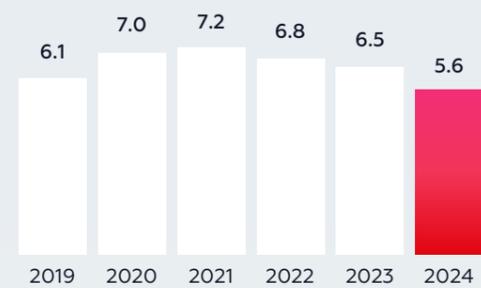


Financial highlights

Revenue, RUB bln



EBITDA margin, %



Net income margin, %



Note: financial metrics are presented on a pre-IFRS 16 basis.



ESG metrics¹

29% in 2023 vs the 2019 base year

42%

reduction in specific greenhouse gas emissions²

55% in 2023 vs the 2019 base year

65%

reduction in specific water consumption²

29% in 2023 vs the 2019 base year

29%

reduction in specific electricity consumption²

59% in 2023 vs the 2019 base year

59%

reduction in specific food waste generation²

RUB 598.5 mln in 2023

RUB 561 mln

spending on social and charitable projects

81.1% in 2023

81.2%

employee satisfaction rate

86% in 2023

87.1%

employee engagement rate

¹ In 2024 the calculation methodology of electricity consumption and greenhouse gas emissions was updated. Relevant metrics for 2019-2023 were recalculated.

² Compared to 2019 base year.



Business model

Mission

At Magnit, we are committed to continuous operational improvement and professionalism in all areas of activity, while aiming to deliver exceptional quality and customer service.

▶ **The largest retail chain by number of stores and geographic coverage**

▶ **The only retailer with its own marketplace**

▶ **Vertically integrated retailer**

Personnel

368 thous. employees as at the end of 2024

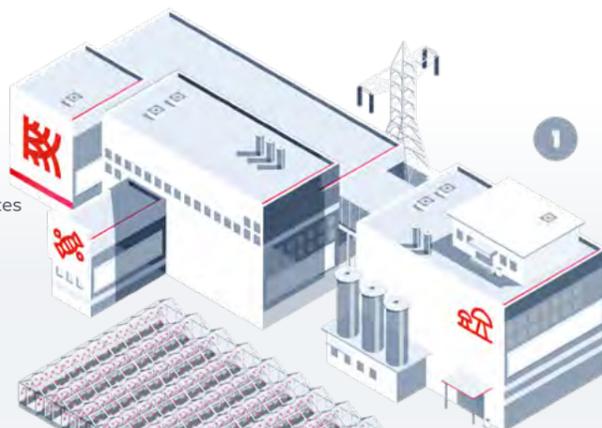
81% employee satisfaction rate

1 Own production

21 production facilities

production facilities

- 7 agricultural sites
- 14 manufacturing sites



7.3 thous. trucks

2 Distribution centres

>2 mln sq. m of DC space

88% orders assembled using voice picking technologies³

80% warehouse operations mechanisation rate



51 distribution centres

3 Suppliers

>5 thous. supplier companies

47% share of local suppliers

62 private labels

>750 new Russian supplier partners in 2024



2,363 DIXY convenience stores

8,050 drogerie stores



456 supermarkets

20,268 Magnit convenience stores

1,084 pharmacies

4 Retail

Offline retail



Online retail



5 Customers

-18 mln customers daily

80 mln loyalty cards

72 regions

>33 thous. self-checkouts at Magnit stores

21 mln users of the OMNI mobile app

31,483 stores¹

Retail revenue breakdown by format, %



RUB 100.6 bln digital sales

- Proprietary marketplace: Magnit Market
- Magnit Delivery

-190 thous. average number of orders per day

Finance⁴

+19.6% vs 2023

RUB 3,043 bln Revenue

RUB 172 bln EBITDA

RUB 50 bln Net income

1.5x Net debt / EBITDA

ruAAA

Outlook stable

Expert

AAA(RU)

Outlook stable

ACRA

Responsibility

Shareholders

RUB 84 bln dividends paid in 2024

Government

RUB 182 bln taxes paid to the federal and municipal budgets

Communities

-RUB 600 mln social investment and charitable spending

RUB 4 bln environmental spending

Employees

RUB 356 mln wages and other personnel expense

¹ Including Samberi stores but excluding pharmacies.

² Including 124 cosmetic stores in Uzbekistan.

³ Order preparation based on verbal instructions.

⁴ Pre-IFRS 16.



Focus on caring for our customers

Our solutions build a platform of shared values

Everywhere for our customers

- Adapting existing and creating new formats tailored to specific customer needs in different localities
- Implementing CVM tools¹
- Developing online shopping and delivery services
- Improving availability of goods by leveraging new technology and communications development

Rewarding our employees

- Stable wages
- Employee benefits and perks
- Professional and career growth opportunities for employees at all levels

Cooperating with our suppliers

- Engaging local suppliers
- Special cooperation conditions with farming enterprises
- Inviting supplier representatives to work at Magnit's offices

Delivering returns to our shareholders

- Strong capital discipline with a focus on returns in all investment decisions

Economic contribution

- Supporting social and economic development in the regions of operation
- Hosting regional procurement sessions
- Making timely tax payments

Supporting local communities

- New jobs
- Social and charitable programmes in the regions where we operate
- Reducing environmental impact

Magnit has launched a collection of products featuring unusual flavours, unconventional colours, and vibrant, futuristic packaging. This new line is exclusively available in the chain's stores and marks Magnit's 30th anniversary in 2024.

In collaboration with suppliers, the Company showcased potential future products and trends expected to emerge in the consumer market in the coming years.

The introduced range of items includes chocolate bars, sauces, and crisps with unique flavours, along with new beverages like fruit and herbal teas in striking colours, making a total of twelve different products. The launch of select items will be supported by digital activities featuring gamification. One standout product is the Alenka chocolate bar with an explosive caramel flavour, presented in packaging inspired by a space theme. Customers can join a game within Magnit's mobile app to create their own universes and win prizes.

Our cultural code drives business resilience

At Magnit, **we are committed** to continuous operational improvement and professionalism in all areas of activity, while aiming to deliver exceptional quality and customer service.

We uphold the principles of effective teamwork and respect for each other and our customers, and encourage open and constructive dialogue and effective cross-functional cooperation.

We implement best practices and innovative technologies in our operations and seek to build a better future for all.

We set ambitious goals and focus on embedding sustainability principles into all aspects and facets of our business.

¹ CVM – customer value management.

Geographical coverage

In September 2024, Magnit announced the launch of a debut store and the start of operations in the Irkutsk region.

In October 2024, Magnit and the government of the Magadan region signed a cooperation agreement aimed at developing local retail trade and opening the first Magnit store in the region.

In August 2024, the milestone 100th retail store, featuring a combined Magnit grocery store and Magnit Cosmetic store, opened in Makhachkala.

31,483

stores

4,594

cities and townships

8

federal districts

	Convenience stores ²	Supermarkets ³	Drogeries ⁴	Convenience stores	Samberi stores	DCs	Agricultural facilities	Production sites
North Caucasian	687	19	282			1		
Southern	3,138	120	1,384			8	5	8
Central	5,337	73	2,067	1,875		15	2	2
Volga	5,230	113	1,985			12		4
Northwestern	2,323	32	773	488		5		
Urals	2,112	78	907			4		
Siberian	1,441	21	528			3		
Far Eastern					346	3		
Total	20,268	456	8,050	2,363	346	51	7	14
		28,774		DIXY	Samberi			
		Magnit						

² Magnit convenience stores also include M City, My Price, and First Choice stores.

³ Magnit supermarkets include Magnit Family supermarkets and superstores.

⁴ 124 drogerie stores operate in Uzbekistan.



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Developing Magnit umbrella brand

In 2024 we started rolling out our updated CVP across all our stores to meet the changing consumer preferences.



1 One brand

2 Multiformat model

3 One loyalty programme

4 Emotional touch

5 Own production facilities



Quality, convenience, and comfort for our customers

Everything within reach

We develop a strong ecosystem of formats to provide customers with everything they need for convenient and exciting shopping experience.

- ✓ Focus consumer missions
- Additional consumer missions

		On-the-go	Food for tonight	Regular shopping	Major stock-up	Special need/occasion
Core formats	Near home Convenience	●	✓	✓		
	Family Supermarket		✓	✓	✓	●
	Extra Superstore		●	●	✓	✓
	Cosmetic Drogerie			✓		●
	Apteka Pharmacy					●
New formats	My Price Soft discounter		✓	✓		●
	Near home Convenience Plus		✓	✓	✓	●
	M City Ultra-convenience	✓	✓			
	GO Kiosk	✓				
	B1 Hard discounter		✓	✓		



Investment case

Magnit offers investors access to a sizeable market

For investors, we offer exposure to a sizeable market with potential for organic expansion and further consolidation.

1

Sizeable market with increasing penetration of modern food retail and opportunities for organic expansion

3

Growing market share of major players

2

Fragmented market with high potential for further consolidation

4

New niches and growth opportunities coming along in the consistently growing e-grocery segment



▶ Magnit boasts a recognisable brand with strong customer loyalty

Magnit is one of the largest food retailers in Russia, with a well-developed infrastructure, a strong customer base, a recognisable brand, and a growing market share.

- Multifformat offering with four core formats covering a range of shopping missions in grocery, drogerie, and pharma segments.
- Wide coverage: 31,483 stores in 4 594 cities and townships across eight federal districts.
- 13.2%¹ market share in food retail sales.
- Serving customers in all highly populated Russian regions (72 regions, 80 mln loyalty cards).
- Established distribution chain, with 51 distribution centres and one of the largest own truck fleets in Russia.
- Vertically integrated retailer: 21 own production facilities, including seven agricultural complexes.

▶ Magnit offers high dividend yield

Strong capital discipline with a focus on returns in all investment decisions with a view to generating substantial dividend payments.

- Focus on the quality of new store openings as a way to maximise ROI.
- Keeping Net Debt / EBITDA at a comfortable level.
- Clear plan to improve working capital with a focus on stock days optimisation.
- Value accretion for shareholders to deliver consistently solid dividends.

▶ Magnit leverages tech capabilities to drive business growth

On track to speed up profitable return-driven growth leading to further market share gains.

- Acceleration of value-accretive organic growth.
- Smart expansion implying high profitability targets for new openings.
- Selective small to mid-size value-accretive M&As to strengthen market positions.
- Adherence to sustaining high return requirements for new projects.
- Store redesign programme to improve sales density.
- Building a leading e-grocery platform to account for over 5% of total turnover.
- Proactive forays into adjacent value-accretive niches.

We are consistently working to unlock the Company's huge potential to grow the business.

- Further CVP improvement. In 2023, the Company unveiled three new CVP concepts for DIXY, Magnit Convenience, and Magnit Pharmacy stores.
- CVP initiatives to enhance consumers' perception and experience with a focus on expanding the range of private labels, farm and healthy products and on revamping store interiors.
- Increase in sales density partly through redesign acceleration and process improvements.
- Extension of consumer offering complementary to the core business: in 2023, the Company piloted the ultra-convenience and First Choice hard discounter formats.

¹ Source: Magnit analysis.

Our achievements



Private Label Awards



- Magnit won the **Best Private Label Packaging Design** award for its exclusive product line created in partnership with the State Hermitage Museum.
- Magnit's private label of make-up products, LAF (Love_Against_Filters), was honoured as the **Best Private Label** in the Beauty and Personal Care category.
- Magnit's Auramore private label was recognised as the **Best Private Label of a Perfume and Beauty Chain and Drogeries**.



Retail Week Awards 2024

- The M Cosmetic store chain, a leading retailer in beauty, family, and home products in Uzbekistan, was named the **fastest-growing non-food retail chain in Central Asia**.



15th Consumer Choice Award¹

- Magnit was recognised as the **Best Multiformat Store Chain of the Year** in the **Retail Trade** category.

¹ For 15 years, the Consumer Choice Award has been the top award in the Russian market, recognising outstanding quality and service.



ROMIR Customer Satisfaction Index

- Magnit was recognised as the **winner** based on the 2024 results.

Partnerships



Samolet Group

Magnit and Samolet Group signed lease agreements for commercial spaces on the ground floors of residential projects developed by Samolet to accommodate Magnit stores. This marks the first deal of its kind between two leading companies in their respective segments in the Russian market. In the initial phase, 30 stores are planned to open across five regions: Moscow, Moscow region, St Petersburg, Leningrad region, and Tyumen.

Metro

Magnit opened its first ready-to-eat food kiosk, Magnit Go, in the Moscow Metro. It is located in the underground passageway at the entrance to the Kozhukhovskaya station. Packaged ready meals are conveniently available for those on their way to work, school, or home, saving time on meal preparation.

DIXY opened its first store in the centre of St Petersburg at the Dostoevskaya metro station. The store focuses on fresh categories and ready-to-eat meals and features a coffee corner.

Samberi

Magnit and the largest retail chain in the Russian Far East, Samberi, opened the first pilot store of the hard discounter format PriceHit in Khabarovsk. This new store format is inspired by the First Choice hard discounter format, which Magnit has been developing since 2023.

Everland

Magnit and the inclusive project Everland launched a series of motivational and practical events called Relay of Success across ten Russian regions, aimed at young people with disabilities and their families. The initiative is supported by the Open to All inclusive project movement run by the Agency for Strategic Initiatives. To date, over 700,000 participants from Russia and other countries have taken part in the Relay of Success.

HENDERSON Fashion House

Magnit Cosmetic partnered with the HENDERSON Fashion House to introduce an exclusive line of men's fragrances. The collection features four perfumes in the mid-price segment: Indigo Waves, Spirit Accord, Blue Intense, and Ocean Extreme. These fragrances were developed in collaboration with United Europe Group, one of the leading distributors of global perfume and cosmetics brands.

MTS Ads and OMD OM Group

Magnit, in partnership with OMD OM Group and MTS Ads (the advertising division of MTS), successfully tested targeting capabilities in Telegram. This was done using anonymised aggregated data from the retail chain's loyalty programme. The new advertising tool will enable a wide range of advertisers to both conduct broad reach campaigns and target specific audience segments.

Food Miles

Magnit, in collaboration with Food Miles, launched an aggregator for farm products in the Leningrad region. The aggregator's target model features centralised procurement of farm products, infrastructure for their storage and preparation, consolidation of batches for store deliveries, last mile logistics, and production and sales advisory services for farmers.

OXYmed

The M Cosmetic drogerie chain, developed by Magnit in Uzbekistan, entered into a strategic partnership with OXYmed, a leading pharmacy chain in the country. The first M Cosmetic store integrated with an OXYmed pharmacy opened in Tashkent. Both are located within the same facility, and the product range for the new M Cosmetic store has been tailored to align with OXYmed's offering.

Yandex

Magnit and Yandex introduced a new delivery model – Delivery by Seller (DBS) – for the Yandex.Eda, Delivery, Yandex Market, and Yandex Go services. Under the DBS model, Magnit independently organises and manages the delivery process using its own courier service. This new delivery channel will complement the existing delivery capabilities that utilise Yandex couriers for deliveries from Magnit's stores.

Retail Services

DIXY, in collaboration with Retail Services, launched an analytical portal for suppliers. On the RS.Dixy portal, partners can quickly access up-to-date information regarding demand, product share within both the assortment and category, ticket penetration, promotional results, product availability on store shelves and in warehouses, service levels for deliveries to distribution centres, and other insights that will help suppliers improve sales efficiency.

State Hermitage Museum

In 2024, Magnit became the general partner of the newly opened exhibition featuring Flemish still-life paintings. The exhibition, titled "ARS VIVENDI. Frans Snijders and Seventeenth-Century Flemish Still Lifes", is the second project under the strategic partnership between Magnit and the State Hermitage Museum. The cooperation agreement, signed in 2023, is designed to support the museum's exhibition, restoration, theatrical, and publishing projects.

Business



Acquiring Samberi

Magnit received approval from the Federal Antimonopoly Service of Russia for its acquisition of Samberi, the largest retail network in the Russian Far East. Samberi Group operates around 350 stores in various formats, including supermarkets and supermarkets, located across 38 municipalities in the Primorye and Khabarovsk territories, Jewish autonomous region, and Amur region. Samberi will continue to develop under its own brands, managed by its existing team. Meanwhile, representatives from Magnit will join in the strategic management of the Samberi business as outlined in the signed cooperation agreement.

Developing Magnit Market

The Magnit Market marketplace launched its website, mm.ru and rebranded the KazanExpress mobile app, completing the main phase of KazanExpress integration.

Magnit Market established sorting centres at Magnit's distribution centres in Perm and Izhevsk, with plans to open seven additional sorting centres in the future based on Magnit's DCs. Leveraging Magnit's infrastructure will support the development of the Magnit Market marketplace and the new B2B service, Magnit Post. The marketplace began opening order pick-up points in villages and small towns with populations under 10,000.

It also set up 24-hour pick-up points at Magnit stores that operate around the clock.

Additionally, Magnit Market introduced the Magnit Post service for delivering orders from online stores. Customer orders placed on partner platforms will be delivered to Magnit Market pick-up points, most of which are located in Magnit stores.

Launching the pharmacy marketplace

Magnit introduced a pharmacy marketplace based on its Magnit Pharmacy format. Customers can now access a wide range of both Magnit Pharmacy and partner products in the Pharmacy section on the website and in the Magnit: Promos and Delivery app. Magnit Pharmacy's first partner is Pulse, one of the largest pharmaceutical distributors in Russia.

Launching the B2B order delivery service

Magnit is introducing a B2B order delivery service for products from other grocery and non-grocery stores, as well as restaurants and cafes, directly to end consumers. Orders will be delivered by Magnit Delivery couriers. This service is available across the entire Magnit Delivery footprint, covering more than 180 cities. The Company's proprietary technological platform optimises delivery routes to ensure that the standard delivery time from Magnit stores remains unchanged.

Revamping the loyalty programme

Magnit revamped its loyalty programme with a fresh visual style, unveiling a new logo and renaming it Magnit Plus. The updated programme covers all products available in both offline and online formats. Magnit Plus features options for accumulating bonuses, receiving discounts, and participating in promotions and giveaways. As its key highlights, it offers an omni-channel experience for both offline and online purchases and enhanced personalisation, enabling programme members to receive even more tailored offers based on big data analysis.

Launching franchises

Magnit announced the launch of franchises for most of its retail formats, offering partners a reverse franchise model. In 2024, the first franchised Magnit Cosmetic store opened in Pervomaiskoye, Leningrad region. This store follows the updated Magnit Cosmetic concept, featuring modern design and a more convenient selling space layout.

Developing the forecasting and replenishment system

Magnit began developing its proprietary demand forecasting and replenishment (F&R) system. This solution covers all stages of product movement – from planning orders with suppliers to delivering products to stores – ensuring accurate assessments for each SKU.

Establishing a Retail Technology Lab

Magnit set up a laboratory using 20 convenience stores to test innovative solutions and improvements to the operational model of stores. This model for testing innovations will increase the scope and speed of experiments, enabling rapid scaling of successful business hypotheses across the entire network.

Testing electronic price tags

The First Choice hard discounter chain began testing electronic price tags that leverage e-ink technology. These tags automatically update product and price information in real-time by connecting to the store's IT system.

Launching LAF, a new make-up brand

Magnit introduced a new private label make-up brand called LAF (Love_Against_Filters). In Q1 2024, LAF products made their debut on the shelves of Magnit Cosmetic drogeries. This brand expands Magnit's existing private label offering in the make-up category, which includes popular mid-price brands such as Stellarly and Beauty Bomb. The LAF range features over 100 SKUs and will be regularly updated, with plans to introduce gift sets in the future.

Expanding into the Irkutsk region

Magnit commenced operations in the Irkutsk region, opening its first two convenience stores in the cities of Tayshet and Tulun. The Company plans to launch a total of approximately 10 stores in the region, contributing tax revenues to the regional budget and creating over 150 new jobs.

Obtaining Green One label certification

Magnit's greenhouse facility, Green Line, received certification for compliance with the Green One label, which signifies enhanced product properties. The Russian Quality Agency, acting as the certifying authority, confirmed that the tomatoes, cucumbers, and lettuce produced at the facility meet all necessary GOST requirements. These products will now be supplied to retail stores in packaging featuring the Green One label, approved by the Ministry of Agriculture of Russia.

Updating the Magnit Pharmacy concept

Magnit introduced a new pharmacy concept and opened the first revamped Magnit Pharmacy in Moscow. The updated assortment will now include in-demand medications and non-pharmaceutical product categories such as dietary supplements, vitamins, personal hygiene products, and personal care items. Additionally, Magnit Pharmacy launched next-day delivery of rare medications or those not in stock, sourced on request.

Updating the M City concept

Magnit refreshed the M City small-store format, adapting it to better meet the needs of consumers in large cities. The format stores now feature revised zoning of the sales floor, along with modern materials, new colours, and updated graphics.

Opening the Magnit Cosmetic concept store

Magnit opened its first Magnit Cosmetic concept store in St Petersburg. This new store embodies the future of beauty shopping, emphasising a technological approach to beauty with a focus on make-up and skincare products, as well as digital services.

New positioning of the M Cosmetic format in Uzbekistan

The M Cosmetic chain, developed by Magnit in Uzbekistan, unveiled a new brand positioning centred around expertise. With M Cosmetic, customers gain access to knowledgeable experts who can assist them in navigating skincare and make-up topics, selecting products for every family member, finding items for pets, and maintaining a clean and comfortable home.

Launching the new DIXY Go format

DIXY began testing a DIXY Go ultra-small store format. This new format aims to offer quick and convenient shopping as close to home as possible. DIXY Go stores focus on everyday purchases and restocking of basic items, ready-to-eat meals for the evening, and snacks. To enhance the shopping speed and convenience, these stores are equipped with self-checkouts.

Opening a themed ultra-small format store in St Petersburg

Magnit opened an ultra-small format store in the heart of St Petersburg, featuring décor inspired by the city's unique character. The shopping space showcases symbols of St Petersburg, with one of the wall carpets near the entrance serving as a backdrop for a photo zone.

The assortment at the Magnit store on Sadovaya Street caters to the needs of local residents and tourists alike. The store offers an expanded selection of products from local manufacturers and a variety of souvenirs featuring St Petersburg landmarks.

Mass hiring of people with disabilities

Magnit launched a large-scale programme to employ individuals with disabilities. The Company is adapting workplace processes and creating comfortable working conditions, which includes efforts to provide employee training and foster an inclusive environment. The initiative started as a pilot in Yekaterinburg and Ufa and will gradually expand nationwide. Its goal is to promote social integration and professional development for people with disabilities.

Magnit Limitless: grant competition for inclusive projects

The Company's social digital platform Magnit Limitless held a competition for inclusive projects, with twelve non-profit organisations from eight Russian regions selected as winners. A total of 175 project applications were submitted from across 47 regions, focusing on support for children and young people with disabilities and their families. Winning projects will be implemented in the Krasnoyarsk territory, Nizhny Novgorod, Omsk, Rostov, Samara, and Tver regions, as well as in Moscow and St Petersburg. Two projects proposed by Moscow non-profits will reach all regions where Magnit operates. The total prize pool of RUB 50 mln is to be split among the winners.

Expansion of the food sharing programme

In 2024, Magnit partnered with the Foodbank Rus charitable foundation to expand its food sharing programme, which provides quality food nearing expiration to those in need at no cost. In August, the Company added 15 more large-format stores – Magnit Extra superstores and Magnit Family supermarkets – to the project. Since the programme inception in 2022, Magnit has assisted 354,000 people and provided 500 tonnes of food to those in need.

Corporate volunteering development

Magnit actively promotes corporate volunteering and supports employee initiatives aimed at helping others. In 2024, more than 28,000 Magnit employees participated in various volunteer activities, both community-led and organised by the Company.

Support for forest restoration in the Mordovia State Natural Reserve

Magnit contributed to the restoration of forests in the Mordovia State Natural Reserve, which were damaged by fires. The Company facilitated the planting of 10,000 two-year-old pine saplings over an area of two hectares as part of the Plant a Forest project organised by ECA, an interregional environmental NGO.

Around 100 volunteers, including Magnit employees, participated in the planting, along with volunteers from Atyashevsky Meat Processing Plant, our supplier from the Republic of Mordovia.

Promotion of Russian football

Magnit continued its support for football promotion in the Republic of Dagestan. On 1 June, coinciding with International Children's Day and All-Russian Football Day, Magnit and FC Dynamo Makhachkala hosted the Football Heights tournament. The event featured over 15 children's teams and renowned football bloggers. Magnit also partners with the Russian Football Union as an official sponsor of the Football in Schools initiative and is running the Magnit Football competition for coaches.

Inclusive project: Football in Schools for Children with Special Needs

Through its social platform Magnit Limitless, the Company partners with the Russian Football Union to implement the inclusive sports project "Football in Schools for Children with Special Needs". This initiative seeks to support children with intellectual disabilities attending specialised schools, providing them with opportunities to play football in groups for two hours a week as part of extracurricular programmes. This helps children socialise and develop healthy lifestyle habits. In the new academic year, 110 specialised schools across 29 regions will participate in the project.

Store life cycle environmental certification

Magnit became Russia's first retailer to obtain the Vitality Leaf certification for its store, recognising compliance with energy efficiency standards and demonstrating waste minimisation practices, handling of recycled materials and packaging. This certification was awarded to a Magnit superstore located in the Sirius federal territory in the Krasnodar territory.

Sustainable packaging recommendations for medications

The Magnit Pharmacy chain, in collaboration with the ECR Sustainability non-profit partnership, pharmaceutical market participants, and packaging recyclers and manufacturers, developed recommendations for sustainable packaging for medications, cosmeceuticals, and dietary supplements. These will serve as valuable guidelines for packaging manufacturers, distributors, and recyclers looking to implement best practices in sustainable development.

EV charging stations near stores

As part of a pilot project, Magnit will install fast charging stations for electric vehicles in the parking lots of its large-format stores – Magnit Family supermarkets and Magnit Extra superstores. The first charging station was unveiled near the Magnit Extra store in Krasnodar. The Company plans to install additional EV charging stations in the Moscow and Leningrad regions, Rostov-on-Don, the Sirius federal territory (Krasnodar territory), and other locations.

Support for the White Nights Marathon in St Petersburg

Magnit serves as the official partner of the White Nights Marathon in St Petersburg. In 2024, both marathon races were held in the city's historic centre on 29 June, starting at Palace Square and finishing near the Bronze Horseman monument on Senate Square.

ESG



Food donations to pensioners

In celebration of the International Day of Older Persons on 1 October, Magnit donated 2,500 food packages to needy pensioners.

In a joint initiative with the Give Food foundation, the Company provided 16 tonnes of food, which were used to create food packages for elderly individuals in need, reaching 14 cities.



Magnit's history: 30 years of serving customers

1994–1997

Foundation

- Sergey Galitsky founds Tander, a wholesale distributor of cosmetics and household cleaning products.
- The wholesale business expands rapidly, securing its position among Russia's Top 10 distributors of cosmetics, household cleaning products, and perfumery goods.
- The Company diversifies into food retail, launching operations as a Cash&Carry operator.

1998–2001

The beginnings

- The Magnit brand is established, deriving from the Russian "Магазин низких тарифов" (Low-Tariff Store).
- The Company sets up its dedicated transport enterprise – Selta.
- The first private label range debuts.
- Magnit switches to a discounter business model.
- With the opening of its first 160 stores, Magnit emerges as Russia's leading retailer by network size.

2002–2005

Retail focus

- The first distribution centre Kropotkin commences operations in the Krasnodar territory.
- The retail network is revamped as convenience stores, establishing the format that remains Magnit's core format today.
- Rapid growth results in 1,500 operational stores by the end of 2005.
- Magnit dissolves its wholesale cosmetics and household cleaning products operations to concentrate fully on retail development.

2006–2009

Progress

- The Company successfully completes its initial public offering (IPO) on Russian stock exchanges.
- The compact city hypermarket is introduced as a new format.
- Deloitte acknowledges Magnit as the fastest-growing retailer globally.
- Subsequent IPO on the London Stock Exchange provides capital for store network expansion.
- Magnit pioneers direct import operations for high-demand products among Russian retailers.

2019

Expansion

- In its 25th anniversary year, the Company presents a new cross-format brand for all Magnit stores.
- The 20,000th Magnit convenience store and 5,000th Magnit Cosmetic store open.
- The Krasnodar Industrial Park welcomes Kuban Confectioner as its second resident.
- New formats – superstore and M City – are piloted.
- Magnit launches its customer loyalty programme.
- Magnit partners with the Russian Football Union and Russia national football team.

2020

Sustainability

- Magnit launches the #MagnitCare social programme and donates over 350,000 food kits.
- The Sustainability Strategy is adopted.
- Magnit opens its first My Price discounters.
- E-commerce and e-pharma development begins.
- Magnit joins the UN Global Compact – the world's largest corporate sustainability initiative.
- The Green Office programme focused on environmental initiatives is launched.

2021

Advancement

- The Company opens first Magnit Go kiosks.
- Magnit launches the United for a Healthier Future initiative with major FMCG companies, helping promote healthier lifestyles.
- MSCI rating agency upgrades Magnit's ESG rating to BBB level.
- The DIXY retail chain is acquired and integration begins.
- Magnit fulfils over 100,000 online orders in a single day.

2010–2012

Multiformat

- The Company opens its first drogerie store, Magnit Cosmetic.
- The Company launches Green Line greenhouse complex in the Krasnodar territory to cultivate fresh vegetables and greens.
- Magnit attains the status of Russia's largest private employer.
- The Company broadens its portfolio with the Magnit Family supermarket format.

2013–2015

Leadership

- Magnit becomes the largest retailer by store count, selling space, operational performance, and sales.
- Magnit's capitalisation on the Moscow Stock Exchange exceeds RUB 1 trln.
- Magnit Cosmetic secures its position as the largest drogerie chain in Russia.
- Magnit starts accepting bank cards and installs first self-checkouts.
- The number of Magnit stores surpasses 10,000.
- The proprietary Krasnodar Industrial Park development commences.

2016–2018

Changes

- The Company launches a new format – Magnit Pharmacy.
- The first distribution centre beyond the Polar Circle opens in Murmansk.
- The Company begins growing champignon mushrooms at its own mushroom complex in the Krasnodar territory.
- VTB Group acquires 29.1% of Magnit's shares. Sergey Galitsky steps down as the Company's CEO.
- The Krasnodar Industrial Park welcomes its first resident – Kuban Factory of Bakery Products.
- Magnit Cosmetic becomes Russia's largest retailer in cosmetics and perfumery goods.

2022

Scale

- The first M Cosmetic drogerie store opens in Uzbekistan.
- The Company signs the National Inclusion Agreement and implements several social projects, including the M Life pilot programme for adaptation of orphaned children.
- Magnit's first brewery opens in a Krasnodar superstore.
- Magnit begins roasting and packaging coffee under its own brands at its Tver facility.
- Food sharing launches in Moscow and St Petersburg.
- Stores open in airports and other transport hubs.
- Magnit ranks among the leaders of an ESG ranking of Russian companies by sustainable corporate governance.
- A centre for growing oyster mushrooms, honey fungus, and shiitake launches in the Krasnodar territory.

2023

Evolution

- Magnit launches a hard discounter format under the V1 or First Choice brand.
- The Company pilots the ultra-convenience format – compact stores located as close as possible to customers.
- Magnit Delivery service integrates into Magnit's mobile app.
- A new Magnit and DIXY convenience store concept is introduced.
- Magnit acquires KazanExpress marketplace.
- Magnit becomes Russia's first retailer with certified organic production.

2024

Horizons

- Magnit celebrates its 30th anniversary and expands to 30,000 stores.
- The loyalty programme relaunches as Magnit Plus.
- The Company develops its Magnit Market marketplace, increasing pick-up points and expanding to new cities.
- Magnit completes the acquisition of a 33.01% stake in Samberi.
- The Company develops its own Forecasting & Replenishment system.
- Magnit launches the AI.Lab artificial intelligence laboratory.





Strategy report

02

Creating an enhanced customer journey



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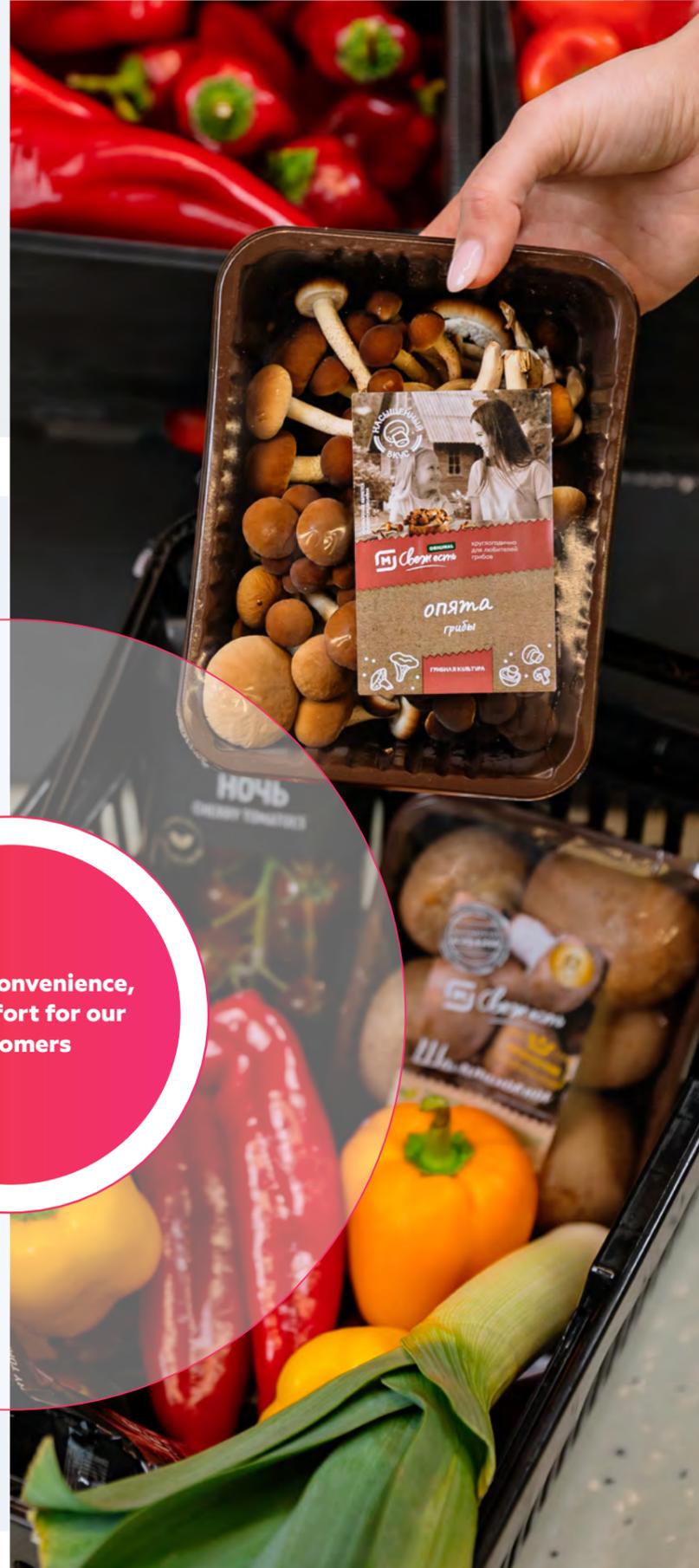




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Creating an enhanced customer journey

Magnit offers a modern multiformat retail concept built on omni-channel customer interaction, focusing on superior product assortment (including local producers), quality, convenience, and comfort.



1 Testing new and developing existing store formats to enhance customer experience

- ▶ Our network grew 8.8% in selling space annually, with presence in 4,594 locations across eight federal districts.
- ▶ DIXY launched 233 stores under a new concept by the end of 2024.
- ▶ Our V1 hard discounter network, focusing on affordable and essential goods, grew to 171 stores in 2024.
- ▶ We opened approximately 200 new pharmacies across the country in 2024.
- ▶ We launched a unique concept store of Magnit Cosmetic in St Petersburg, showcasing the future of beauty retail.

2 Assortment customisation in line with local preferences

- ▶ Launched farm products aggregators in three regions.
- ▶ Expanded the number of local farm partnerships.
- ▶ Achieved a 45% share of farm products in our agricultural contracts system.
- ▶ Became one of the first companies in Russia to receive the Green One label for products with improved properties.

3 Developing competences of employees and partners

- ▶ Through our Corporate Academy, we delivered comprehensive personnel training programmes in 2024, covering over 300 thousand people. Our training courses focus on enhancing line staff qualifications, developing talent pools across functions, and preparing employees for emerging business challenges.

4 Distribution network expansion

- ▶ Opened a 32,000 sq. m logistics facility in St Petersburg, serving 700 stores.
- ▶ Launched a second 15,000 sq. m distribution centre in the Samara region, featuring advanced automation including automated orders, time-slot management, and voice picking technologies.

5 Enhanced customer touchpoints

- ▶ Expanded the Magnit Market pick-up point network to ensure convenient access to online orders.
- ▶ Launched the upgraded Magnit Plus Premium subscription service within the Magnit Plus loyalty programme.
- ▶ Introduced B2B end-customer delivery services for food, non-food retailers, restaurants, and cafés.
- ▶ The Magnit Market marketplace is building out its logistics infrastructure by establishing sorting centres within existing distribution centres to accelerate pick-up point network growth and support regional expansion. In 2024, our pick-up point network increased eightfold to more than 4,000 points, reaching both existing localities and 150 new settlements.



Market overview

Macroeconomic environment

In 2024, economic activity in Russia continued to grow, with the country's gross domestic product exceeding RUB 200 trln for the first time and reaching an all-time high. GDP expanded by 4.3%. Investment analysts have pointed at an aggregate economic growth relative to the pre-crisis year of 2021, as GDP grew by 7%.

A combination of factors, such as deteriorating foreign trade alongside an economy lacking sufficient production capacity to meet domestic demand, has triggered price increases and negatively impacted inflation expectations among the population. Concurrently, consumer lending continued to grow throughout most of the year, further fuelling consumption and price growth.

The Bank of Russia implemented a series of three key rate hikes, raising the rate from 16% to 21%. Following the last increase in October, retail lending growth virtually ceased by November. Furthermore, corporate lending experienced a significant slowdown for the first time since early 2024.

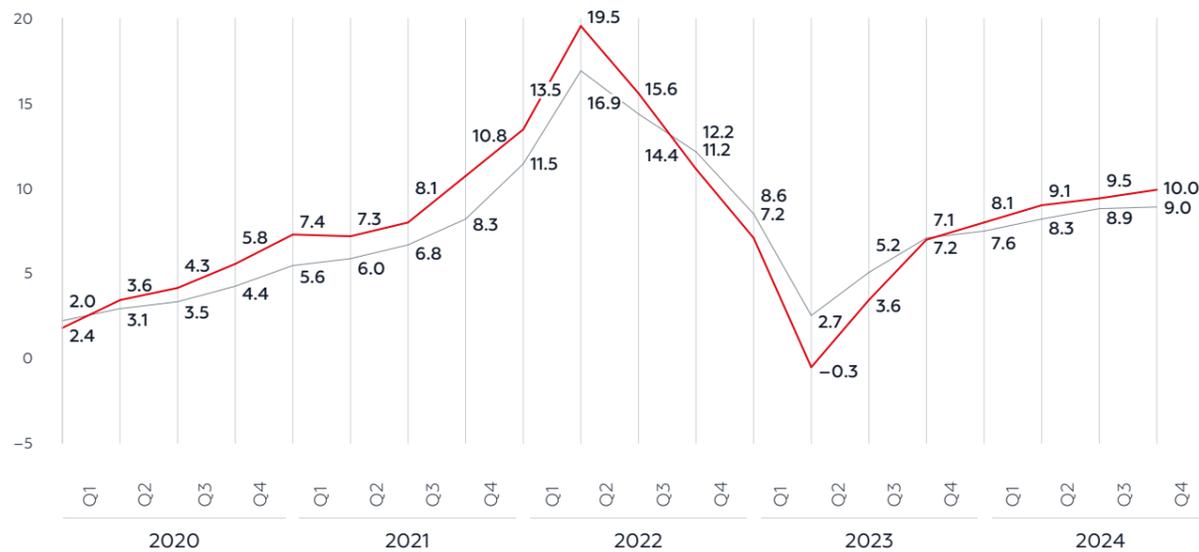
Real GDP change in Russia, %



Sources: Federal State Statistics Service, Ministry of Economic Development, Magnit analysis.

According to the Bank of Russia's estimates, given the significant increase in interest rates for end borrowers and the decline in lending, the resulting tight monetary conditions established the necessary prerequisites for inflation to return to target levels. As a result of the measures taken, the consumer price index stabilised at 9.0% in Q4 2024, while food inflation during the same quarter reached 10.0%.

Quarterly CPI and food CPI in Russia, % YoY



— Food CPI, % YoY
— CPI, % YoY

Sources: Federal State Statistics Service, Ministry of Economic Development, Magnit analysis.

> RUB 200 trln
gross domestic product in 2024

4.3%
GDP growth in 2024

RUB 88,000
average monthly wage in 2024

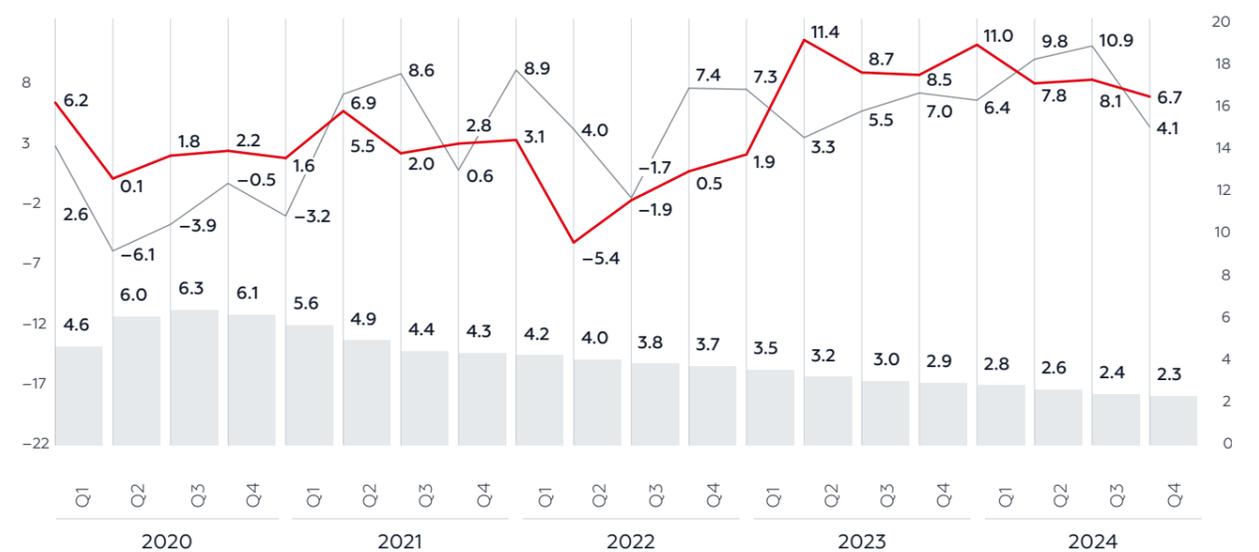


A survey of enterprises conducted by the Bank of Russia in November 2024 showed that nearly all respondents (93%) carried out salary and wage indexation in the reporting year. Among companies that raised wages, 43% increased them between 10% and 20%, approximately 38% by up to 10%, and 19% by more than 20%. However, the share of payroll costs in the cost of goods and services sold by enterprises remained stable during the reporting year, at the level of average values for the previous five years. According to Rosstat, the average monthly wage was

RUB 88,000 in 2024, and the median wage across all sectors stood at RUB 61,400¹. Given the continuing labour market tension, most businesses surveyed by the Bank of Russia (75%) plan to raise employee remuneration in 2025 as well.

This resulted in a 10-year record: a 9.1% wage growth and a 7.3% real disposable income increase. The annual average unemployment rate fell from 3.2% in 2023 to 2.5%, reaching an all-time low.

Real wages, real disposable income and unemployment rate, %



● Unemployment, % (right scale) — Real wages growth, % YoY — Real disposable income growth, % YoY

Sources: Federal State Statistics Service, Ministry of Economic Development, Magnit analysis.

¹ Source: SberIndex data.

Russian retail market

In 2024, retail sales in Russia increased by 15.4% YoY to RUB 55.6 trln, according to Rosstat, representing 29% of GDP. Food retail sales grew at a slightly more modest pace of 14.9%, to RUB 26.4 trln, accounting for 47.6% of total retail turnover or about 14% of GDP. Euromonitor estimated the overall volume of Russia's food market in 2024 at USD 209.6 bln. Even despite the rouble depreciation, this ranks Russia eighth globally, above countries such as Italy, Mexico, Canada, Australia, and Indonesia.

Grocery retail market in 2024, USD bln



Sources: Euromonitor, Magnit analysis.

Expenditures on food continued to be a significant component of Russian households' budgets. According to Rosstat, the share of household food spending has ranged from 33.2% to 37.4% between 2006–2023, averaging 35.5%. According to a SberCIB report¹, the structure of Russians' spending saw no significant changes in 2024, with the share of spending on food standing at 37%.

¹ Sber CIB Ivanov Consumer Confidence Tracker, Magnit analysis.

Food retail sales in Russia



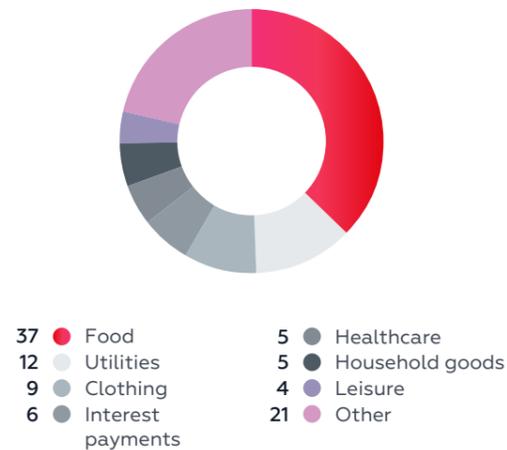
Legend:
 ● Russian food retail sales, RUB trln
 — Food retail sales growth, % YoY
 — Average annual food CPI, % YoY

Sources: Federal State Statistics Service, Ministry of Economic Development, Magnit analysis.

37%

share of Russians' spending on food in 2024

Consumer spending, %



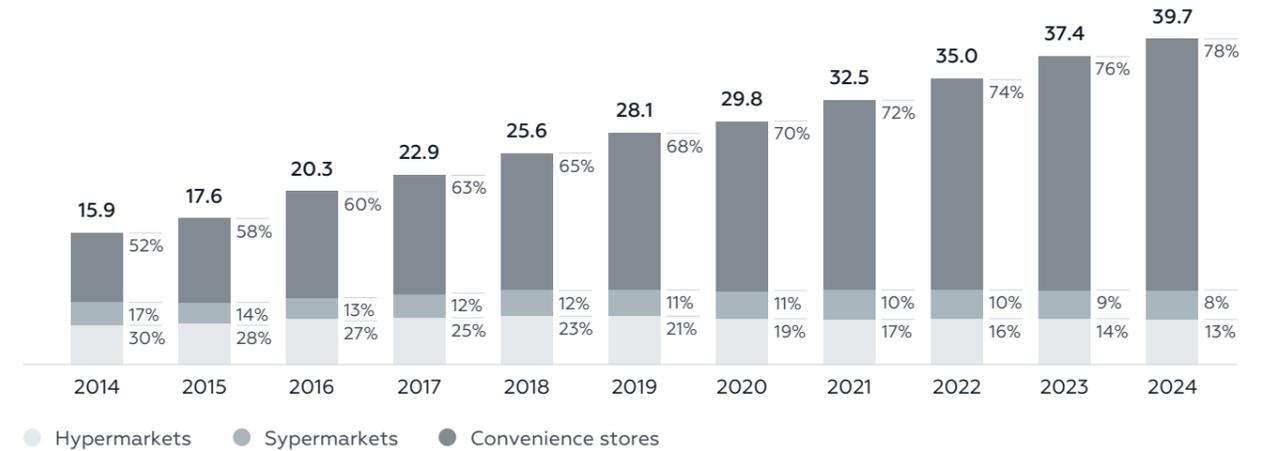
Source: Sber CIB Ivanov Consumer Confidence Tracker, Magnit analysis.

In 2024, the Russian food retail market remained favourable for all modern retail players, including Magnit. Retail chains successfully increased their combined market share by 0.7 p.p. to 75.6% through the opening of new stores and expansion into new locations.

2.2 mln sq. m.

cumulative growth in retail space, with convenience stores continuing to dominate a significant share of this expansion

Total selling space for modern retail in Russia, mln sq. m

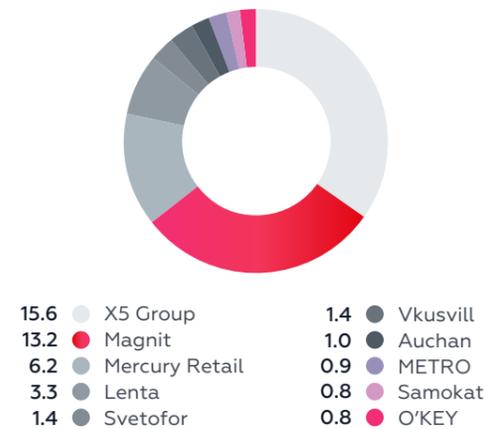


Sources: INFOLine, Magnit analysis.

The modern retail market in Russia continues to hold significant growth potential. As at the end of 2024, the Top 5 players increased their market share by 1.7 p.p. to 39.7%, whereas in Western economies this figure typically stands at 60% or more. In 2024, the market share of the Top 10 retail chains increased by 1.8 p.p. to 44.5%.

Magnit's turnover growth spiked to 20%, outpacing market growth by 5 p.p. As a result, Magnit's share reached 13.2% of Russia's total food trade turnover.

Market share of the largest retail chains by revenue in Russia in 2024, %



Sources: INFOLine, Magnit analysis.

The structural changes in the Russian economy, which began in 2022, continue to provide additional development opportunities for Russian retail. Most leading players continue to invest in their own production, develop private labels, and expand their product offering at affordable prices. According to INFOLine, total private label sales in the food category grew by 23% and exceeded RUB 2.9 trln, accounting for 11% of total food turnover.

Alongside the expansion of conventional retail formats, online food retail experienced robust growth. According to INFOLine, 2024 saw Russia's e-grocery market grow by 39%, totalling RUB 1.3 trln, or 4.8% of food turnover.

RUB 2.9 trln

total private label sales in the food category

+39% vs 2023

RUB 1.3 trln

Russia's e-grocery market in 2024



CCI and food retail sales growth, %



Sources: Federal State Statistics Service, Ministry of Economic Development, Magnit analysis.

Beyond the active development of private label and own production, the Company continued to test and develop new formats tailored to meet the latest consumer trends. In 2024, we opened new small-format Magnit Ultra-Convenience stores and First Choice (V1) hard discounters.

Furthermore, Magnit relaunched its loyalty programme by rebranding and expanding it to all of the Company's offline and online formats.

Now named Magnit Plus, the programme applies to all Magnit Convenience, Magnit Extra, Magnit Family, Magnit Cosmetic, Magnit Pharmacy, Magnit Delivery, and Magnit Market purchases.

This enables Magnit customers to meet most of their essential needs within our ecosystem – whether purchasing food, beverages, cosmetics, medications, or selecting from over one million products on our marketplace.



Key trends in consumer behaviour and preferences in 2024

Surge in rational consumption, staying away from impulse buying

Consumers are becoming more rational about their spending and more cautious with their budgets, placing value on key factors such as money, time, and assortment when making purchasing decisions.

Interest in healthy products and responsible consumption

There is a rising consumer interest in eco-friendly products, healthy eating and lifestyles, driving a willingness to spend more on high-quality and environmentally conscious products in certain categories.

Increase in the popularity of mid- and lower-price segments

Rising inflation has led Russians to opt for more affordable alternatives instead of premium brand products. This shift presents new opportunities for the development of our own production capabilities and private label offerings.

Growing interest in locally produced goods

In recent years, Russians have started purchasing more products from local manufacturers. This is primarily because local goods are often priced lower than Western alternatives or can replace items that are no longer available. Additionally, some consumers are changing their consumption habits to support domestic producers.

Consumers becoming more digital

The demand for online shopping and delivery continues to rise, particularly in non-metropolitan regions. E-commerce remains one of the most dynamic channels, partly thanks to the prevailing cost-saving trend, as consumers actively compare prices and seek out better online deals.

Growing interest in ready-to-eat food

The growing number of one-person households (now comprising as much as 40%) and compact families whose members do not want to devote much time to household chores, coupled with the spread of express delivery services, is changing consumer preferences, with an increasing demand for ready-to-eat food. For instance, the number of consumers who buy raw and unpeeled beetroot is declining. Instead, consumers are increasingly opting for already cooked and peeled beetroot, while the consumption of ready-made beetroot salads continues to rise.



Key trends in Russian retail market

Growing share of Russian manufacturers



Many brands withdrawing from the market set stage for the growth of Russian manufacturers, including local suppliers and farms.

Increasing presence of hard discounters and mini-markets



Discounters and mini-markets are gaining popularity due to consumers' price sensitivity and remain in demand, including in remote locations. The hard discounter segment is expected to continue as one of the drivers of traditional retail in the coming years and contribute to market expansion.

E-grocery sales growth



The share of e-grocery sales in food retail is expected to approach 7% by 2025. This will also lead to an increase in the number of dark stores that serve the online delivery market. Key market players are actively investing in the development of their online sales channels and revising their business models to integrate express delivery and pickup services, marketplaces, and dark stores.

Emerging digital systems



Digital technologies continue to evolve enabling personalised approaches and streamlining business processes.

Active expansion of marketplaces



Consumers are increasingly shifting their product searches from search engines to marketplaces. It is expected that the influence of this channel will continue to grow across nearly all consumer markets in the medium term.

Omni-channel development



Consumers are increasingly selecting shopping destinations based on their specific circumstances (urgent, spontaneous or planned purchases, those requiring ample time for decision-making, etc.), pushing retailers to improve the customer journey, become more omni-channel, and integrate seamlessly into their lives.

Shifts in demand and supply



In recent years, Russian consumers have been favouring more affordable products, including local brands and private labels, as well as appealing promotional deals offered by retailers. Simultaneously, the Russian retail sector has continued to adapt to economic and geopolitical shifts by transforming customer interaction channels, improving product offerings, and introducing alternatives to discontinued brands.



Key changes in the regulatory environment in 2024

Change	Regulatory document	Effective date
Extension of the moratorium on unscheduled inspections of cash registers until the end of 2024	Regulation of the Government of Russia No. 2140	14 December 2023
Indexation of the Platon heavy vehicle charge system tariff (an increase of 21 kopecks compared to the previous tariff)	Resolution of the Ministry of Transport of Russia	1 February 2024
Indefinite extension of the ban on trucks from unfriendly countries entering Russia	Regulation of the Government of Russia No. 1728	25 December 2023
Expansion of a 35% customs duty to additional categories of perfumery, cosmetics, and household chemicals from unfriendly countries; increase in import duties on alcohol from unfriendly countries	Regulation of the Government of Russia No. 500	17 April 2024
Changes in customs duties for certain goods imported from unfriendly countries	Regulation of the Government of Russia No. 984	17 July 2024
Extension of the automatic renewal of licences and other types of permits until the end of 2024. Extension of some measures until the end of 2029	Regulation of the Government of Russia No. 2269	23 December 2023
Indexation of excise duties on tobacco products in 2025–2027	Federal Law No. 539-FZ	1 January 2024
Increase in the minimum price for spirits effective 1 July 2024	Order of the Ministry of Finance of Russia No. 80n	5 June 2024
Approval of new rules for setting minimum prices for nicotine-containing products. On 17 June 2024, the Russian Ministry of Agriculture set minimum prices for such products effective from 1 September to 31 December 2024	Regulation of the Government of Russia No. 301	14 March 2024

Change	Regulatory document	Effective date
Increase in excise duties on fortified and domestically produced sparkling wines to RUB 119 per litre starting 1 May 2024. Replacement of excise stamps with special identification and control stamps for tobacco product packaging	Federal Law No. 96-FZ	1 May 2024
Introduction of additional labelling requirements for manufacturers, importers, and sellers of labelled products regarding electronic document management	Regulation of the Government of Russia No. 743	31 May 2024
Permission granted to the Russian Federal Service for Alcohol and Tobacco Market Regulation to conduct random alcohol checks in stores	Regulation of the Government of Russia No. 240	29 February 2024
Abolition of mandatory paper excise and special stamps for tobacco products. Transition to digital labelling using 2D codes, with product data entered into the State Information System for Monitoring Goods Turnover, to be completed by 1 July 2025	Federal Law No. 325-FZ	1 September 2024
Entry into force of an updated list of goods subject to mandatory labelling	Regulation of the Government of Russia No. 1765-r	18 July 2024
Adjustment of deadlines for payments to suppliers for perishable goods (effective 1 March 2025)	Federal Law No. 301-FZ	8 August 2024
Approval of amendments to the list of goods permitted for parallel imports	Order of the Ministry of Industry and Trade of Russia No. 135	8 February 2024
Launch of a pilot project to label cosmetics and household chemicals	Regulation of the Government of Russia No. 2405	15 January 2024
Launch of a pilot project to label canned foods	Regulation of the Government of Russia No. 105	12 February 2024
Extension of the pilot project to label imported alcohol with special federal stamps until 31 May 2026	Federal Law No. 57-FZ	23 March 2024
Amendments to labelling rules for certain goods including dairy, tobacco, and nicotine-containing products. Imposing liability on marketplaces for selling labelled goods through their platforms	Regulation of the Government of Russia No. 386	28 March 2024
Introduction of an automatic sale ban at checkout for illegal or expired labelled goods	Regulation of the Government of Russia No. 1944	1 April 2024
Introduction of mandatory labelling for sturgeon and salmon caviar	Regulation of the Government of Russia No. 2028	1 April 2024
Introduction of criminal liability for unlicensed production and distribution of tobacco and tobacco products	Federal Law No. 390-FZ	1 April 2024
Approval of a list of products requiring a certain share of recycled content	Regulation of the Government of Russia No. 2094-r	1 March 2024
Approval of labelling rules for animal feed. Introduction of nationwide labelling for animal feed and veterinary drugs effective 1 September 2024	Regulation of the Government of Russia No. 674	27 May 2024
Approval of labelling rules for certain types of vegetable oils, and oil and fat products. Introduction of mandatory labelling for vegetable oils effective 1 October 2024	Regulation of the Government of Russia No. 676	27 May 2024
Approval of a reporting form for importers and producers of goods who independently manage the recycling of waste resulting from their goods	Regulation of the Government of Russia No. 742	31 May 2024
Approval of base environmental fees for producers and importers of goods subject to waste recycling requirements that do not manage such waste recycling independently	Regulation of the Government of Russia No. 1041	1 August 2024
Introduction of a mandatory requirement for companies purchasing dairy products and bottled water for internal use to report on such goods' turnover and removal from the market by sending data to the labelling system	Regulation of the Government of Russia No. 841	1 September 2024
Establishment of agriculture aggregators assisting farmers in selling their produce to large retail chains	Federal Law No. 297-FZ	8 August 2024
Nationwide ban on the sale of non-alcoholic tonics, including energy drinks, to minors. Prohibition of retail sales of such beverages in containers exceeding 500 ml	Federal Law No. 304-FZ	8 August 2024

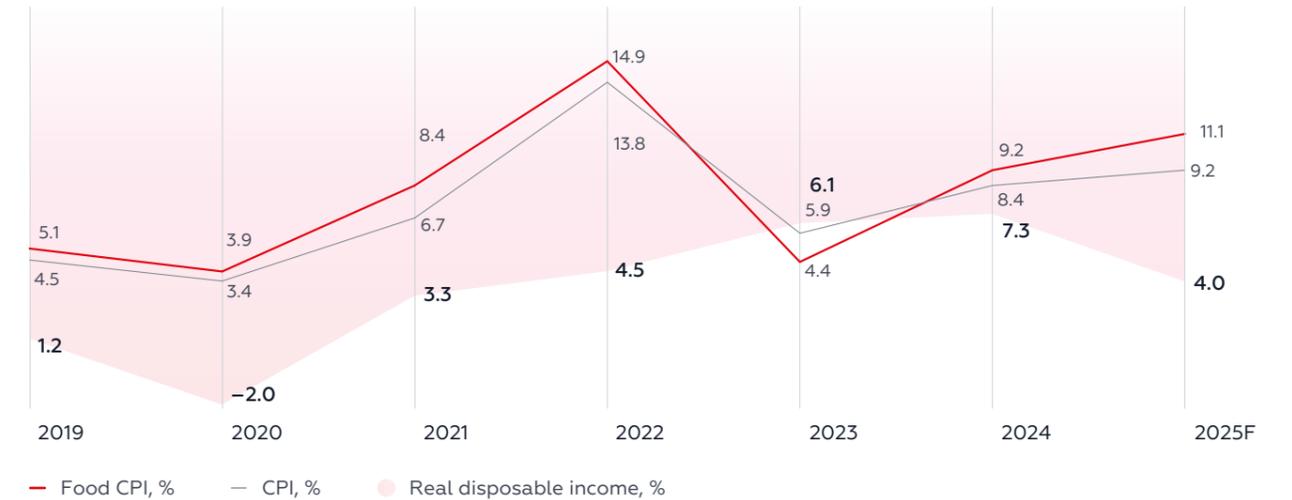
Food retail market outlook¹

With unemployment remaining low, Alfa-Bank expects salaries and wages to grow by 12% YoY in 2025 and real disposable income to rise by 4%. This, in turn, will support the food retail market, which is expected to grow by 14%.



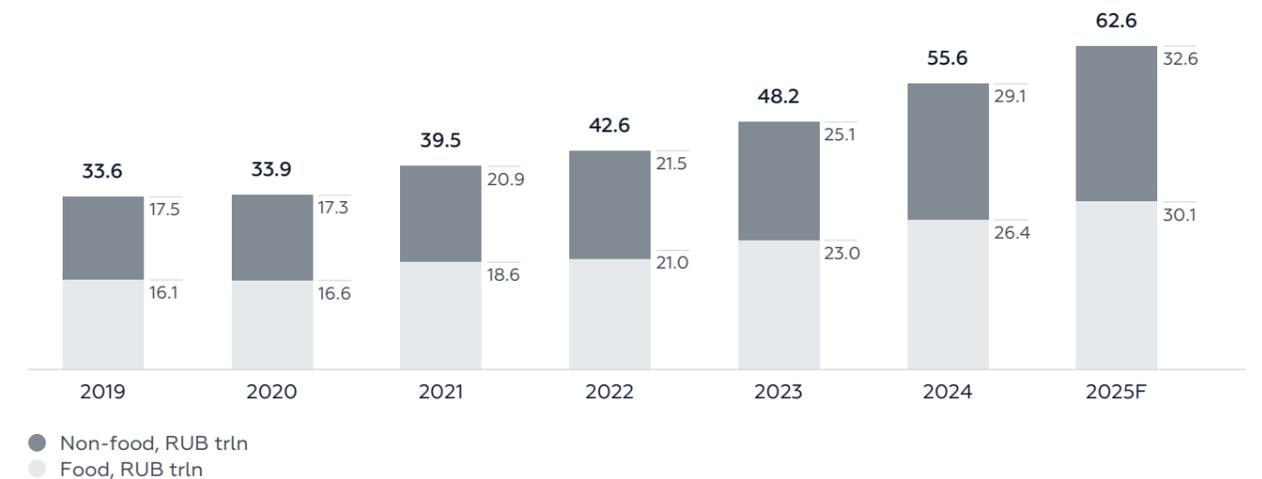
Major players will continue to strengthen their industry positions through new store openings and targeted M&A deals².

Average annual CPI and real disposable income growth, YoY %



Sources: Alfa-Bank forecast, Federal State Statistics Service and Ministry of Economic Development data, Magnit analysis.

Total retail sales, RUB trln



Sources: Alfa-Bank forecast, Federal State Statistics Service, Ministry of Economic Development, Magnit analysis.

¹ Alfa-Bank forecast, Federal State Statistics Service, Ministry of Economic Development, Magnit analysis.
² M&A – mergers and acquisitions.



Strategy

Our strategic ambition is to achieve market leadership through a unique multiformat offering, supported by a broad ecosystem of tech-driven services, all integrated under a single loyalty programme.

The Company focuses on continuously enhancing its value proposition for customers and improving the efficiency of internal processes.

Key focus areas

Enhancing customer value proposition



- Adapting product assortment to local customer preferences
- Continuously enhancing loyalty programme mechanics
- Enhancing customer engagement through in-store add-on services (e.g., bakery items, takeaway coffee), delivering more personalised experiences through big data analytics and AI, and offering compelling loyalty programmes

- Broadening and differentiating the private label offering
- Improving brand positioning by emphasising care, safety, sustainability, and an attractive value proposition
- Expanding tech-driven ecosystem services to enhance multi-channel customer experiences

Driving efficiency improvements



- Flexible, reliable and scalable cloud-based IT solutions and data platform
- New distribution centre openings
- Monetisation of online and offline infrastructure
- Cross-functional end-to-end initiatives focused on improving the efficiency of key business processes

- Investments in process automation and standardisation
- Fleet renewal
- Flexible organisational structure with clear responsibilities, combined with entrepreneurial culture and efficient cross-functional collaboration

To address structural challenges, we place special emphasis on developing our employees as our key asset, with a focus on:

- Implementing a flexible and proactive approach to personnel attraction
- Intensifying investment in people to ensure key competences and business continuity
- Designing long-term development and succession plans
- Continuously improving working conditions for line personnel

We implement our strategy through customer engagement across our core existing formats, relying on:



- development of our flagship convenience store format



- smart investments in the Magnit Cosmetic drogerie format



- balance between sustaining and expanding the Magnit Family and Magnit Extra large-format stores

We leverage new growth drivers to broaden our product offering and enhance customer convenience by developing:



- discounter stores



- ultra-convenience stores



- e-commerce delivery and the Magnit Market marketplace, both accessible through a single super app

Innovations and digital solutions

Digital solutions and business innovations

Magnit is constantly searching for innovations and testing forward-thinking solutions to gain additional competitive advantages and create a positive shopping experience.

Focus areas of our approach to innovation

Enhancing our production facilities

Streamlining business processes

Reducing environmental footprint

Elevating customer service

Strengthening our CVP



Central to Magnit's innovations is the incorporation of new digital solutions throughout our operational framework and business processes. Magnit has a robust digital transformation programme in place to craft an optimal CVP.

We are actively implementing technologies to enhance the speed of new product launches, streamline operational processes, conduct customer behaviour analytics, and boost employee engagement across the board.



The Company's digital transformation relies on:

- 1** A flexible, modular business architecture that readily adapts to shifting market demands and customer needs
- 2** State-of-the-art tools and technologies that foster the creation of composable services to ensure flexibility and speed while minimising costs
- 3** A product-centric approach that helps find, test and scale creative solutions to emerging challenges

Projects aimed at developing employee functionality

Back office

Following the departure of international companies that previously supplied retail outlet management tools, Magnit chose to prioritise the development of its own back office solution. This tool is being developed based on the Company's existing IT infrastructure with a primary focus on enhancing the experience of employees at retail locations.

Applications currently in development are designed to:

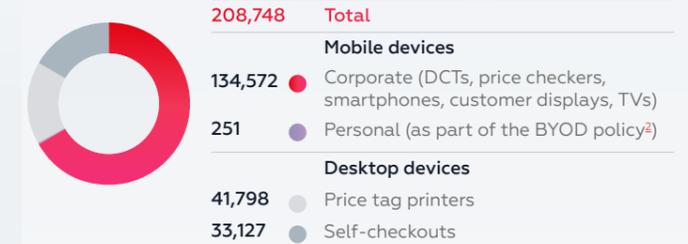
- simplify the key in-store business processes (labour saving);
- unify employee work tools through standardised interfaces;
- implement flexible document management (primary documentation, claim handling, cash collection procedures, etc.)

The development of this back office system reduces employee workloads through a holistic approach to simplification of processes connecting all employee tools: inventory control and inventory management systems, data collection terminals (DCTs), mobile printers, and other essential equipment.

EMM¹

Magnit has developed its proprietary EMM system characterised by exceptional security, reliability and performance capabilities. The core objective of EMM is to establish optimal interoperability among mobile devices operating within the IT infrastructure that directly impact enterprise business processes. This technology enables remote management, customisation and updating of store tools. The implementation of EMM technology significantly reduces equipment downtime and shortens device inventory processing time.

Structure of devices in the EMM system in 2024



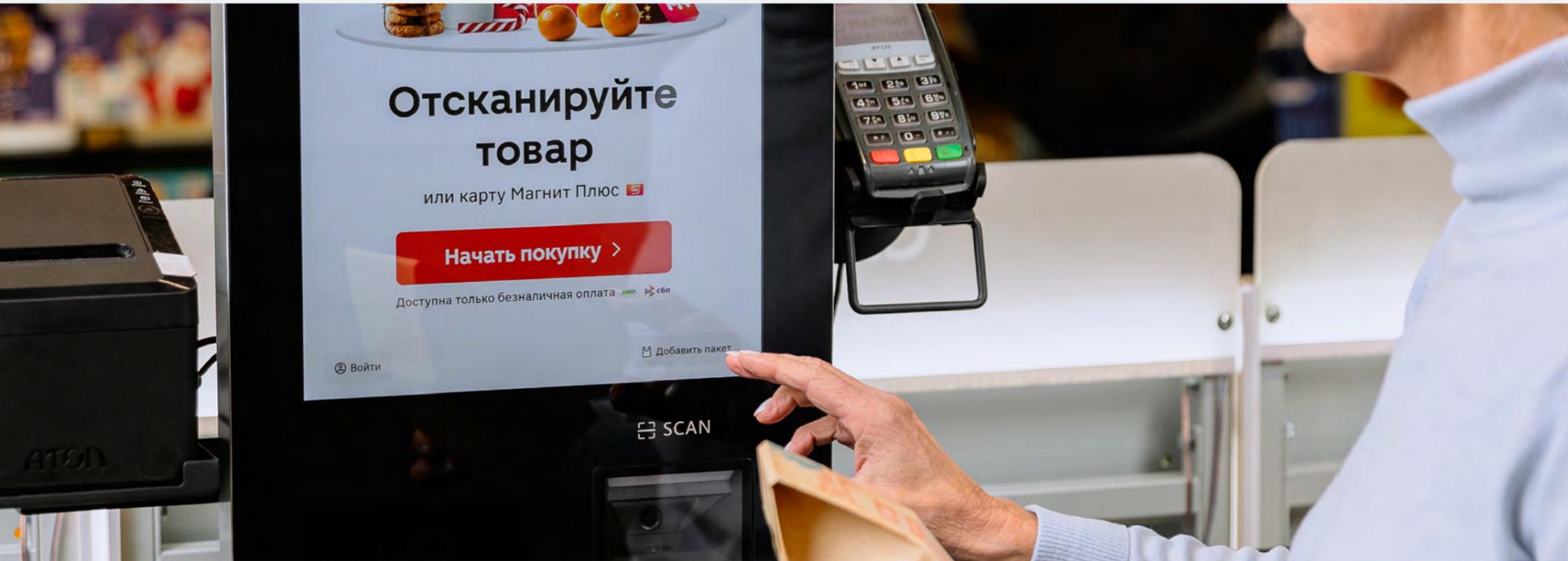
Enhancing shelf management with image recognition and OSA³

To enhance shelf management efficiency for our staff, Magnit, in collaboration with a Russian partner, is developing a shelf health technology based on image recognition (IR). This neural network-based solution identifies within less than a minute which products are missing from shelves, determines optimal restocking priorities, and flags outdated price tags requiring replacement. The app enables swift analytics into actual on-shelf availability of more than 20,000 SKUs. During the initial project stages, revenue growth reached 2.4% due to improved product display quality. The project is also aimed at increasing sales density by improving the efficiency of day-to-day shelf management: the application has modules for controlling planograms, working with non-displayed products, and checking the correctness of price tags. This technology is being scaled across our large-format stores, convenience and drogerie stores.

Since November 2024, a proprietary solution has been operational across Magnit's convenience stores to improve on-shelf availability using OSA signals. An advanced algorithm system sends daily alerts to the store for SKUs that are not available to customers. Employees receive and process signals that help maximise turnover in a particular store. To process the signals, a convenient interface was created in DCTs, which can both identify the issue and address it immediately. For example, instant printing of a price tag significantly reduces employee efforts.

Integration of the IR and OSA systems is planned for 2025 to achieve enhanced business outcomes.

¹ EMM – Enterprise Mobility Management.
² BYOD (bring your own device) is a policy that allows employees to use their own digital devices instead of Company-provided official equipment.
³ OSA (on-shelf availability) is a system for controlling product availability at different points of sale (shelf, refrigerator, checkout area).



▶ Digital twins of operational processes

In 2024, the Company made consistent efforts to mitigate factors that burden its processes by digitising the actual workload for 1,500 operations performed by employees on a daily basis. The assessment covered all formats of the chain, creating digital twins for 184 processes. The obtained data enabled Magnit to identify drivers that allow managing the standard workload in dealing with routine tasks and introducing new processes.

▶ QR-Link digital timekeeping technology

QR-Link's digital timekeeping technology delivers accurate and objective data on employees' actual working hours. The solution enhances transparency and clarity in salary and fringe benefit calculations. Additionally, the technology improves accounting quality and reduces administrative staff burden, in particular through comprehensive process automation. This tool was successfully implemented across all network formats in 2024. From 2025, we plan to extend QR-Link to track external employees (outsourcing, cleaning, merchandisers).

Projects aimed at developing customer service

▶ Clever Lever smart scales with product recognition

Magnit has completed a project to equip large formats with a smart scale technology: customers can now utilise this service across all Magnit Extra and Magnit Family stores. The system can identify the entire assortment of goods sold by weight, which includes over 800 SKUs in categories such as fresh and frozen fruit and vegetables, sweets, ready-to-cook products, seafood, snacks, etc. The technology is used for products in transparent packaging (plastic or mesh bags). It boasts 98% recognition accuracy and is capable of self-learning by remembering the choices made by customers during weighing.

The Company has also launched a pilot programme for smart scales in Magnit convenience stores. Beyond reducing misidentification of items sold by weight, in the smaller format, this technology reduces cashier workload by cutting the time required to add weighted items to receipts by six seconds.

98%

product recognition accuracy of Clever Lever smart scales

▶ BeautyScan cosmetics selection technology

Magnit, with the support of Sechenov First Moscow State Medical University, has developed and tested an unparalleled offline retail service called BeautyScan in the Magnit Cosmetic format. Through this service, customers can gain deeper insights about their skin and select products that best address their specific needs. The service employs advanced AI algorithms to analyse photographs and user responses. Customers receive a detailed portrait of their skin with problem areas clearly marked, alongside a personalised skin care regimen. Recommendations are based on products available in the Magnit Cosmetic range, including new arrivals and exclusive brands. The Company plans to expand this service to 2,500 stores, and to incorporate functionality for selecting decorative cosmetics and perfume into the system.

2,500 stores

planned rollout of BeautyScan

▶ Electronic price tags and media shelves

The digitalisation of the price tag experience has provided store staff with enhanced flexibility in managing shelf marketing tools. This project has helped reduce labour costs and redistribute staff workload, whilst also increasing sales through the broadcast of dynamic advertising on media shelves. In 2024, the project was implemented across three network formats.

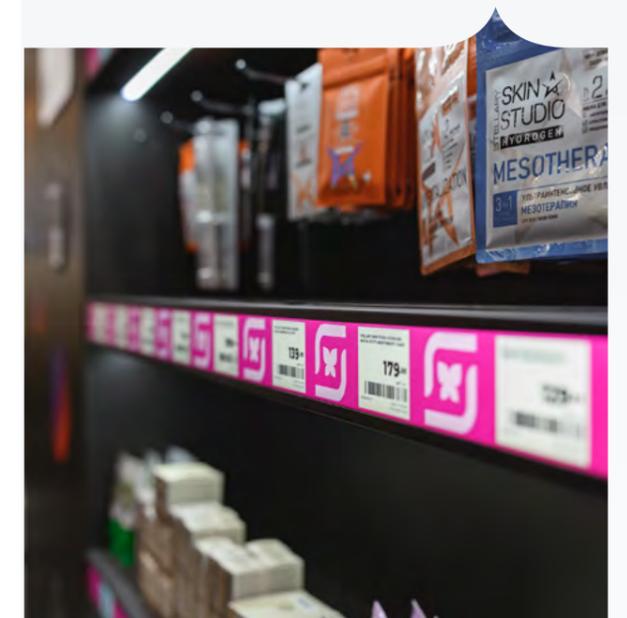
Complexity

- 99.9% price tag correctness
- Ecosystem with a unified management system
- Flexible template adjustments for standard and promotional offers, enabling targeted promotion and additional revenue generation for specific product groups
- Minimal staff workload requirements
- Implementation of beacon technology for efficient product location via electronic price tags
- Support functions: inventory management, e-commerce integration, order assembly, etc.

Key results

Speed

- Single price tag updates completed in under 10 seconds
- Dynamic pricing capabilities





Information security and personal data protection

Magnit's information security is based on a set of interrelated organisational and technical tools which comprise an integrated information security management and assurance system. Our comprehensive approach enables us to protect ourselves against modern information security threats, comply with Russian legal requirements, and prevent financial, reputational and other damage. The Company's information security system is designed and developed in line with global best practices.

1

Magnit has a formalised procedure for internal auditing, which falls within the remit of a dedicated department. We regularly assess information security risks and test our information systems on a quarterly basis.

Key focus areas of information security

Cyber security system



The Company has a set of systems and services to protect against cyberattacks, with solutions in place to identify and eliminate vulnerabilities in IT equipment, detect virus activity and zero-day attacks¹, as well as monitor and respond to security incidents. Magnit monitors the integrity of software architecture across all of its external IT services. The Company's IT team performs ongoing updates to network devices, servers and software, as well as routine scans of all external Company services for known vulnerabilities.

All of Magnit's web services are protected through tools designed to detect and block network attacks on web applications. We actively employ Anti-DDoS² solutions, and regularly scan open internet ports.

Due to the withdrawal of foreign vendors of security systems, in 2024, we tested and adopted domestic solutions for data-centric audit and protection (DCAP) and data access governance (DAG) systems. The Company also completed the replacement of its security information and event management (SIEM) and vulnerability management (VM) systems.

Work from home



During 2024, we piloted a domestic remote access system across select Company branches. Working together with the manufacturer, we have developed an enhancement plan and aim to implement the refined system in 2025.

Anti-fraud



Magnit has established a transparent framework to monitor and respond to incidents related to loyalty programme bonus points. IT experts constantly analyse open-source intelligence (OSINT) to detect new attack vectors, implement and improve anti-fraud equipment for blocking illegitimate debits and bonus point accruals, build processes for analysing the Company's projects under development and implementation for minimising the risks of attacks, etc.

Development of IT security competencies



One of our information security priorities is to make employees more aware of cyber security rules. In 2024, we maintained our focus on developing practical skills for navigating the digital environment safely. Employees receive interactive training and are subjected to simulated phishing attacks to build practical skills. The use of gamification promotes employee engagement in the learning process.

¹ Zero-day – an exposed software vulnerability or malware with no identified means of containment.

² Anti-DDoS is a tool of protection against DDoS attacks, which aim to disrupt the computer system through a constant stream of requests.



Protection of personal data

We have a systematic approach to protecting the personal data of all stakeholders and continuously monitor all existing and planned information systems. The Company makes consistent efforts to raise awareness of employees in information security and personal data protection, with training materials, videos and information security courses now developed and available. Magnit also approved corporate regulations and instructions on personal data processing and protection.

Employees of the IT Department working with user data are duly trained on a regular basis. The Company has automated the collection of consents to personal data processing.

We maintain a log of security incidents in information systems for processing personal data and inquiries regarding their processing and storage.

In addition, internal and external audits assess risks, analyse processed data, and develop and update a threat model for information systems and technical solutions to eliminate such threats.



Plans for 2025

In 2025, we will continue to develop our information security systems to prevent new threats, including further automating of processes, implementing import substitution of information security tools, standardising processes and approaches in our development teams, and developing DevSecOps processes³.

³ DevSecOps (development, security and operations) is a modern development practice that enables organisations to rapidly build and release secure applications.



Business overview

03

Introducing technologies to increase customer loyalty



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Introducing technologies to increase customer loyalty

Magnit actively implements advanced digital solutions to increase efficiency, improve interaction with customers and partners, and enhance customer comfort.



1

Optimisation of operational processes

2

Digital solutions in stores

Analytics for suppliers

3

Quality, convenience,
and comfort for our
customers

1

Developing an in-house forecasting and replenishment (F&R) system for demand forecasting and order planning.

- ▶ The advantages of Magnit's own F&R solution include 100% ownership of the source code, a unified interface, and the ability to operate in a one-stop-shop mode.

Transferring the digital marketing management platform to a proprietary technology solution, enabling the Company to adapt to market changes more swiftly and manage marketing campaigns with enhanced effectiveness.

- ▶ Drawing on data from 80 million loyalty card holders, Magnit.DMP¹ users can more precisely fine-tune online advertising and track the complete customer journey from initial ad contact through to purchase.

Establishing a Retail Technology Lab to test innovative solutions and improvements to the operating model of stores. The lab will increase both the volume and speed of experiments to scale successful hypotheses across the entire network.

- ▶ The Lab is currently testing a new approach to assortment formation based on cutting-edge AI models, supply frequency optimisation, mechanisms for automated product ordering, and creation of digital twins of stores.

Leveraging the Your Idea innovation database as a platform to collect employee suggestions for improving operational processes and services.

- ▶ This initiative has enabled the Company to achieve a reduction in operating expenses exceeding RUB 120 mln.

2

Introducing electronic price tags to accelerate price updates and enhance the shopping experience.

- ▶ In 2024, our First Choice hard discounter chain began testing electronic price tags.

Automating shelf management based on neural network technology.

- ▶ An image recognition app enables swift analytics into actual on-shelf availability of more than 20,000 SKUs.

Testing of BeautyScan cosmetics selection technology.

- ▶ This service utilises advanced AI algorithms to analyse customer photographs and select products from the Magnit Cosmetic product range that best address the customer's needs.

3

Developing RS.Magnit, an analytical portal for suppliers, which has evolved into an essential tool for supplier interaction, offering the ability to monitor critical business metrics in real time. The service helps enhance business processes and enables partners to manage their assortment and logistics with greater efficiency.

- ▶ As part of the RS.Magnit portal development, a similar service for DIXY suppliers was launched. This has expanded access to pertinent data and analytics to improve planning and supply management. Data is provided across more than 35 parameters for 2,200 stores and is updated daily, enabling more rapid decision-making.

¹ DMP – Data Management Platform.



2024 performance

Operating results



19.6%
total revenue growth

8.8%
selling space growth, YoY

11.2%
LFL sales growth

11.2%
sales density growth (LTM)¹, YoY

2,349
gross organic store openings

80 mln
loyalty card holders

¹ Net retail revenue over the past four quarters divided by average selling space as at the end of the past five quarters.

Magnit's total revenue in 2024 increased by 19.6% YoY to RUB 3,043.4 bln. Net retail sales grew by 20.3% YoY, driven by a combination of 8.8% selling space growth and 11.2% LFL sales growth. Net retail sales growth achieved by Magnit convenience stores was 18.1% driven by LFL sales growth in the mature outlets and selling space growth.

In 2024, net retail sales growth continued to outpace selling space growth on further improvement of sales densities. Overall sales densities in the reported period improved by 11.2% YoY.

Selling space growth accelerated to 8.8% YoY driven by organic expansion. During 2024, the Company opened 2,349 stores on a gross basis or 2,008 on a net basis. Net selling space addition in 2024 was 881 thousand sq. m. As of December 31, 2024 the total store base was 31,483.

LFL sales growth accelerated from 5.5% in 2023 to 11.2% in the reported period primarily driven by strong average ticket dynamics. 1,768 stores (net) entered LFL panel in 2024. About 89% of the Group's selling space is already mature with just 11% in the ramp-up phase. Thus, LFL sales growth was driven by solid performance of mature stores, but not the pace of store space addition.

LFL sales growth in 2024 was driven by LFL average ticket growth of 10.2% and LFL traffic growth of 0.8%. LFL average ticket growth was driven by YoY inflationary dynamics, higher promo activity and higher number of items per basket. LFL traffic growth was 0.8% driven by promo and marketing initiatives.

At December 31, 2024, the number of loyalty programme cardholders exceeded 80 million. Company-wide, the proportion of tickets using the loyalty card was 63% with sales penetration of 79%. During peak days of the reported period, it reached 66% and 82% correspondingly. The loyalty programme delivers positive cross-format gains – about 41% of Magnit's customer base visit 2+ store formats. Average ticket of the active user is 2x higher vs transaction without loyalty card.

Selling space by format,
thous. sq. m



7,113	Magnit convenience stores
1,834	Magnit Cosmetic stores
938	Magnit supermarkets
785	DIXY convenience stores

Net retail sales by format,
RUB mln



Net retail sales, RUB bln



Total number of stores



Selling space, thous. sq. m



-- Selling space YoY growth, %

LFL results, %



— LFL ticket growth — LFL traffic growth
— LFL sales growth



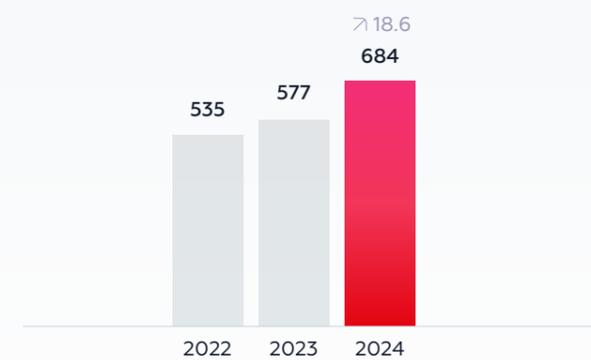
Financial results

Consolidated financial statements of PJSC Magnit and its subsidiaries and independent auditor's report for 2024 are available on the Company's official website in the [Reports and Results section](#).

Total revenue, RUB bln



Gross profit, RUB bln



EBITDA, RUB bln



Net income, RUB bln



Net debt, RUB bln



-- Net debt / EBITDA

Note: pre-IFRS 16.

FY 2024 key financial results¹

RUB mln	pre-IFRS 16			IFRS 16		
	2024	2023	Change 2024/2023	2024	2023	Change 2024/2023
Total revenue	3,043,434	2,544,689	19.6%	3,043,434	2,544,689	19.6%
Retail	3,017,878	2,509,308	20.3%	3,017,878	2,509,308	20.3%
Wholesale	22,923	34,800	-34.1%	22,923	34,800	-34.1%
Other revenue ²	2,632	581	353.0%	2,632	581	353.0%
Gross profit	684,368	577,261	18.6%	686,823	579,187	18.6%
Gross margin, %	22.5%	22.7%	-20 bps	22.6%	22.8%	-19 bps
SG&A ³ , % of sales	-20.7%	-20.1%	-57 bps	-19.3%	-18.8%	-50 bps
Other income and expense, % of sales	1.4%	1.3%	8 bps	1.4%	1.3%	10 bps
EBITDA	171,897	166,256	3.4%	290,935	269,614	7.9%
EBITDA margin, %	5.6%	6.5%	-89 bps	9.6%	10.6%	-104 bps
EBIT	95,852	97,643	-1.8%	143,969	135,517	6.2%
EBIT margin, %	3.1%	3.8%	-69 bps	4.7%	5.3%	-60 bps
Net finance costs	-24,540	-13,817	77.6%	-85,580	-61,030	40.2%
FX gain/(loss)	1,636	8,229	-80.1%	1,653	8,249	-80.0%
Profit before tax	72,949	92,055	-20.8%	60,042	82,736	-27.4%
Net income	49,980	66,137	-24.4%	44,334	58,678	-24.4%
Net income margin, %	1.6%	2.6%	-96 bps	1.5%	2.3%	-85 bps



Implications of IFRS 16. IFRS 16 balances the presentation of leased assets with owned assets. With this, rent expenses are replaced with depreciation and interest payments. Depreciation is reduced on straight line basis but interest is charged on outstanding lease liabilities, thus interest is higher in the earlier years and decreases over time. As a result, the impact on net income is highly dependent on average lease maturity – the higher the maturity, the lower the interest charges.

Total revenue in 2024 increased by 19.6% driven by net retail sales growth of 20.3%. This growth was partially offset by wholesale revenue decline of 34.1%. Wholesale operations accounted for 0.8% of total sales.

Gross profit in 2024 increased by 18.6% YoY to RUB 684.4 billion. Gross margin decreased by 20 bps YoY to 22.5% as a result of stronger promotional intensity, higher logistics costs and shrinkage partially offset by favourable format mix.

SG&A costs as a percent of sales increased by 57 bps YoY to 20.7% due to higher personnel, advertising and other costs partially offset by lower YoY depreciation and rental costs.

¹ The results of the Samberi business have been consolidated into Magnit's financial performance since 11 January 2024 according to IFRS rules.

² Other revenue includes primarily marketplace fees.

³ SG&A - Selling, General and Administrative Expenses.

Personnel costs as a percentage of sales increased by 32 bps YoY primarily driven by indexation of salaries of retail personnel as well as higher outstaffing tariffs.

Advertising expenses as a percentage of sales increased by 12 bps YoY on higher marketing activities, including digital marketing and loyalty campaigns.

Despite increased share of leased selling space to 84.2% in 2024 compared to 82.8% a year ago rental costs as a percentage of sales decreased by 9 bps driven by higher sales density and closure of inefficient stores.

Other expenses as a percentage of sales increased by 32 bps YoY primarily due to faster YoY growth of online services.

Utilities, repair and maintenance, materials, bank services and tax expenses as a percentage of sales remained broadly flat YoY.

As a result, EBITDA increased by 3.4% YoY to RUB 171.9 billion with a 5.6% margin – lower by 89 bps YoY, driven by gross margin and SG&A expense dynamics partially offset by higher other income and expenses.

Note: pre-IFRS 16.

Balance sheet and cash flows

Financial position highlights (IFRS 16)

RUB mln	31 December 2024	31 December 2023
Inventories	270,417	233,693
Trade and other receivables	21,001	12,844
Cash and cash equivalents	159,470	221,286
Long-term loans and borrowings	151,050	280,940
Trade and other payables	373,983	300,292
Short-term loans and borrowings	260,868	121,195

Depreciation as a percentage of sales decreased by 20 bps YoY driven by the base effect of the previous year.

Net finance costs in 2024 increased by 77.6% YoY to RUB 24.5 billion due to the lower income from bank deposits as well as higher total amount of borrowings and cost of debt.

Average weighted cost of debt¹ increased by 475 bps YoY to 13.8% but still remains well below current CBR key rate. 97.5% of the Company's debt profile is represented by long-term borrowings and bonds.

In 2024 the Company reported FX gain of RUB 1.6 billion related to revaluation of cash balances on FX accounts compared to RUB 8.2 billion FX gain in the same period of last year.

As a result, net income in 2024 decreased by 24.4% YoY to RUB 50.0 billion with a margin of 1.6% on the back of EBITDA, net finance costs and FX gain dynamics.

Inventories increased by RUB 36.7 billion (+15.7% YoY) compared with 31 December 2023 and stood at RUB 270.4 billion on the back of total sales growth of 19.6%. Turnover of inventories improved by 2.9² days YoY to 39 days driven by reduction of slow-moving items and assortment harmonisation.

Trade and other payables grew by RUB 73.7 billion compared with 31 December 2023 and stood at RUB 374.0 billion driven by higher sales. Accounts receivables increased by RUB 8.2 billion vs 31 December 2023 and stood at RUB 21.0 billion.

Debt composition and leverage³

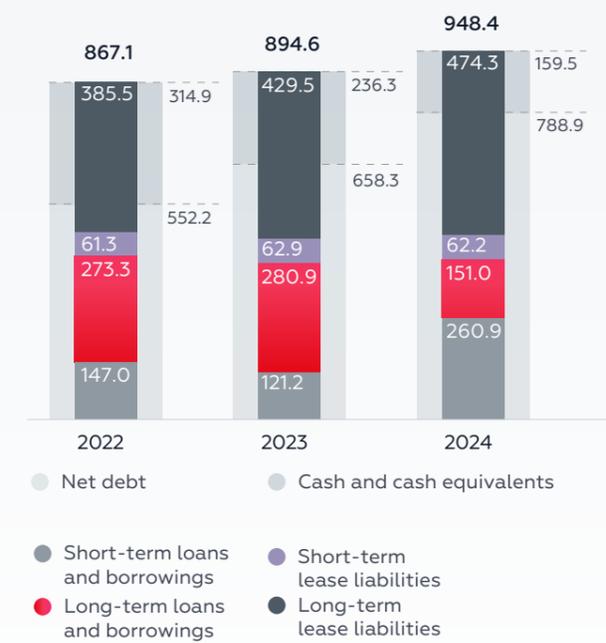
	31 December 2024	31 December 2023 ⁴
Pre-IFRS 16		
Total debt, RUB billion	412.2	402.4
• Long-term debt, RUB billion	151.2	281.0
• Short-term debt, RUB billion	261.0	121.4
Net debt, RUB billion	252.8	166.1
Net debt / EBITDA	1.5x	1.0x
IFRS 16		
Net debt, RUB billion	788.9	658.3
Net debt / EBITDA	2.7x	2.4x

As at 31 December 2024, gross debt increased by RUB 9.8 billion or 2.4% compared to 31 December 2023 and stood at RUB 412.2 billion. The Company's cash position decreased to RUB 159.5 billion as at 31 December 2024 from RUB 236.3 billion⁴ as at 31 December 2023. As a result, net debt increased by 52.2% YoY to RUB 252.8 billion as at 31 December 2024.

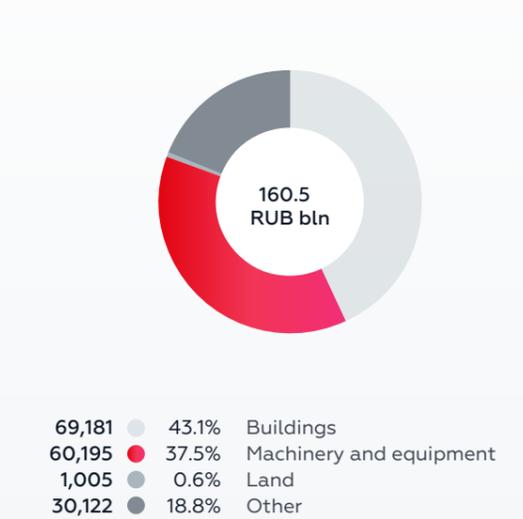
The Company's debt is fully RUB denominated, matching its revenue structure. The net debt to EBITDA ratio was 1.5x as at 31 December 2024.

Capex in 2024 increased by 118.6% and stood at RUB 160.5 billion. This was driven predominantly by the significant truck fleet replenishment, as well as acceleration of store opening and redesign programmes.

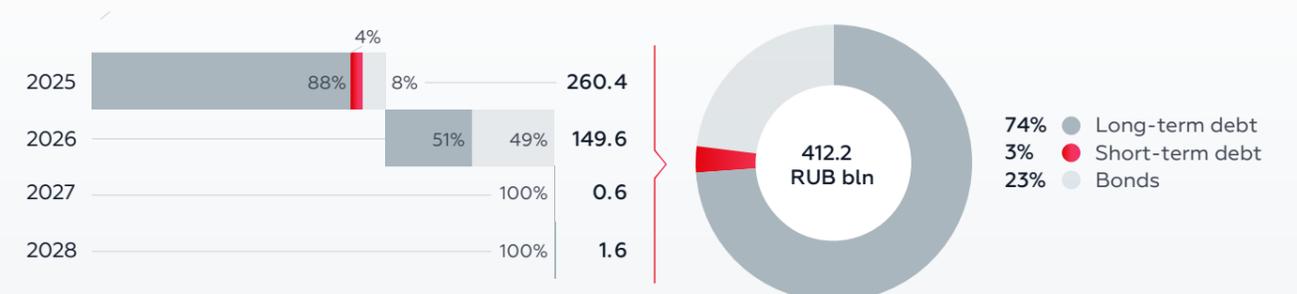
Debt⁵, RUB bln



Capital expenditure split, RUB mln



Maturity, RUB bln



¹ Excluding Samberi.
² Inventory turnover days = ((inventories as at 31 December 2024 + inventories as at 31 December 2023)/2/cost of goods sold for 2024) x 366.
³ Minor variations in calculation of totals, subtotals, and/or percentage change are due to rounding of decimals.
⁴ Including deposits, reported in the financial assets. Cash allocated on these deposits is immediately available and can be withdrawn at any time without loss of value (without penalty for withdrawing).
⁵ IFRS 16.



Format overview

Magnit relies on a multiformat business model designed to best meet customer needs through tailored product offerings. Our portfolio of formats caters to diverse shopping missions, positioning Magnit as the top choice for everyday shopping.

Expansion beyond traditional grocery formats

Developing cosmetics stores and pharmacies offering our customers beauty and health products



Exploring other niches and testing new formats



Developing our own production to offer customers high-quality products at affordable prices by managing the entire value chain



Expanding our online capabilities and developing e-commerce services



All our conventional formats, including convenience stores, supermarkets, superstores, drogeries, pharmacies, and delivery services, are part of a single Company-wide loyalty programme.



Traditional offline formats

Magnit convenience stores



66

DIXY convenience stores



69

Magnit supermarkets



74

Drogerie stores



78

Promising offline formats

My Price stores



82

First Choice hard discounters



83

M City



85

Magnit Go



86

Magnit Convenience Plus



87

Magnit Pharmacy



88

Traditional offline formats

Magnit convenience stores

Magnit convenience stores are one of Russia's largest food retail chains operating in this format. Their customer value proposition (CVP) focuses on providing a quick and convenient shopping experience by improving the customer journey and leveraging modern technology.

These stores serve as go-to destinations for everyday shopping offering a broad range of food and non-food essentials at attractive prices. They are ideal for quick purchases of fresh dairy products, fruit, vegetables, bread, dry goods, flour products, confectionery, and household chemicals.

Store openings

- **Payback period:** 3–4 years
- **Costs per sq. m of selling space:**
 - new store: RUB 36,000;
 - redesign: RUB 29,000.
- **Reaching sales maturity:** 12 months

CVP: Magnit convenience stores

► Positioning

Everything you need to make this day better.
A store with everything at hand for those who want to satisfy their everyday needs.

► Missions

- Evening meals
- Everyday purchases
- Ready-to-eat dishes

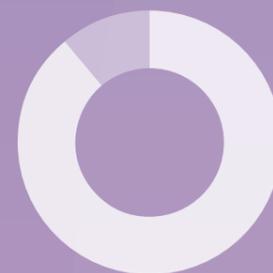
► Location

Residential and business areas, shopping malls

► Clustering

- **Metropolis:** higher share of leisure goods; follows the look & feel design with a focus on the ambiance, useful services, digital solutions without compromising on price attractiveness.
- **City:** balanced offer and focus on the fresh category.
- **Countryside:** higher share of household goods.

► Sales mix



89% ● Food
11% ● Non-food

>5,000 SKUs
product mix

351 sq. m
average selling space



2024 performance¹

In 2024, our Magnit convenience stores maintained their leadership in everyday shopping. By year-end, they accounted for 69% of the Company's retail sales. Throughout the year, we actively developed the format by rolling out a new store concept and expanding our presence across various regions.

The format saw 1,771 gross store openings and 204 store closures made as part of our operational efficiency programme, with the net openings coming in at 1,567 stores.

A total of 75% of the format's new openings were new-concept convenience stores. We also continued redesigning existing stores, which resulted in increased turnover and an 11.7% YoY growth in average LFL sales. LFL traffic rose by 0.8%.

In September 2024, we announced plans to scale up the roll-out of the new concept stores. In 2024, we opened 55 stores in the new format, while also updating our existing stores. Starting 2025, all new convenience stores will feature an updated CVP.

¹ Operating results include performance of convenience stores and other small formats, including My Price soft discounters, First Choice hard discounters, M City, Magnit Go and Magnit Convenience Plus stores.

Highlights of Magnit convenience stores

7,113 thous. sq. m
selling space

586 thous. sq. m
net selling space growth

87%
leased

13%
owned

Number of stores

20,268
total stores

1,771
gross openings

Purchasing activity

4,997 mln
number of tickets

RUB 416
average ticket (excl. VAT)

RUB 305,000 / sq. m per year
LTM sales density

LFL metrics

11.7%
LFL revenue growth

10.7%
LFL average ticket growth

0.8%
LFL traffic growth



► **Launch of franchises for most formats**

In August 2024, we launched a franchise programme for most of our retail formats, including convenience stores.

We offer our partners collaboration based on reverse franchising, which grants franchisees the rights to use our brand and the benefits of our business model. Franchisees act as agents selling Magnit’s products and managing store operations, while receiving our support and expert guidance at every stage of running the business. We provide franchisees with proprietary analytics, help them assess the financial performance of existing and future stores, and offer training in building product assortments and adopting responsible pricing principles. Additionally, Magnit assists with marketing activities, facilitates integration with our IT systems, and provides training for the franchisee’s staff.



► **Opening of the first eco-friendly convenience store in Moscow**

In November 2024, Magnit opened its first eco-friendly convenience store in central Moscow. The store’s concept centres around sustainability and efficient resource use, reflecting the Company’s commitment to sustainable development and environmentally responsible practices.

This store is more than just a retail space – it serves as a platform for promoting environmental awareness among our customers. Some of the measures to achieve this include:

- guidelines on proper waste sorting and mindful product selection displayed throughout the store;
- a container installed for collecting used batteries;
- dedicated shelves featuring an expanded range of eco-friendly products with verified environmental credentials.

Among the innovations introduced is our ready-to-eat range under the M Kitchen brand, packaged in potentially recyclable materials. Store staff have completed a specialised training course on eco-products, developed in partnership with the Ecological Union.

This partnership underscores our commitment to expanding and upgrading our network of convenience stores, ensuring that we adapt to the evolving needs of consumers and embrace innovative retail trends.

► **Partnership with Samolet Group**

In October 2024, Magnit entered into an agreement with Samolet, a real estate development group, to open 30 stores within its residential development projects across five regions of Russia. These will include our Magnit Convenience stores and Magnit Cosmetic stores, each averaging 350–400 sq. m, that will be hosted in both completed and newly occupied residential projects, as well as those under construction.

DIXY convenience stores



DIXY convenience stores are one of Russia’s largest food retail chains operating in the convenience format.

The key advantage of this format lies in its extensive selection of essential products offered at attractive prices, making these stores a go-to option for daily shopping needs.

As at the end of 2024, the DIXY network comprised 2,363 convenience stores. Following its acquisition in 2021, Magnit continued to develop the brand in 2024, redesigning 344 DIXY stores and opening 155 new stores (including one dark store) with an improved operating model.



CVP: DIXY convenience stores

► **Positioning**

Convenient and affordable stores for everyday shopping.

► **Mission**

- Evening meals
- Everyday purchases
- Ready-to-eat dishes

► **Location**

Residential and business areas, shopping malls

>6,000 SKUs
product mix

332 sq. m
average selling space



Selling space ownership

92%

leased

8%

owned

Number of stores

2,363

total stores

155

gross openings

Purchasing activity

707 mln

number of tickets

RUB 462

average ticket (excl. VAT)

LFL metrics

12.4%

LFL revenue growth

9.7%

LFL average ticket growth

2.4%

LFL traffic growth

2024 performance

In 2024, the share of DIXY stores in the Company's retail sales reached 11%. Throughout the year, we opened 155 new stores and closed 27, bringing the total store count to 2,363 by year-end.

DIXY achieved a 12.4% increase in LFL revenue, the highest among all of our retail formats. This growth was driven by a 9.7% rise in the LFL average ticket and a 2.4% increase in LFL traffic. Sales density improved by 10.4%.

Total selling space expanded to 785,000 sq. m, an increase of 46 thousand sq. m compared to the previous year.

In December 2024, e-commerce accounted for 2.3% of the format's sales (averaging 1.6% for the year), with respective revenue growing more than threefold. Delivery services were used by 3.3 million customers throughout the year. At the end of December, DIXY launched its first dark store based on our proprietary system solutions, significantly enhancing the customer experience: order acceptance takes just seven minutes, while assembly is completed in 15 minutes.

In 2024, DIXY developed and launched a new concept for convenience stores with an updated CVP, ran initial pilots, and began scaling the concept roll-out.

The new CVP focuses more on ready-to-eat, ready-to-cook, and on-the-go options, which are particularly important for consumers in large cities. Throughout 2024, the chain launched 386 new private label products, bringing their total portfolio to 932 SKUs by year-end, with private label sales accounting for over 8% of revenue. Bakery products were introduced in 280 stores, with the total number of stores featuring in-house bakeries reaching 412, or 17% of the network's store count by the end of 2024. Ready-to-eat meals are now available in 1,055 stores, or 45% of the network. All new-concept stores are equipped with self-checkouts, with the latter installed in 1,365 stores by year-end (58% of the network).

In 2024, DIXY had a total of 233 new-concept store openings featuring the updated CVP. These stores show higher sales and customer traffic growth compared to the stores that have not been redesigned or were updated under the previous concept. For instance, their LFL sales growth exceeded 30% after redesign.

In 2024, DIXY began testing a DIXY Go ultra-small store format. These compact stores offer a selection of in-demand products and are located within walking distance of customers. The first DIXY Go stores opened in the Moscow region, situated on the ground floors of residential buildings. By the end of the year, 24 new stores were up and running.

This new format aims to offer quick and convenient shopping as close to home as possible. DIXY Go stores focus on everyday purchases and restocking of basic items, ready-to-eat meals for the evening, and snacks. To enhance the shopping speed and convenience, these stores are equipped with self-checkouts.

Key features of this format include a small selling space (70–110 sq. m) and a limited product selection of about 2,000 SKUs. A significant portion of the assortment is comprised of beverages, including alcohol, as well as dry food and confectionery. There is a strong focus on ready-to-eat meals, baked goods, and freshly brewed coffee.

The format follows the everyday low price (EDLP) strategy, offering consistently low prices without promotions. DIXY Go is integrated with the broader DIXY's loyalty programme.

The connection to the parent brand is further reflected in the store design, which incorporates key elements of DIXY's updated branding.



First DIXY store opened in St Petersburg Metro

DIXY opened its first store in the St Petersburg Metro, located at the Dostoevskaya station.

The new store spans 333 sq. m and offers approximately 5,400 SKUs. It focuses on fresh products and ready-to-eat meals, which make up about one-third of the assortment. Along with packaged ready meals, there is a coffee corner where customers can pick up freshly brewed coffee to enjoy on the go.

The store also offers a variety of fruit and vegetables, dry food, confectionery, drinks (both alcoholic and non-alcoholic), as well as everyday non-food essentials – making it ideal for regular shopping or quick meals and snacks.

To make shopping easier, the store features clear signage, wide aisles, and self-checkouts for a speedy experience.





▶ Streamlined operational model

By simplifying and streamlining a range of operational processes, DIXY significantly reduced the workload on staff, freeing up over 14 hours of time while enhancing customer service.

The introduction of an OSA¹ tool based on a GoodsForecast solution successfully addressed issues related to product availability on shelves, contributing to an increase in sales.

Thanks to improvements in the restocking process, inventory turnover has sped up by seven days, freeing up working capital for further investment in network development, while still keeping products readily available for customers.

In 2024, DIXY tested various demand forecasting models from different partners, chose the best solution, and began rolling out a full-scale system for restocking and demand forecasting.

DIXY also upgraded more than 60% of its truck fleet and over 30% of its warehouse equipment, making significant investments in refurbishing logistics infrastructure and improving working conditions. This resulted in a productivity boost of more than 20% for employees at distribution centres.

Additionally, DIXY implemented digital solutions in stores and on storefronts to engage with customers and attract new ones.

By the end of 2024, the chain had a total of 4,265 TV panels installed across 1,314 stores, as well as over 130 digital tools in stores and LED screens on storefronts.

Nearly half of the stores (1,290) were equipped with an internal audio broadcasting system by the end of 2024. This system helps improve the store ambiance and boost customer loyalty while promoting services and offers.



▶ Innovative approach to merchandising and store layouts

In 2024, DIXY completely overhauled its approach to merchandising and store layouts. The new strategy draws upon insights derived from the Company's vast data resources and research from top analytical agencies in Russia.

With this updated approach, DIXY can better understand what customers need and prefer, making shopping more comfortable and convenient. By leveraging modern technologies and analytics, the Company can quickly adapt to changing customer demands, boosting loyalty and offering the products shoppers really want.

▶ Revamped communication strategy and brand identity

In line with the new brand book developed in 2023–2024, DIXY embarked on a transformation of its customer engagement strategy. The goal of this marketing effort is to refresh the brand's perception among shoppers.

In 2024, several projects were launched to enhance the DIXY brand image, including updated advertising materials, social initiatives, and sports marketing efforts.

Additionally, DIXY is revamping its approach to existing customer promotions. Importantly, to support the DIXY Friends Club loyalty programme, we increased the integration of loyalty mechanics in promotional campaigns to 80%.



▶ Customer store rating system

DIXY introduced a new system for customers to rate its stores on a regular basis. This system helps track the issues shoppers encounter at each store and take action to resolve them. It not only monitors the quality of service in stores but also identifies hidden friction points that customers experience while interacting with the brand.

Besides ranking the best and worst performing regions and divisions, the system evaluates how different service elements contribute to overall store ratings. These insights help determine which areas need attention first to improve efficiency.

The system also provides quick feedback on new initiatives in stores, helping DIXY assess their impact on customer satisfaction and financial performance.

▶ Loyalty programme development and transformation

In November 2024, DIXY revamped its loyalty programme for customers. The changes kept the top membership levels with the highest cashback rates and significantly expanded the range of favourite categories and products eligible for an extra 10% cashback or 20% discounts. As a result, by the end of the year, the number of purchases made with the loyalty card rose by 12% compared to the previous year.

In 2025, DIXY continues to focus on customer-centricity by offering over 300 products with additional perks for loyalty card holders. Further plans include developing personalised pricing and exploring non-commercial partnerships to bring even more value to customers.

▶ Analytical portal for suppliers

DIXY, in collaboration with Retail Services, launched an analytical portal for suppliers.

On the RS.Dixy portal, partners can quickly access up-to-date information regarding demand, product share within both the assortment and category, ticket penetration, promotional results, product availability on store shelves and in warehouses, service levels for deliveries to distribution centres, and other insights that will help suppliers improve sales efficiency. It provides deeper insights into how the supply chain impacts final sales and helps track customer behaviour through loyalty card data analytics. Suppliers also have the ability to monitor product availability in stores without sending merchandisers for in-person visits.

The portal offers data across more than 35 metrics – covering the entire network of nearly 2,400 stores or breaking it down by individual location, with updates available daily.

Around 1,300 suppliers currently work with DIXY, and the portal is already being piloted with several partners, including those using a similar solution rolled out by Magnit.

¹ OSA – on-shelf availability.



Magnit supermarkets



Magnit develops large-format stores such as Magnit Family supermarkets and Magnit Extra superstores.

CVP: Magnit Family supermarkets

Magnit Family supermarkets are conveniently located within a walking distance from residential and business areas, as well as in shopping malls. They offer a wide selection of products with a focus on the fresh category, ready-to-eat foods, and dedicated sections with healthy lifestyle products. Supermarkets provide an extended product range, enhanced shopping experience, reasonable prices, and place a special emphasis on gastronomic impressions.

► Positioning

Shopping experience makes a difference in a full-service supermarket offering an extended product range, enhanced service quality, and reasonable prices.

► Missions

- Evening meals
- Everyday purchases
- Ready-to-eat dishes
- Small purchases

► Location

Residential and business areas, shopping malls

>14,000 SKUs
product mix

CVP: Magnit Extra superstores

Magnit Extra superstores differentiate themselves with vibrant design, thematic zones developed in partnership with leading FMCG companies, extended product range, and high-quality technologies. Locations are selected considering a combination of pedestrian and automotive accessibility. This is a modern and technologically advanced large-format store for the entire family that offers an extended product range covering all missions and focusing on the price-quality ratio. The assortment of non-food and seasonal products is tailored to key customer missions, transitioning from the principle of “a little bit of everything” to a comprehensive offering.

► Positioning

Shopping as a valuable experience for the entire family in a store that offers an extended product range covering all missions and focusing on the price-quality ratio.

► Missions

- Evening meals
- Everyday purchases
- Ready-to-eat dishes
- Seasonal purchases
- Stock-up shopping

► Location

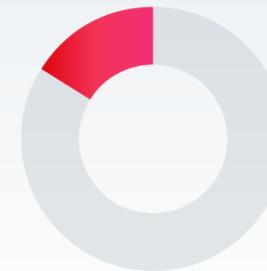
Residential areas, highways

>23,000 SKUs
product mix



Large-format stores

► Sales mix



86% Food
14% Non-food

► Floor area

900–2,200 sq. m

Magnit Family supermarkets

2,300–5,000 sq. m

Magnit Extra supermarkets

► Redesign cost

RUB 26,000 / sq. m of selling space

2024 performance

In 2024, Magnit supermarkets accounted for 8.8% of the Company's retail sales. As part of a campaign to enhance operational efficiency, we closed 33 supermarkets, focusing on increasing sales density in the existing store network. The total selling space of the supermarkets reached 938 thousand sq. m.

LFL sales of the format's stores grew by 6.5% driven by 8.5% increase in LFL average ticket and 1.9% LFL traffic decline. As a result, net retail sales at supermarkets grew by 5.5% in 2024.



938 thous. sq. m
selling space

Selling space ownership

46%
leased

54%
owned

Purchasing activity

330 mln
number of tickets

RUB 807
average ticket
(excl. VAT)

RUB 277 thous. / sq. m per year
LTM sales density

LFL metrics

6.5%
LFL revenue growth

8.5%
LFL average ticket
growth

-1.9%
LFL traffic growth



Charging stations for electric vehicles at large-format stores

In 2024, Magnit launched a pilot project to install fast charging stations for electric vehicles in the parking lots of its large-format stores – Magnit Family supermarkets and Magnit Extra superstores.

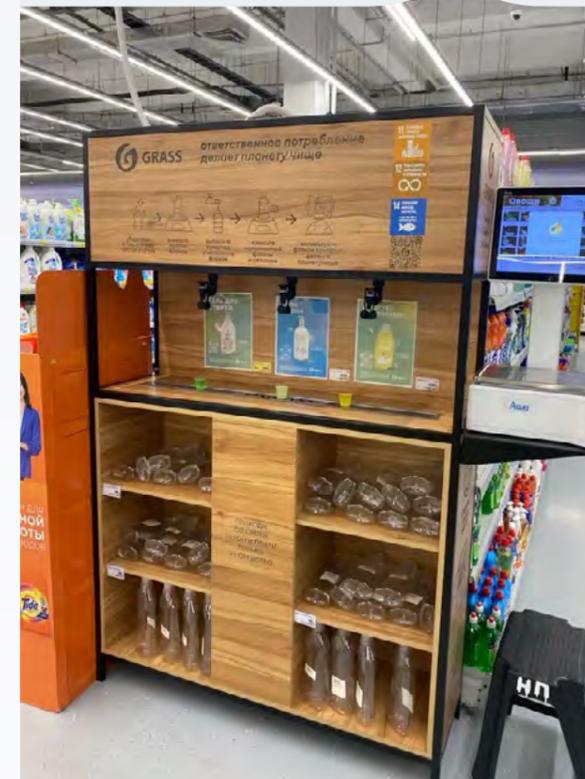
The first charging station was unveiled near the Magnit Extra store at 174, 40th Anniversary of Victory St. in Krasnodar. The station has a capacity of 150 kW and can service up to three electric vehicles at once.

The Company plans to pilot additional EV charging stations at its large-format stores in the Moscow and Leningrad regions, Rostov-on-Don, the Sirius federal territory (Krasnodar territory), and other locations.

The electricity supplier for these charging stations will be Magnit Energo, one of Russia's largest independent energy supply companies, part of the Magnit Group. Magnit Energo provides electricity to both our own facilities, including stores, as well as third-parties, ranging from small enterprises to large corporations. By purchasing electricity on the wholesale market, Magnit Energo can offer attractive prices to its partners.

First in Russia environmental lifecycle certification secured by Magnit superstore

Magnit became Russia's first retailer to obtain the Vitality Leaf certification for its store, recognising compliance with stringent environmental and sustainable consumer economy standards. This voluntary certification is aligned with the international standard ISO 14024 and is aimed at promoting and preserving environmental wellbeing. The certification was awarded to a Magnit superstore located in the Sirius federal territory in the Krasnodar territory. Certifying experts from the Ecological Union carried out an on-site audit and reviewed the store's key operational regulations. During the certification process, various performance metrics were evaluated, including the energy efficiency of equipment (air conditioning, heating, lighting, refrigeration, and other systems); waste minimisation practices, including food waste management; recycling initiatives, packaging solutions, and customer engagement (setting up recycling collection points and promoting eco-friendly products). Furthermore, experts looked at how the store collaborates with suppliers to ensure they adhere to green procurement principles and environmental policies. They also evaluated the store's selection of eco-friendly products and the criteria used for selecting them.



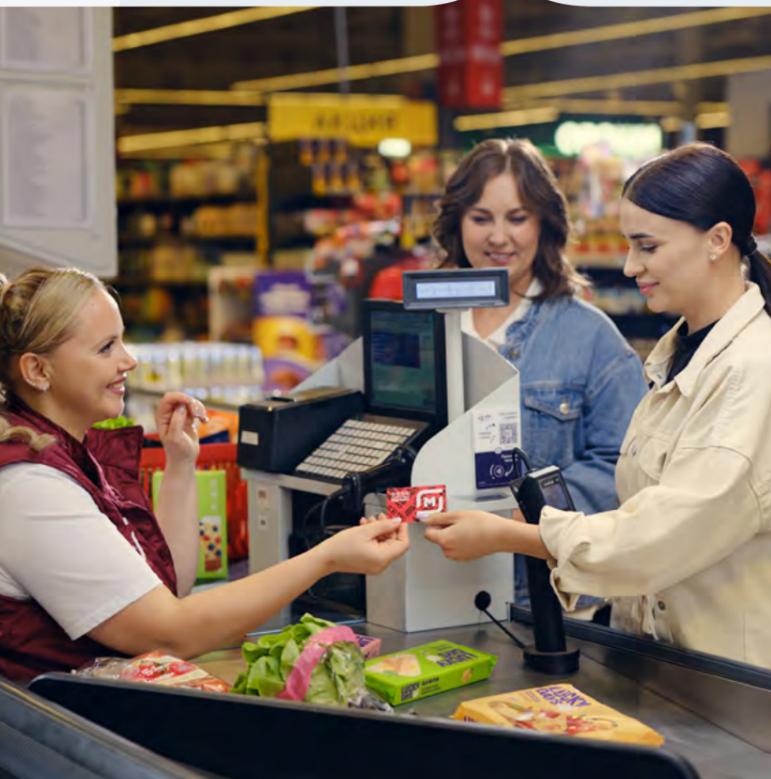
15 more supermarkets added to food sharing programme

In 2024, Magnit partnered with the Foodbank Rus charitable foundation to expand its food sharing programme, which provides quality food nearing expiration to those in need at no cost. In August, the Company added 15 more large-format stores – Magnit Extra superstores and Magnit Family supermarkets – to the project, bringing their total number to 20 by the year-end.

The participating stores are located in the Saratov region, Voronezh, Yekaterinburg, Krasnodar, Nevinnomyssk, Nizhny Novgorod, Novorossiysk, Penza, Pskov, Ryazan, St Petersburg, Serov (Sverdlovsk region), Tver, Ufa, and Chelyabinsk. With this expansion, the Magnit food sharing programme will now operate in 20 cities.

The food sharing basket comprises 300 SKUs, excluding animal products. It includes not just basic food items but also fresh vegetables and fruit, ensuring a well-rounded and healthy diet.

Volunteers from Foodbank Rus deliver the products to beneficiaries within the same day as they are assembled at our dark stores or supermarkets. All items go through a double quality check – first by Magnit employees and then by the foundation's volunteers. In all stores joining the food sharing programme, the Company will also organise the collection and distribution of non-food products to those in need.





Drogerie stores



Magnit Cosmetic is a non-food retail format for women catering to their personal care, family wellbeing, and household needs. These stores offer make-up and skincare products, perfumes, personal hygiene items, products for children, household chemicals, and other everyday non-food items.

With a total of 8,050 stores, Magnit Cosmetic is the largest drogerie chain in Russia. The stores are adorned in vibrant pink tones and feature accent lighting in the sales area, creating a pleasant ambiance that entices customers to make purchases.

CVP: Magnit Cosmetic

► Unique offering

Trust us to take care of the quality, prices, and authenticity of all our products. Just decide whether to visit us in-store or order for delivery.

► Positioning

Drogerie stores nearby with a wide variety of everyday essentials, including cosmetics, household chemicals, and home goods, offered at affordable prices.

► Location

- Residential areas
- Shopping malls
- High-traffic streets

► Clustering

- **Metropolis.** Core assortment: make-up products and perfumes. Main shopping mission: purchases for personal use. A variety of beauty services available.
- **City.** Balanced offer for different consumer groups. Core assortment: laundry and household cleaning products. Main shopping mission: purchases for family and home.
- **Countryside.** Wide selection of products for family and home, including personal hygiene items, products for children, and home care products. Core assortment: non-food items such as accessories, home goods, storage solutions, and kitchen products. Main shopping mission: finding great deals.



Store openings



- **Payback period:** 3–4 years
- **Costs per sq. m of selling space:**
 - new store: RUB 36,000;
 - redesign: RUB 29,000.
- **Reaching sales maturity:** 12 months

Highlights of drogerie stores

8,050

total number of stores

1,834 thous. sq. m

total selling space

8,255 SKUs

product mix

228 sq. m

average selling space

LFL metrics

10.0%

LFL revenue growth

9.7%

LFL average ticket growth

0.2%

LFL traffic growth



2024 performance

Magnit Cosmetic drogeries accounted for 7.5% of the Company's retail sales. During 2024, the format had 376 gross store openings, with 66 stores closed as part of a campaign to improve operational efficiency. As a result, as at 31 December 2024, Magnit operated a total of 8,050¹ drogerie stores.

Selling space growth amounted to 61,000 sq. m, or 3.5% YoY. This result coupled with a 10.0% rise in LFL sales led to a 13.1% increase in net retail sales. LFL sales growth was driven by a 9.7% increase in the LFL average ticket and a 0.2% rise in LFL traffic.

Throughout 2024, the Company continued to successfully develop the Magnit Cosmetic online format whilst optimising delivery services. The year also saw the opening of our first Magnit Cosmetic store under a franchise agreement in Pervomaiskoye, Leningrad region. We continue to test advanced technologies, including AI-based solutions, with a unique Magnit Cosmetic concept store opening in St Petersburg.

Russian cosmetics and skincare products reached 50% of the retail chain's offering in 2024. We plan to launch new private labels in the coming year. With the expansion of our brand portfolio and new product launches, the number of private labels at Magnit Cosmetic may increase by 1.8 times – growing to more than 30 private labels from 17 in 2022, whilst the number of SKUs may increase by more than 20%, reaching 2,600. Private labels represented 18% of Magnit Cosmetic's sales mix in 2024.

Additionally, during the reporting year, we implemented a range of initiatives aimed at enhancing service quality across the Magnit Cosmetic chain. These included:

- launching additional tools for process digitalisation;
- expanding our product range, including environmentally friendly products;
- optimising the product delivery network through partner services;
- opening a flagship beauty store;
- expanding omni-channel services for customers;
- revising our CVP and paving the way for further evolution of the Magnit Cosmetic format.

Release of men's fragrances collection by Magnit Cosmetic and Henderson

Magnit Cosmetic, in collaboration with Henderson and the cosmetic brands distributor United Europe Group, has launched a line of men's fragrances.

This partnership marks the first time the Russian Henderson Fashion House has created fragrances for a drogerie chain, while for Magnit Cosmetic, it represents the first collaboration with a domestic fashion retailer. The collection has already made its debut on shelves and is available across more than 8,000 stores. The line comprises four fragrances. Men's perfumery has emerged as one of the fastest growing categories offered by Magnit Cosmetic. Men's fragrances account for approximately 40% of total perfume sales in unit terms. Additionally, customer purchasing patterns have evolved, with more frequent selection of items from the mid-price segment. Sales in this category more than doubled over the previous year.



Opening of Magnit Cosmetic concept store in St Petersburg

Magnit opened its first Magnit Cosmetic concept store in St Petersburg. This new store embodies the future of beauty shopping, emphasising a technological approach to beauty with a focus on make-up and skincare products, as well as digital services.

The store opened in the heart of the city at 105 Nevsky Avenue. With a floor area of 180 sq. m, it offers an assortment of 6,600 SKUs. The store focuses on cosmetics and skincare categories while offering a reduced selection of household chemicals, household goods, and certain other categories.

Skincare, make-up cosmetics, and perfumery are displayed in a dedicated store section. The store features several innovative zones, including a serum bar showcasing skin serums with active ingredients, a treatment bar demonstrating hair care routines, and a Blogger Favourites shelf with a screen displaying videos about the featured products. There is also a designated area for stylists available during customer days.

The selling space integrates digital solutions for comfortable product selection along with services for a seamless shopping experience with swift transitions between offline and online sales channels. The store utilises a lift and learn technology (screens displaying videos about products as customers pick them off the shelves), a hair dye selection service allowing customers to "try on" different shades via tablets, and the BeautyScan service for personalised facial skincare product recommendations.

Information about products, cosmetic ingredients, current promotions, and QR codes for quick access to relevant app sections for detailed information and product ordering is displayed in showcases, on storefronts, and on digital wall panels throughout the store. A pick-up point for the Click&Collect service is conveniently located in the checkout area.



Launch of new make-up brand

Magnit introduced a new private label make-up brand called LAF (Love_Against_Filters). In Q1 2024, LAF products made their debut on the shelves of Magnit Cosmetic drogerie chain, which encompasses more than 8,000 retail stores.

The line features over 100 SKUs, including foundations, blushes, eyeshadows, eye and lip liners, mascaras, lipsticks, and other cosmetic products, as well as accessories for make-up, hair, and manicure. The collection will be regularly updated. Designed for women of all ages, the brand offers accessibility to customers across all income levels. LAF expands Magnit's existing private label offering in the make-up category, which includes popular mid-price brands such as Stellary and Beauty Bomb. Magnit has further plans to launch an additional cosmetics brand positioned in the medium+ price segment.

Since 2022, Magnit Cosmetic has steadily expanded its private label offering, particularly in response to some foreign brands exiting the Russian market and the reduction in marketing activities from several manufacturers. In 2023, the chain introduced several own brands, including Fiora (feminine hygiene), LamaLove (children's hygiene), Belle Papielle (paper hygiene), Auramore (eau de toilette), ProWave (hair care products), and others.

In 2024, LAF was honoured as the Best Private Label in the Beauty and Personal Care category at the Private Label Awards.

¹ Including 124 drogerie stores located in Uzbekistan.

Promising offline formats

My Price stores



The store concept is aimed at price-sensitive consumers who frequently make minor purchases of traditional goods or stock up on products.

My Price offers a limited assortment consisting of best-selling items from Magnit convenience stores at consistently low prices. These stores meet customers' essential everyday needs and feature a simple layout of the sales floor and a basic set of equipment, while maintaining a high level of customer service.

The chain focuses on affordable shopping, offering fresh products, dry food, frozen products, and non-food items at reduced prices.

My Price stores are present in small towns and major cities alike, including those with population of over one million people.



CVP: My Price stores

► Positioning

A no-frills, low-price store with a cosy atmosphere and a small yet high-quality assortment, catering to customers' essential needs.

► Missions

- Shopping close to home
- Everyday purchases
- Small purchases

► Location

- Residential areas
- Areas with low-income populations
- Sparsely populated areas

► Target audience

Price-conscious, budget-minded consumers, retirees, and low-income families.

► Key highlights

2,000 SKUs
product mix

100–250 sq. m
average selling space

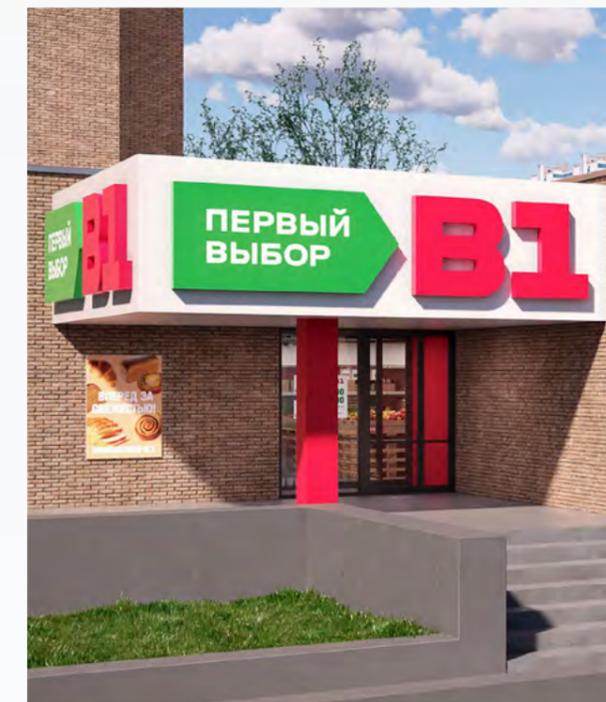
Streamlined operational model, with two to three employees per shift.

First Choice hard discounters



First Choice hard discounters are technologically advanced and innovative stores with a focus on a limited yet high-quality assortment at attractive prices, catering to basic customer needs.

It focuses on mid-priced products, with a small share of “first price” items. The format actively develops private labels, which make up to 15% of its product mix.



CVP: First Choice hard discounters

► Positioning

First Choice offers rational shoppers a basic basket of quality goods with a convenient shopping experience at a low price.

The chain has its own positioning and brand name, along with a loyalty programme centred around customer benefits. First Choice continuously works with customer feedback to improve the shopping experience.

► Missions

- Just the essentials: no goods that don't sell
- Efficient processes

► Location

Areas with high residential density or commercial locations in smaller towns

► Target audience

Budget-minded shoppers

► Key highlights

1,100 SKUs
product mix: basic basket

280–350 sq. m
floor area

100 SKUs
seasonal offers



First Choice hard discounters: competitive advantages

- Streamlined operational model, with two to three employees per shift, flexible schedule management, multitasking employees.
- Assortment to differentiate from other hard discounters:
 - fruit and vegetables;
 - freshly baked bread and other bakery products;
 - goods sold by weight (nuts and sweets);
 - seasonal collections of food and non-food items.
- High product quality combined with the EDLP strategy.

- 0.85x price index compared to the convenience store format.
- High inventory turnover and separate logistics infrastructure with technologies tailored for a discount store: pallet and case assembly, unloading by drivers, launch of an own distribution centre, etc.

As at the end of 2024, a total of 171 First Choice discounters were up and running, including one mini format store, as well as a 3PL distribution centre in Dmitrov.

Events of 2024

▶ Testing ready-to-eat food sales

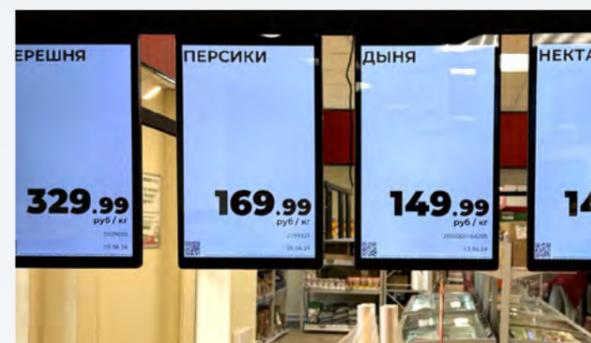
The Company launched ready-to-eat food sales in several stores in test mode. Showcases with packaged ready-to-eat food appeared in four First Choice discounters in Moscow. The line includes about 20 items. The assortment undergoes regular rotation, offering customers the opportunity to discover new and interesting products. Ready-to-eat food, packaged in convenient airtight containers, is suitable for home meals, eating on the go, or immediate consumption in-store. Tables with microwave ovens are installed next to the showcases, allowing customers to heat their chosen dishes.

Based on the sales results of ready-to-eat food in test locations, the Company will decide on the further development of the project in terms of both assortment and geographical reach.

▶ Regional expansion

In March 2024, the First Choice hard discounter chain opened its first store outside the Moscow region, in the Leningrad region. The store's product mix includes about 1,000 SKUs, covering key customer needs, including a wide selection of fresh vegetables and fruit, goods by weight, as well as fresh pastries of its own production and relevant seasonal non-food items.

In May 2024, First Choice expanded further by opening stores in the Nizhny Novgorod region. By the end of 2024, the regional presence had grown to include up to 35 stores.



▶ Testing electronic price tags

In the summer of 2024, the First Choice hard discounter chain began testing electronic price tags in one of its stores in Moscow.

The electronic price tags implemented at First Choice leverage e-ink technology. These tags automatically update product and price information in real-time by connecting to the store's IT system.

Electronic price tags enable staff to redirect their efforts toward other operational tasks. Additionally, this technology eliminates human error and ensures the display of current prices and accurate product information, enhancing service quality and fostering customer loyalty.

The pilot project continued through the end of 2024. First Choice will evaluate how electronic price tags impact sales, staff productivity, and customer satisfaction, while also assessing the technology's return on investment. We plan to implement this technology in several high-turnover stores.

M City

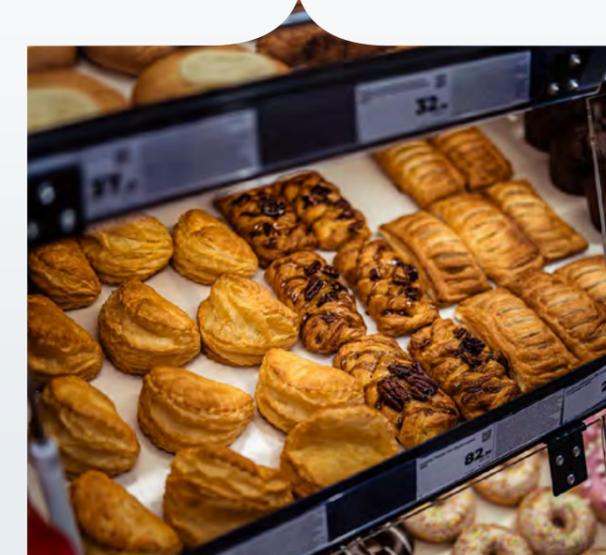


Small-size stores with a cosy interior and a café area where customers can charge their phones, connect to a Wi-Fi hotspot, have a snack, grab ready-to-eat food, and make small purchases.

The format targets city dwellers. The assortment includes freshly baked goods made right in the store, ready-to-eat options, coffee and tea, snacks, fruit, dairy products, ice cream, and beverages. These stores are located in high-traffic areas near business and office centres, universities, and on central city streets.

Events of 2024

As part of its small format development strategy, the Company continued expanding its M City store chain. In 2024, Magnit developed an updated M City concept. The store under this new concept re-opened after renovations in Krasnodar. It now features a revised layout of the sales floor, along with modern design solutions, new colours, and updated graphics.



▶ Location

High-traffic areas: near office buildings, universities, and various businesses

▶ Distinctive features

- In-store bakery offering
- Ready-to-eat food
- Washed and ready-to-eat fruit
- Dairy products
- Ice cream

1,500–3,000 SKUs

product mix

100–250 sq. m

floor area



Magnit Go



Kiosks catering to impulse purchases and located in high-traffic areas such as offices, transport hubs, pedestrian streets, parks, sports facilities, and educational institutions. The focus is on ready-to-eat and on-the-go food.

Events of 2024

In 2024, the Company continued expanding its chain of Magnit Go kiosks across key regions of Russia. The first Magnit Go kiosk in the Moscow Metro opened at the entrance to the Kozhukhovskaya station. The selling space of the new Magnit Go is 66 sq. m. The assortment comprises 650 SKUs along with more than 40 ready-to-eat food options, including items under our own M Kitchen brand, such as salads, meat and fish main courses, rolls, and sandwiches.

The new Magnit Go became the fourth Magnit kiosk in Moscow. The Company will continue developing this format in Russia's capital and is exploring opportunities to open several additional kiosks near metro stations.

Location

High-traffic areas such as office buildings, transport hubs, pedestrian streets, parks, sports facilities, educational institutions

Distinctive features

- Ready-to-eat food
- Snacks
- Beverages
- Ice cream
- Confectionery

Key highlights

400 SKUs
product mix

15–50 sq. m
floor area



Magnit Convenience Plus



Stores with an expanded assortment and large shopping space. The format targets customers with high requirements for product quality and ready-to-eat meals.

Location

Areas with active pedestrian and car traffic, near residential zones

Distinctive features

- Café area
- Broader selection of ready-to-eat options
- Deli counter selling items by weight
- Cheese and sausage slicing service

Key highlights

9,500 SKUs
product mix

650–900 sq. m
floor area

52 stores

Magnit Convenience Plus stores up and running at the end of 2024





Magnit Pharmacy



Conveniently located small stores offering medicines and healthcare products at affordable prices. As at the end of 2024, the chain encompassed almost 1,100 pharmacies.

Number of stores

1,084
total stores

189
openings

LFL metrics

25.6%
LFL revenue growth

18.3%
LFL average ticket growth

6.1%
LFL traffic growth

Location

Near drogeries and/or grocery stores

Distinctive features

- Traffic-generating synergies between pharmacies, drogeries, and grocery stores, multiplying the economic effect.
- Synergies in the supply chain and operating costs.

Key highlights

20–70 sq. m
floor area

20%
share of e-commerce

>3,800 SKUs
product mix

RUB 629
average ticket (incl. VAT)

+20.7% YoY

RUB 628 thous. (incl. VAT) / sq. m per year
LTM sales density



Events of 2024

- The Company opened 189 new Magnit Pharmacies, with the milestone thousandth pharmacy launched on 2 August in Sochi. The majority of the new openings were in the Central and Northwestern federal districts. The Urals federal district also demonstrated high expansion rates, with Magnit Pharmacies debuting in Salekhard. By year-end, the chain included 1,084 pharmacies located across 435 cities and townships.
- The active customer base grew by 17%, reaching 4.8 million people. The format attracted 1.9 million new customers and rolled out numerous marketing initiatives. Magnit Pharmacy consistently maintains an average customer review rating above 4.5 on 2GIS and Yandex.
- The first revamped Magnit Pharmacy opened in Moscow. The new concept involves redesigning the sales floor to enhance customer convenience and create more space, as well as updating retail equipment, including the checkout area, showcases, and prescription cabinets. To enhance brand recognition, the entrance design has been refreshed, and brand image communication within the pharmacy has been added.
- Throughout the year, the Company completed extensive work on both external and internal design elements. Pharmacies now feature stylish signage, and the sales floors include dedicated areas for measuring blood pressure and temperature. The Company installed 200 customer-facing monitors at checkouts, which display ads (including paid content) and suggest alternative or additional products at the time of checkout. This practice of monitor installation will extend to all network pharmacies in 2025.
- The Magnit Pharmacy format was integrated into Magnit's mobile app, which combines delivery services from stores, marketplace functionality, a virtual loyalty card, and useful customer content.
- A pharmacy marketplace was launched based on the Magnit Pharmacy format. Customers can now access a wide range of products from both Magnit Pharmacy and partner companies (more than 15,000 SKUs) in the Pharmacy section of our website and mobile app. Additionally, more than 20,000 partner pick-up points connected to the network, and e-commerce turnover growth increased threefold. The e-commerce share surpassed 20% in 2024.
- The Heado analytical app was implemented to help pharmacy managers assign tasks in real-time, monitor sales, and improve operational efficiency.
- In December 2024, Magnit Pharmacy registered and launched a new brand of dietary supplements, Treat And Benefit (T.A.B.), which has already appeared on the chain's shelves. The private label accounted for 5.7% of total turnover.
- The Company launched a Pharmacy Business School for retail and office employees. Personnel training was initiated to retrain consultants as pharmacists, and contracts were signed with 90 educational institutions to attract new pharmacy assistants and pharmacists. The Company also expanded mobile teams and enhanced the mentoring programme.





Key online formats

In 2024, Magnit continued to develop its online projects while actively expanding strategic partnerships in promising areas, including regular and express delivery, online pharmacies, and the proprietary marketplace.

By the end of the year, our e-commerce services covered more than 28,000 offline stores. Express delivery is the largest and fastest-growing segment.

RUB 100.6 bln
online GMV¹, incl. VAT, in 2024

+116.2% vs 2023

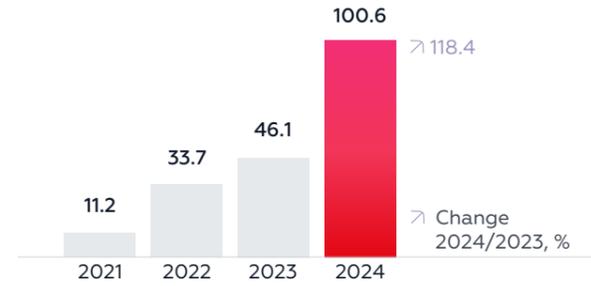
189,340
average daily orders

+0.7% vs 2023

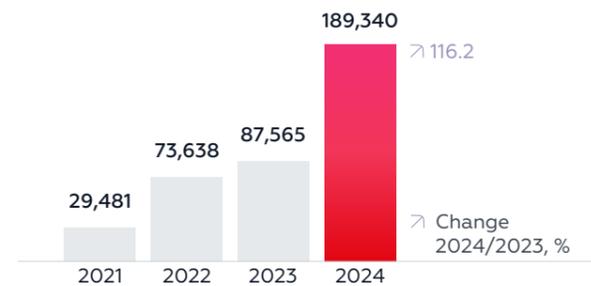
RUB 1,452
average online ticket (incl. VAT)



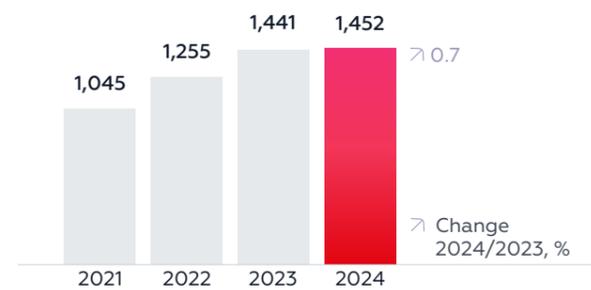
GMV, RUB bln



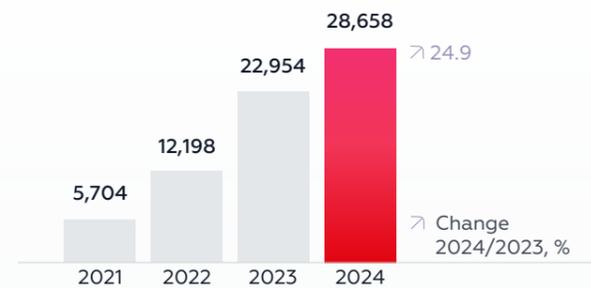
Average daily orders



Average ticket, RUB incl. VAT



Number of stores covered at the end of period



¹ GMV (gross merchandise value) – total online sales at the final cost for customers on e-commerce platforms, calculated before promo code discounts and taxes (VAT) and including the value of own and third-party merchandise, delivery costs, and gift certificates, net of discounts, returns and cancellations. GMV does not include services of merchandise suppliers and sellers (photo printing, merchandise preparation, advertising, etc.).

Online services integrated into Magnit's app

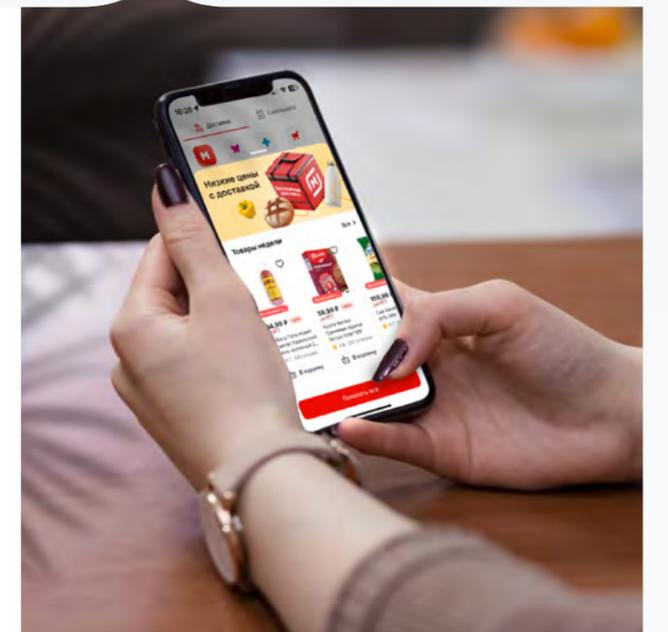


Gastronom.ru media platform

[Gastronom.ru](#), along with its social media and messenger accounts, is an essential part of our communication with customers, serving as a supplementary and promising source of traffic for both our e-commerce formats and offline stores.

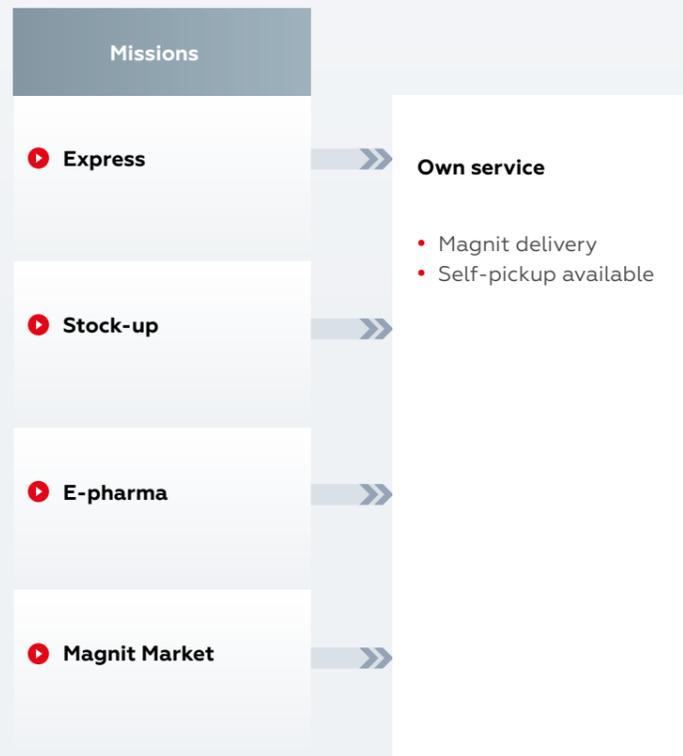
By the end of 2024, the media platform's total unique monthly audience reached

>18.5 million users





E-commerce development across all missions



>28 thous.
stores covered

88%
coverage

>140 thous. SKUs
available across Magnit Delivery services

>1.2 mln SKUs
available on Magnit Market

3,590 cities and townships
in 70 regions

Magnit Delivery



Magnit Delivery integrates our own and partner delivery services.

Magnit's own delivery service

Orders are placed via Magnit's app.

- Delivery and self-pickup options are available for our convenience stores, large formats (Magnit Family and Magnit Extra), as well as Magnit Cosmetic and Magnit Pharmacy.

Partner delivery services

Orders are placed via aggregators.

- Kuper, Yandex.Eda, and Delivery.

Looking ahead, we aim to further develop our own courier delivery service.

Growth drivers for Magnit Delivery

- Adoption of new technologies and solutions
- Focus on customer service quality
- Improvement in order processing accuracy and speed
- Expansion of the multiformat offering

In Q4 2024, Magnit Delivery achieved its first-ever positive EBITDA, a result of scaling our operational model, optimising costs, and increasing efficiency through new technologies.

¹ 49 mln orders in 2024.
² With 68% being convenience stores, our key format.
³ Express delivery only.

Magnit Delivery performance highlights in 2024

+81%
YoY growth in orders¹

26.6 thous.
stores covered by the delivery service by year-end²

<50 minutes
average delivery time nationwide in December 2024³

2.5x
growth in orders via our app

3x
growth in Magnit Delivery couriers

EBITDA >0
Q4 2024

- 82% of e-commerce revenue is generated outside of Moscow, the Moscow region, and St Petersburg.
- The regions with the highest growth in orders in 2024 were the Rostov region (+102%), Krasnodar territory (+85%), and Samara region (+72%).

Record number of orders achieved ahead of New Year's Day

Magnit Delivery set a sales record in the last days of 2024. On 30 December, customers placed 267,000 orders through the service, marking a new high for the Company. 150,000 of these orders were made through our Magnit app, more than double the number from the previous year.

During the New Year holiday season, from 29 December to 8 January, Magnit delivered over 2 million orders, twice the amount compared to last year's holidays. Most orders were delivered outside of Moscow and St Petersburg, with the latter together accounting only for 11% of the total. The largest single order ticket totalled RUB 79,000, and the maximum order weight reached 130 kg.

Magnit Market

The Company is developing its own marketplace, Magnit Market (mm.ru) as an additional sales channel featuring an extensive product range and a unique value proposition.

As part of our broader retail business, Magnit Market benefits from the same favourable purchasing conditions as Magnit itself. This model allows the marketplace to offer low prices on popular products, which increases purchase frequency and enhances its ability to acquire new users. Magnit Market provides its customers with an “endless aisle” of products in an online format. Currently, delivery is available at competitive prices to 275 cities and townships across Russia, including Moscow, with a one-day turnaround.

Developing the marketplace enables us to unlock the potential of our existing infrastructure. For instance, opening Magnit Market’s pick-up points in our stores boosts their traffic, while using our distribution centres and logistics network for marketplace order deliveries enhances the overall efficiency of our storage and delivery system. Additionally, integrating the marketplace into our mobile app increases the number of its digital active customers (DAC).



We develop Magnit Market by leveraging both our own services and the KazanExpress marketplace acquired in 2023. The integration of our services and the marketplace began in March 2024 and was completed in August 2024.

Pick-up points

Placing pick-up points in our stores enables rapid scaling of the retail network while optimising resources for buying or leasing premises or setting up third-party pick-up points. Proximity is also a key factor for our customers. At the start of the KazanExpress integration, we had 525 pick-up points operating within the Magnit network. In 2024, we opened over 4,000 new pick-up points in our stores, bringing the total to 4,634. More than 300 pick-up points in major cities operate 24/7, representing a novel approach for the market.

Magnit Market integration into our mobile app

In May 2024, we integrated the marketplace into our main app, and by July, customers were able to access all loyalty programme benefits while shopping online on the marketplace. In 2024, the marketplace became part of the new Magnit Plus Premium subscription, offering 10% cashback on all purchases. In December 2024, a multisearch feature was launched in the app, allowing users to adjust their search settings and view both offline store and marketplace offerings in their search results.

The marketplace’s reach is currently smaller than that of our main app, which has over 20 million active users. It covers the Central, Volga, and Urals federal districts, as well as Moscow and the Moscow region, where marketplace delivery services are offered. Even with these limitations, integration into the app significantly expanded the marketplace’s potential user base.

Logistics

In developing the marketplace, we leverage synergies with our existing logistics capabilities and supply chains to achieve greater resource efficiency and savings. KazanExpress initially operated just one fulfilment centre, which was insufficient for rapid growth. By the end of 2024, Magnit Market opened six sorting facilities at Magnit’s distribution centres. In June 2024, the marketplace began operations in Moscow and the Moscow region via a new seller² goods acceptance point. This launch enabled us to refine our approaches to collaboration with local sellers and optimise costs for expanding the marketplace into new regions. In 2024, Magnit Market became available in over 150 additional cities and townships not previously served by KazanExpress. We also began using Magnit Delivery couriers for marketplace orders, enhancing the customer experience by offering flexible delivery times.

Our primary goal remains making Magnit Market the preferred marketplace for a significant portion of our retail network’s customers, enhancing the network’s overall performance and driving its further growth. LFL metrics, which track changes in store traffic and sales, serve as key indicators for measuring the marketplace’s impact on our core business. In 2024, our network’s LFL metrics began to grow following the opening of the marketplace’s pick-up points in stores.

¹ FBS (Fulfilment by Seller) – a fulfilment model where sellers handle packaging, storage, and direct shipping to customers.

² Seller – an individual or company selling goods on a marketplace.

+124% vs 2023

275 cities and townships

expansion of the marketplace geography

4.6 thous. pick-up points

8x increase

Top 3

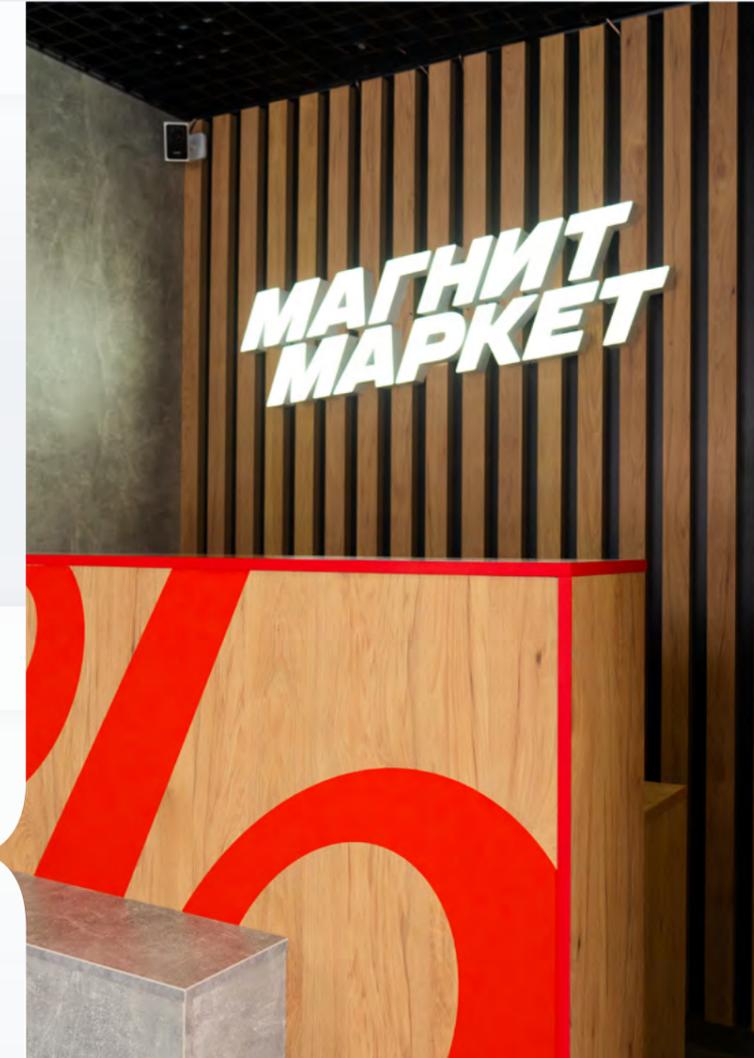
marketplace by the number of pick-up points in major cities of operation

FBS¹

new fulfilment model (launch scheduled for 2025)

Integration into our app:

new ways to personalise offers for Magnit customers



Magnit Post

Magnit Post, a delivery service for online stores not present on Magnit Market, was developed as part of our broader marketplace strategy.

Launched in August 2024, it drives additional traffic to both Magnit Market and our stores. With Magnit Post delivery, customers can rely on Magnit Market’s pick-up points to collect marketplace orders and items from other online retailers, including those not present or having limited offerings on marketplaces. The launch of Magnit Post enhances customer experience by integrating online shopping with everyday purchases at Magnit stores. Partner stores and delivery aggregators benefit from their collaboration with Magnit Post through expanding their reach and offering customers more pick-up points in convenient locations.

Customer experience and marketing communications

At Magnit, our strategy is centred around catering to our customers' needs. We pride ourselves on providing superior-quality products at competitive prices, complemented by unparalleled service.

Our aim is to remain a reliable cornerstone in the lives of millions of customers, ensuring they have access to an extensive selection of food and non-food items under any circumstances.

Simpler, faster, more accessible and loyal

One of the top priorities for Magnit is becoming simpler, faster, more accessible and loyal to its customers and employees. All our internal and external transformations are strategically aimed at achieving market leadership in service quality.



Customer service improvement

Our approach to ensuring excellent customer experience at every store

Transparency and communication with consumers at all levels

We develop our social media pages, offer delivery services, improve day-to-day operations, provide honest information on customer reviews and complaints and efficiently handle feedback.

Focus on working conditions

Experience begins with working conditions, personnel training and engagement. To ensure the comfort of our customers, we create a positive work environment for our employees.

Manager competencies in customer experience

We expect managers at all levels to be customer experience ambassadors, continuously enhancing relevant expertise and creating a safe and open environment for sharing their knowledge and insights with employees. Regional managers for customer experience supervise customer service improvement.

Recognised as a market leader, Magnit is celebrated for its high-quality products and commitment to customer experience

In November 2024, Magnit was honoured with the Consumer Choice award during its 15th edition, standing out among 500 contenders. This recognition underscores our unwavering commitment to exceptional service quality. Furthermore, the Company claimed the title of the Multifformat Retail Chain of the Year in the retail category.

These outstanding results reaffirm our staff's professionalism and shared collective dedication to elevating customer satisfaction through product and service quality as well as creating a welcoming store atmosphere that customers will love.



Evaluating customer experience

At Magnit stores, we conduct regular reviews to evaluate customer service performance across various parameters, including causes of queues, cash register issues, customer complaints, and mystery shopper scores. This helps us identify shortcomings and weaknesses in how our stores and technologies perform. Based on the data so received, we developed a service quality rating as a comprehensive assessment of customer experience across all formats. The mechanism helped deliver considerable improvements in our service quality compared to 2023. Furthermore, the Company has introduced the Best in Customer Service competition in the Magnit Extra and Magnit Family formats, using the rating as a benchmark.



In 2024, we engaged mystery shoppers to evaluate customer experience at Magnit stores. The final score was 96.4%, surpassing our target of 95%.

In 2024, the Company received more than 3.7 million customer inquiries, up 16% compared to 2023. The number of positive reviews went up by 76%. This change was driven by new feedback channels, increased traffic, and opening of new stores. The average response time to customer feedback was reduced by 1%.

2.85%

improvement in the customer service level in 2024 compared to 2023

76%

growth in the number of positive reviews



Assessing service quality

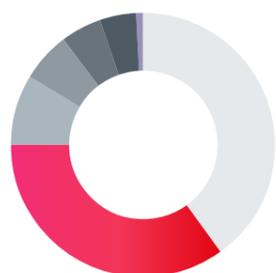
The service quality rating is based on the following assessments:

- assessment of customer complaint and inquiry handling;
- mystery shopper assessment (quality of customer assistance, efficiency of cashier service, etc.);
- checkout performance assessment (speed of service, queue management, etc.);
- review of store ratings in map applications;
- Net Promote Score (NPS) collected via the mobile app.



In 2024, the Company continued to enhance and refine its single feedback handling tool. The tool aggregates customer inquiries collected from various channels and routes them to relevant units for processing. It also enables detailed analysis to look into the root causes of feedback to make sure we take the right action. As part of our retail integration efforts, we are now introducing a new feature in the MDrive mobile app to enable in-app customer inquiry handling.

Customer feedback by channel, %



- 40.1 E-com chatbot
- 35.1 Phone calls
- 8.6 Mobile app surveys
- 6.1 Emails
- 4.9 Map apps
- 4.5 Messengers
- 0.7 Social media, etc.

Best positive dynamics of customer complaints in 2024

Metric	YoY change
Loyalty programme campaigns	-70%
Cross-format campaigns	-69%
Out-of-shelf of products on regular promo	-39%
Price tags	-25%
Quality of products on loyalty promo	-52%
Breach of product packaging	-11%

Most frequent customer inquiries by category

- Product assortment and availability
- Exchanges, returns, and refunds
- Store details: opening hours, addresses, and contacts
- Promotions
- Gift certificates

Service excellence marathons

In November 2024, the Company's customer service team joined forces with the large-format operations and standards team, along with the Corporate Academy, to launch yet another major service excellent initiative: the Large-Format Service Excellence Marathon. This initiative engages the entire workforce of Magnit's large formats, involving approximately 18,000 employees of 450 stores across the Magnit Extra, and Magnit Family formats. Running through the spring of 2025, the marathon focuses on several key objectives: instilling a culture of service excellence, developing new service practices and behavioural models, fostering a positive work environment, and empowering employees to deliver exceptional service autonomously, without rigid instructions. It enables participants to develop new skills aligned with business needs while helping the Company improve customer satisfaction through new tools that prioritise employee well-being and deepen understanding of customer expectations and needs. The marathon empowers Magnit employees to work as a unified, customer-centric team and quips them with the resources necessary to embrace a client-first mindset. As a result, we are driving improvements in store performance metrics, including service quality, the customer-centricity index, and the Net Promoter Score (NPS).

Caring for People award

Previously, in 2023, the Company's customer service team partnered with Magnit Cosmetic to implement an even larger-scale initiative: the Great Service Starts with You Marathon. In recognition of its impact, this project received the Caring for People award in the Federal Projects category in 2024.



Efforts to enhance service quality

The Company places great emphasis on standardising customer interaction practices, including those for specific employee categories.

In 2024, our cashier service excellence competition was based on standardised requirements for cashier competencies. While the overall format of the competition remained unchanged, we refined tasks and evaluation forms to better align them with our employees' roles. In November 2024, the Company's employees successfully validated their compliance with standardised cashier requirements as part of the competition.

i In the reporting year, concise customer communication guides were rolled out across all our stores. They consolidate customer interaction standards, values of customer-centric service, and guidelines for handling customer inquiries.

Magnit maintains stringent service quality standards in all its regions of operation. In 2024, our regional customer service managers provided over 2,800 training sessions and webinars for more than 11,000 employees across all store formats.

Multi QR payment system

Magnit is constantly improving payment methods, which affirms our commitment to enhancing customer experience and optimising business processes. In the reporting year, we introduced and tested the Multi QR payment system, providing customers with a modern and convenient method for making cashless payments. The technology enables scanning a QR code from the terminal using a smartphone camera or a banking app (e.g. Sberbank, Tinkoff, Alfa-Bank, and others). Payment is confirmed within the bank's mobile app and the receipt is automatically printed by the terminal. For item returns, customers simply need to scan the Multi QR code.

To drive service excellence, Magnit incorporates and scales cutting-edge technologies such as the Faster Payment System (SBP), self-checkouts, and other innovative solutions.

In 2024, we continued to ramp up the roll-out of self-checkouts across our network, bringing their total number to **>33,000**

Self-checkouts

Share of stores with self-checkouts



90%
Supermarkets



59%
Convenience stores



10%
Drogerie stores





1

In 2025, we plan to completely replace the older self-checkouts in our large-format stores with new, advanced solutions.

This positions Magnit as the leading company in the Russian retail sector in terms of the number of self-checkouts. Our goal is to make these systems accessible and convenient for all customer groups. To achieve this, we updated the user interface and enhanced its functionality to better meet the changing needs of our customers.

Our self-checkouts offer several key benefits:

- complete functionality of traditional checkouts;
- advanced capabilities customised for each store format and service;
- high performance and reliability;
- voice assistance to guide customers;
- built-in deactivators for removing anti-theft security tags;
- all popular payment options;
- additional features such as advertising displays and easy product search by category.

Implementing self-checkouts has improved service quality, increased customer traffic, and boosted staff performance. Currently, 30% of customers use these checkouts in our Magnit Convenience stores that feature them, rising to 47% in Magnit Cosmetic drogeries, and 50% in large-format stores.

Self-checkout implementation outcomes

9 seconds
reduced service time

2.4%
average NPS
improvement in stores
with self-checkouts

4.8%
average customer
service rating¹



Marketing communications

In 2024, Magnit continued to enhance its marketing communications by leveraging a diverse range of channels and tools to boost customer engagement, loyalty, and satisfaction. A key focus remained on driving sales while maintaining a positive brand image.

A major hallmark of the year was the active embedding of ESG considerations into our marketing campaigns. Specifically, we launched collaborative charitable programmes with the VK Goodness non-profit organisation, which were incorporated into cross-format promotions, successfully raising over RUB 8 mln.

Additionally, we partnered for the first time with the Alpen Gold brand (produced by Mondelez) for a joint promotion. This collaboration expanded the overall prize value for the cross-format Gifts Across the Nation campaign, making it even more appealing to participants.

1

A key milestone in 2024 was the introduction of a new customer service feature enabling shoppers to count their online purchases toward promotional offers, making their terms more accessible.

¹ On a five-point scale.

Cross-format campaigns

In 2024, the Company successfully implemented seven cross-format campaigns, involving brands and products from various categories. They relied on innovative gaming mechanics, such as collecting digital elements and progressing through levels, alongside refreshed visual designs. As a result, we achieved significant improvements in both customer engagement and retail sales.

Notable highlights from these promotions included:

- **New Year Season with Magnit** – a vibrant seasonal campaign featuring the largest prize pool and complemented by offline prize-containing postcards;
- **Win a Million This Summer at Magnit** – this campaign offered the accrual of Magnit Plus card bonuses as the prize fund, while promoting featured products.

Digital communications

▶ We measure the effectiveness of digital ads targeting a broad audience.

In the second half of the year, we ran three one-week ad campaigns promoting discounts on three ice cream brands. We then compared ad impressions data with actual purchase data via the VK-Magnit dashboard. The results showed that sales of advertised products, as well as the entire ice cream subcategory, increased by 14% in value terms compared to the control group. Now, in all ad campaigns targeting a broad audience, we can evaluate ad effectiveness, making marketing investments more transparent and impactful.

▶ We supported the launch of the Magnitishi emotional loyalty campaign through influencers and, together with our analytics platform partner, assessed the impact of the influencer channel on sales: a noticeable increase in the average ticket and ARPPU² generated an additional RUB 300 mln in revenue.

>RUB **2 bln**

sponsorship proceeds collected in cross-format game-based campaigns

298

suppliers participating in cross-format campaigns

1,309

SKUs featured in 2023 giveaways

>**80**

mln discount coupons

for featured products offered in 2023 giveaways

RUB **755 mln**

distributed among customers as prize coupons

▶ We used Telegram Ads targeting Magnit's own customer database and evaluated their impact on our business results for 2024. Our case study "How to Increase Sales by 20 p.p. in 36 Hours" won three efficiency awards at the MIX Russia digital communications competition held by the Association for the Development of Interactive Advertising.

▶ We entered Roblox by launching the Magnit virtual metaverse to support the Skrepyski-TOP promotion. Within just 18 days, the campaign attracted over 1 million user visits, and gathered more than 2.1 million visits throughout its run.

▶ We deepened engagement with customers. In 2024, our Magnit and Magnit Cosmetic formats organised 310 contests and interactive games for shoppers. Throughout the year, we celebrated shared successes, personal stories, and milestones marking Magnit's 30th anniversary. These efforts garnered 2 million likes and 14 million comments, reflecting strong customer resonance.

² ARPPU (average revenue per paying user) refers to the average amount of revenue generated from each paying customer.

BTL¹ campaigns and partner integrations

In 2024, Magnit saw a notable increase in the number of partner advertising campaigns, including exclusive partner programmes run in Magnit’s mobile app. With appealing prize pools, user-friendly mechanics, and active promotion across multiple communication channels, they helped strongly enhance our customer engagement levels.

In 2024, we collaborated with Russia’s National Card Payment System to launch a nationwide advertising campaign promoting payments through the Faster Payments System (SBP), titled “Discover Rewards from SBP and Magnit”. Over the course of the campaign, over 3.8 million Magnit customers used the Faster Payments System to pay for their purchases and received dual cashback: 5% in roubles and 3% in Magnit Plus card bonuses.



The participation rules for all instant-win loyalty campaigns were standardised. For every RUB 500 spent in a single receipt using the Magnit Plus loyalty card at Magnit Convenience, Magnit Pharmacy, or Magnit Cosmetic stores, customers received one prize pack. For every RUB 1,000 spent using the Magnit Plus card at supermarkets, customers earned two prize packs.

Each campaign was supported by mobile games designed to further engage customers.

By playing these games, participants had the chance to win coupons for products in Magnit stores as well as prizes from partners. For adult audiences, Magnit ran cumulative loyalty campaigns in 2024, addressing the need for household essentials. Customers could accumulate a certain number of e-magnets through participation in promotions and redeem them for significant discounts on a wide range of products such as pillows, duvets, kitchenware collections, towels, home appliances, and porcelain.

Participation in fairs and festivals

In 2024, Magnit once again joined the Flavours of Russia festival held at Moscow’s All-Russia Exhibition Centre (VDNKh) from 6 July to 14 July. The festival celebrates local regional recipes, offering visitors to explore Russia’s diverse traditional cuisine. At the Magnit pavilion, guests enjoyed unique photo zones, purchased goods made by local producers from across Russia, received branded souvenirs, and engaged in exciting workshops. Approximately 18.5 million visitors attended the event.

In 2024, Magnit also actively supported the Mother’s Day initiative in Moscow and collaborated on other major city events, including the Moscow Marathon and Running Day.

Regional marketing

In 2024, Magnit actively developed its regional marketing programme to drive store traffic, enhance customer satisfaction, and strengthen its brand positioning as a retailer with a significant share of locally sourced products. Key highlights from the reporting year included:

- supporting 25 city days, seven religious holidays, and ten professional celebrations;
- running 11 campaigns to support the Anticompetitor programme;
- celebrating several landmark openings, including the 1,000th Magnit Pharmacy, the Store of the Future drogerie in St Petersburg, and new concept Magnit convenience stores.

Throughout 2024, Magnit offered customers loyalty promotions with instant prize redemption at the checkout. In the spring, we launched the Stickers 2 campaign featuring popular stickers with trendy images and memes. The Skrepyski-TOP campaign followed,



offering desirable prizes for children and teenagers. In the autumn, we introduced a new campaign featuring customisable magnetic keychains enabling customers to create personalised designs by swapping elements to suit their preferences and mood.

Loyalty programme

Our unique cross-format loyalty programme covers 80 million loyalty card holders and spans all our retail stores. Customers who have a plastic loyalty card or a virtual card in their mobile app get bonuses on each purchase to use as payment later. Magnit’s loyalty programme also provides more exciting offers and benefits to its participants. As one example, each Magnit store has over 100 products that loyalty card holders can buy at hefty discounts.

For the Company, the loyalty programme is above all a tool to explore the preferences and shopping habits of its customers to offer products that suit them best.

During the year, the number of loyalty card holders was up by 4.7%. The share of tickets using the loyalty card reached 63% with sales penetration of 79%. The loyalty programme continues to deliver positive cross-format gains, as the share of Magnit customers visiting two and more store formats reached 41%. The average convenience store ticket of an active loyalty card user is 2.2x higher compared to transactions without a loyalty card.

In 2024, we relaunched and rebranded our loyalty programme, expanding it to cover all our offline and online formats. Now named Magnit Plus, the programme applies to all Magnit Convenience, Magnit Extra, Magnit Family, Magnit Cosmetic, Magnit Pharmacy, Magnit Delivery, and Magnit Market purchases. This enables Magnit customers to meet most of their essential needs within our ecosystem – whether purchasing food, beverages, cosmetics, medications, or selecting from over one million products on our marketplace. Loyalty programme members can enjoy multiple personalised benefits, including up to 30% cashback on favourite product categories, tailored offers, and participation in large-scale campaigns featuring valuable prizes and purchase-related gifts.



In 2024, Magnit significantly enhanced its loyalty programme value proposition. In November, we introduced Magnit Plus Premium, a paid subscription enabling customers to increase their base cashback to 10%, select up to ten favourite product categories monthly, and enjoy free delivery. The subscription process was simplified, removing the need for manual monthly renewals. By the end of 2024, Magnit Plus Premium attracted over 250,000 active subscribers.

We also successfully transitioned part of our mass promotions to the loyalty card. This change was implemented in four stages through rigorous testing, ensuring a seamless transition that did not impact sales or profitability.

i Our efforts drove an increase in loyalty card penetration from 66% to 79% of total sales by December 2024, while the number of active mobile app users reached 21.1 million.

Customer engagement is reflected in CSI², which rose to 67% in December 2024, compared to 62% in January 2024.

¹ BTL (below-the-line) promotion refers to non-media advertising and sales strategies.

² Customer Satisfaction Index (CSI) is metric that provides a quantitative assessment of customer satisfaction based on customer surveys and feedback.

Private labels

Magnit strives to continuously develop its private labels to offer unique products with excellent value for money.

The development of a diverse range of private labels is central to our CVP. Magnit's private labels offer an excellent price-quality ratio, which makes them more attractive to customers than similar goods of well-known brands. We offer private label products across a wide price range, catering to varied consumer preferences. The trend in demand for these products confirms their popularity: the number of customers choosing Magnit's private labels is steadily growing, including those who prefer products of medium and high price category.

Having in-house production contributes to business stability and gives an opportunity to fully control the process of creating the final product.

It is not an easy task to attract the attention of customers and encourage them to try new brands, but we do a lot of preparatory work and offer products that are really demanded by customers. The efficiency of Magnit's private labels is largely driven by a thorough approach to the way they are developed and launched, including:

- preliminary analysis of the market and competition;
- search for market niches that are still available;
- deep dive into best international practices and the offering of manufacturers, including as part of own production;
- engagement of cutting-edge in-house R&D labs and test studios to develop products and upgrade their quality;
- reliance on best practices of FMCG manufacturers¹.

Magnit's private label portfolio includes 62 brands and over 5,700 SKUs. The Company's key private label brands include M Freshness, M Kitchen, Premiere of Taste, LAF, Gusto Di Roma, Severnaya Gavan (Northern Harbour), Green Ribbon, La Fresh, Casper, as well as the cross-category brand My Price, which addresses essential needs in the low-price segment whilst maintaining consistent quality standards.

Most private label goods featured in Magnit stores are sourced from Russian manufacturers, with part of the selection coming from 21 production sites across our own food production and cultivation operations.



For example, greenhouse vegetables and root crops, mushrooms and herbs sold under the M Freshness private label are grown at our own greenhouse facilities in the Krasnodar territory, Belgorod and Lipetsk regions, while the brand's chilled ready-to-cook meat products and brined cheeses are made by local producers.



13%
YoY growth in revenue from private label sales

5,706
SKUs in the private label portfolio

51 → 62
increase in the number of exclusive brands included in Magnit's private label portfolio

863
new private label SKUs in 2024

20%
share of private labels in sales

2,567
food SKUs in the private label portfolio

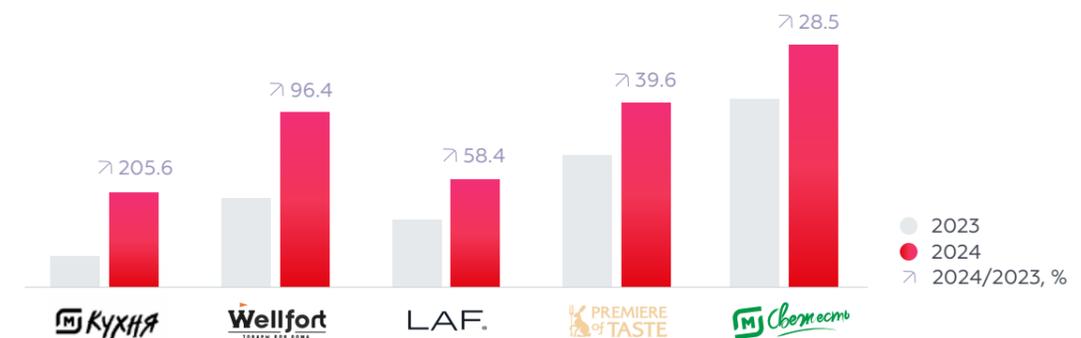
92 awards
of the 2024 International Quality Assurance event brought home by private labels of Magnit and DIXY

+15% vs 2023

RUB 157.9 bln
sales of Magnit brand in 2024

In 2024, sales for Magnit, our best-selling private label brand, reached RUB 157.9 bln (a 15% rise vs 2023), with M Kitchen, Wellfort, LAF, Premiere of Taste, and M Freshness emerging as our fastest growing private labels.

Sales of Magnit's fastest growing private labels, RUB bln



¹ FMCG – fast moving consumer goods.



We continue to expand our private label portfolio and assortment in line with changing consumer demand, developing our own production and building long-term partnerships with external suppliers.

Our private label portfolio features over 5,700 SKUs. In 2024, Magnit launched 863 new private label SKUs. These include milk and dairy products, fish and meat gastronomy, ready-to-eat dishes, fruit and vegetables, cheese, bread, dry food, confectionery, soft and low-alcohol drinks, tee, coffee, canned and frozen food, cosmetics, household chemicals, paper and hygiene products, make-up, skin and hair care products, children's and feminine hygiene products, household goods, and other non-food items.

In 2024, we launched the Northern Harbour brand specifically for products in the fish gastronomy and frozen fish and seafood categories.



The corporate identity and packaging for the Northern Harbour brand were developed entirely by our in-house designers, while our quality assurance team established rigorous production criteria to ensure exceptional standards.

Ready-to-eat dishes are another promising area for the development of Magnit's assortment. We have them produced for our convenience stores by local manufacturers under the M Kitchen brand with the stringent control of Magnit's quality assurance team.

In 2024, Magnit expanded the sales geography of packaged ready-to-eat meals under the M Kitchen private label. M Kitchen's assortment now features more than 150 SKUs in different categories, which are available in over 9,000 convenience stores.

M Kitchen foods are produced by regional suppliers who passed a rigorous selection process to confirm their compliance with our requirements for the quality and safety of ingredients and finished dishes. The hallmark of the M Kitchen brand is its exceptional freshness, quality and authentic "homemade" recipe flavours.

>150 SKUs

M Kitchen's assortment of packaged ready-to-eat meals

>9 thous. stores

geography of products under the M Kitchen private label



According to the results of a pilot launched in 2021, convenience stores selling M Kitchen products managed to increase the share of ready-to-eat foods in total turnover by several times.

Abrau-Durso Sparkling Truffle

In cooperation with Abrau-Durso Group, Magnit has launched the production of a unique line of chocolate truffles infused with sparkling wine – Abrau-Durso Sparkling Truffle – at its Kuban Confectioner plant. The inaugural batch of these confections, featuring classic Victor Dravigny Brut sparkling wine from Abrau-Durso, debuted on the shelves of Magnit stores during the New Year holidays. To mark the 8th of March celebrations, new truffles incorporating rosé sparkling wine have been introduced. The recipe was jointly developed by the R&D team at Kuban Confectioner, Magnit's category management specialists, and experts from Abrau-Durso. Beyond featuring premium wines, these truffles offer an exceptionally rich chocolate flavour thanks to their elevated cocoa content. These exclusive new products are available solely in Magnit stores across all regions where the retail chain operates, as well as in the network of Abrau-Durso branded Wine Atelier boutiques.



Our achievements

In 2024, Magnit participated in and won three nominations at the SobMaExpo (formerly IPLS) award – Russia's largest specialised exhibition on contract manufacturing and private labels, and a key meeting point for retailers, brand owners, and manufacturers of food and non-food products.



1st place

Best Private Label Packaging Design
private label Hermitage

2nd degree winner

Best Private Label Assortment
private label Auramore

2nd degree winner

Best Beauty and Personal Care Private Label
private label LAF

Hermitage

Hermitage is a premium segment brand. The project was developed jointly with the State Hermitage Museum of art and culture. This represents a unique fusion of two worlds: the museum realm as an inexhaustible wellspring of inspiration and creativity, and the sphere of modern retail as a reflection of contemporary consumer culture. The distinctive design incorporates masterpieces of world art from the State Hermitage Museum's collection and works by renowned painters: Jean-Marc Nattier, Jan Porcellis, Albrecht Adam, Charles Chaplin, Eugène Delacroix, and others. The brand's range encompasses products such as marshmallows, chocolates, truffles, tea, and coffee.

Auramore

The Auramore brand, which appeared on the shelves of Magnit Cosmetic in 2023, was recognised as the best private label of a perfume and beauty chain and drogeries at the Private Label Awards. The brand produces a line of eau de toilette with varied fragrances, each associated with a specific colour and personality type.

LAF

In February 2024, we launched **a new brand of decorative cosmetics LAF** in Magnit Cosmetic shops. The range of the brand will delight both conservatives and those who love experimentation, offering everything from classic basic products to super trendy textures and shades. The brand features more than 100 SKUs¹, ensuring every woman can find precisely what she needs. LAF has not only become the 2nd degree winner in the Beauty and Personal Care category of the Private Label Awards by SobMa, but also claimed the first place in the Best Industrial Design of Russia award in the Best Consumer Goods Packaging Design category, the second place in the People's Choice category, as well as a bronze medal at the Silver Mercury 2024 festival.



The quality of our private labels is evidenced not only by stronger demand we see for them but by expert opinion as well.

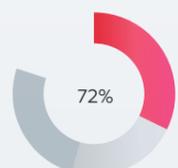
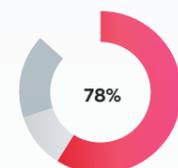


In November 2024, the annual Quality Assurance contest honoured Magnit's private label products and own ready-to-eat dishes with a total of 58 awards:

39 SKUs gold ★
8 SKUs silver ★

11 SKUs quality certificates



	2023	2024
Submitted for the contest	65 SKUs	74 SKUs
	Share of the total number of SKUs submitted for the contest	Share of the total number of SKUs submitted for the contest
Total Magnit awards	47 	58 
Gold	19 ● 29%	39 ● 53%
Silver	13 ● 20%	8 ● 10%
Quality certificate	15 ● 23%	11 ● 15%

Compared to the previous year's contest, there has been a significant rise in both total awards and gold awards received.

The contest jury specifically highlighted the exceptional quality of products under the trademarks of Northern Harbour, Premiere of Taste, Magnit, Crystal Spring, Ein Bier, Frau Danke, Green Ribbon, Vostochny Guest, Di Manchini, Solonina, Grabbs, Lucky Days, Skrepyski, Gusto Di Roma, and Eatmeat.

These brands represented product categories of fish gastronomy, frozen products, snacks, cheese, meat, dairy products, tinned products, soft drinks, low-alcohol drinks, and confectionery and pasta.

To improve the quality and consumer properties of our private labels, we collect and analyse customer feedback. At our own test studios in Krasnodar and Izhevsk, customers participate in blind tests of our products and provide advice on how to improve them. Leveraging this feedback enables us to continuously monitor and enhance product quality for our customers. The average consumer testing score (on a five-point scale) improved from 4.32 in 2023 to 4.46 in 2024. During the reporting period, approximately 1,000 tests of private label products were conducted in Magnit's test studios.

Improvement of our private label consumer properties allows us to consider them as full-fledged competitors to well-known brands and to plan their promotion.

In addition to evaluating private label products in test studios, we regularly analyse customer feedback in the mobile app. Up to 1,997 SKUs are rated in the app each month, representing 33% of products sold. In Q4 2024, we collected 177% more ratings compared to Q2 2024, with 73.5% of products in the app maintaining a rating of 4.5 or higher.



Looking ahead

Since 2024, Magnit has been actively leveraging FMCG industry experience in developing new private labels, paving the way for a brand portfolio renewal in 2025. The private label range will also undergo revision to address evolving consumer needs. We plan to introduce approximately 500 new products, with projected growth in the number of private label SKUs reaching 13%.

¹ SKU (stock keeping unit) – is a number assigned to a particular product to identify the price, product options and manufacturer of the merchandise.



Own production

When creating new products, we carefully evaluate the capabilities of our own production facilities alongside those of our partners, focusing on both cost-effectiveness and the quality of production.

If internal and external options are comparable in cost and meet our quality standards, we favour in-house facilities. This approach not only broadens the range of Magnit's private labels but also enables us to quickly adapt to changing consumer preferences, while upholding high product quality standards.

As at the end of 2024, Magnit operates 14 industrial production facilities and seven agricultural complexes which produce a vast range of goods, including vegetables, spices, and cereals. The total headcount at our own production assets is around 4,500 people.

All production facilities possess modern equipment with a high degree of automation. With more than 170 in-house laboratories, we ensure quality control throughout the entire production process, from feedstock procurement to the manufacture of finished products. All the facilities are constantly monitored online. Our processes comply with GOST R ISO 22000-2007 and the international FSSC v.5¹ requirements.

14
industrial
assets

7
agricultural
assets

4,500 people
total headcount at the Company's own
production facilities

301 thous. tonnes
of products², including

108 thous. tonnes
of agricultural products



 Federal district	 Region	 Facility	 Products
Southern Federal District	Krasnodar territory	Kuban Factory of Bakery Products LLC	Confectionery, pasta, pastry, fresh vegetables, herbs, and mushrooms Packaging of cheese and fruit
		Kuban Confectioner LLC	
		Plastunovskaya separate division	
		Tikhoretsk separate division	
		Novotitarovskaya separate division	
		Cheese Slicing Facility Krasnodar JSC Tander	
		Cheese Slicing Facility Novorossiysk JSC Tander (two workshops)	
		Green Line Greenhouse Complex LLC – Tikhoretsk separate division 	
		Green Line Greenhouse Complex LLC – Plastunovskaya separate division 	
		Green Line Greenhouse Complex LLC – Mushroom complex 	
Green Line Greenhouse Complex LLC – Exotic and oyster mushroom complex 			
Zelen Yuga LLC 	Greens		
Central Federal District	Tver region	Tver separate division	Tea, snacks, coffee
	Moscow region	Cheese Slicing Facility Dmitrov JSC Tander	Cheese slicing and packaging
	Lipetsk region	Moskva na Donu LLC 	Vegetables
	Belgorod region	Greenhouse LLC 	Fresh vegetables
Volga Federal District	Saratov region	Saratov separate division	Dry food, snacks
	Penza region	Cheese Slicing Facility Penza JSC Tander	Cheese slicing and packaging
	Samara region	Togliatti separate division	Frozen products
	Orenburg region	Cheese Slicing Facility Orenburg JSC Tander	Cheese slicing and packaging

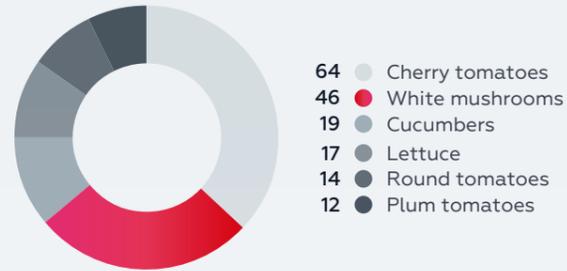
 Agricultural facilities

¹ FSSC – Food Safety System Certification.
² Net of contract manufacturing.



Agricultural facilities

Share of in-house production across some of the fresh product categories¹, %



Greenhouse farming

We continue to actively develop our greenhouse complexes and roll out innovative solutions to increase yields and reduce production costs.

Our specialists consistently study best practices in agricultural technology and equipment operation from other facilities. In 2024, we participated in various agricultural technology and equipment exhibitions to identify cutting-edge solutions and successful innovations in greenhouse farming.

We are looking for the most efficient ways to grow vegetables in our existing greenhouse complexes, taking into account their specific design features and the equipment used. Additionally, we aim to unify and standardise our production processes.

In 2024, the Tikhoretsk greenhouse complex fully transitioned to tomato cultivation, enhancing production efficiency through narrow specialised technology, improved agronomist expertise, and increased yield and quality of the crops.

Consequently, in 2024, the production of premium tomatoes increased by 6%, which is fully in line with our consumers' needs.

To create products that effectively meet the demand throughout the Magnit network, we plan to conduct a survey to better understand current consumer preferences and trends. We also actively engage with customers to gather feedback and suggestions for improving existing products and developing new ones. Based on the data collected, new brands and products will be developed, including organic options and products with improved properties. In addition, we are developing convenient product formats, such as ready-to-cook meal kits.

Magnit is advancing its operations with a focus on supporting domestic producers and promoting import substitution. This approach encompasses seed producers and suppliers of spare parts, fertilisers, crop protection agents, and special equipment. In 2024, hybrids produced domestically were sown, and comprehensive variety trials are underway at all production sites to assess consumer properties of the new products.

Industrial production

Spanning an area of 236.6 hectares, the Krasnodar Industrial Park is the largest industrial park in the Krasnodar territory. It is included in the register of industrial parks of the Russian Ministry of Industry and Trade and ranks among the top 50 largest industrial parks in Russia, actively participating in federal and regional government support programmes.

Magnit's industrial production facilities operate

>140

production sites and lines, mostly of European manufacture.

In response to sanctions and challenges in securing components from the European Union, we successfully shifted to Russian suppliers for sourcing spare parts and conducting repairs.

In 2024, we upgraded our equipment and engineering systems, enabling us to launch new products, improve operational resilience, increase productivity, and reduce losses. We also modernised our power equipment control systems.

In addition, the reporting year saw the product range of our own industrial production facilities go beyond Magnit's own brands. The chocolate truffle line at Kuban Confectioner LLC launched a collaboration with Abrau-Durso, introducing a line of truffles infused with sparkling wine. This marks the first joint project that merges the traditions of confectionery artistry with the refined taste of premium alcohol.

We prioritise food safety across our industrial production facilities, which is evidenced by high consumer satisfaction levels. In 2024, the customer dissatisfaction index (CDI) dropped to 0.00007, reflecting a 30% improvement over 2023.



On the extrusion line at TD-Holding LLC, leveraging advanced European technologies, a new line of Crunchy Fuel dry breakfast cereals was launched, along with contract production for the Funny Yummy children's food brand.

Open-field farming

In 2024, the harvest of potatoes, beetroot, and carrots increased to 29,000 tonnes, including 20,200 tonnes of potatoes.

We planted seeds predominantly bred and produced in Russia. Domestic seed potatoes were planted on an additional 225 hectares, accounting for 40% of the total area of potato planting. Moskva na Donu LLC achieved the highest yield of the Colombo young potato variety in the Lipetsk region, with 52.4 tonnes per hectare, and received a letter of appreciation from the governor.

Additionally, in 2024, we began producing young Baby potatoes and supplying them washed to our stores.

Mushroom farming

In 2024, our yields of white and oyster mushrooms reached industry-leading levels.

Magnit's mushroom complex continued its efforts to certify a selected range of products for compliance with organic production standards. The certificate confirms that Magnit grows white mushrooms following all organic farming requirements (e.g. without the use of genetically modified organisms, raw materials, crop protection agents, or soil amendments). The certification involved a thorough verification of all aspects of production, storage, and transportation, including the acceptance control of feedstock, processes in compost preparation and mushroom cultivation, packaging procedures and product packaging details, warehouse practices, and even the detergents used by employees.



The product offering was significantly expanded, with white and brown mushrooms, honey fungus, and oyster mushrooms now available on our shelves. The packaging for white and oyster mushrooms grown in Magnit's mushroom complex will feature the national Organic Product label next to the M Freshness sign, serving as a testament to our superior production standards. The graphic logo will be accompanied by a barcode to provide information about the manufacturer and the variety of its products. In addition, the Organic Product logo will appear on the packaging.

¹ Share in the category's total sales in kg.



We are actively working to fulfil mandatory government initiatives. Specifically, we are implementing Chestny Znak labelling for soft drinks and juice-containing products, which has already been adopted at three production facilities.

The Saturn state information system was introduced to monitor the turnover of pesticides and agrochemicals.

The food safety management systems at our own production facilities are being continuously improved and updated. In 2024, the production sites of Kuban Confectioner LLC and Kuban Factory of Bakery Products LLC confirmed their compliance with the FSSC 22000 standard. TD-Holding LLC successfully passed certification for the FSSC 22000 Version 6 requirements in October 2024.



Magnit's own production facilities continue to excel in competitions.

In 2024, the Company's own products garnered 44 awards, including 11 gold medals, 12 silver medals, and 21 diplomas.

Import substitution, feedstock, and materials

In 2024, we continued to implement our strategy to reduce reliance on imported materials at Magnit's own production facilities.

As a result, we achieved a 2.2% reduction in imported components. Work is underway to shift imports in favour of friendly countries.

The share of packaging materials sourced in Russia rose

by 1.7%
vs 2023.

We are also making efforts to diversify our single-source supplies in response to global constraints. In 2024, no finished products were withdrawn from manufacture due to the lack of single-source materials, and there were no interruptions in agricultural production due to shortages of imported feedstock.

Logistics

By implementing production and logistics planning tools and building a carefully selected pool of carriers, we successfully raised our service level to 95%.

Our gradual transition to collaborating with transport operators that maintain their own fleets resulted in a monthly reduction in transportation costs

up to 8%

compared to the planned budget over the course of the year.

By securing transportation contracts for the busy summer season at our production facilities, we locked in prices for four months. This kept us within budget and saved us 11.8% in costs.



By conducting a competitive tender for the peak season, we achieved a 36% reduction in logistics charges and procurement costs compared to last year.

Personnel

The success of our own production facilities would be impossible without caring for our employees and engaging with local communities. In 2024, we upgraded workplaces and replaced outdated equipment with modern solutions to boost efficiency and reduce employee workloads. We actively invest in the training and development of our personnel. In the reporting year, employees completed training to enhance their skills, including workshops on new agronomy technologies and management. A mentoring programme launched for new hires helps improve their onboarding experience and boost engagement. This reduced staff turnover by 7.7 p.p. During the summer, turnover among vegetable growers and mushroom pickers decreased by 8.5 p.p.

Magnit actively engages with the communities in the regions where it operates and supports local initiatives. We contribute to the training of qualified talent for our industry by conducting site tours for students and participating in career fairs.

Key achievements in managing personnel at in-house production facilities in 2024

Retention of high performers and narrowly skilled employees through prompt response to labour market changes and the incentive schemes to boost productivity

Expanding and improving the quality of the hiring funnel to keep appropriate staffing levels in line with business needs

Building a compelling employer brand

Improving working conditions

Expansion of both non-financial and financial incentive schemes

Building an internal talent pool





Suppliers

Magnit is committed to being a reliable and trusted partner to its suppliers.

We differentiate our product offering through tailored procurement initiatives, including strategic partnerships with suppliers. The Company fosters long-term partnerships with suppliers by upholding the principles of transparency and fair play and by continuously fine-tuning its procurement procedures and logistics processes. Furthermore, the key pillars of our supplier management approach include supporting local manufacturers, promoting collaboration with agricultural producers and farmers, and ensuring quality control of the supplied products.

SRM 2.0

The Company's procurement operations rely on the SRM 2.0 system, which boasts over 15,000 registered active and potential partners. SRM 2.0 is a single entry point for suppliers, integrating the automation of commercial and logistics functions to build transparent end-to-end processes.

In 2024, we extended the functionality of a supplier's personal account used for submitting commercial proposals and participating in Magnit's tender procedures for various services, including promotions and surveying. The Company prompted the review time for commercial proposals by 41% by leveraging targeted communication with the responsible category manager and internal notification system. In addition to the core procurement processes, the system features a number of other functions: signing price notifications, managing complaint approvals, broadcasting approved promotions, creating and managing DC schedules and supplier mixes, and accessing additional helpful services, such as electronic document management, factoring, and the RS.Magnit analytical supplier portal.



In 2025, we plan to build an end-to-end process from identifying needs to placing orders, as well as to develop and complement the functionality of previously implemented modules.

-5.2 thous.
suppliers

-2.4 thous.
local suppliers

47%
share of local
suppliers in total
supplier count

13%
share of local
suppliers
in total sales

> 750 new Russian supplier partners
in 2024

RS.Magnit

RS.Magnit, an analytical portal for suppliers, has evolved into an essential tool for supplier interaction, offering the ability to monitor critical business metrics in real time. The service helps enhance business processes and enables partners to manage their assortment and logistics with greater efficiency. RS.Magnit comprises 13 dashboards that cover core KPIs – commercial, logistics, and marketing. Today, more than 120 partners, accounting for 35% of Magnit's total sales, collaborate with us within the unified information framework.

In 2025, we intend to add new functions to the portal, by increasing the range of available indicators and analytical dashboards. This will make the tool much more useful and enable more detailed and comprehensive data analysis.

Agricultural contracts

To provide consumers with quality locally produced products at affordable prices, Magnit directly cooperates with agricultural producers.

Agricultural contracting is a tool for collaborating with local producers, which implies entering into long-term contracts with agricultural businesses to secure the supply of fixed future harvest volumes at market prices and leverage advance payment arrangements. Since 2016, the Company has been consistently scaling up cooperation under agricultural contracts, and now more than 150 companies are working with us, having supplied 407,000 tonnes of products in 2024. The agricultural contracts cover vegetables, melons, fruit, and berries.

Our partners under agricultural contracts include both large agribusiness companies and smaller farms. The main requirement for potential partners is their commitment to a business-oriented approach in their cooperation with Magnit. This includes supplying products that meet our quality standards, using electronic document management, providing the necessary phytosanitary documents, etc. Our smallest partner farm cultivates less than 10 hectares, while the largest one operates on more than 80,000 hectares. The geographical range of our partnerships extends from Dagestan in the south to the Pskov region in the north-west and the Krasnoyarsk territory in the east.

Supplies under agricultural contracts in 2024

407 thous. tonnes
of products supplied under
agricultural contracts

47%
of Magnit's needs across the key categories
covered by supplies under agricultural
contracts

144
agricultural
partners

in 41
regions

107
SKUs supplied under agricultural contracts



Agricultural contracting offers comprehensive support to agricultural producers throughout their collaboration with Magnit. Interaction is based on a single window approach, where each agricultural producer is assigned a dedicated agronomy expert within the Company.

This expert directly communicates with the producer and forwards their inquiries to various specialists within Magnit.

Agricultural contracting mechanism

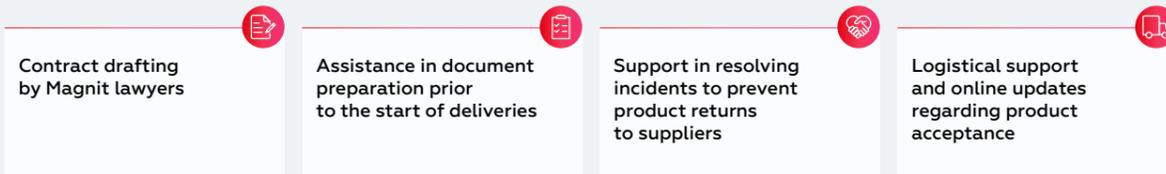


● Actions by Magnit ● Actions by the agricultural producer

Our support for agricultural producers begins even before the contract is signed, with the Company's team drafting it after receiving all the necessary documents from the potential partner. Magnit's experts also visit the producer's facilities to conduct an audit and offer recommendations for enhancing

their processes. This support continues throughout our partnership. We also help producers to prepare the required supporting documents for product deliveries and set up logistics.

Support under agricultural contracts



The use of agricultural contracting offers a number of advantages for both agricultural producers and Magnit. For us, it is a way to streamline the supply chain of fruit and vegetables – one of our key product categories, thereby maintaining their availability to consumers. For agricultural producers, engaging in agricultural contracts gives

confidence in their sales prospects and future income, facilitating growth and development.

i A vital aspect of these contracts is advance payment arrangements, which enable producers to acquire equipment, seeds, and supplies for the upcoming season.

Benefits of agricultural contracting



As part of agricultural contracts, Magnit's experts provide consulting on a wide range of topics:

- assistance in concluding contracts, obtaining phytosanitary documents, certificates of conformity, etc., and setting up electronic document management;
- securing financial support from the government;
- optimising costs and enhancing the efficiency of agricultural production;
- selecting equipment, seeds, crop protection products, and fertilisers;
- constructing agricultural facilities.

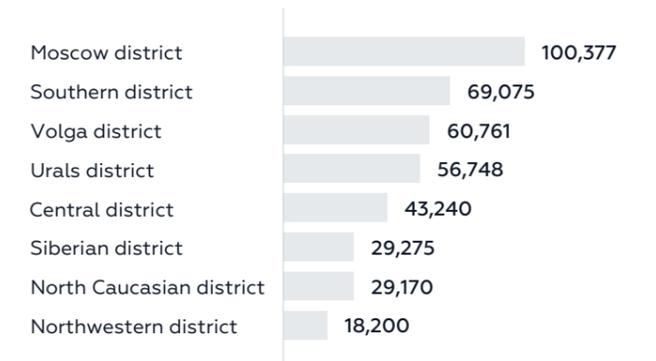
Potential partners can explore all of Magnit's agricultural contracting services on the [Magnit Agrofamer](#) website, where they can also submit a request for support or consultation.

In 2024, our agricultural contracting – focused on long-term contracts for the direct supply of vegetables and fruit from farmers – reached record numbers of active farms engaged in these contracts. A total of 144 agricultural producers are now collaborating with Magnit across 41 regions. In 2024, the actual supplies of open-field vegetables, fruit, and melons totalled 407,000 tonnes, covering 25 product categories, 107 SKUs, and 41 distribution centres. In addition to our established agricultural contracting options, our team is always looking for new value propositions for farmers. In 2024, under the Federal Research and Technical Programme, a number of agricultural contracting sites planted Prime potatoes, which have shown great results alongside European varieties. We also launched our first projects to retrofit the production capacities of our existing partners.

Continuing growth in partnership with Magnit

For five years, Soyuz Volgograd LLC has been collaborating with Magnit under agricultural contracts. During this period, it has grown its farm fields from 30 to 800 hectares across the Volgograd region and the Republic of Dagestan, while also expanding its product range from 2 to 40 SKUs. Approximately 95% of the farm's produce is supplied directly to Magnit. Today, the business continues to evolve by upgrading equipment and expanding storage facilities, thereby enhancing the quality of its products and establishing itself as one of the largest vegetable producers for our network.

Geography of product supplies under agricultural contracts in 2024, tonnes



i Several of Magnit's partners modernised and upgraded their infrastructure in 2024, with financing partly secured through the Company's advance payments under the agricultural contracting programme.

Partnership with farmers

We actively cooperate with farmers producing unique, high-quality products. In 2021, we developed a simplified supply contract for smaller agricultural producers, already available to farmers all over Russia. Magnit promotes the concept of affordably priced farm products for mass consumers, especially with respect to traffic generating SKUs.

We consistently develop cooperation with small farms that produce meat, dairy products, and other items with a short shelf life. Our goal is to offer fresh, high-quality farm products to consumers at affordable prices, while giving farmers the opportunity to sell their produce in our stores on clear and favourable terms.



Magnit's collaboration with farmers is supported by a dedicated farm products unit. The quality of the supplied farm products is overseen by quality experts and technologists.

Farm products are available in the Farmer's Basket format in more than 380 supermarkets and over 10,000 convenience stores. These baskets are standalone showcases within the store, featuring a rustic style and displaying a variety of farm products, including dairy items, cheeses, meat and meat deli, poultry, eggs, and fish. In 2024, we introduced frozen ready-to-cook foods into the range and launched pilot deliveries of teas, herbal collections, juices, and canned food. In 2025 we plan to expand our supplies of farm honey to supermarkets.

Across all collaboration stages, Magnit provides farmers with comprehensive information support and assistance as regards food safety, including certification, production control programme development advice, hazard analysis, selection of detergents equipment, and rodent and pest controls. We make assessments and offer consultations to ensure correct paperwork for certificates of conformity, labelling, and technical specifications. To this end, we conduct on-site audits at our suppliers' farms and laboratory testing of products, assisting them in drafting the necessary quality assurance documents. These measures help us identify potential bottlenecks and provide farmers with feedback on resolving product quality compliance issues.

Cooperation with farmers in 2024

Dairy products, cheeses, meat, poultry, and fish

>166

partner farms

> RUB 2.47 bln

turnover of farm products in the retail chain

>1.3 thous.

farm product SKUs in Magnit's offering

41%

share of farm products in supplies under agricultural contracts

We conduct research into our customers' perceptions of farm products. The results show that our customers are interested in farm products, appreciate their natural origin, and feel that it is important to support specific farmers and their products. The purchase decision is often influenced by price factors and the lack of familiar, less formal interactions with farmers in chain stores. That is why Magnit regularly hosts product tastings conducted by the farmers themselves, while also providing consumers with information about our quality control processes. Our flexible pricing system enables us to effectively manage product prices. Additionally, we are improving the visual design and navigation around the Farmer's Baskets to help consumers easily recognise them as healthy and natural options.

Magnit explores various ways to collaborate with farmers, including through third-party aggregators, and negotiates with existing regional aggregators in the regions, providing them with advisory support.

Farm produce aggregators launched in 2024

▶ Krasnodar territory

Magnit, together with the Solnechny Krug agricultural consumer production and sales cooperative, launched a farm produce aggregator in the Krasnodar territory. Solnechny Krug has been a long-standing partner of Magnit, supplying our stores with dairy products from its farm in the health resort area of Goryachy Klyuch. Through this agricultural aggregator, Solnechny Krug will also supply Magnit with products from other farms in the region.

This initiative marks the first farm produce aggregator project in the Krasnodar territory. At its inception, deliveries via the aggregator were launched in nine locations, starting with Krasnodar, Goryachy Klyuch, and Novaya Adygea, and later expanding to Sochi, Adler, Tuapse, Anapa, Novorossiysk, and Gelendzhik. Farm products are now available in 27 large-format stores and five convenience stores. At the first stage, four regional farms joined the aggregator, offering 44 SKUs that include milk, cultured dairy products, cheese, and meat deli. Magnit plans to further develop this aggregation project in the Krasnodar territory by involving new farmers and expanding supplies to new cities.

▶ Volgograd region

In March 2024, Magnit partnered with the Volgograd Agricultural Union, an agricultural consumer sales cooperative, to launch a farm produce aggregator in the Volgograd region. This initiative marks the Company's second project of this nature. The functions of the aggregator, including storage, documentation, and logistics, are performed by the Volgograd Agricultural Union. Currently, the project involves eight farmers who together offer 47 SKUs, encompassing dairy products, fruit and vegetables, sausages, and frozen foods. Magnit provides a stable sales channel, with 15 supermarkets participating in the project.

Additionally, the farmers gain access to our valuable services and expert advice. Looking forward, we aim to increase the number of participating farmers and expand their product range to include meat, poultry, fish, and eggs.

▶ Tula region

The farm produce aggregator in the Tula region is actively operating, involving 14 farmers, five of whom supply products from other regions, including the Kaluga, Lipetsk, and Moscow regions. Currently, 197 convenience stores and seven supermarkets of Magnit are participating in this project. Since November 2022, we have procured a total of 463 tonnes of produce. The farmers involved provide 111 SKUs across six categories: dairy products, meat deli, cheeses, frozen ready-to-cook foods, poultry, and quail eggs. Looking ahead, we aim to expand our product offering and attract more farmers to the initiative.

▶ Leningrad region

In mid-2024, we partnered with Food Miles to launch a farm produce aggregator in the Leningrad region. Food Miles is a digital service that facilitates logistics and delivery of goods from local producers and farmers to major retailers. This project features a distinct model, with Food Miles acting as an aggregator and intermediary between farmers, logistics operators, and Magnit. Deliveries are made to 11 supermarkets in St Petersburg, the Leningrad region, and the Republic of Karelia. Currently, the project involves seven farms that produce dairy products, meat deli, cheeses, and eggs, offering a total of 53 SKUs across these categories.

Product quality control

The Company has a set of initiatives designed to assure the quality of products, services, and customer experience.

These initiatives include regular independent audits of suppliers, lab product tests, maintenance of the cold chain throughout the product life cycle in stores and distribution centres, compliance with sanitation and hygiene standards in stores, distribution centres, sales areas and other venues, efforts to obtain permits for the supermarket chain's own products, etc.

Risk matrix

In order to supply the retail chain with high quality and safe products, we have developed a product quality management system with the risk matrix analysis at its core. This is a specialised algorithm to divide products by group and offering by category, determining further actions aimed at their quality assurance.

Risk matrix creation algorithm



The risk matrix is created by the offering categories and product groups.

The four key offering categories are divided into two zones by the level of risk:

- a high risk zone: private labels and raw materials for in-house production at retail facilities;
- a low risk zone: supplier brands.

By product groups, the offering is also divided into three risk zones: high (which traditionally includes dairy products, fish gastronomy, meat and poultry), medium, and low.

Quality certificates

A quality certificate is a document which is a part of the supply agreement that sets out quality and safety requirements for products. This document must be signed with suppliers for products with a high level of risk.

Taste tests and quality evaluation

The product quality is tested through organoleptic evaluation of compliance with applicable quality requirements. Testing is done using product samples from the Magnit chain, samples from competitor chains, and those provided by suppliers. Quality evaluation is followed by conclusions on compliance of the products with applicable requirements. In the case of non-compliance, the supplier improves its products as needed. When reviewing supplier products, we give recommendations on the launch of cooperation so that the Company is supplied with high quality and safe products going forward.

In 2024, following the successful testing, we updated our approach to gathering data from respondents. According to the updated approach, a new automated system will be used to gather data on respondent evaluation.

In 2024, we carried out

>17,000

product quality checks



Audits of suppliers and retail facilities



Audits are an important element of the product quality and safety assurance system. Magnit conducts audits across the supply chain – from suppliers' production sites to stores.

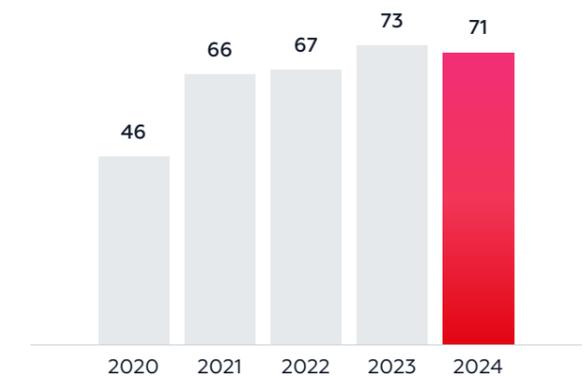
Audits of suppliers

Audits of suppliers are necessary to make sure that products manufactured at their sites meet all applicable requirements and quality metrics. We seek to partner with suppliers of certified products and trace product origins.

As part of audits, all suppliers undergo a risk likelihood assessment. Suppliers are split into four categories: A, B, C, and D, where A and B are suppliers with the lowest risk expected, with meeting the retail chain requirements by 90% or more, and D are those with the highest risk and compliance below 80%. Following the analysis, we take steps to enhance product quality control with suppliers falling into the highest risk categories.

In 2024, we ran 679 audits of supplier production sites and increased the share of suppliers with the lowest risk expected.

Share of private label suppliers with the lowest risk expected (A+B), %



Note: excluding DIXY and Samberi.

The Company supports the development of manufacturing audit initiatives. After successful testing in 2024, we rolled out the recognition procedure for manufacturing audits by the Russian Quality System.

Audits of retail facilities

Our quality experts regularly make site visits to check the condition of retail facilities and in-house production there.

These efforts are an important quality and performance management tool.

In 2024, Magnit completed about 19,000 remote and on-site audits of its stores. According to the audit of supermarkets, the average rating of the audited facilities is 92%.

We keep improving our suppliers' production and retail facility audits.

Based on the audit data, we compile final and interim results, and follow up on subsequent corrective actions, which the management can rely on to make more informed strategic decisions.



Laboratory control of suppliers' and in-house products

Laboratory control is designed to:

- make sure that suppliers' products meet applicable statutory requirements and the Company's internal standards;
- prevent potential negative impact on the customers' health;
- take immediate measures where products fail to meet applicable requirements.

We regularly test suppliers' and in-house product samples in collaboration with 170+ laboratories, including state-run facilities, research institutes, and federal scientific centres.

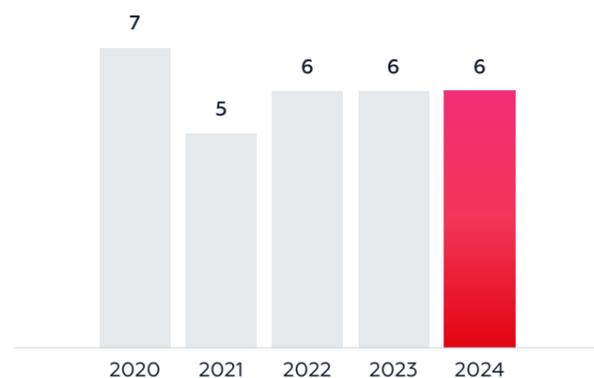


The share of suppliers' non-compliant products and, including high-risk products, went down to 6% over the year.

In 2024, we ran

19,300 laboratory tests

Private labels: decreasing non-compliance, %



Note: excluding DIXY and Samberi.

Laboratory control of in-house products at retail facilities

In-house products made at retail facilities undergo control even before they are released, with shelf life justification and certification procedures in place. During their life cycle, products also undergo laboratory tests to assure compliance with applicable requirements.

In 2024, in-house products went through

23,000 tests

Laboratory control of Magnit's integrated facilities

In 2024, we carried out

4,200 sample tests

for products made by Magnit's integrated facilities.

Measures upon detection of subpar product quality

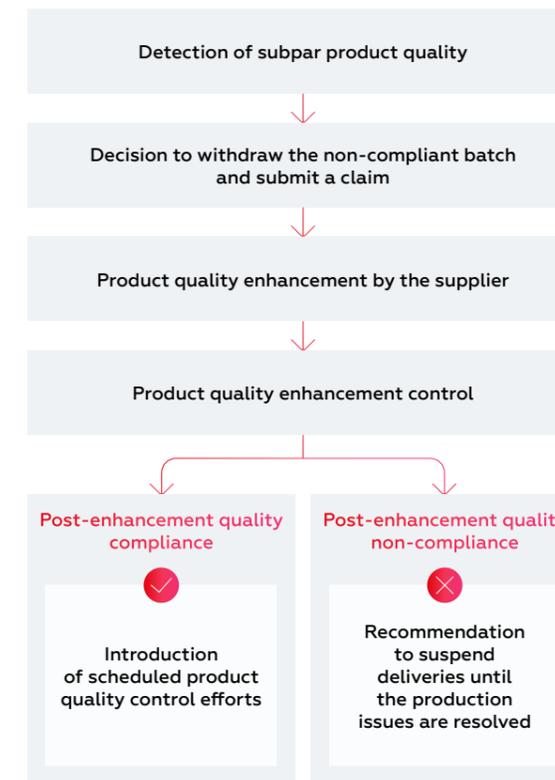
We immediately respond to detection of subpar product quality. If there are non-compliance reports, the product undergoes tests to assure compliance with applicable requirements.

The Company has established a product quality enhancement procedure to detect and resolve any compliance issues. We also take preventive measures to mitigate the risks associated with selling subpar products.

In order to source information on subpar product quality, we use a variety of communication channels, including our contact centre, hotline, automated internal reporting systems, and official reports from regulators and non-profit organisations. We address the reports promptly, with detailed responses to each of them, and take actions to eliminate the detected defects.

The Company has built a comprehensive system to address non-compliance reports. We have established response mechanisms that enable us to source information on subpar product quality, introduce additional quality checks, and then deliver detailed responses to each report.

Product quality enhancement procedure

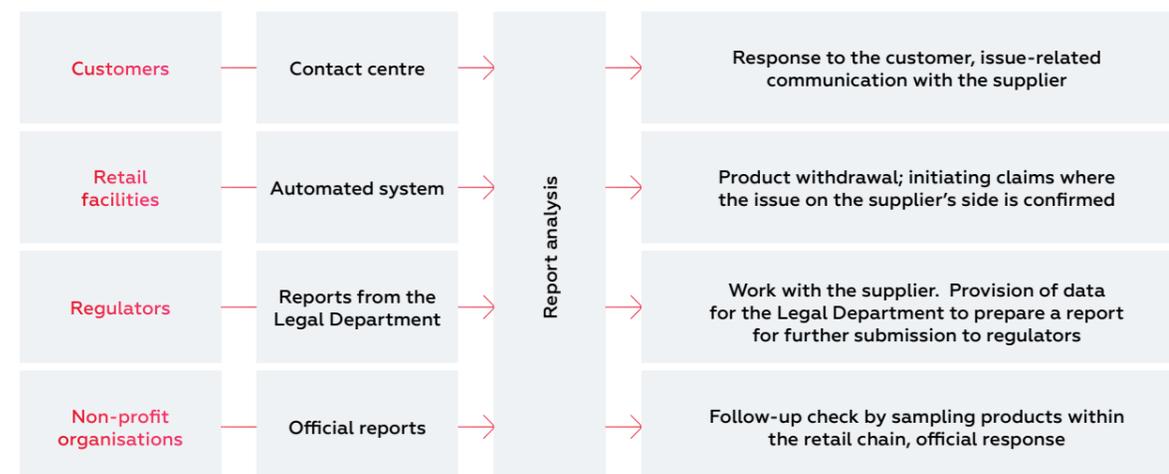


In 2024, the Company received

50.4 thous. reports

related to suppliers' product quality, including in-house products.

Product quality report addressing flow chart





Educational projects

Magnit is open for sharing experience and expertise as part of educational initiatives.

In collaboration with MGIMO and Russia's other leading universities, we have been organising a variety of educational events for students for several years now.

At the end of 2024, we invited students to visit our store and demonstrated the process of testing product quality by organoleptic evaluation using an automated system to gather data from respondents.

In December 2024, students of Kuban State Agricultural University attended an educational event on ensuring private labels quality and a business game on developing quality specifications.

These events were attended by about 100 students of industry-related specialities.

In 2025, we are planning to continue and expand the cooperation.

Workshops for suppliers

In order to remedy repeated failures, we organise workshops for product suppliers to inform them about the rules ensuring correct product labelling and to answer their questions.



A key topic for discussion at workshops is product labelling requirements for specific types of products as set forth in the Customs Union's technical regulations.

Improvement of standards by specific projects

In 2024, we were continuously improving operating methods and modes to support the high standards that our customers expect us to meet – not only as regards our regular offering but also for the Company's new priority areas. These include in-house production at retail facilities across all formats of the chain, M Kitchen, First Choice (hard discounter) private label products, Magnit Pharmacy private label products, and help with organising supplier quality assurance in our work with farmers.

New in-house production projects at retail facilities

In 2024, we provided assistance and expert support for new in-house production projects at retail facilities. The project embraced such participants as the Depot food court in Moscow, and stores of smaller and larger formats. With a view to improving the product shelf life, we introduced the MAP process¹, which ensures longer-lasting product quality and helps us expand the perishable goods geography.



We also introduced new information technologies, with all documented information now available from a single shared guide, which helps personnel to get the necessary data in a quick and easy manner.

M Kitchen

Extending support to the M Kitchen project even before suppliers' products find their way to the shelves, we run:

- compliance checks to ensure that production conditions are aligned with the Company's internal standards;
- suppliers' document checks;
- multi-stage compliance checks to ensure that product quality meets applicable requirements.

In 2024, following corrective actions, ten production sites improved their compliance score to 90% or above, gaining clearance for deliveries.

We run regular compliance checks, including taste tests and laboratory control, to ensure that the quality of the existing suppliers' products meets applicable requirements.

In 2025, we are planning to make our control more stringent through more frequent audits and laboratory tests. We are also planning to introduce regular taste tests of the existing suppliers' products by an expanded panel at suppliers' production sites.

Magnit Pharmacy private label

In 2024, we continued developing quality certificates for the Magnit Pharmacy private label, updating and coordinating them with suppliers. In addition, we were revising the product quality assurance process within the chain. In 2025, the plan is to strengthen laboratory control of the private label medicines, as well as pre-pharmaceutical products and health supplements.

First Choice hard discounter private label

We have developed an action plan for quality assurance of hard discounter private labels, engaged additional staff to organise product quality checks and introduced a quality assurance system to be used at the product entry stage and during its life cycle.

Farmers

Magnit is taking an active part in the project to develop farm products and expand their offering.

Across all collaboration stages, farmers get comprehensive information support and assistance as regards food safety, certification, production control programme development advice, hazard analysis, selection of detergents, equipment, and rodent and pest controls. We assess farmers and offer them consultations to ensure correctness of compliance statements, labelling and technical specifications. For that, we make site visits to our suppliers' farms, do laboratory tests of their products, and also render them assistance in drafting all the required documents. These measures help us identify potential bottlenecks and provide feedback on resolving product quality compliance issues.

¹ MAP – modified atmosphere packaging, a final stage food processing operation.



Supply chain

Magnit boasts one of the largest logistics network in Russia.

To maximise operational efficiency, we have carefully designed and optimised multi-echelon supply chains tailored to each store format.

Centralisation ratio in 2024



Nationwide coverage:

- federal
- regional
- import shipments

A combination of in-house transport units and outsourced fleet, ensuring superior service quality and rigorous control

Efficient ownership structure as a guarantee of reliability and cost control



Supply chain optimisation

Our goal is to develop the leading supply chain in the Russian market to support our multiformat network requirements.

Key tools

Network optimisation:

- format-specific customisation of supply chains;
- building a business partnership model with formats;
- focus on end-to-end optimisation of supply chains and development of additional services for suppliers.

Supporting network growth:

- establishing strategic and tactical planning cycles;
- proactive development of logistics infrastructure;
- ensuring reliability and quality of logistics operations (SLA).

Digitalisation and robotisation:

- robotisation of operations;
- business process automation;
- quick wins driven by digitalisation.

A culture of continuous improvement and mutually beneficial collaboration:

- customer-centric culture;
- focus on maximising gross revenue whilst optimising Cost to Serve¹;
- change committees;
- joint forecasting with suppliers.

Employee value proposition (EVP) programme:

- comfortable DCs and transport units.

► Increase in internal efficiency

- In 2024, we significantly renewed and expanded our fleet of warehouse equipment (+3,400 units), which enabled us to **increase the mechanisation rate for our warehouse operations from 30% to 80%**. Additionally, more than 300 new forklift models are scheduled for delivery in Q1 2025, which will further increase the mechanisation rate to around 87%.
- We continue to equip DCs with new-style transport carts. In 2024, **26 DCs fully converted to the new transport packaging**, with the remaining DCs scheduled for conversion in 2025.
- Voice picking technology has been significantly enhanced, **increasing the share of picking by voice from 13% to 88%**. The next stage will be the introduction of wireless voice headsets, with the first batch already in place at the DCs and undergoing successful tests.
- A new programme, titled **DC Maturity Levels**, has been developed and implemented, aimed at **identifying and scaling best practices** for staff productivity improvements.
- We have developed and implemented **configuration parameters and rules** affecting utilisation of transport packaging, resulting in **14% efficiency improvement**.

► Focus on employees

- Throughout the year, we focused on **improving the working conditions for DC employees by implementing the Comfortable DC programme**, along with expanding the coverage and enhancing the quality of complimentary meals.
- We also **prioritised developing a mentoring system and supporting employee progression** along career tracks by creating a talent pool.

► Focus on stores

- In 2024, the Magnit network continued to expand the Trusted Acceptance project, aimed at reducing the Company's costs associated with accepting goods upon arrival from DCs to retail sites. By year-end, **28 DCs and nearly 14,000 convenience stores had successfully transitioned to trusted acceptance**.
- In 2025, the Company plans to complete the conversion of all DCs and retail facilities within convenience store and supermarket formats to the Trusted Acceptance project.

► Optimisation of storage space

- In the reporting year, we implemented more **advanced warehouse management technology**, reducing picker mileage by 20% for dry goods assortment.
- In 2024, we introduced SKU quotas, determining the optimum number of SKUs in stock whilst considering throughput infrastructure and optimal division of picking locations. This decision allowed us to **relinquish some temporary leased DCs and reduce the share of cells**.

► Launch of new logistics projects development in 2024

- **Mobile workstations for warehouse employees:** this system will enable any warehouse employee to work with operational indicators in real-time whether on a loading rack or in a DC, without being tied to a fixed workplace. The first version of the system (MVP) is scheduled for launch in 2025.
- **YMS² and TSM³ systems to manage warehouse sites**, representing an update and enhancement of the current system with increased process efficiency.

In 2024, Magnit began developing its proprietary forecasting and replenishment (F&R) system to predict and plan orders.

The implementation of our own F&R solution will improve the efficiency of the goods movement management system as part of its transformation: it will increase the flexibility and speed of the logistics chain, ensuring an optimal balance between product shelf availability and stock levels. This represents the largest digital transformation project in supply chains and the first project in Russia to create and implement fully domestic software for this scale of business.

We anticipate that the F&R project implementation will generate a positive economic effect for Magnit's business amounting to tens of billions of roubles over the coming years. Reducing inventory in stores and distribution centres, while increasing shelf availability of goods, will be the primary drivers of the project's economic impact.

¹ The Cost to Serve methodology aims to identify costs across the supply chain incurred by the company to serve customers in order to improve profitability.

² Yard Management System.
³ Time Slot Management.

Magnit's supply chain design reflects distinctive CVPs of its different formats.

Magnit Convenience

- Modern store concept covering all the essential needs, with a focus on fresh products and ready-to-eat meals
- Best price/quality perception
- Streamlined product mix balancing operational and logistical efficiency with customer needs

Magnit Cosmetic

- Contemporary design of the sales floors promoting beauty, comfort, and a modern lifestyle
- Opportunity to find something special for personal needs or as a gift
- Product testing available
- Building perception of a diverse and attractive assortment through dynamic updates of unique products and trendy new offerings

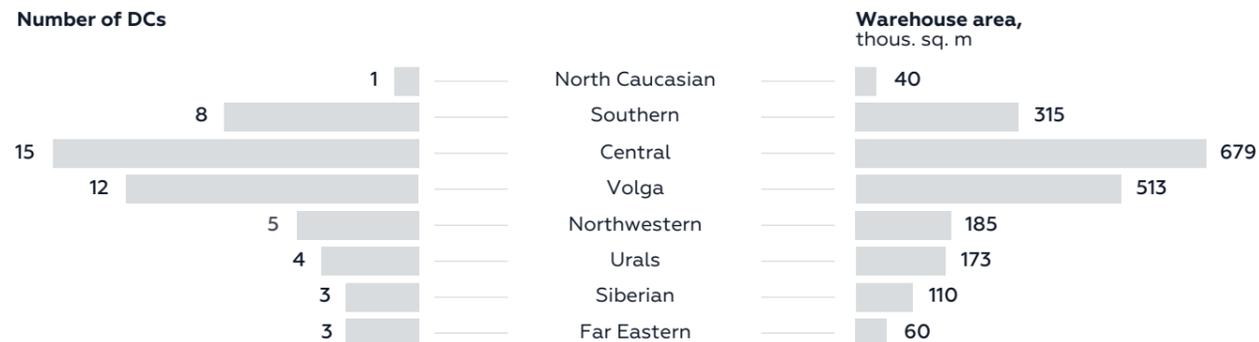
Ultra-small formats

- Affordable stores with a cozy atmosphere designed to embody a friendly neighbourhood feel and offering the best price/quality proposition
- Low operational costs supporting competitive pricing
- A broad assortment of the fresh and ultra-fresh categories, fruits and vegetables with a focus on ready-to-eat meals and impulse purchases (over 900 SKUs)

Magnit Family and Magnit Extra

- Regular family shopping experience catering to various customer segments and tailored to regional specifics and the competitive landscape
- Best permanent price offering
- Development of additional services, ready-to-eat options, cafés, own production, and bakeries

Magnit operates



¹ 3PL, or third-party logistics, is a practice of outsourcing most of logistics operations, including storage, transportation, labelling, and packaging.
² WMS (warehouse management system) – software that helps companies manage daily warehouse operations, from the moment goods and materials enter a distribution or fulfilment centre until the moment they leave.
³ Multipicking – a parallel picking method where a warehouse worker picks multiple orders at the same time.
⁴ Pick-by-line process – a method of picking and consolidating the stock delivered by the suppliers based on store orders.
⁵ Pick-by-store process – a method of picking the stock for a single store.

Logistics infrastructure

In 2024, Magnit added five new facilities to its logistics infrastructure. Among others, it launched a new facility in the RUSICH-Shushary industrial park designed to replace the Ugolnaya Gavan 3PL¹ centre. Furthermore, the Company opened the Chekhov 3PL centre in Moscow serving as a buffer warehouse for handling Magnit's own imports, and the Neo-Trade 3PL centre in Krasnodar to facilitate work during the summer season. In Samara, the Company

launched ZIM Samara DC ahead of the high season, and in Yekaterinburg, the Neo-Trade 3PL centre for frozen products was commissioned in preparation for the summer.

 These facilities are crucial for the strategic strengthening of the Company's logistics network, as they ensure the reliability and stability of the existing supply chain.

Launch of distribution centres

 **St Petersburg**

Magnit launched a 33,000 sq. m logistics centre in St Petersburg using a state-of-the-art leased facility in the RUSICH-Shushary industrial park. The new multi-temperature DC opened in Q2 2024 and now serves 699 stores of various formats in St Petersburg and the Leningrad region. The logistics facility features refrigerated rooms, a shipping area, office premises, and other spaces.

 **Samara**

On 14 November 2024, Magnit officially opened an interregional distribution centre in Samara, the Company's second facility in the region. The total area of the new DC is about 15,000 sq. m. Once it reaches its target capacity, the facility will supply products to approximately 1,200 Magnit stores across the Samara and Ulyanovsk regions, while also serving some 3,000 stores in the Saratov and Penza regions and the Republic of Tatarstan via transit through other distribution centres. The expansion of Magnit's infrastructure strengthened the Company's logistics, improved service quality, and enabled further growth. To ensure the quality of storage, order picking, and delivery, the DC is highly automated through the use of advanced solutions such as automated orders, time slot management, and voice picking. Storage and delivery operations rely on cutting-edge warehouse machinery and equipment. The new facility has a headcount of around 400 people.

 **Podolsk**

In December 2024, we completed the first test shipment from a new federal distribution centre (FDC) in Podolsk, leveraging an advanced LT WMS² solution.

Developed by LT Management and registered in the Russian software registry, the LT WMS warehouse management system is a high-performance solution for large-scale distribution centres, which enables efficient control over operational costs and ensures stable, efficient functioning of warehouse facilities.

LT WMS's unique technologies are pivotal to the operation of the new Federal Distribution Centre in Moscow. Covering an area of 90,000 sq. m and sophisticated business processes, the system is engineered to tackle tough and unique challenges.

LT WMS blends global best practices with Russian compliance standards. It offers:

- All-in-one WMS features (ready to use out of the box) designed for Magnit's high-tech needs, including:
 - automated conveyor lines;
 - pick-to-light (P2L) solutions (autonomous carts for light-guided multipicking);
 - 5-level mezzanine for piece picking;
 - other cutting-edge tools.
- Configurable business processes with streamlined modelling.
- A modern tech stack that does not rely on foreign software.

The system is now ready for launch and includes:

- piece-picking technologies on 5-level mezzanine using put-to-light smart carts to boost picking speed at the Federal Distribution Centre;
- automated conveyor lines with sorting channels for order container distribution;
- algorithms for optimal order consolidation for multipicking³;
- algorithms for automatic slotting optimisation, ABC slotting, and topology configuration;
- management of batch/serial inventory accounting across all product groups;
- voice picking solution developed by Smart Service, which integrates with advanced logistics equipment, supports pre-set scenarios (PBL⁴, PBS⁵, multipicking, etc.) and includes a built-in analytics module for measuring employee performance (productivity, downtime, etc.).

The FDC is the Company's most automated warehouse leveraging the latest technologies and equipment:

- **Pick-to-light (P2L) solution** for order pickers in the racking system's box storage area is designed to improve batch picking accuracy and speed by using light navigation to identify target containers. Based on the pilot results at the FDC, the Company will decide on further roll-out of this solution.
- **Pick-to-light carts for piece picking** are a reliable tool for the light-guided picking of small items. In 2025, we plan to further enhance the system through visualisation upgrades.
- **Voiceman, a voice picking solution**, was integrated with the new warehouse management system (WMS LT) and fine-tuned to our business processes covering rack-based box and piece picking. The system is compatible with most voice picking equipment, while also supporting multiple languages and integrating seamlessly with additional devices.

Robotics

In 2025, we will continue testing new solutions at the FDC. For example, the Company plans to conduct trials with a robotic arm to replace order pickers at the conveyor chute.

2025 will also see the introduction of the first fully automated section at the Kolomna DC designed to increase employee productivity and the facility's throughput capacity. Plans for 2025 also include the launch of 3D shuttles, AMRs¹, and FMRs². In the reporting year, we developed a concept for a robotic DC based on our existing facilities and received topology sketches of automated DCs. In the near future, we plan to finalise the concepts for new robotic DCs.

The Company also started technical trials of a variety of floor automation models (AMR) at the Kolomna DC, assessing the reliability and efficiency of pallet racks and the Goods-to-Person technology.

In 2024, we researched and tested various cutting-edge solutions

We tested six different models of robotic floor cleaning machines and selected the most efficient devices. The plan is to equip DCs with robotic floor cleaners and conduct pilot trials to confirm the cost effectiveness before scaling.

We tested inventory drones at the Kolomna and Astrakhan DCs. Storage locations were examined with pallet barcode scanning at the existing DCs alongside with efficiency probes and fixation of measurement errors. The plan is to finalise the economic model and assess its effectiveness before making a scaling decision.

In 2025, we plan to implement a warehouse equipment monitoring system at our DCs. Automating routine processes related to warehouse equipment and digitising operational parameters will help reduce costs, improve occupational safety, and ensure compliance with the applicable health and safety regulations. In 1H 2025, the system is expected to be launched in two pilot DCs to confirm its economic benefits before scaling.

Transport

As at the beginning of 2024, the average age of the Company's vehicles was 7.5 years. This came as the key challenge impacting our strategy for the development of physical logistics. Over the past year, we reached a record number of newly purchased and deployed vehicles: 2,360 new vehicles were added to the fleet, with the renewal rate as at the end of 2024 coming in at 28% and the average fleet age dropping to 6.6 years. In 2025, we will carry on with our fleet renewal efforts, with plans in place to buy over 1,400 new vehicles and sell or phase out more than 2,000 vehicles. The average fleet age is expected to be 3.7 years by the end of 2025, while technical readiness and reliability of the fleet will significantly improve.

28%

fleet renewal rate as at the end of 2024

In 2024, we also enhanced the expertise of in-house repair workshops, scaled up unique repair competencies, updated the workshop equipment standard to meet the latest repair technology requirements, and implemented advanced systems (including remote ones) for vehicle condition monitoring and repair quality assessment. The spare parts availability ratio exceeded 90% (compared to 80% in the previous year) due to an improved procurement process.

As part of a programme seeking to improve drivers' working conditions, 584 vehicles were retrofitted with autonomous air conditioners, with another 421 vehicles planned for upgrade in 2025. Infrastructure investments under the plan to ensure a comfortable conditions across transport units increased sevenfold year-on-year.

As a result of these initiatives, on-time delivery reached the target level of 98%.

¹ Autonomous mobile robot – any robot capable of navigating its environment without supervision from an operator.
² Forklift mobile robot.



Unmanned trucking

In the reporting year, Magnit continued employing the unmanned trucking technology for freight transportation. An unmanned truck hauls semi-trailers along the M-11 highway. In the reporting year, only one semi-trailer re-coupling point was used instead of two, which significantly speeded up the delivery. The next steps will include deploying a second unmanned truck, operating routes with no re-coupling along the highway in line with the DC–DC arrangement, and expanding the unmanned logistics corridor from M-11 to the end of the M-12 highway via the Central Ring Road (CRR). The unmanned trucking technology advancements mean that instead of two people in the cabin, only one test driver now monitors operations from the passenger seat.

Magnit's semi-trailers with a cargo capacity of up to 22 tonnes that were utilised in the project maintain the necessary temperature mode and enable deliveries of a wide range of foods with no limitations whatsoever, as well as non-food items.

>500 unmanned trips completed in 2024

>10,000 tonnes of goods transported in the autonomous mode

Participation in the Combination Truck project

In an attempt to improve the economic efficiency of freight trucking in Russia, Avtodor Group joined forces with Magnit and other major logistics companies to start trials of high-capacity multi-link road trains (Combination Trucks) on the M-11 Neva, CRR and M-12 Vostok highways.

The first test phase on the Dyrtyuli–Achit route in the Sverdlovsk region confirmed compliance of the Combination Trucks with the state commission requirements, which prompted Avtodor Group to approve the results of the test drives. If the next two test phases are successful, multi-link road trains are expected to be launched under an experimental regulatory framework in 2025.



In addition to significant improvements in the delivery cost efficiency, use of multi-link road trains will enhance road safety, mitigate the environmental impact, and might as well help address the critical shortage of cargo vehicles and professional drivers in Russia.



Use of alternative fuel vehicles

In 2024, Magnit signed a tripartite memorandum with VTB Leasing and Gazprom Gazomotornoye Toplivo to expand the use of natural gas as a motor fuel for road vehicles with a view to reducing the environmental impact under leasing transactions.

A deal is underway to acquire 20 gas-powered semi-trailer trucks on lease. Magnit estimates that its participation in the project will not only cut fuel costs by up to 40%, but will also help reduce harmful emissions thanks to the use of cleaner natural gas. The project will also promote the leasing of alternative fuel vehicles and help expand the network of automotive CNG filling stations¹.

Innovations in logistics

- In 2024, we successfully completed a pilot and started preparations for the implementation of software for automated direct delivery routing. The software rollout is planned from mid-January to June 2025, with the pilot launched at eight DCs on a monthly basis. The solution is expected to reduce delivery costs by 0.9%, or RUB 261 mln per year. In Q3 2025, we plan to introduce automated routing for transit deliveries.
- In 2024, the Company started implementing software to create a digital platform that will fully cover operational interactions with contracted carriers and third-party cargo owners and further cut delivery costs. The platform is scheduled to launch in 1H 2025.



Collaboration with suppliers

More partners entrust their logistics operations to Magnit. Over 500 suppliers have already transferred the management of their store supply chain either entirely or partially to Magnit's logistics team, with the Company helping to reduce store delivery costs for more than 500,000 pallets. This approach allows both parties to focus on their core businesses: suppliers can put their efforts into production growth, while the retailer concentrates on distribution and sales.

In 2024, the most popular services under this model were:

- optimisation of batches delivered to DCs for better vehicle utilisation;
- switching to the supplier warehouse pickup option;
- switching to deliveries through the federal warehouse, including via pooling²;
- switching to deliveries through transit warehouses.

In 2024, we completed the rollout of uniform operational requirements for our suppliers. Moving forward, Magnit will only update this document from time to time to stay aligned with the applicable regulatory requirements and best practices in the market. Launched back in 2023, this programme has increased shipment turnover by 57% and accelerated the supplier order processing speeds.

The Company also approved a uniform standard for reusable pallets and embarked on its implementation. As most suppliers support uniform requirements across the market, full-scale adoption is expected to be completed in 1H 2025.

In 2024, we launched a large-scale initiative to ban excess shipments (over-shipments) from suppliers to DCs and retail stores. The key goal was to reduce critical over-shipments and thus significantly streamline logistics processes, while also improving operational efficiency.

Key improvements included:

- optimisation of electronic document management (EDM);
- review and streamlining of the existing business processes and order processing instructions;
- liaising with the warehouse and retail technology teams for embedding new solutions into the existing systems.

These efforts yielded tangible results, with critical over-shipments reduced by more than 80% and process transparency significantly improved.

Restricting over-shipments to distribution centres and stores played a crucial role in streamlining the logistics system and served as a strong example of successful cross-team collaboration.

>80%

reduction in critical over-shipments in 2024

Partner events

In 2024, we staged several significant events for our partners.

▶ Second Logistics Conference

In April, we hosted the Second Logistics Conference to bring together our suppliers. The event served as an excellent venue for discussing pressing logistics issues, sharing experiences, and finding joint solutions. More than 1,000 partners attended online, while 60 participated offline. Six working groups were actively engaged in discussions.

▶ Webinar on the analytical portal

In the autumn of 2024, the Company held a webinar on the Magnit Service analytical portal. Attended by over 400 participants, the webinar aimed to help partners better understand the portal's capabilities and enhance their user experience.

▶ Working groups digest

In November, we held a meeting to review the interim results of the initiatives outlined in April. This allowed us to assess progress and plan the next steps.

Several key initiatives include:

- a regular digest published since December 2024 to keep partners informed about the Company's updates and relevant changes;
- launch of two chatbots designed to help partners quickly access necessary information and support;
- the Implant 2.0 project launched to enhance communications and shift the focus from reactive solutions to preventive measures and systemic problem identification;
- collaborative forecasting, a tool that we continue to develop to improve supply planning across the entire chain, better adapt to market changes, and enhance customer service.



In 2025, we plan to:

- expand the range of product categories processed at the federal warehouse via cross-docking³ under pooling arrangements;
- launch pooling hubs at transit DCs;
- introduce an option of delivery through the single federal warehouse for the suppliers of frozen products.

¹ CNG – compressed natural gas.

² Pooling – consolidated transportation of goods from multiple suppliers to the retailer's distribution centres through a logistics provider.

³ Cross-docking – a method of receiving and shipping goods directly through a warehouse without long-term storage.



Sustainable development

04

Our approach to sustainability management

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Our approach to sustainability management



The Company actively integrates sustainability principles into all aspects of its operations. Recent years have been marked by significant progress in this area, thanks to our established sustainability management system and clearly defined strategic priorities.

For more details on the Company's contribution to sustainable development, see our [2024 Sustainability Report](#).



Our achievements

Gold

in Forbes ranking of Russia's best employers

A+

highest position in the Corporate Charity Leader ranking organised by the Donor's Forum Association

Group C

in RSPP Sustainability Vector Index

No. 1

at the Open to All competition of inclusive practices in the Corporate Policy category (ASI)

No. 2

at the Silver Mercury 2024 contest in the Best Creativity in HR and Internal Communications category

Resg2

high level in AK&M ranking of non-financial reporting employers

Winner

of the Retail Week Awards in the ESG Project of the Year in Retail category (Retail Event)

Group B

in RSPP Responsibility and Transparency Index

No. 1

in the ESG ranking of Russian consumer and non-financial services companies (NRA)

No. 3

at the Red Apple 2024 Moscow International Advertising Festival in the Environmental, Social, and Governance category

Sustainability management structure

The Company has in place a sustainability management structure consisting of several interrelated elements.

The Sustainability Steering Committee is responsible for the general coordination of sustainability programmes. The Sustainability Steering Committee, which includes heads of Magnit's key units, is chaired by the Company's CEO. The Committee's task is to make recommendations on improving business sustainability in response to economic, environmental, climate, and social challenges. The Committee also defines key areas of the Company's stakeholder engagement and prepares progress reports on the implementation of projects and initiatives as part of the Sustainability Strategy.

The Management Board of Magnit ensures fulfilment of the set goals and objectives across specific strategic priorities.

The Board of Directors defines strategic priorities of sustainable development and approves targets. The Capital Markets Committee of the Board of Directors oversees the achievement of the Sustainability Strategy goals. Relevant issues from the sustainable development agenda are also reviewed at meetings of the committees.

The Sustainability Department is responsible for planning the corporate ESG agenda, non-financial reporting, developing regulatory documents, and making recommendations to improve the efficiency of the sustainability management system and stakeholder engagement. In addition, the Department supervises the implementation of social and environmental projects.

At the working group level, the Company develops measures aimed at achieving its strategic goals, collects information, and prepares reports on relevant business lines. Sustainability principles are integrated into all strategic priorities of the Company and incorporated into the system of key performance indicators for managers and employees in charge.

For more details on key performance indicators, see our [2024 Sustainability Report](#).

Sustainability regulations

The regulatory framework for Magnit's sustainability activities is based on the Company's policies and standards covering various ESG aspects. In addition, the Company complies with the regulator's requirements, voluntarily implements the sustainability principles of external initiatives into its activities, and uses their recommendations to improve its operations. The Company closely monitors changes in the ESG agenda and regulatory environment, frequently reviews and updates its regulations to reflect both external and internal changes.

In the reporting period, Magnit revised its Environmental Protection Policy, refining the principles of implementation, adding requirements for compliance with industry standards and the use of innovations. The Responsible Supply Chain Policy was also updated, including a section on procurement of goods, works, and services with a focus on responsibility and sustainability. The Company is also developing a Sustainability Policy to consolidate Magnit's general principles and approaches in this area. The document will be a comprehensive guide covering all sustainability management processes.

Sustainability Strategy 2025

Strategy goal achieved Strategy goal in progress

The Sustainability Strategy is the Company's key sustainable development document. Developed in 2020, the Strategy is focused on an analysis of the Company's current and potential environmental and social impact, as well as an analysis of the retail industry and stakeholder opinions.

The Company has identified five strategic areas: environment, sustainable supplies, employer brand development, supporting local communities and volunteering, and promoting healthy lifestyles.

Magnit tracks progress against the goals, comparing quantitative performance with the baseline of 2019. For qualitative goals, a set of KPIs is established to reflect progress. The indicators are analysed on a year-on-year basis and may be supplemented to reflect changes in the business.

i In 2024, the Company began the development of a new Sustainability Strategy that represents Magnit's vision for the next five years, takes into account new products and services, as well as changing customer preferences. The document will maintain the continuity of the current strategy, incorporate global ESG trends, and align with Russia's national goals until 2030, and adjust to the business dynamics with the focus on measurable quantitative goals.

Progress against Magnit's Sustainability Strategy 2025

Focus area	Relevant global and national goals	Target for 2025 ¹	Progress towards our goals
Leadership in environmental impact reduction	ЧИСТАЯ ВОДА И САНИТАРИЯ ПОДВИЖНОСТЬ И ЧИСТАЯ ЭНЕРГИЯ ОТВЕТСТВЕННОЕ ПОТРЕБЛЕНИЕ И ПРОИЗВОДСТВО БОРЬБА С ИЗМЕНЕНИЕМ КЛИМАТА Russian Federation's 2030 National Development Goal: • Ecological well-being National projects: • Ecology	50% of private label and own production packaging to be recyclable, reusable or compostable	72% of private label packaging is potentially recyclable ²
		100% of recyclable plastics used in own operations to be collected and recycled	100% of plastic waste is sent for recycling
		50% reduction in specific food waste generation	59% reduction in specific food waste generation compared to the baseline of 2019
		30% reduction in specific GHG emissions	42% reduction in specific GHG emissions compared to the baseline of 2019
		25% reduction in specific water and electricity consumption	65% decrease in specific water consumption compared to the baseline of 2019 29% decrease in specific electricity consumption compared to the baseline of 2019
Creation of a 100% responsible supply chain	ОТВЕТСТВЕННОЕ ПОТРЕБЛЕНИЕ И ПРОИЗВОДСТВО ПАРТНЕРСТВО В ИНТЕРЕСАХ УСТОЙЧИВОГО РАЗВИТИЯ Russian Federation's 2030 National Development Goal: • Stable and dynamic economy National projects: • Ecology • Small and medium-sized enterprises	100% responsible sourcing for socially important categories	66% share of Russian-made products in the range of socially important goods 79.7% in 2023 40% private label share in the range of socially important goods 33% in 2023
		100% responsibility for own production and agriculture	77% share of domestic agricultural feedstock used in own production 76.4% in 2023
		Partnership programmes for local suppliers and farmers	18% increase in sales of local suppliers' products 9% in 2023 37% increase in product supplies under agricultural contracts 22% in 2023 1,061 Russian suppliers became new partners of Magnit 1,158 in 2023 ³

¹ The strategy targets are set relative to the baseline year of 2019.
² The metric has been adjusted in line with assortment under assessment.

³ Total for Magnit and DIXY retail chains (2024: 763 – Magnit, 298 – DIXY; 2023: 849 – Magnit, 309 – DIXY).

✓ Strategy goal achieved ↻ Strategy goal in progress

Focus area	Relevant global and national goals	Target for 2025	Progress towards our goals
Status of the number one employer in the industry	 Russian Federation's 2030 National Development Goal: <ul style="list-style-type: none"> Unlocking the potential of each individual, developing their talents, and educating a patriotic and socially responsible personality National projects: <ul style="list-style-type: none"> Education 	70% employee satisfaction rate	81.2% employee satisfaction rate ¹ ✓
		50% reduction in lost time injury frequency rate, zero fatalities	0.83 injury frequency rate 12% decrease in LTIFR ² compared to 2023 ↻
		40% maximum staff turnover rate	64.5% staff turnover ³ ↻
Positive impact on the quality of life of all Russians	   Russian Federation's 2030 National Development Goal: <ul style="list-style-type: none"> Preservation of the population, strengthening health and improving the wellbeing of people, supporting families National projects: <ul style="list-style-type: none"> Demography Healthcare Culture Education Housing and urban environment 	Community programmes throughout all our regions of operation	100% regions of the Company operation covered by the programmes ✓
		10% volunteering employees	28,351 unique volunteers ⁴ within the Company 21,445 in 2023 representing 9% of the average headcount 7% in 2023 ↻
Improvement in the quality of life for consumers and local communities	  Russian Federation's 2030 National Development Goal: <ul style="list-style-type: none"> Preservation of the population, strengthening health and improving the wellbeing of people, supporting families National projects: <ul style="list-style-type: none"> Demography Healthcare 	Information about healthy lifestyles and nutrition available to all customers	Over 10 million unique monthly users of the Gastronom website Over 7 million readers of the My Magnit magazine ↻
		Healthy products available to all customers	28% share of healthy food among the Company's private labels 28% in 2023 ↻ RUB 516 mln sales ⁵ of the Lifestyle healthy food brand RUB 695 mln in 2023 447 stores have Health Islands 475 in 2023 836 Health Islands 693 in 2023

¹ The first corporate survey was conducted in 2020.

² Since 2021, the Company has refined its approach to tracking progress against its accident reduction target and introduced the analysis of additional LTIFR, TRIFR, and FAR metrics to more closely monitor its own performance.

³ In 2024, the demographic situation became even more pronounced, the demand for personnel from the booming Russian business sector grew significantly and resulted in a notable shortage of employees in the market and their redistribution between sectors. Magnit faced this problem too but managed to cope with this challenge and maintain a high staffing level of 96.2%.

⁴ In 2023, the Company refined its methodology for tracking progress against the volunteering target and began tracking the number of unique volunteers to more accurately reflect performance against the target.

⁵ Sales of healthy food decreased compared to 2023 due to the withdrawal of butter, a key product in this category, but remained at the same level for other product lines.



Caring for people

As one of Russia's major companies, we not only offer customers quality and affordable goods but also strive to change lives for the better. Supporting local producers, environmental stewardship, helping local communities, and promoting healthy lifestyles are important elements of our work.

We believe that caring for people and society is the key to building a sustainable future¹.

For more details on the Company's Sustainability Strategy, see the Sustainability Strategy 2025 section <https://www.magnit.com/en/sustainable-development/our-approach/>.



1 Wide product range

4 New technologies for our customers

2 Solutions for healthy lifestyles

5 Transparency and feedback: active engagement with customers and other stakeholders

3 Green solutions in stores: from packaging to waste collection

6 Social initiatives



1 Wide product range

- **Own production.** Thanks to its own production, the Company controls the quality of products throughout the production cycle and ensures excellent value for money in its stores. For example, Green Line, Magnit's greenhouse complex, was one of the first in Russia to receive the Green One, a certificate of conformity for products with improved properties from the Russian Quality System. "Green" tomatoes, cucumbers, and lettuce will be supplied across the retail chain's footprint in packaging with the Green One label approved by the Russian Ministry of Agriculture. The projected production volume is about 60,000 tonnes per year.

2 Solutions for healthy lifestyles

- **Initiatives to promote healthy lifestyles.** Dedicated Health Islands shelves in convenience stores feature products with a special composition for those who watch their diet, such as superfoods, plant-based milk, and sugar-, gluten-, and caffeine-free products. In 2024, the share of healthy eating products among private labels was 28%.

28%
the share of healthy eating products among private labels

- **Engaging local producers.** To provide consumers with quality locally produced products at affordable prices, Magnit directly cooperates with agricultural producers. We not only buy products from local producers but also help farmers to develop by sharing our experience, helping them improve technologies and optimise processes. This enables our customers to find the best farm products on shelves all across the country.
- Our chain offers over 2,000 SKUs of farm products in the format of the Farmer's Basket in more than 380 large format stores and about 10,000 convenience stores. In 2024, over 160 local producers were featured in the Farmer's Basket format.

>2,000 SKUs
farm products available in the chain's product range in 2024

>160 local producers
featured in the Farmer's Basket format

- **We follow consumer behaviour trends and expand our product range.** Jointly with a research centre, we conducted a survey to compile a future customer profile. The results showed that health will be the key driver in food choices. These data will underpin new projects to promote healthy lifestyles and healthy eating, which remain among our priorities.

- **Pro.healthy habits club.** In Magnit's mobile app, loyalty programme members can learn about the latest healthy eating trends, receive personalised offers, and access signature menus for a balanced diet. In 2024, the audience of the pro.healthy habits club exceeded 4.5 million people, which is a testament to its appeal and popularity.

¹ For more details on implementing the Sustainability Strategy, see the Sustainability Report.



3

Green solutions in stores: from packaging to waste collection

- **Improving packaging sustainability** remains a priority in our work with own production and private labels. Last year we reached our target of making 50% of private label and own production packaging recyclable, compostable, or reusable. In 2024, 72% of packaging was potentially recyclable, and now we are focused on reducing the proportion of non-recyclable packaging and finding alternatives to replace it.

72%

share of private label and own production packaging potentially recyclable in 2024

- **The Company is also developing green packaging standards.** Previously, Magnit created Russia's first voluntary standard for recyclable packaging and sustainable transport packaging for e-commerce. In 2024, Magnit Pharmacy in collaboration with its partner ECR Sustainability developed recommendations for sustainable packaging for medications, cosmeceuticals, and dietary supplements, with a special focus on packaging recycling, demand for recyclable materials, and separate waste collection infrastructure.
- **Magnit actively develops infrastructure to encourage eco-friendly habits among its customers, providing convenient opportunities for proper disposal and recycling of waste.** For example, DIXY stores feature containers for collecting unwanted clothes in partnership with the Second Breath charity fund and the It's Easy to Give Things Away project. Magnit stores across the country have 600 containers to collect used batteries. The Company also ran a pilot project to install dedicated eco-boxes in Magnit Pharmacy stores, where everyone can dispose of pill blisters, vials, tubes, and other medicine packaging.
- **Certification of stores.** In addition to promoting green practices in our stores, we verify the results of our efforts. Magnit became Russia's first and only retailer to obtain the Vitality Leaf certification for its stores. Magnit's superstore in the Krasnodar territory and a convenience store in Moscow were successfully certified. The certification covers all aspects of store operations, including energy efficiency, waste minimisation practices, handling of recycled materials and packaging, and interaction with customers and suppliers.

4

New technologies for our customers

- **Service innovations and new technologies.** In 2024, the Company continued to ramp up the roll-out of self-checkouts across its network, bringing their total number to over 33,000. We are also expanding the use of neural network-based smart scale technology. In addition, Magnit's IT & Maintenance Lab developed Smart Store, a hardware and software complex. Using the Internet of Things (IoT) to monitor and control utilities helps to optimise energy consumption, minimise disruptions, and keep goods fresher for a more comfortable shopping experience.

>33,000

self-checkouts in operation in 2024

5

Transparency and feedback: active engagement with customers and other stakeholders

- Magnit actively engages with stakeholders and is always open to feedback. We realise that no successful development is possible without engaging closely with our customers, partners, NGOs, and other important groups. For us, it is important not only to share information about our operations but also to listen carefully to opinions, proposals, and comments. We encourage an open dialogue and are committed to taking into account the interests and needs of all parties. We regularly collect, analyse, and use feedback to improve the quality of our work.
- We strive to respond to inquiries as quickly as possible and actively engage stakeholders in discussing our initiatives, be it environmental projects, social programmes, or product quality improvement. We believe that transparency and mutual understanding with our stakeholders are key to achieving high performance and securing the sustainable development of the Company.

6

Social initiatives

- **Food sharing.** In 2024, Magnit expanded its food sharing programme, which has been in place since 2022, and began donating not only food but also non-food items such as household chemicals, household goods, personal hygiene products, and other necessary items. New large format stores and dark stores are expected to join the programme in 2025. More than 455,000 people have received assistance since the programme was established: large families, elderly people living alone, and others in distress. Since 2022, Magnit has donated 1,000 tonnes of food and non-food products to those in need.

>455,000 people

received assistance since the food sharing programme was established

- **Launch of a digital social platform.** Magnit launched the [Magnit Limitless platform](#) – a space for an open dialogue about the Company's social and environmental initiatives, and a single information centre with access to all social, volunteering, and environmental projects of Magnit implemented across both Russia and Uzbekistan. The website contains information about the projects and stakeholder engagement tools. In 2024, 62 projects were displayed on the platform and 186 questionnaires were filled out by non-profits.

62 projects

displayed on Magnit Limitless platform in 2024

- **Magnit Life, a socialisation project for orphans.** [Magnit Life](#) aims to improve employability and to support social adaptation of children and teenagers with orphan experiences or disabilities. Magnit Life is a comprehensive four-month educational programme that combines offline flexible skills training, gamified online learning, and internships in Magnit stores. In addition to the cities that had previously participated (Yekaterinburg, St Petersburg, and Moscow), the project was expanded to Nizhny Novgorod, Novosibirsk, Stavropol, and Kazan, covering more than 200 teenagers.

>200 teenagers

participated in Magnit Life project in 2024



- **Relay of Success, a social assistance programme for young people with disabilities and their families across Russia.** The project focuses on building an inclusive space and community that helps young people with disabilities to unlock their potential and identify opportunities for integration into different professions and the labour market. In the reporting year, the Company and its partners, Everland and the Agency for Strategic Initiatives, held 15 webinars and 30 events involving 103 experts. In 2024, 10 new regions were connected to the programme and 50 people were trained in the basics of organising inclusive events.

15 webinars 30 events

held by Magnit as part of Relay of Success programme in 2024

- **Inclusive Environment for Customers – the Kind Bunny project.** The Kind Bunny is a programme to train employees on ways of working with disabled customers at Magnit's Corporate Academy. We refreshed the programme in 2024, when the Academy created a new series of training materials. In 2024, more than 120,000 Magnit employees completed a course on interacting with people with disabilities.

>120,000 employees

completed a course on interacting with people with disabilities in 2024



Corporate governance

05

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Corporate governance framework

Magnit has in place an effective corporate governance framework that complies with the requirements of Russian laws. The Company is committed to advancing its corporate governance practices, taking into account the interests of shareholders and other stakeholders.

Governance, management and control responsibilities at the Company are vested in shareholders via the General Meeting of Shareholders, the Board of Directors, the collective executive body (Management Board) and the sole executive bodies (President and Chief Executive Officer) pursuant to applicable Russian laws, Magnit's Articles of Association and internal policies.



Corporate governance bodies

Magnit relies on a robust and effective corporate governance and internal control framework.

The Company's highest decision-making body is the General Meeting of Shareholders.

The Board of Directors is elected by shareholders and is accountable to them. It provides strategic oversight and monitors the activities of Magnit's executive bodies – the CEO (Chairman of the Management Board), President and Management Board.

The executive bodies are responsible for day-to-day management of the Company and perform tasks set by the shareholders and the Board of Directors.

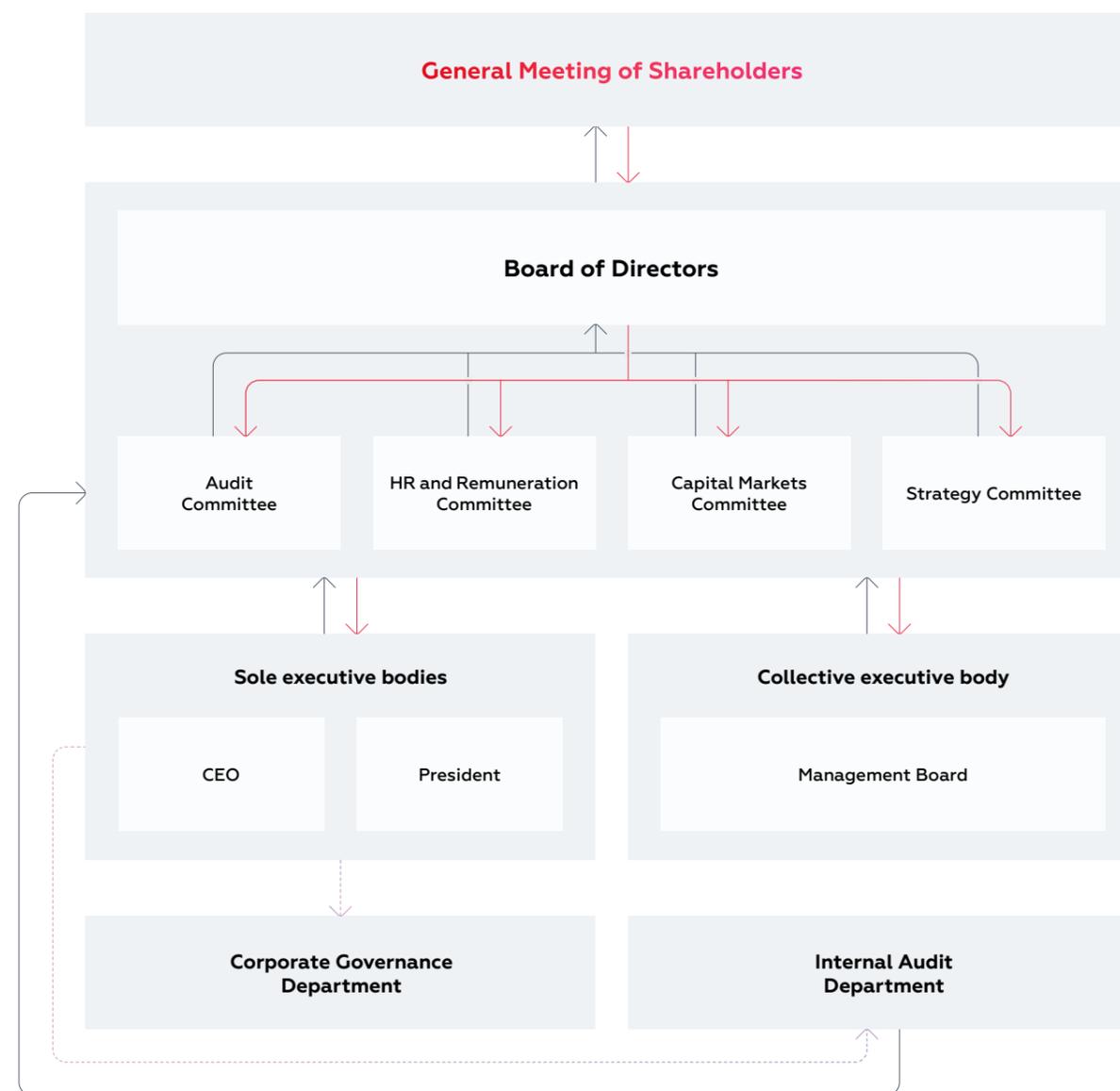
In accordance with the Company's internal regulations, there are four committees under the Board of Directors:

- Audit Committee;
- HR and Remuneration Committee;
- Strategy Committee;
- Capital Markets Committee.

The Internal Audit Department analyses and evaluates the risk management and internal control system, as well as corporate governance.

The Corporate Governance Department carries out the duties of the Corporate Secretary, ensuring efficient shareholder engagement, coordination of the Company's actions aimed at protection of shareholders' rights and interests, as well as support of the Board of Directors.

Management and control structure



- Election, establishment
- Accountability
- > Administrative subordination. Department Director is appointed by the Board of Directors

Regulations

In its corporate governance practices, Magnit adheres to the following regulations:

- Russian laws;
- Moscow Exchange listing rules;
- Corporate Governance Code recommended by the Bank of Russia¹.

The Company's activities are governed by its Articles of Association² and internal regulations. In 2024, the following nine internal regulations were amended:

- Articles of Association;
- Regulations on the Board of Directors³;
- List of Insider Information⁴;
- Responsible Supply Chain Policy⁵;
- Industrial Safety Policy⁶;
- Health and Safety Policy⁶;
- Environmental Protection Policy⁶;
- Fire Safety Policy⁶;
- Code on Terms and Conditions of Transactions with Financial Instruments⁷.

The full list of Magnit's public internal documents is available on the Company's website at: <https://www.magnit.com/en/corporate-governance/corporate-documents/>.

Amendments for 2024

In 2024, the following amendments were made to the Articles of Association of PJSC Magnit:

- the number of members on the Board of Directors was reduced from eleven to nine;
- certain provisions of the Articles of Association were updated to ensure compliance with applicable Russian laws;
- the remit of the Board of Directors was expanded;
- other technical amendments were made.

In 2024, the following amendments were made to the Regulations on the Board of Directors of PJSC Magnit:

- the criteria for director independence were updated to align with the latest Listing Rules of PJSC Moscow Exchange;
- the list of grounds for recognising a director as having resigned was expanded;
- the procedure for determining the remuneration of Board members was revised;
- the procedure for reimbursing expenses related to performance of Board members' duties was amended;
- other technical amendments were made.

In 2024, the annual General Meeting of Shareholders of PJSC Magnit was held on 27 June through absentee voting, with the following resolutions passed:

- approval of the Company's Annual Report and annual accounting (financial) statements for 2023;
- approval of distributing a part of the net profit for 2023 in the amount of RUB 42.0 bln as dividends on ordinary registered shares (RUB 412.13 per ordinary share) and retaining the remaining net profit undistributed;
- election of the Board of Directors;
- approval of the auditors for the Company's accounting (financial) statements prepared according to the Russian Accounting Standards (RAS)⁸ and International Financial Reporting Standards (IFRS)⁹;
- approval of the revised Articles of Association;
- approval of the revised Regulations on the Board of Directors.

The extraordinary General Meeting of Shareholders of PJSC Magnit scheduled to take place on 26 December 2024 in the form of absentee voting was declared inquorate.

Detailed information regarding the resolutions of the General Meeting of Shareholders is available on the Company's website at: <https://www.magnit.com/en/shareholders-and-investors/shareholders-meeting/>

Board of Directors

The size and composition of the Company's Board of Directors are determined by resolutions of the General Meeting of Shareholders according to the Articles of Association of PJSC Magnit.

No more than one-fourth of the Board of Directors may consist of the members of the collective executive body (Management Board), and the sole executive bodies (President and Chief Executive Officer) may not serve as the Chairman of the Board of Directors.

The Board of Directors of PJSC Magnit steers the Company's operations, defines strategic goals and implements effective management practices, while also electing the Management Board, CEO and President. The main objective of the Board of Directors is to increase the value of the business, taking into account the interests of shareholders and other stakeholders.

Activities of the Board of Directors extend beyond formal meetings. The Board regularly engages with the management team to improve the performance of both the Company's executive bodies and the Board itself.

The make-up of the Board is governed by Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995 and also by the Articles of Association, Regulations on General Shareholders Meeting, Regulations on the Board of Directors, and Regulations on the Committees of the Board of Directors.

General Meeting of Shareholders

The General Meeting of Shareholders is the highest decision-making body of the Company. Shareholders of PJSC Magnit can significantly impact the Company's business by participating in the General Meeting of Shareholders.

The key responsibilities of the General Meeting of Shareholders include:

- approval of the Company's annual report;
- approval of the Company's annual accounting (financial) statements;

- election of the Company's Board of Directors;
- distribution of profits, including dividend payments;
- approval of major and related party transactions;
- approval of the Company's auditor organisation.

The procedure for the General Meeting of Shareholders aims to ensure the respect of shareholder rights and fully meets applicable laws and regulations of the Russian Federation.

¹ For the full Report on Compliance with the Principles and Recommendations of the Corporate Governance Code prepared according to the recommendation letter of the Bank of Russia dated 27 December 2021 No. IN-06-28/102, see Appendix 1.

² Approved by the annual General Meeting of Shareholders of PJSC Magnit on 27 June 2024.

³ Approved by the annual General Meeting of Shareholders of PJSC Magnit on 27 June 2024.

⁴ Approved by the resolution of the CEO of PJSC Magnit on 16 May 2024.

⁵ Approved by the resolution of the CEO of PJSC Magnit on 20 January 2024.

⁶ Approved by the resolution of the CEO of PJSC Magnit on 15 January 2024.

⁷ Approved, as amended, by the resolution of the Board of Directors of PJSC Magnit on 29 October 2024.

⁸ Russian Accounting Standards (RAS) are a set of accounting rules stipulated by federal laws of the Russian Federation and Accounting Regulations issued by the Ministry of Finance of the Russian Federation.

⁹ International Financial Reporting Standards (IFRS) are a set of documents (standards and interpretations) for the preparation of financial statements enabling external users to make informed financial decisions.

Induction and training of directors

Newly elected members of Magnit's Board of Directors complete an induction programme, which includes:

- meetings with members of the Management Board and the Company's senior executives;
- introduction to the Company's history, strategy, corporate governance system, risk management and internal control system, the distribution of responsibilities among the Company's executive bodies, and the procedures of the Board of Directors;
- familiarisation with the Company's documents, including the latest annual reports, the minutes of annual and extraordinary General Meetings of Shareholders, the minutes of meetings of the Board of Directors, and other relevant information about the Company's activities.



Committees of the Board of Directors

There are four committees under the Board of Directors:

- Audit Committee;
- HR and Remuneration Committee;
- Strategy Committee;
- Capital Markets Committee.

The committees are made up from members of the Board of Directors, who are selected based on their professional experience and relevant knowledge. When selecting committees members (including committee chairs), the Board considers factors such as education, professional qualifications, relevant experience, document handling skills, and other essential competencies.

The Regulations on the Committees of the Board of Directors of PJSC Magnit govern the make-up and activities of the committees.

Activities of the committees extend beyond formal meetings. The committees constantly engage with the management team to streamline cooperation between the Company's executive bodies and the Board of Directors.

The Committees attendance in 2024 was 100%.

Audit Committee



Key responsibilities:

- monitoring and verifying the integrity of financial statements;
- verifying the internal control and risk management system;
- monitoring the effectiveness of internal audits;
- monitoring relations with the external auditor.

HR and Remuneration Committee



Key responsibilities:

- developing and monitoring the Remuneration Policy (including long and short-term incentives);
- endorsing and monitoring senior management appointments (CEO-1/CEO-2 levels);
- developing the talent management strategy;
- assessing the performance of the Board of Directors and management team on an annual basis.

Strategy Committee



Key responsibilities:

- strategic and investment planning;
- identifying priority focus areas;
- endorsing and verifying the business plan and budget.

Capital Markets Committee



Key responsibilities:

- developing and improving corporate governance systems;
- preparing, developing and implementing IR strategies;
- assessing the Dividend Policy and drafting relevant recommendations for the Board of Directors.

Activities of the Board of Directors in 2024

In 2024, the Board of Directors held eleven meetings. During these meetings, the following matters were considered:

- preparation and holding of the General Meetings of Shareholders in the reporting year;
- distribution of PJSC Magnit profit (including recommended amount of dividends);
- election of members of the collective executive body (Management Board);
- approval of the revised Code on Terms and Conditions of Transactions with Financial Instruments;
- approval of the BO-005P Series Bond Issuance Programme, and other matters.

The Board attendance in 2024 was 100%.

Board evaluation

The HR and Remuneration Committee of the Board conducted an assessment of the Board's operations in the reporting period.

The assessment confirmed that the efficiency of the current Board of Directors is aligned with the specifics and scale of the Company, its business needs and shareholders' interests.

Management Board

The Management Board is the collective executive body responsible for the day-to-day management of the Company within its remit as defined by the Articles of Association.

The Management Board reports to the Board of Directors and the General Meeting of Shareholders and is guided and bound by their resolutions.

The Chief Executive Officer and the President of the Company serve on the Management Board by virtue of their office.

The Chief Executive Officer serves as the Chairman of the Management Board by virtue of office.



If the powers of the Chief Executive Officer are terminated, the President acts as the Chairman of the Company's Management Board by virtue of office until the Board of Directors elects a new Chief Executive Officer.



Corporate Secretary

The Corporate Governance Department of PJSC Magnit discharges the responsibilities of the Corporate Secretary.

The main objectives of the Department are to maintain effective communication with shareholders, coordinate the Company's actions to protect the rights and interests of shareholders, and ensure the effective operation of the Board of Directors.

The main responsibilities of the Corporate Governance Department are as follows:

- participate in improving the Company's corporate governance system and practices;
- participate in preparing for and holding of General Meetings of Shareholders;
- support the work of the Board of Directors and its committees;
- participate in implementing the Company's disclosure policy and ensure safekeeping of the Company's documents;

- ensure interaction between the Company and its shareholders and to participate in preventing corporate conflicts;
- ensure interaction between the Company and regulatory authorities, organisers of trading activity, the registrar and other professional participants of the securities market within the remit of the Corporate Governance Department;
- immediately inform the Board of Directors of any breaches of laws and the Company's by-laws, where ensuring compliance with such laws and by-laws is the responsibility of the Corporate Governance Department;
- ensure that the procedures established by laws and the Company's by-laws to protect the shareholders' rights and legitimate interests are put into practice and to oversee their implementation.



The Corporate Governance Department reports to the President and CEO and is accountable to the Board of Directors.

Internal control and risk management system

The internal control and risk management system:

- provides reasonable assurance that Magnit achieves its mission and values, as well as business targets;
- gives accurate and clear representation of the Company's current affairs and prospects;
- ensures the integrity and transparency of Magnit's accounts and reports;
- ensures reasonable and acceptable levels of risks assumed by the Company.

The Board of Directors and Management Board ensure the effective operation and development of the internal control and risk management system. This helps control the Company's strategic and operational goal achievement, the reliability of information disclosure, and compliance with external and internal requirements.

Audit Committee considered the internal audit assessment report on reliability and efficiency of risk management processes, control and corporate governance of PJSC Magnit and recommended it for shareholders' review.

Goals of the internal control and risk management system

- ▶ **Strategic:** ensure the accomplishment of the Company's mission and efficient management of its operations
- ▶ **Operational:**
 - increase the efficient and effective use of the Company's resources
 - ensure the accuracy of the Company's accounts and reports
 - ensure compliance with applicable laws and the Company's by-laws

Objectives of the internal control and risk management system

- Reduce the number of unexpected events in the Company's operations
- Define and manage Company risks to provide reasonable assurance that the Company will achieve its goals
- Ensure the right balance between risk appetite and development strategy
- Improve managerial decision-making, including risk response decisions
- Develop a risk-oriented corporate culture with the corporate bodies and management disseminating knowledge and skills and engaging employees along the way



▶ Strategy and target setting

Risk appetite is aligned with the strategy, while the achievement of business objectives translates into strategy implementation and lays the foundation for identifying, assessing, and mitigating risks

▶ Corporate governance and culture

Control over risk management and distribution of respective control responsibilities

▶ Analysis and review

The Company analyses the effectiveness of the risk management system over time and in response to material developments, while simultaneously identifying necessary changes

The Company adopts a consistent approach to the organisation of internal control and risk management with a focus on five key components.

Risks that may affect the progress under the strategy must be identified and assessed. Risks are prioritised in terms of severity in the context of risk appetite. Subsequently, the Company determines the right response and assesses the risk magnitude. The results are disclosed to stakeholders

▶ Performance

Corporate risk management involves continuous sourcing of information from inside and outside the Company, as well as relaying such information up, down and horizontally within the Company

▶ Information, communications, and reporting



The control and risk management system is governed by the following internal regulations:

- Internal Control and Risk Management Policy of PJSC Magnit¹;
- Regulations on Risk Management at Magnit Group Companies;
- Instructions on Creating a Risk and Control Matrix for a Business Process;
- Risk Register.

For more details on the Internal Control and Risk Management Policy, see our website: <https://www.magnit.com/en/disclosure/internal-regulations/#accordion-policy2>

¹ Approved by the Board of Directors on 12 December 2019 (Minutes w/o No. dated 13 December 2019).



Core principles

Comprehensiveness and continuous operation



Risk management and internal control are undertaken on a constant and cyclical basis and cover all areas of the Company's operations across the governance hierarchy

Integration with governance



Risk management is an integral part of the decision-making process. It supports sound management decisions and factors in the probability and consequences of risks

Distinction of decision-making levels



Risk management decisions shall be made at various governance levels subject to the significance of the risk and area of the Company's activities

Responsibility



All subjects of internal control are responsible for compliance with risk management and internal control standards and approaches within their respective remit

Distribution of responsibilities and powers



The responsibilities and powers of the internal control and risk management bodies are distributed to reduce the risk of error and/or fraud

Balance



Costs associated with control procedures shall be commensurate with the risk

Risk-focused approach



Control procedures shall be established for business lines based on their significance in terms of the Company's operational efficiency

Reasonable assurance



The implementation of risk management measures shall be deemed effective if it reduces the risk to an acceptable level

Ongoing improvement



The Company monitors its risk management system and engages in its constant development and improvement



The Company applies a three lines of defence model¹ to coordinate risk management and internal control processes by clearly defining and delimiting respective functions and responsibilities.

Three lines model



¹ A control model developed and recommended by the Institute of Internal Auditors (IIA).



Internal control and risk management system improvement

In improving our internal control and risk management system throughout 2024, we aimed to reflect the scale of our business, retail focus, diversified lines of operations, and regulatory environment in which we operate.

Highlights in 2024

- Risk management integrated into the Company's new subsidiaries, business areas, and assets.
- Risk registers of the Company and its subsidiaries updated.
- Risk management processes embedded in process management.
- Internal control projects successfully implemented.
- Risks of key projects quantified.
- Risk management workshops held for senior executives and project managers.
- Risk management workshops held for new hires.

In the first line of defence, risks are managed by business process and business unit owners. They are responsible for embedding risk controls into decision-making processes and key business processes. Business units are responsible for identifying, mitigating, managing, analysing and reporting on key risks. Heads of business units draft, implement, and ensure the operation of controls in business processes.

The second line of defence consists of the Risk Management Office, Economic Security Department, Department for Compliance and Antitrust Practices, Financial Control and Operational Controlling Office, etc. They draft and implement risk management and internal control methodologies, set standards and coordinate the Company's activities related to risk management and internal control, and oversee the process of development and functioning of controls related to the first line of defence, and provide advice on risk management.

The third line of defence is operated by the Internal Audit Department, which provides independent performance assessment of internal controls and risk management and gives recommendations for their improvement.



Plans for 2025

- Monitor the Company's risks on a regular basis
- Advise employees on matters related to risk assessment
- Implement internal control projects
- Train new hires in risk management basics
- Extend risk management processes to new business units



The Company's key risks

The Company identifies the most significant risks, assesses them, develops procedures to mitigate any negative impact, and monitors the efficiency of mitigants.

Risk description	Risk management	Risk level
Higher prices of imported equipment, materials, and information technologies	<ul style="list-style-type: none"> Search for alternative suppliers 	1 st level
Understaffing as a result of reduced labour market capacity and increased payroll costs	<ul style="list-style-type: none"> Expanded range of social benefits for rank-and-file employees Introduction of flexible working hours where possible Employee development, inclusion of employees in the talent pool, promotions in line with the career track Employer brand development Labour market monitoring and employee engagement surveys 	
Risk of regulatory changes	<ul style="list-style-type: none"> Monitoring of laws and regulations 	
Risks of higher competition, including in e-commerce	<ul style="list-style-type: none"> Ongoing monitoring of the competitive landscape 	2 nd level
Risk of changes in consumer preferences and demand	<ul style="list-style-type: none"> Product mix adjustments 	
Disruptions in supplies of equipment, spare parts, and materials	<ul style="list-style-type: none"> Engagement of third-party transportation companies Search for alternative channels to secure deliveries of spare parts for vehicles Search for alternative suppliers Reliance on internal resources if counterparties fail to provide support under existing contracts Development of corporate procedures to procure spare parts and consumables 	
Restrictions on settlements with counterparties	<ul style="list-style-type: none"> Switching to alternative payment tools and/or using alternative settlement methods 	3 rd level
Information security risks	<ul style="list-style-type: none"> Functioning of access control procedures and mechanisms, approved access matrices Establishment of a software and infrastructure change management system Data backup, duplication of key information systems Functioning of a centralised monitoring system for information security events Additional investments in the development of information technologies 	
Climate-related risks (physical and transitional)	<ul style="list-style-type: none"> Establishment of a working group on climate agenda Analysis and amendment (if necessary) of the Company's regulations with regard to climate-related risk management Regular assessment of Scope 1 and 2 greenhouse gas emissions, development of a methodology for estimating Scope 3 emissions Elaboration of a plan of measures for the implementation and development of a system for identification, assessment, management and monitoring of climate-related risks Analysis of the potential application of the results of the climate-related risk assessment and business opportunities Exploring opportunities for long-term climate projects 	

External audit

To verify and confirm the reliability of its annual financial statements, each year the Company hires a professional audit organisation that has no connection to the Company or its shareholders through ownership interests (the "Auditor").

The Company's Auditor is approved by the General Meeting of Shareholders based on a proposal from the Board of Directors. The Audit Committee conducts a preliminary assessment of potential auditors to serve as the Company's Auditor.

In 2024, Centre for Audit Technologies and Solutions Limited Liability Company (previously Ernst & Young LLC) (TIN 7709383532, location: 75 Sadovnicheskaya Embankment, Moscow, Russia) was the Auditor of PJSC Magnit's consolidated financial statements prepared in accordance with the IFRS and accounting (financial) statements prepared in accordance with the RAS.

Centre for Audit Technologies and Solutions LLC is a member of the Self-Regulatory Organisation of Auditors Association "Sodruzhestvo" (SRO AAS) No. 430 dated 31 January 2020 with the main registration number entry (ORNZ) 12006020327.

Centre for Audit Technologies and Solutions LLC has been auditing the IFRS consolidated statements of PJSC Magnit and its subsidiaries since 2010.

Audit Committee of the Board assessed the Auditor's reports and recorded the absence of comments to its reports and works completed.



The partner of Centre for Audit Technologies and Solutions LLC is Ilya Ananyev.

Following the reporting year, the Auditor performed an audit of the IFRS consolidated financial statements and the RAS accounting (financial) statements of PJSC Magnit and its subsidiaries for 2024.

The Auditor's total remuneration amounted to RUB 86.2 mln, excluding VAT. This includes RUB 3.2 mln, RUB 62.3 mln, and RUB 20.8 mln for auditing the annual RAS statements, annual IFRS statements, and interim IFRS statements respectively.

Total remuneration paid for non-audit services provided to the Magnit Group in 2024 by the Auditor and the companies constituting one group with the Auditor amounted to RUB 45.7 mln, excluding VAT.





Business ethics and anti-corruption

Material topics

- Business ethics and anti-corruption

Contribution to UN SDGs



UN Global Compact principles

№ 10

Governance structure

Cross-functional model for combating corruption



- Cooperation and coordination as part of anti-corruption activities, advisory support, training, risk assessment, and controls

Key documents



The Company's policies and documents

- Business Ethics Code of PJSC Magnit
- Anti-Corruption Policy of PJSC Magnit
- Regulations on the Anti-Corruption Hotline of the Anti-Corruption Policy of PJSC Magnit
- Anti-corruption clause of the Anti-Corruption Policy of PJSC Magnit
- Contractual Policy of PJSC Magnit
- Internal Control and Risk Management Policy of PJSC Magnit
- Regulations on Trade Secret of PJSC Magnit
- Regulations on Internal Checks of PJSC Magnit
- Internal Workplace Regulations of PJSC Magnit
- Tendering Policy of PJSC Magnit
- Regulations on Counterparty Due Diligence of PJSC Magnit
- Conflict of Interest Management Policy of PJSC Magnit
- Charity, Sponsorship and Volunteer Policy of PJSC Magnit

For more details on Magnit's internal regulations, see our website:
<https://www.magnit.com/en/disclosure/internal-regulations/>.



External documents

- Criminal Code of the Russian Federation No. 63-FZ dated 13 June 1996
- Administrative Offence Code of the Russian Federation No. 195-FZ dated 30 December 2001
- Federal Law No. 273-FZ On Combating Corruption dated 25 December 2008
- Guidelines for the Development and Adoption of Measures by Organisations to Prevent and Combat Corruption (Decree of the President of the Russian Federation No. 309 On Measures Supporting the Implementation of Selected Provisions of the Federal Law On Combating Corruption dated 2 April 2013)
- Federal Law No. 152-FZ On Personal Data dated 27 July 2006
- Federal Law No. 149-FZ On Information, Information Technologies and Information Protection dated 27 July 2006



Our approach to management

Magnit maintains high legal, ethical and moral standards as part of its activities and cooperation with business partners. These standards are reflected in our Anti-Corruption Policy and Business Ethics Code.

The actions and decisions of our employees build and strengthen the Company's overall reputation. We seek to ensure that our hires make honest and appropriate decisions based on the principles set out in the Code.

Our zero-tolerance approach to corruption in all its forms provides the basis for the Anti-Corruption Policy, which underpins our corruption risk management system and our corruption prevention

tools. Magnit's managers and employees are required to avoid being affected by any influences, interests, or relations that may have an adverse impact on the Company's business or facilitate any corrupt practices.

All our new hires receive anti-corruption training and are subject to control tests. Refresher courses are provided every three years. In 2024, some 8,000 employees completed an anti-corruption training programme, with 5,300 more trained as part of a course on business ethics.

Underlying principles of the Anti-Corruption Policy of Magnit

Nº	Principle	Our responsibility
1	Zero tolerance towards corruption	Our Company is committed to zero tolerance of corruption in all its forms, both on the corporate level and in stakeholder relations
2	Liability for corrupt practices	We make every effort to promptly and indivertibly prevent any corrupt practices
3	Senior management leadership by example	Members of the Board of Directors, the Chief Executive Officer and other senior officers of the Company take a zero tolerance approach to corruption, establish and observe high ethical standards of business conduct and set an example for all Magnit employees
4	Corruption risk identification and assessment	We identify and regularly assess corruption risks, taking into account the Company's strategic and investment plans
5	Control procedures	We have implemented control procedures to minimise corruption risks, including checks of counterparties, monitoring of procurement processes, incorporation of an anti-corruption clause into our contracts, and other measures. We regularly assess the effectiveness of our anti-corruption control procedures and take steps to improve them
6	Counterparty checks	We conduct thorough counterparty checks. We analyse information from open sources about the extent to which the counterparty adheres to ethical business principles and any anti-corruption practices it has in place, along with its willingness to comply with our principles, and include anti-corruption provisions in agreements, as well as promote ethical business conduct and minimise corruption risks
7	Communication and training	Our Anti-Corruption Policy is publicly available on the Company's website. We communicate anti-corruption principles and requirements to our employees, contractors, suppliers and other stakeholders. All our new hires go through mandatory anti-corruption training
8	Monitoring and control	We regularly assess compliance with anti-corruption procedures and communicate the results to the senior management and shareholders

Counterparty verification criteria

Magnit vets its counterparties in line with the Regulations on Counterparty Due Diligence based on the following criteria:

- due diligence;
- legitimacy of the counterparty's operations;
- no conflict of interest between the counterparty and the Company's employees; efforts in place to prevent bribery and corruption;
- no anticompetitive practices;
- adherence to the Company's business process requirements;
- no competition restrictions as part of tender processes.



The key area for reinforcing our compliance framework is digital transformation, including streamlining and automation of compliance-related business processes.

The Company is building a digital environment for trustworthy communications with all compliance framework participants. We have established a dedicated compliance section on the corporate portal, where employees can review all necessary compliance by-laws, submit declarations, complete interactive training courses, ask questions to the Ethical Values Officer, and report any issues through the Anti-Corruption Hotline.

Anti-Corruption Hotline

The Ethical Values Officer (Department for Compliance and Antitrust Practices) is responsible for administering the verification of facts and circumstances mentioned in reports related to corrupt practices and ethical issues.

The Department for Compliance and Antitrust Practices and the Internal Audit Department supervise the Anti-Corruption Hotline within their remit.

The Department for Compliance and Antitrust Practices also determines the procedure for evaluating the Anti-Corruption Hotline performance, sets the frequency of updating its standards of operation, and defines the methods for identifying compliance risks.

The Company maintains a 24/7 Anti-Corruption Hotline.

The Hotline is meant for handling reports on:

- violations of business ethics standards;
- conflicts of interest;
- abuse of office;
- abuse of authority;
- prejudiced behaviour;
- damage to the Company;
- potential issues from the list above.

The Anti-Corruption Hotline experts process all incoming including anonymous ones, and forward them to the Company's relevant functions and units for review and management decisions. All reports concerning suspected corruption are promptly forwarded to the Security Department, with a formal corporate investigation launched into them if they are found credible and sufficient. Once the suspected allegations are proved accurate, the case is forwarded to the Ethical Values Officer to provide an expert opinion.

We guarantee whistleblowers acting in good faith confidentiality of their personal data and protection against retribution. These guarantees apply to all whistleblowers who reach out to the Anti-Corruption Hotline, regardless of the circumstances.

Communication channels:

- 24/7 answering service:
8 (800) 600-04-77;
- Ethical Values Officer's email:
✉ ethics@magnit.ru;
- website feedback form:
🌐 <https://www.magnit.com/en/anti-corruption/>.

8,578 reports

received via the Anti-Corruption Hotline in 2024

537 reports

involved corruption issues





Shareholder and investor engagement

Authorised and issued share capital

As at 31 December 2024, the authorised capital of PJSC Magnit amounted to RUB 1,019,113.55 and comprised 101,911,355 ordinary registered uncertified shares¹ with a par value of RUB 0.01 each.

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

As at 31 December 2024, PJSC Magnit did not hold any treasury shares. As at 31 December 2024, Magnit Alyans LLC (an indirect wholly-owned subsidiary of the Company) held 30,245,828.8 shares of PJSC Magnit, or 29.7% of its total shares. These shares were acquired between June and December 2023 through tender offers to the Company's

shareholders, along with a bilateral transaction in October 2023. As at 31 December 2024, Tander JSC (wholly-owned subsidiary of the Company) held 1,000 shares of PJSC Magnit, or 0.001% of its total shares. As at 31 December 2024, no other organisations controlled by the Company owned voting shares in PJSC Magnit².

As at 31 December 2024, there were 108 persons in the Company's share register, including 75 individuals, 27 nominal holders, and 5 other legal entities.

The Company's ordinary shares are listed on the Moscow Exchange. As at the end of 2024, Magnit's market capitalisation on the Moscow Exchange was RUB 519.7 bln³.

As at 31 December 2024, Magnit's shares are included in the following 13 indices on the Moscow Exchange:

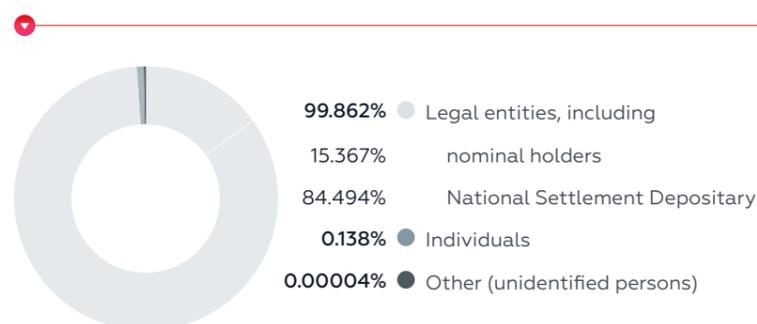
- Stock Subindex
- MOEX Russia Index
- MOEX Russia Index (All Sessions)
- MOEX Active Management Index
- MOEX Russia CNY Index
- MOEX Broad Market Index
- Consumer Sector Index
- RTS Consumer Sector Index
- RTS Index
- RTS Broad Market Index
- MOEX-RSPP Responsibility and Transparency Index
- MOEX-RSPP Sustainability Vector Index
- MOEX-RSPP Sustainability Russian Companies Vector Index



Share capital structure as at the end of 2024⁴

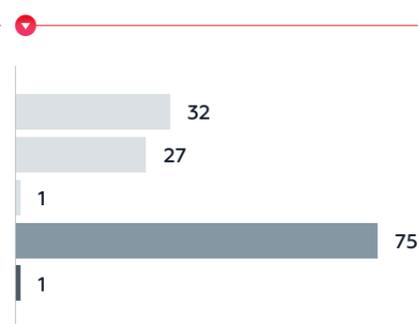
100%

share of authorised capital



108

number of registered persons



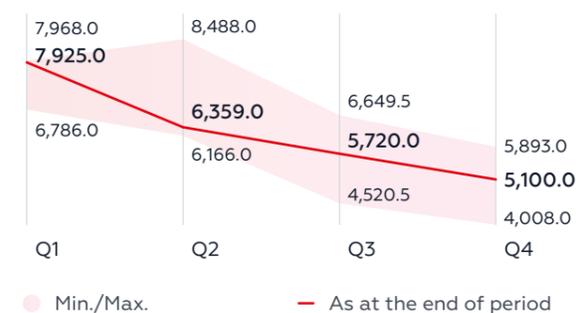
Listing of shares on the Moscow Exchange

Magnit's shares have been traded on the Moscow Exchange since 24 April 2006 (ticker: MGNT) and are included in its Level 3 quotation list.

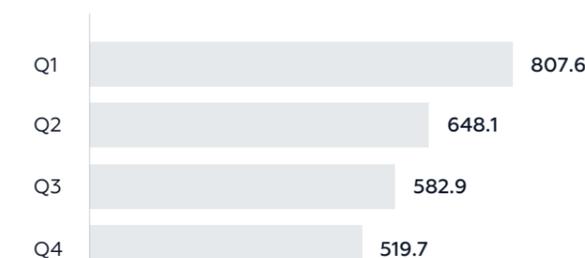


Share price and trading volume on the Moscow Exchange in Q1–Q4 2024

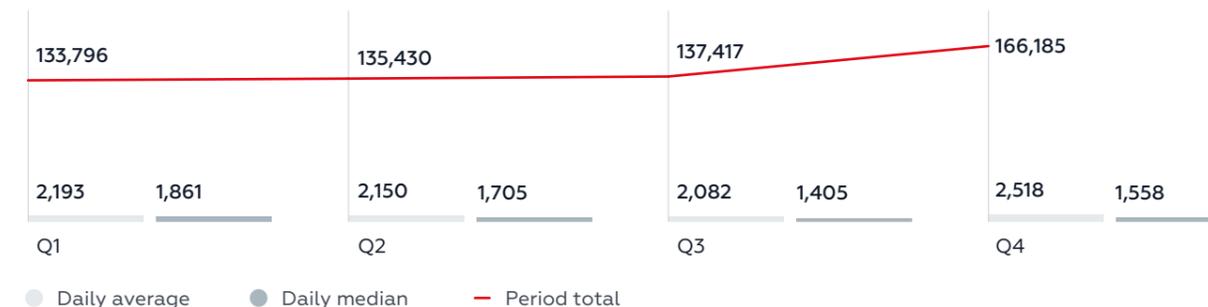
Share price, RUB



Market capitalisation at end of period, RUB bln



ADTV, RUB mln



Source: Company estimates based on Moscow Exchange quotes.

¹ State registration number: 1-01-60525-P of 4 March 2004.

² As at 31 December 2024 treasury shares in the amount of 3,817,249 were used as an instrument under repurchase agreement transactions.

³ Capitalisation in RUB is calculated using the following formula: number of outstanding shares × share price as at the end of 2024.

⁴ In accordance with the Register of PJSC Magnit as at 31 December 2024.



Authorised and issued share capital history

24 April 2006

The Company completed the process of an initial public offering in the Russian Trading System (RTS) and on the Moscow Interbank Currency Exchange (MICEX).

22 April 2008

Conditional trading in GDRs certifying the rights to Magnit's shares commenced on the LSE. Later in April, Magnit's GDRs were included in the official list of the UK Listing Authority.

13 February 2008

Magnit announced a secondary share placement: 11,300,000 shares were offered for additional issuance, including shares placed with pre-emptive rights for existing shareholders, as well as previously placed shares owned by the selling shareholder.

2 September 2009

Magnit announced another public offering of 11,154,918 ordinary shares. The offering price was USD 65 per ordinary share and USD 13 per GDR.

6 October 2011

The Board of Directors of Magnit decided to increase the authorised capital by issuing 10,813,516 additional shares. The public offering was completed on 15 December 2011.

15 November 2017

The Board of Directors of Magnit decided to increase the authorised capital by issuing 7,350,000 additional shares. The public offering was completed on 15 January 2018.

21 August 2018

The Board of Directors of Magnit approved the total amount of funds allocated for share buybacks as follows (taking into account the changes approved by the Board of Directors on 4 October 2018):

- up to RUB 16.5 bln – for the LTI programme;
- up to RUB 5.7 bln – as payment for transactions related to the acquisition of SIA Group.

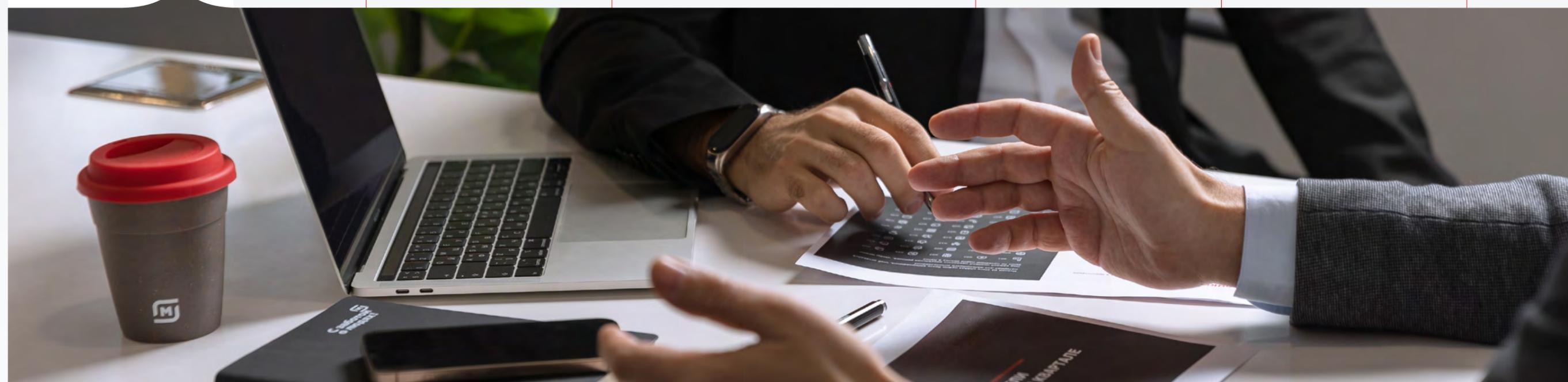
The programme was launched on 5 September 2018 and completed on 1 March 2019.

30 August 2022

The UK Financial Conduct Authority (FCA) deleted Magnit's GDRs from the Official List and the London Stock Exchange cancelled their admission to trading on the Main Market.

June – December 2023

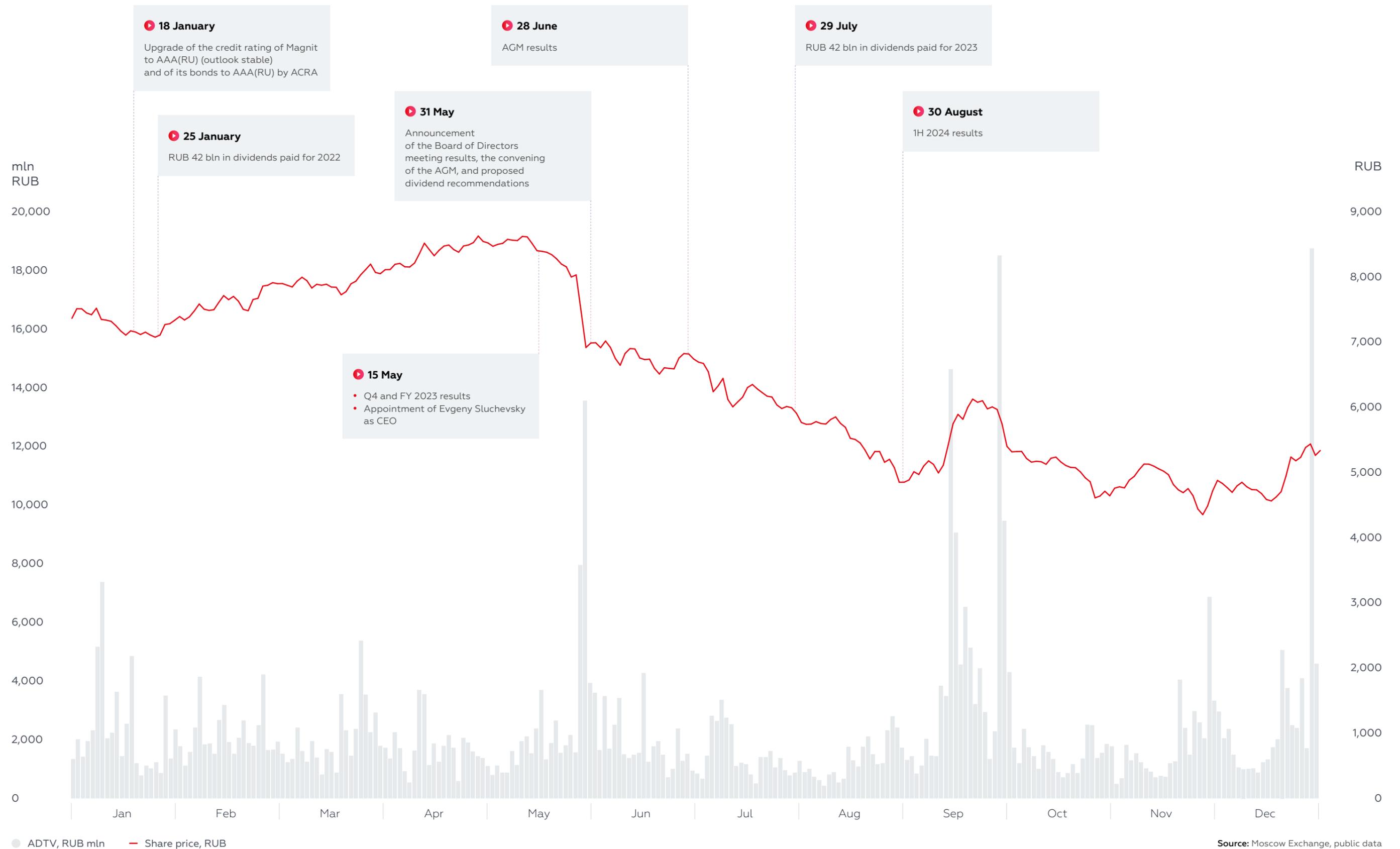
Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired 30,245,828.8¹ shares of PJSC Magnit, or approximately 29.7% of all its issued and outstanding shares, as part of tender offers announced on 16 June and 10 October 2023, and a bilateral transaction made in October 2023.



¹ Including 22,948 shares the settlements for which were completed in January 2024.



Share trading on the Moscow Exchange in 2024



Bonds

The Company uses bonds, primarily exchange-traded ones, to raise debt financing for its business.

Throughout 2024, Magnit had seven outstanding issues of exchange-traded bonds (BO-002P-04, BO-001P-05, BO-004P-01, BO-004P-03, BO-004P-06, BO-004P-05, BO-004P-07) with a total par value of RUB 113.5 bln, of which RUB 93.5 bln remained outstanding as at the end of the year.

Two bond issues were redeemed in 2024: BO-002P-04 (matured on 29 May 2024) and BO-001P-05 (matured on 29 May 2024).

Also in 2024, the Company issued:

- ▶ 25 mln **BO-004P-06 series exchange-traded bonds** with a par value of RUB 1,000 each.
- ▶ 12.5 mln **BO-004P-05 series exchange-traded bonds** with a par value of RUB 1,000 each.
- ▶ 6 mln **BO-004P-07 series exchange-traded bonds** with a par value of RUB 1,000 each.

Credit ratings

In January 2024, ACRA upgraded the credit rating of Magnit to AAA(RU), with a stable outlook, and of its bonds to AAA(RU), the highest rating assigned by the agency.

In December 2024, Expert RA affirmed Magnit's non-financial company credit rating of ruAAA (the highest possible), with a stable outlook.

Rating agency	Entity or instrument rated	Rating	Outlook	Date of rating ²
	PJSC Magnit	AAA(RU)	Stable	7 June 2024
	BO-series bonds: <ul style="list-style-type: none"> • BO-004P-01, • BO-004P-03, • BO-004P-06, • BO-004P-05, • BO-004P-07. 	AAA(RU)	Stable	<ul style="list-style-type: none"> • 7 June 2024 • 7 June 2024 • 22 July 2024 • 9 December 2024 • 12 December 2024
	PJSC Magnit	ruAAA	Stable	23 December 2024

Magnit's bonds outstanding as at 31 December 2024

Series	BO-004P-01	BO-004P-03	BO-004P-06	BO-004P-05	BO-004P-07
Issue registration number and assignment date	4B02-01-60525-P-004P of 3 August 2021	4B02-02-60525-P-004P of 20 December 2022	4B02-06-60525-P-004P of 15 July 2024	4B02-05-60525-P-004P of 17 May 2024	4B02-07-60525-P-004P of 6 December 2024
Issue value, RUB	20 bln	30 bln	25 bln	12.5 bln	6 bln
Number of bonds	20 mln	30 mln	25 mln	12.5 mln	6 mln
Par value of each bond, RUB	1,000	1,000	1,000	1,000	1,000
Offering price	100% of the par value	100% of the par value	100% of the par value	100% of the par value	100% of the par value
Offering date	6 December 2022	9 February 2023	22 July 2024	9 December 2024	12 December 2024
Offering type	Public offering	Public offering	Public offering	Public offering	Public offering
Maturity date	1,092nd day from the offering date	1,820th day from the offering date	720th day from the offering date	1,800th day from the offering date	450th day from the offering date
Number of coupons	6	20	24	60	15
ISIN code	RU000A105KQ8	RU000A105TP1	RU000A1090K0	RU000A10A9Z1	RU000A10AAT8
Coupon rate, %	9.15	9.20 ¹	Floating rate ² , KR + 1%	23 ³	23

¹ The total number of coupons is 20, the rate is determined for 12 coupons.

² Floating rates apply to coupons from the 2nd to the 24th. KR is the value of the Bank of Russia's key rate as at the 5th business day preceding the start date of the i-th coupon period, as published on the official website of the Bank of Russia.

³ The total number of coupons is 60, the rate is determined for 15 coupons.

Dividends

Magnit's dividend policy is focused on increasing shareholder returns, driving the Company's consistent capitalisation growth, and striking an optimal balance between retained earnings and shareholder distributions³.

▶ Transparency	▶ Progression	▶ Justifiability	
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.	Continuous improvement of the dividend policy in line with the evolution of the Company's strategic goals.	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 its development plans and investment programmes.	
Core principles underpinning Magnit's dividend policy			
Equal rights for shareholders in acquiring information about the decisions on payment, size and procedures for payment of dividends.	Strict implementation of the procedures and principles of the dividend policy.	Establishing time limits for dividend payments.	Commitment to ensuring a stable level of dividend payments.
▶ Fairness	▶ Consistency	▶ Timeliness	▶ Sustainability

² Date of issue/reaffirmation.

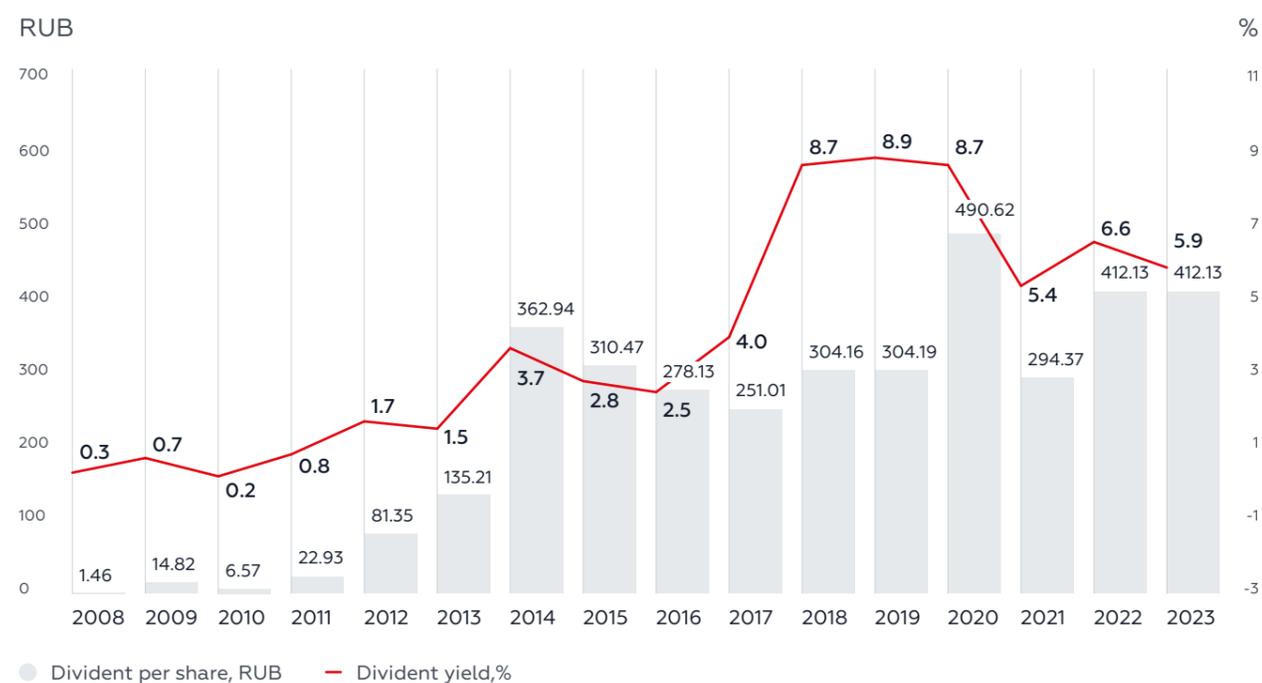
³ Regulations on the Dividend Policy of PJSC Magnit dated 27 May 2016 are available at: <https://www.magnit.com/en/shareholders-and-investors/dividends/>.



Announced and paid dividends in 2008–2023

Year	Total dividends announced, RUB bln	Total dividends paid, RUB bln	Dividend per share, RUB
2023	42.0	42.0	412.13
2022	42.0	42.0	412.13
2021	30.0	30.0	294.37
2020	50.0	50.0	490.62
2019	31.0	31.0	304.19
2018	31.0	31.0	304.16
2017	24.7	24.7	251.01
2016	26.3	26.3	278.13
2015	29.4	29.4	310.47
2014	34.3	34.3	362.94
2013	12.8	12.8	135.21
2012	7.7	7.7	81.35
2011	2.1	2.1	22.93
2010	0.6	0.6	6.57
2009	1.3	1.3	14.82
2008	0.1	0.1	1.46

Dividend yield of PJSC Magnit in 2008–2023



Shareholder and investor engagement

We maintain an ongoing dialogue with the investment community, ensuring that all categories of investors receive equal attention.

We use various engagement formats

- Press releases announcing operational and financial results
- In-person and virtual meetings
- Site visits to our facilities
- Participation in investment conferences and other events

Key areas of interest for investors and analysts in 2024

- Consumer environment and trends in consumer behaviour
- Macroeconomic environment, inflation, and promotional activity
- Labour shortage
- Competitive landscape, Magnit's strengths versus competitors
- Expansion plans and opportunities in the Russian market
- M&As
- E-grocery platform development and the launch of Magnit's own marketplace
- Business sustainability and profitability
- Working capital improvements
- Leverage ratio and targets
- Dividend payments
- Corporate governance



Analyst coverage

Magnit enjoys coverage by major Russian banks and analyst teams.

Bank	Analyst	Phone	E-mail
Alfa Bank	Evgeniy Kipnis	+7 495 795-37-13	EKipnis@alfabank.ru
Aton	Victor Dima	+7 495 213-03-44	victor.dima@aton.ru
BCS	Maria Sukhanova	+7 495 213-15-05	MSukhanova@bcsgm.com
Gazprombank	Marat Ibragimov	+7 495 980-41-87	Marat.Ibragimov@gazprombank.ru
Invest Heroes	Svetlana Dubrovina	+7 916 174-97-23	s.dubrovina@invest-heroes.com
Mozgovik Research	Anatoliy Poluboyarinov		poluboyarinov_a@smart-lab.ru
Sberbank CIB	Ekaterina Usanova	+7 495 933-98-38	EVUsanova@sberbank.ru
T-Investments	Alexander Samuylov		a.samuylov@tinkoff.ru

Appendices

Report on compliance with the principles and recommendations of the Corporate Governance Code

The Board of Directors confirms that the data provided in this report contains complete and reliable information on the Company's compliance with the principles and recommendations of the Corporate Governance Code for 2024.

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.1	The company shall ensure fair and equitable treatment of all shareholders in exercising their corporate governance rights.			
1.1.1	The company ensures the most favourable conditions for its shareholders to participate in the general meeting, develop an informed position on agenda items of the general meeting, coordinate their actions, and voice their opinions on items considered.	<p>1. The company provides accessible means of communication with the company, such as a hotline, e-mail, or online forum, to enable shareholders to express their opinion and send questions on the agenda in preparation for the general meeting.</p> <p>The above means of communication were organised by the company and made available to shareholders in the course of preparation for each general meeting held in the reporting period.</p>	<p>●</p> <p>Complied with</p>	–
1.1.2	The procedure for giving notice of, and providing relevant materials for, the general meeting enables shareholders to properly prepare for attending the general meeting.	<p>1. In the reporting period the notice of an upcoming general meeting of shareholders is posted (published) on the company's website on the Internet no later than 30 days prior to the date of the general meeting, unless a longer period is required by law.</p> <p>2. The notice of an upcoming meeting indicates the documents required for admission.</p> <p>3. Shareholders were given access to the information on who proposed the agenda items and who proposed nominees to the company's board of directors and the revision committee (if its establishment is stipulated by the company's Articles of Association).</p>	<p>●</p> <p>Complied with</p>	–
1.1.3	In preparing for, and holding of, the general meeting, shareholders were able to receive clear and timely information on the meeting and related materials, put questions to the company's executive bodies and the board of directors, and to communicate with each other.	<p>1. In the reporting period shareholders were given an opportunity to put questions to members of executive bodies and members of the board of directors in the course of preparation for, and during, the general meeting.</p> <p>2. The position of the board of directors (including dissenting opinions (if available) entered in the minutes) on each item on the agenda of general meetings held in the reporting period was included in the materials for the general meeting.</p> <p>3. The company gave duly authorised shareholders access to the list of persons entitled to participate in the general meeting, as from the date when such list was received by the company, for all general meetings held in the reporting period.</p>	<p>●</p> <p>Partially complied with</p>	<p>Criterion 2 is not complied with.</p> <p>The position of the Board of Directors on each item on the agenda of the General Meeting of Shareholders was not included in the materials for the General Meeting of Shareholders, as the Board of Directors did not make a decision to approve the position of the Board of Directors for inclusion in the list of materials submitted to shareholders in the course of preparation for the General Meeting of Shareholders.</p> <p>Failure to comply with the above principle criterion is temporary. The Company plans to consider returning to the practice of providing the Board of Directors' position on the agenda items of the General Meeting of Shareholders before the annual General Meeting of Shareholders to be held for 2026.</p>
1.1.4	There were no unjustified difficulties preventing shareholders from exercising their right to request that a general meeting be convened, to propose nominees to the company's governing bodies, and to make proposals for the agenda of the general meeting.	<p>1. The company's Articles of Association define the deadline for shareholders to submit proposals to the agenda of the annual general meeting which shall be at least 60 days after the end of the respective calendar year.</p> <p>2. In the reporting period the company did not reject any proposals for the agenda or nominees to the company's governing bodies due to misprints or other insignificant flaws in the shareholder's proposal.</p>	<p>●</p> <p>Complied with</p>	–

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.1.5	Each shareholder was able to freely exercise their voting right in the simplest and most convenient way.	1. The company's Articles of Association provide for an opportunity to fill in the electronic form of the ballot online the web address of which is specified in the notice on holding of the general meeting of shareholders.	● Not complied with	Introduction of the specified amendments to the Company's practice is unreasonable. The majority of the Company's shareholders (over 99%) are clients of nominal holders and participate in the meeting by sending electronic documents containing their expression of will on the agenda items of the General Meeting of Shareholders to the registrar. Moreover, the agreement with the Company's registrar provides for the opportunity for shareholders, whose rights to the Company's shares are recorded in the shareholder register, to interact with the registrar by using the Shareholder's Personal Account or by accessing the Electronic Document Exchange System used by the registrar.
1.1.6	The procedure for holding a general meeting set by the company provides equal opportunities for all persons attending the meeting to voice their opinions and ask questions.	1. During general meetings of shareholders held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time was allocated for reports on, and discussion of, the agenda items. Shareholders had an opportunity to express their opinions and to ask questions on the agenda. 2. The company invited candidates to the company's governing and control bodies and took all necessary measures to ensure their participation in the general meeting of shareholders at which their nominations were put to vote. The candidates to the company's governing and control bodies who were present at the general meeting of shareholders were available to answer questions of shareholders. 3. The sole executive body, the person responsible for the accounting, the chairman or the other members of the board of directors' audit committee were available to answer shareholders' questions at the general meetings of shareholders held in the reporting period. 4. In the reporting period the company used telecommunication means to ensure the remote participation of shareholders at general meetings, or the board of directors made a reasonable decision on the fact there was no need (opportunity) to use such means in the reporting period.	● Partially complied with	Criteria 2 and 3 are only partially not complied with. Criterion 4 is not complied with. The Company's internal documents set out the possibility for candidates to the management and supervision bodies of the Company, as well as for the sole executive body, a person responsible for the accounting, and other bodies of the Company to participate at the meeting in person. However, in the reporting year, in line with Article 3 of Federal Law No. 25-FZ On Amending the Federal Law On Joint-Stock Companies and On Suspension of Certain Provisions of Legislative Acts of the Russian Federation dated 25 February 2022, the Company's General Meeting of Shareholders was held in the form of absentee voting. However, these persons are always available to answer questions – shareholders are able to address their questions regarding the Company's operation through the Investor Relations department or the Corporate Governance department. If the General Meeting of Shareholders is held in the form of joint presence, the Company will consider inviting candidates to the management and supervision bodies of the Company to participate in the General Meeting of Shareholders at which they will be considered. The Board of Directors did not consider the issue of providing shareholders with remote access to take part in general meetings during the reporting period because the majority of the Company's shareholders (over 99%) are clients of nominal holders and participate in the General Meeting of Shareholders by sending electronic documents to the registrar containing their expression of will on the agenda items of the General Meeting of Shareholders. Moreover, according to the provisions of the current legislation, the General Meeting of Shareholders was held in the form of absentee voting. The possibility and necessity of implementing such a practice is planned to be considered before the annual General Meeting of Shareholders for 2025.
1.2	Shareholders are given equal and fair opportunities to share profits of the company in the form of dividends.			
1.2.1	The company has developed and put in place a transparent and clear mechanism to determine the dividend amount and payout procedure.	1. The company's regulations on the dividend policy have been approved by the board of directors and disclosed on the company's website on the Internet. 2. If the company's dividend policy that prepares the consolidated financial statements uses reporting figures to determine the dividend amount, then relevant provisions of the dividend policy take into account the consolidated financial statements. 3. The explanation of the proposed net profit distribution, including payment of dividends and the company's own needs, and the assessment of its compliance with the dividend policy adopted by the company, with clarifications and economic explanation of the requirement to direct a certain part of net profit to the company's needs in the reporting period, were included in the materials for the general meeting of shareholders, the agenda of which contains an item on profit distribution (including the payment (declaration) of dividends).	● Partially complied with	Criterion 3 is not complied with. Information for the explanation of the proposed net profit distribution, including payment of dividends and the Company's own needs, was not included in the materials for the General Meeting of Shareholders, as the Board of Directors did not make a decision to approve this information for inclusion in the list of materials submitted to shareholders in the course of preparation for the General Meeting of Shareholders. Failure to comply with the above principle criterion is temporary. The Company plans to consider returning to the practice of providing the Board of Directors' position on the agenda items of the General Meeting of Shareholders before the annual General Meeting of Shareholders to be held for 2026.
1.2.2	The company does not resolve to pay out dividends if such payout, while formally compliant with law, is economically unjustified and may lead to a false representation of the company's performance.	1. In addition to the restrictions established by law, the company's regulations on the dividend policy identify financial/economic circumstances under which the company shall not make decisions on the dividend payment.	● Complied with	–
1.2.3	The company does not allow for dividend rights of its existing shareholders to be impaired.	1. In the reporting period the company did not take any actions that would lead to the impairment of the dividend rights of its existing shareholders.	● Complied with	–
1.2.4	The company makes every effort to prevent its shareholders profiting from the company through any means other than dividends and liquidation value.	1. In the reporting period the means of profiting from the company by the controlling persons, other than dividends (for example, through the transfer pricing, unjustified provision of services to the company by the controlling person at inflated prices, through internal loans replacing dividends to the controlling persons and (or) its controlled persons) were not used.	● Complied with	–

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.3	The corporate governance system and practices ensure equal conditions for all shareholders owning the same type (class) of shares, including minority and non-resident shareholders, and their equal treatment by the company.			
1.3.1	The company has created conditions for fair treatment of each shareholder by the company's governing and control bodies, including conditions that rule out abuse by major shareholders against minority shareholders.	1. In the reporting period the company's controlling persons did not abuse their rights with respect to the company's shareholders, there were no conflicts between the company's controlling persons and shareholders, and if such conflicts occurred, the board of directors paid due attention to them.	 Complied with	–
1.3.2	The company does not take any actions that lead or may lead to artificial redistribution of corporate control.	1. No quasi-treasury shares were issued or used to vote in the reporting period.	 Not complied with	Following the Tender Offers, dated 16 June 2023 and 10 October 2023, as well as the bilateral transaction made in October 2023 (the "Tender Offer"), Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The Company's shareholders, including shareholders controlled by the Company, are not restricted in exercising their rights secured by shares in accordance with the requirements of Russian laws.
1.4	Shareholders are provided with reliable and efficient means of recording their rights to shares and are able to freely dispose of their shares without any hindrance.			
1.4	Shareholders are provided with reliable and efficient means of recording their rights to shares and are able to freely dispose of their shares without any hindrance.	1. The technologies and terms of provided services used by the company's registrar meet the needs of the company and its shareholders and ensure the account of rights for shares and realization of shareholders' rights in the most efficient way.	 Complied with	–
2.1	The board of directors provides strategic management of the company, determines key principles of, and approaches to, setting up a corporate risk management and internal control system, oversees the activities of the company's executive bodies, and performs other key functions.			
2.1.1	The board of directors is responsible for appointing and dismissing executive bodies, including due to improper performance of their duties. The board of directors also ensures that the company's executive bodies act in accordance with the company's approved development strategy and core lines of business.	1. The board of directors has the authority stipulated in the articles of association to appoint and remove members of executive bodies and to set out the terms and conditions of their contracts. 2. In the reporting period the nomination (appointments and HR) committee reviewed the compliance of the professional expertise, skills and experience of the members of the executive bodies with the company's current and expected needs determined by the company's approved strategy. 3. In the reporting period the board of directors reviewed the report(s) by the sole executive body or the collective executive body (if available) on the implementation of the company's strategy.	 Complied with	In the course of preparation for the annual General Meeting of Shareholders the Company's Board of Directors has preliminarily considered the management statement on the Company's performance, as well as on the achievement of the strategic goals, as part of the Annual report. The Company chooses the optimal form of provision and review by the Board of Directors of the reports by the sole executive body or (and) the collective executive body on the implementation of the Company's strategy annually before the annual General Meeting of Shareholders.
2.1.2	The board of directors sets key long-term targets for the company, assesses and approves its key performance indicators and key business goals, as well as the strategy and business plans for the company's core lines of business.	1. At its meetings in the reporting period, the board of directors reviewed strategy implementation and updates, approval of the company's financial and business plan (budget), as well as criteria and performance (including interim) of the company's strategy and business plans.	 Partially complied with	In the course of preparation for the annual General Meeting of Shareholders the Company's Board of Directors has preliminarily considered the management statement on the Company's performance, as well as on the achievement of the strategic goals, as part of the Annual report. The Company chooses the optimal form of provision and review by the Board of Directors of the strategy implementation and updates, approval of the Company's financial and business plan (budget), as well as criteria and performance (including interim) of the Company's strategy and business plans annually before the annual General Meeting of Shareholders.
2.1.3	The board of directors defines the company's principles of, and approaches to, setting up a risk management and internal control system.	1. The company's principles of, and approaches to, setting up a risk management and internal control system were defined by the board of directors and specified in the company's internal documents determining the risk management and internal control system policy. 2. In the reporting period the board of directors approved (revised) the appropriate amount of risks (risk appetite) of the company, or the audit committee and (or) risk management committee (if available) considered if it was reasonable to submit the issue of revising the company's risk appetite for consideration by the board of directors.	 Complied with	–
2.1.4	The board of directors defines the company's policy on remuneration payable to, and/or reimbursement (compensation) of costs incurred by, members of the board of directors, the company's executive bodies, and other key executives of the company.	1. The company has developed, approved by the board of directors and put in place a remuneration and reimbursement (compensation) policy (policies) for its directors, members of executive bodies and other key executives. 2. At its meetings in the reporting period, the board of directors discussed matters related to such policy (policies).	 Complied with	–

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.1.5	The board of directors plays a key role in preventing, identifying, and resolving internal conflicts between the company's bodies, shareholders, and employees.	1. The board of directors plays a key role in preventing, identifying, and resolving internal conflicts. 2. The company has set up mechanisms to identify transactions leading to a conflict of interest and to resolve such conflicts.	 Complied with	–
2.1.6	The board of directors plays a key role in ensuring that the company is transparent, timely and fully discloses its information, and provides its shareholders with unhindered access to the company's documents.	1. Persons responsible for implementing the information policy are identified in the company's internal documents.	 Complied with	–
2.1.7	The board of directors controls the company's corporate governance practices and plays a key role in material corporate events of the company.	1. In the reporting period the board of directors reviewed the results of self-assessment and (or) external assessment of the company's corporate governance practices.	 Complied with	–
2.2 The board of directors is accountable to the company's shareholders.				
2.2.1	Performance of the board of directors is disclosed and made available to the shareholders.	1. The company's annual report for the reporting period includes the information on attendance of the board of directors and committee meetings by each member of the board of directors. 2. The annual report discloses key performance assessment (self-assessment) results of the board of directors in the reporting period.	 Complied with	–
2.2.2	The chairman of the board of directors is available to communicate with the company's shareholders.	1. The company has a transparent procedure in place enabling its shareholders to forward inquiries to the chairman of the board of directors (and, if applicable, to the senior independent director) and receive feedback on them.	 Complied with	–
2.3 The board of directors manages the company in an efficient and professional manner and is capable of making fair and independent judgements and adopting resolutions in the best interests of the company and its shareholders.				
2.3.1	Only persons of impeccable business and personal reputation who have the knowledge, expertise, and experience required to make decisions within the authority of the board of directors and essential to perform its functions in an efficient way are elected to the board of directors.	1. In the reporting period the board of directors (or its nomination committee) assessed nominees to the board of directors for required experience, expertise, business reputation, absence of conflicts of interest, etc.	 Complied with	–
2.3.2	The company's directors are elected via a transparent procedure that enables shareholders to obtain information on nominees sufficient to judge on their personal and professional qualities.	1. Whenever the agenda of the general meeting of shareholders included election of the board of directors, the company provided to shareholders the biographical details of all nominees to the board of directors, the results of assessment of the compliance of the professional expertise, skills and experience of the nominees with the company's current and expected needs, carried out by the board of directors (or its nomination committee), and the information on whether the nominee meets the independence criteria set forth in Recommendations 102–107 of the Code, as well as information on availability of the nominees' written consent to be elected to the board of directors.	 Complied with	–
2.3.3	The board of directors has a balanced membership, including in terms of directors' qualifications, experience, expertise, and business skills, and it has the trust of shareholders.	1. In the reporting period the board of directors reviewed its requirements to professional expertise, experience and skills and defined expertise essential to the board of directors in the short and long term.	 Complied with	–
2.3.4	The company has a sufficient number of directors to organise the board of directors' activities in the most efficient way, including the ability to set up committees of the board of directors and enable the company's substantial minority shareholders to elect a nominee to the board of directors for whom they vote.	1. In the reporting period the board of directors considered whether the number of directors met the company's needs and shareholders' interests.	 Complied with	–

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.4 The board of directors includes a sufficient number of independent directors.				
2.4.1	<p>An independent director is a person who is sufficiently professional, experienced, and independent to develop their own position, and capable of making unbiased judgements in good faith, free of influence by the company's executive bodies, individual groups of shareholders, or other stakeholders.</p> <p>It should be noted that a nominee (elected director) who is related to the company, its substantial shareholder, substantial counterparty, or competitor of the company, or is related to the government, may not be considered as independent under normal circumstances.</p>	<p>1. In the reporting period all independent directors met all independence criteria set out in Recommendations 102–107 of the Code, or were deemed independent by resolution of the board of directors.</p>	<p>●</p> <p>Not complied with</p>	<p>In accordance with the Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995, shareholders (shareholder) holding in aggregate at least 2% of the Company's voting shares are entitled to propose agenda items of the annual General Meeting of Shareholders and nominate candidates to the Company's Board of Directors. According to the Company's Articles of Association, such proposals shall be received by the Company no later than 60 days after the end of the reporting year.</p> <p>No proposals were received from shareholders regarding nominees to the Board of Directors during preparation for the annual General Meeting of Shareholders held for 2023.</p> <p>The Board of Directors approved the same list of nominees to the Board of Directors as elected by the annual General Meeting of Shareholders on 28 December 2023 after completion of the procedures for changing the Company's capital structure.</p> <p>The Board of Directors effective in 2024 does not include independent members. However, the Board of Directors manages the Company in an efficient and professional manner and its members are capable of making fair and independent judgements and adopting resolutions in the best interests of the Company and its shareholders.</p> <p>Failure to comply with the principle criterion is temporary. Shareholders have the right to propose nominees to the Board of Directors, who will meet the independence criteria. The Company expects that it will be able to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2025.</p>
2.4.2	<p>The company assesses compliance of nominees to the board of directors and reviews compliance of independent directors with independence criteria on a regular basis. In such assessment, substance prevails over form.</p>	<p>1. In the reporting period the board of directors (or its nomination committee) made a judgement on the independence of each nominee to the board of directors and provided its opinion to shareholders.</p> <p>2. In the reporting period the board of directors (or its nomination committee) reviewed, at least once, the issue on independence of incumbent directors (after their election).</p> <p>3. The company has in place procedures defining the actions to be taken by directors if they cease to be independent, including the obligation to timely notify the board of directors thereof.</p>	<p>●</p> <p>Partially complied with</p>	<p>Criterion 2 is not complied with.</p> <p>In accordance with the Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995, shareholders (shareholder) holding in aggregate at least 2% of the Company's voting shares are entitled to propose agenda items of the annual General Meeting of Shareholders and nominate candidates to the Company's Board of Directors. According to the Company's Articles of Association, such proposals shall be received by the Company no later than 60 days after the end of the reporting year.</p> <p>No proposals were received from shareholders regarding nominees to the Board of Directors during preparation for the annual General Meeting of Shareholders held for 2023.</p> <p>The Board of Directors approved the same list of nominees to the Board of Directors as elected by the annual General Meeting of Shareholders on 28 December 2023 after completion of the procedures for changing the Company's capital structure.</p> <p>When making the assessment of nominees to the Board of Directors, the HR and Remuneration Committee determined that the nominees to the Board of Directors do not comply with independence criteria. Such assessment has not been carried out since the election of the Board of Directors.</p> <p>However, the Board of Directors manages the Company in an efficient and professional manner and its members are capable of making fair and independent judgements and adopting resolutions in the best interests of the Company and its shareholders.</p> <p>Failure to comply with the principle criterion is temporary. Shareholders have the right to propose nominees to the Board of Directors, who will meet the independence criteria. The Company expects that it will be able to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2025.</p>
2.4.3	<p>Independent directors make up at least one third of elected directors.</p>	<p>1. Independent directors make up at least one third of elected directors.</p>	<p>●</p> <p>Not complied with</p>	<p>In accordance with the Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995, shareholders (shareholder) holding in aggregate at least 2% of the Company's voting shares are entitled to propose agenda items of the annual General Meeting of Shareholders and nominate candidates to the Company's Board of Directors. According to the Company's Articles of Association, such proposals shall be received by the Company no later than 60 days after the end of the reporting year.</p> <p>No proposals were received from shareholders regarding nominees to the Board of Directors during preparation for the annual General Meeting of Shareholders held for 2023.</p> <p>The Board of Directors approved the same list of nominees to the Board of Directors as elected by the annual General Meeting of Shareholders on 28 December 2023 after completion of the procedures for changing the Company's capital structure.</p> <p>The Board of Directors effective in 2024 does not include independent members. However, the Board of Directors manages the Company in an efficient and professional manner and its members are capable of making fair and independent judgements and adopting resolutions in the best interests of the Company and its shareholders.</p> <p>Failure to comply with the above principle is temporary. Shareholders have the right to propose nominees to the Board of Directors, who will meet the independence criteria. The Company expects that it will be able to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2025.</p>

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.4.4	Independent directors play a key role in preventing internal conflicts in the company and in ensuring that the company performs material corporate actions.	1. Independent directors (with no conflicts of interest) run a preliminary assessment of material corporate actions implying a potential conflict of interest in the reporting period and submitted the results to the board of directors.	● Not complied with	<p>In accordance with the Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995, shareholders (shareholder) holding in aggregate at least 2% of the Company's voting shares are entitled to propose agenda items of the annual General Meeting of Shareholders and nominate candidates to the Company's Board of Directors. According to the Company's Articles of Association, such proposals shall be received by the Company no later than 60 days after the end of the reporting year.</p> <p>No proposals were received from shareholders regarding nominees to the Board of Directors during preparation for the annual General Meeting of Shareholders held for 2023.</p> <p>The Board of Directors approved the same list of nominees to the Board of Directors as elected by the annual General Meeting of Shareholders on 28 December 2023 after completion of the procedures for changing the Company's capital structure.</p> <p>The Board of Directors effective in 2024 does not include independent members. However, the Board of Directors manages the Company in an efficient and professional manner and its members are capable of making fair and independent judgements and adopting resolutions in the best interests of the Company and its shareholders.</p> <p>Failure to comply with the above principle is temporary. Shareholders have the right to propose nominees to the Board of Directors, who will meet the independence criteria. The Company expects that it will be able to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2025.</p>
2.5 The chairman of the board of directors ensures that the board of directors discharges its duties in the most efficient way.				
2.5.1	The board of directors is chaired by an independent director, or a senior independent director supervising the activities of other independent directors and interacting with the chairman of the board of directors is chosen from among the elected independent directors.	<p>1. The board of directors is chaired by an independent director, or a senior independent director is appointed from among the independent directors.</p> <p>2. The role, rights, and duties of the chairman of the board of directors (and, if applicable, of the senior independent director) are duly set out in the company's internal documents.</p>	● Partially complied with	<p>Criterion 1 is not complied with.</p> <p>In accordance with the Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995, shareholders (shareholder) holding in aggregate at least 2% of the Company's voting shares are entitled to propose agenda items of the annual General Meeting of Shareholders and nominate candidates to the Company's Board of Directors. According to the Company's Articles of Association, such proposals shall be received by the Company no later than 60 days after the end of the reporting year.</p> <p>No proposals were received from shareholders regarding nominees to the Board of Directors during preparation for the annual General Meeting of Shareholders held for 2023.</p> <p>The Board of Directors approved the same list of nominees to the Board of Directors as elected by the annual General Meeting of Shareholders on 28 December 2023 after completion of the procedures for changing the Company's capital structure.</p> <p>The Board of Directors effective in 2024 does not include independent members. However, the Chairman of the newly elected Board of Directors is a professional capable of making fair and independent judgements and adopting resolutions in the best interests of the Company and its shareholders, despite the fact that he does not meet the formal criteria of independence.</p> <p>Failure to comply with the above principle criterion is temporary. Shareholders have the right to propose nominees to the Board of Directors, who will meet the independence criteria. If nominees who meet the independence criteria are elected to the Board of Directors, the Board of Directors will be able to elect the chairman from among the independent directors. The Company expects that it will be able to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2025.</p>
2.5.2	The chairman of the board of directors maintains a constructive environment at meetings, enables free discussion of agenda items, and supervises the execution of resolutions passed by the board of directors.	1. Performance of the chairman of the board of directors was assessed as part of assessment (self-assessment) of the board of directors' performance in the reporting period.	● Complied with	–
2.5.3	The chairman of the board of directors takes all steps necessary or the timely provision to directors of information required to pass resolutions on agenda items.	1. The company's internal documents set out the duty of the chairman of the board of directors to take all steps necessary for the timely provision to directors of complete and reliable information for the agenda of a board meeting.	● Complied with	–
2.6 Directors act reasonably and in good faith in the best interests of the company and its shareholders, on a fully informed basis and with due care and diligence.				
2.6.1	Directors pass resolutions on a fully informed basis, with no conflict of interest, subject to equal treatment of the company's shareholders, and assuming normal business risks.	<p>1. The company's internal documents stipulate that a director should notify the board of directors of any existing conflict of interest as to any agenda item of a meeting of the board of directors or its committee, prior to discussing the relevant agenda item.</p> <p>2. The company's internal documents stipulate that a director should abstain from voting on any item in connection with which they have a conflict of interest.</p> <p>3. The company has in place a procedure enabling the board of directors to get professional advice on matters within its remit at the expense of the company.</p>	● Complied with	–

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.6.2	The rights and duties of directors are clearly stated and incorporated in the company's internal documents.	1. The company has adopted and published an internal document that clearly defines the rights and duties of directors.	 Complied with	–
2.6.3	Directors have sufficient time to perform their duties.	1. Individual attendance at board and committee meetings, as well as the sufficiency of time for work on the board of directors, including its committees, was analysed as part of the procedure of assessment (self-assessment) of the board of directors' performance in the reporting period. 2. Under the company's internal documents, directors notify the board of directors of their intentions to be elected to governing bodies of other entities (apart from the entities controlled by the company), and of their election to such bodies.	 Complied with	–
2.6.4	All directors have equal access to the company's documents and information. Newly elected directors are furnished with sufficient information about the company and performance of the board of directors as soon as possible.	1. Under the company's internal documents, directors are entitled to receive information and documents necessary for the board of directors' members to perform their duties and related to the company and its controlled entities, while executive bodies of the company should ensure the provision of the relevant information and documents. 2. The company carries out a formalised induction programme for newly elected members of the board of directors.	 Complied with	–
2.7	Meetings of the board of directors, preparation for such meetings, and participation of directors ensure efficient performance by the board of directors.			
2.7.1	Meetings of the board of directors are held as needed, taking into account the scale of operations and goals of the company at a particular time.	1. The board of directors held at least six meetings in the reporting year.	 Complied with	–
2.7.2	The company's internal regulations formalise a procedure for arranging and holding meetings of the board of directors, enabling members of the board of directors to properly prepare for such meetings.	1. The company has an approved internal document that describes the procedure for arranging and holding meetings of the board of directors and stipulates, in particular, that the notice of the meeting is to be given, as a rule, at least five days prior to such meeting. 2. In the reporting period members of the board of directors who were not able to attend the meeting of the board of directors were provided with an opportunity to participate in the discussion of agenda items and voting remotely – by means of conference and video conference communication.	 Complied with	–
2.7.3	The format of the meeting of the board of directors is determined taking into account the importance of its agenda items. The most important matters are dealt with at meetings of the board of directors held in person.	1. The company's Articles of Association or internal document provide(s) for the most important matters (including those listed in Recommendation 168 of the Code) to be passed at meetings of the board of directors held in person.	 Not complied with	In the opinion of the Company, the development of modern telecommunications technologies practically eliminates the differences in the effectiveness of in person and absentee formats of meetings of the Board of Directors. The most important issues included in the agenda of meetings of the Board of Directors are preliminarily considered by the relevant committees of the Board of Directors and are comprehensively discussed by members of the Board of Directors before voting, including absentee form of voting. The Company believes that transferring a large number of meetings of the Board of Directors to in person format is not economically feasible. In the future, the Company plans to maintain this approach to holding meetings and to develop the use of modern telecommunication technologies when planning meetings and making decisions.
2.7.4	Resolutions on the most important matters related to the company's operations are adopted at meetings of the board of directors by a qualified majority vote or by a majority vote of all elected directors.	1. The company's Articles of Association provide for resolutions on the most important matters, including those set out in Recommendation 170 of the Code to be passed at a meeting of the board of directors by a qualified majority of at least three quarters or by a majority of all elected directors.	 Complied with	–

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.8 The board of directors sets up committees to preview key matters related to the company's operations.				
2.8.1	An audit committee comprised of independent directors is set up to preview matters related to controlling the company's financial and business activities.	<ol style="list-style-type: none"> The board of directors set up an audit committee comprised solely of independent directors. The company's internal documents set out the tasks of the audit committee, including those listed in Recommendation 172 of the Code. At least one member of the audit committee represented by an independent director has experience and knowledge of preparing, analysing, assessing, and auditing accounting (financial) statements. In the reporting period meetings of the audit committee were held at least once during the reporting period. 	<p>●</p> <p>Partially complied with</p>	<p>Criteria 1 and 3 are only partially not complied with.</p> <p>Criterion 4 is not complied with.</p> <p>In accordance with the Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995, shareholders (shareholder) holding in aggregate at least 2% of the Company's voting shares are entitled to propose agenda items of the annual General Meeting of Shareholders and nominate candidates to the Company's Board of Directors. According to the Company's Articles of Association, such proposals shall be received by the Company no later than 60 days after the end of the reporting year.</p> <p>No proposals were received from shareholders regarding nominees to the Board of Directors during preparation for the annual General Meeting of Shareholders held for 2023.</p> <p>The Board of Directors approved the same list of nominees to the Board of Directors as elected by the annual General Meeting of Shareholders on 28 December 2023 after completion of the procedures for changing the Company's capital structure.</p> <p>The Board of Directors effective in 2024 does not include independent members.</p> <p>The Audit Committee members are professionals capable of making fair and independent judgements and adopting resolutions in the best interests of the Company and its shareholders, despite the fact that they do not meet the formal criteria of independence.</p> <p>The performance of the Board of Directors and committees of the Board of Directors is not limited to formal meetings, the work is carried out on an ongoing basis as needed.</p> <p>Failure to comply with the above principle criteria is temporary. Shareholders have the right to propose nominees to the Board of Directors, who will meet the independence criteria. If nominees who meet the independence criteria are elected to the Board of Directors, the Board of Directors will be able to make up the Audit Committee of the independent directors. The Company expects that it will be able to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2025.</p>
2.8.2	To preview matters related to adopting an efficient and transparent remuneration scheme, a remuneration committee was set up, comprised of independent directors and headed by an independent director who is not the chairman of the board of directors.	<ol style="list-style-type: none"> The board of directors set up a remuneration committee comprised solely of independent directors. The remuneration committee is headed by an independent director who is not the chairman of the board of directors. The company's internal documents set out the tasks of the remuneration committee, including those listed in Recommendation 180 of the Code, and conditions (events), upon the occurrence of which the remuneration committee considers the revision of the company's remuneration policy for members of the board of directors, executive bodies and other key executives. 	<p>●</p> <p>Partially complied with</p>	<p>Criteria 1 and 2 are only partially not complied with.</p> <p>In accordance with the Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995, shareholders (shareholder) holding in aggregate at least 2% of the Company's voting shares are entitled to propose agenda items of the annual General Meeting of Shareholders and nominate candidates to the Company's Board of Directors. According to the Company's Articles of Association, such proposals shall be received by the Company no later than 60 days after the end of the reporting year.</p> <p>No proposals were received from shareholders regarding nominees to the Board of Directors during preparation for the annual General Meeting of Shareholders held for 2023.</p> <p>The Board of Directors approved the same list of nominees to the Board of Directors as elected by the annual General Meeting of Shareholders on 28 December 2023 after completion of the procedures for changing the Company's capital structure.</p> <p>The Board of Directors effective in 2024 does not include independent members.</p> <p>The HR and Remuneration Committee members, as well as the chairman of the HR and Remuneration Committee who is not the Chairman of the Board of Directors, are professionals capable of making fair and independent judgements and adopting resolutions in the best interests of the Company and its shareholders, despite the fact that they do not meet the formal criteria of independence.</p> <p>Failure to comply with the above principle criteria is temporary. Shareholders have the right to propose nominees to the Board of Directors, who will meet the independence criteria. If nominees who meet the independence criteria are elected to the Board of Directors, the Board of Directors will be able to make up the HR and Remuneration Committee of the independent directors, and elect an independent director as the chairman of the committee. The Company expects that it will be able to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2025.</p>

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.8.3	To preview matters related to talent management (succession planning), professional composition, and efficiency of the board of directors, a nomination (appointments and HR) committee was set up, predominantly comprised of independent directors.	<p>1. The board of directors has set up a nomination committee (or its tasks listed in Recommendation 186 of the Code are fulfilled by another committee) predominantly comprised of independent directors.</p> <p>2. The company's internal documents set out the tasks of the nomination committee (or the tasks of the committee with combined functions), including those listed in Recommendation 186 of the Code.</p> <p>3. For the purpose of forming the board of directors that meets the company's goals and objectives most fully, in the reporting period the nomination committee, on its own or jointly with other board of directors' committees or the company's authorised shareholder relations unit, organised the engagement with shareholders, not limited to the largest shareholders, in the context of choosing nominees to the company's board of directors.</p>	<p>●</p> <p>Partially complied with</p>	<p>Criteria 1 and 3 are only partially not complied with.</p> <p>In accordance with the Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995, shareholders (shareholder) holding in aggregate at least 2% of the Company's voting shares are entitled to propose agenda items of the annual General Meeting of Shareholders and nominate candidates to the Company's Board of Directors. According to the Company's Articles of Association, such proposals shall be received by the Company no later than 60 days after the end of the reporting year.</p> <p>No proposals were received from shareholders regarding nominees to the Board of Directors during preparation for the annual General Meeting of Shareholders held for 2023.</p> <p>The Board of Directors approved the same list of nominees to the Board of Directors as elected by the annual General Meeting of Shareholders on 28 December 2023 after completion of the procedures for changing the Company's capital structure.</p> <p>The Board of Directors effective in 2024 does not include independent members.</p> <p>The HR and Remuneration Committee members, as well as the chairman of the HR and Remuneration Committee, are professionals capable of making fair and independent judgements and adopting resolutions in the best interests of the Company and its shareholders, despite the fact that they do not meet the formal criteria of independence.</p> <p>Failure to comply with the above principle criteria is temporary. Shareholders have the right to propose nominees to the Board of Directors, who will meet the independence criteria. If nominees who meet the independence criteria are elected to the Board of Directors, the Board of Directors will be able to make up the HR and Remuneration Committee of the independent directors. The Company expects that it will be able to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2025.</p>
2.8.4	Taking into account the company's scope of business and level of risks, the company's board of directors made sure that the composition of its committees is in line with the company's business goals. Additional committees were either set up or not deemed necessary (strategy committee, corporate governance committee, ethics committee, risk management committee, budget committee, health, safety and environment committee, etc.).	<p>1. In the reporting period the company's board of directors considered whether the structure of the board of directors was in line with the scale and scope, business goals and requirements, and the risk profile of the company. Additional committees were either set up or not deemed necessary.</p>	<p>●</p> <p>Complied with</p>	<p>–</p>
2.8.5	Committees are composed so as to enable comprehensive discussions of matters under preview, taking into account the diversity of opinions.	<p>1. The audit committee, remuneration committee, nomination committee (or the relevant committee with a combined function) were headed by independent directors in the reporting period.</p> <p>2. The company's internal documents (policies) include provisions stipulating that persons who are not members of the audit committee, the nomination committee (or the relevant committee with a combined function) or the remuneration committee may attend committee meetings only by invitation of the chairman of the respective committee.</p>	<p>●</p> <p>Partially complied with</p>	<p>Criterion 1 is not complied with.</p> <p>In accordance with the Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995, shareholders (shareholder) holding in aggregate at least 2% of the Company's voting shares are entitled to propose agenda items of the annual General Meeting of Shareholders and nominate candidates to the Company's Board of Directors. According to the Company's Articles of Association, such proposals shall be received by the Company no later than 60 days after the end of the reporting year.</p> <p>No proposals were received from shareholders regarding nominees to the Board of Directors during preparation for the annual General Meeting of Shareholders held for 2023.</p> <p>The Board of Directors approved the same list of nominees to the Board of Directors as elected by the annual General Meeting of Shareholders on 28 December 2023 after completion of the procedures for changing the Company's capital structure.</p> <p>The Board of Directors effective in 2024 does not include independent members.</p> <p>The members of the HR and Remuneration Committee and the Audit Committee, as well as the chairmen of the committees, are professionals capable of making fair and independent judgements and adopting resolutions in the best interests of the Company and its shareholders, despite the fact that they do not meet the formal criteria of independence.</p> <p>Failure to comply with the above principle criterion is temporary. Shareholders have the right to propose nominees to the Board of Directors, who will meet the independence criteria. If nominees who meet the independence criteria are elected to the Board of Directors, the Board of Directors will be able to make up the Audit Committee and the HR and Remuneration Committee in full or in part of the independent directors, and elect the chairmen of the committees from among the independent directors. The Company expects that it will be able to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2025.</p>

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.8.6	Committee chairmen inform the board of directors and its chairman on the performance of their committees on a regular basis.	1. In the reporting period committee chairmen reported to the board of directors on the performance of committees on a regular basis.	● Partially complied with	No meetings of the Board of Directors were held to consider reports of the chairmen of the Board of Directors' committees. However, the performance of the Board of Directors and committees of the Board of Directors is not limited to formal meetings, the work is carried out on an ongoing basis as needed. Partial compliance with the principle is temporary. The Company expects that it will be able to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2025.
2.9 The board of directors ensures performance assessment of the board of directors, its committees, and members of the board of directors.				
2.9.1	The board of directors' performance assessment is aimed at determining the efficiency of the board of directors, its committees and members, consistency of their work with the company's growth requirements, as well as at bolstering the work of the board of directors and identifying areas for improvement.	1. The procedures of conducting the assessment (self-assessment) of the board of directors' performance are determined in the company's internal documents. 2. Assessment (self-assessment) of the board of directors' performance carried out in the reporting period included performance assessment of committees, individual assessment of directors, and the board of directors in general. 3. Results of assessment (self-assessment) of the board of directors' performance carried out in the reporting period were reviewed at the meeting of the board of directors held in person.	● Not complied with	The procedures of conducting the assessment (self-assessment) of the Board of Directors' performance are not formalised in the internal documents. In the reporting period the Company carried out the self-assessment of the corporate governance practices based on the audit of the corporate governance by the Internal Audit Service. The Company has planned to carry out a self-assessment of the quality of performance of the Board of Directors in the reporting year. Failure to comply with the principle is temporary. The Company expects that it will be able to resume the planned implementation of the corporate procedures, and will consider the possibility and necessity of stating the procedure of assessment (self-assessment) of the Board of Directors' performance in the Company's internal documents, before the General Meeting of Shareholders to be held for 2025.
2.9.2	Performance of the board of directors, its committees and members is assessed regularly at least once a year. An external advisor is engaged at least once in three years to conduct an independent assessment of the board of directors' performance.	1. The company engaged an external advisor to conduct an independent assessment of the board of directors' performance at least once over the last three reporting periods.	● Not complied with	In the reporting period performance of the Board of Directors fully meets the Company's goals. At the moment, the Company does not see the need to engage an independent consultant for the purposes of independent assessment, while the Company does not exclude such a possibility in the future.
3.1 The company's corporate secretary ensures an efficient ongoing interaction with shareholders, coordinates the company's efforts to protect shareholder rights and interests, and supports efficient performance of the board of directors.				
3.1.1	The corporate secretary has the expertise, experience, and qualifications sufficient to perform his/her duties, as well as an impeccable reputation and the trust of shareholders.	1. The biographical data of the corporate secretary are published on the corporate website and in the company's annual report (including information on age, education, expertise, experience), and information on positions in the governing bodies of other legal entities held by the corporate secretary at least for the last five years.	● Partially complied with	Information on the Company's corporate secretary is available on the Company's official website (https://www.magnit.com/en/corporate-governance/corporate-secretary/). In the Company's Annual report, the disclosure of biographical data of individuals is minimised due to geopolitical tensions. Partial compliance with the principle is temporary. The Company expects that it will be able to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2025.
3.1.2	The corporate secretary is sufficiently independent of the company's executive bodies and has the powers and resources required to perform his/her tasks.	1. The company has adopted and published an internal document – regulations on the corporate secretary. 2. The board of directors approves the nominee to the position of the corporate secretary, terminates his/her powers, and considers the corporate secretary's additional remuneration. 3. The company's internal documents stipulate the right of the corporate secretary to request, receive documents and information from the company's governing bodies, structural units and officials.	● Complied with	–
4.1 Remuneration payable by the company is sufficient to attract, motivate, and retain persons with competencies and qualifications required by the company. Remuneration payable to directors, executive bodies, and other key executives of the company is in compliance with the approved remuneration policy of the company.				
4.1.1	The amount of remuneration paid by the company to directors, executive bodies, and other key executives creates sufficient incentives for them to work efficiently while enabling the company to engage and retain competent and qualified specialists. At the same time, the company avoids unnecessarily high remuneration, as well as unjustifiably large gaps between remunerations of the above persons and the company's employees.	1. Remuneration of members of the board of directors, executive bodies, and other key executives of the company is determined based on the results of a comparative analysis of the level of remuneration in comparable companies.	● Complied with	–

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
4.1.2	The company's remuneration policy is devised by the remuneration committee and approved by the board of directors. The board of directors, assisted by the remuneration committee, ensures control over the introduction and implementation of the company's remuneration policy, revising and amending it as required.	1. In the reporting period the remuneration committee considered the remuneration policy (policies) and (or) its (their) introduction practices, carried out the assessment of its (their) efficiency and transparency and provided relevant recommendations on the revision of the policy (policies) to the board of directors as required.	● Partially complied with	In the reporting period the Company's Board of Directors considered the practice of implementing the remuneration policies, as well as assessing their efficiency. Partial compliance with the principle is temporary. The Company expects that it will be able to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2025.
4.1.3	The company's remuneration policy includes transparent mechanisms for determining the amount of remuneration due to directors, executive bodies, and other key executives of the company, and regulates all types of expenses, benefits, and privileges provided to such persons.	1. The company's remuneration policy (policies) includes (include) transparent mechanisms for determining the amount of remuneration due to directors, executive bodies, and other key executives of the company, and regulates (regulate) all types of expenses, benefits, and privileges provided to such persons.	● Complied with	–
4.1.4	The company defines a policy on reimbursement (compensation) of expenses detailing a list of reimbursable expenses and specifying service levels that directors, executive bodies, and other key executives of the company may claim. Such policy can make part of the company's remuneration policy.	1. The remuneration policy (policies) defines (define) the rules for reimbursement of expenses incurred by directors, executive bodies, and other key executives of the company.	● Complied with	–
4.2 Remuneration system for directors ensures alignment of financial interests of directors with long-term financial interests of shareholders.				
4.2.1	The company pays fixed annual remuneration to its directors. The company does not pay remuneration for attending particular meetings of the board of directors or its committees. The company does not apply any form of short-term motivation or additional financial incentive for its directors.	1. In the reporting period the company paid remuneration to the board of directors in accordance with the remuneration policy adopted by the company. 2. In the reporting period the company did not apply any forms of short-term motivation or additional financial motivation, the payment of which depends on the results (indicators) of the company's performance, in relation to the board of directors' members. Payments of remuneration for the participation in meetings of the board of directors or committees of the board of directors were not made.	● Complied with	–
4.2.2	Long-term ownership of the company's shares ensures the best alignment of directors' financial interests with the long-term interests of shareholders. At the same time, the company does not link the right to dispose of shares to performance targets, and directors do not participate in stock option plans.	1. If the company's internal document(s) – the remuneration policy (policies) stipulates (stipulate) provision of the company's shares to members of the board of directors, clear rules for share ownership by board members shall be defined and disclosed, aimed at stimulating long-term ownership of such shares.	● Complied with	–
4.2.3	The company does not provide for any extra payments or compensations in the event of early termination of directors' tenure resulting from the change of control or any other reasons.	1. The company does not provide for any extra payments or compensations in the event of early termination of directors' tenure resulting from the change of control or any other reasons.	● Complied with	–
4.3 The company considers its performance and the personal contribution of each executive to the achievement of such performance when determining the amount of a fee payable to members of executive bodies and other key executives of the company.				
4.3.1	Remuneration due to members of executive bodies and other key executives of the company is determined in a manner providing for reasonable and justified ratio of the fixed and variable parts of remuneration, depending on the company's results and the employee's personal contribution.	1. In the reporting period annual performance results approved by the board of directors were used to determine the amount of the variable part of remuneration due to members of executive bodies and other key executives of the company. 2. During the latest assessment of the remuneration system for members of executive bodies and other key executives of the company, the board of directors (remuneration committee) made sure that the company applies an efficient ratio of the fixed and variable parts of remuneration. 3. When determining the amount of remuneration to be paid to the members of the executive bodies and other key executives of the company, the risks borne by the company are taken into account in order to avoid incentives to take excessively risky management decisions.	● Partially complied with	Criterion 1 is not complied with. In the reporting period the Board of Directors did not consider issues related to the approval of the annual performance results used to determine the amount of the variable part of remuneration due to members of executive bodies and other key executives of the Company. Failure to comply with the above principle criterion is temporary. The Company expects that it will be able to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2025.

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
4.3.2	The company has in place a long-term incentive programme for members of executive bodies and other key executives of the company with the use of the company's shares (options and other derivative instruments where the company's shares are the underlying asset).	1. If the company has in place a long-term incentive programme for members of executive bodies and other key executives of the company with the use of the company's shares (financial instruments based on the company's shares), the programme implies that the right to dispose of shares and other financial instruments takes effect no sooner than three years after such shares or other financial instruments are granted. The right to dispose of such shares or other financial instruments is linked to the company's certain performance targets.	● Partially complied with	The Board of Directors approved the Long-Term Incentive Programme. The programme is designed to motivate management to increase the market capitalisation of the Company supported by EBITDA growth. The Programme includes remuneration in the form of shares and options in annual tranches. Remuneration will depend on the share price. The Programme is designed for five years. There are no restrictions on the disposal of shares received under the programme. Instead of a restriction of the disposal of shares (and the dependence of the right of disposal on the achievement of indicators), it provides for a dependence of the granting of shares on the achievement of certain indicators and the deferred provision of shares in each of the annual tranches in parts over three years, and the loss of participants' right to receive tranches (parts of tranches) in case of resignation from the Company. The Company finds this approach to the provision of shares as part of the long-term incentive most reasonable and plans to follow it in the future.
4.3.3	The compensation ("golden parachute") payable by the company in case of early termination of powers of members of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, shall not exceed the double amount of the fixed part of their annual remuneration.	1. In the reporting period the compensation ("golden parachute") payable by the company in case of early termination of the powers of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, did not exceed the double amount of the fixed part of their annual remuneration.	● Complied with	–
5.1 The company has in place an effective risk management and internal control system providing reasonable assurance in the achievement of the company's goals.				
5.1.1	The company's board of directors determined the principles of, and approaches to, setting up a risk management and internal control system at the company.	1. Functions of different management bodies and business units of the company in the risk management and internal control system are clearly defined in the company's internal documents / relevant policy approved by the board of directors.	● Complied with	–
5.1.2	The company's executive bodies ensure establishment and continuous operation of an efficient risk management and internal control system at the company.	1. The company's executive bodies ensured the distribution of duties, powers, responsibilities related to risk management and internal control between the heads (managers) of business units and departments accountable to them.	● Complied with	–
5.1.3	The company's risk management and internal control system ensures an objective, fair, and clear view of the current state and future prospects of the company, the integrity and transparency of the company's reporting, as well as reasonable and acceptable risk exposure.	1. The company has in place an approved anti-corruption policy. 2. The company established a safe, confidential and accessible method of notifying the board of directors or the board's audit committee of breaches or any violations of the law, the company's internal procedures.	● Complied with	–
5.1.4	The company's board of directors takes necessary measures to make sure that the company's risk management and internal control system is consistent with the principles of, and approaches to, its setup and efficient functioning determined by the board of directors.	1. In the reporting period the board of directors (the audit committee and (or) the risk management committee (if available) organised the assessment of the reliability and efficiency of the risk management and internal control system. 2. In the reporting period the board of directors reviewed the results of assessment of the reliability and efficiency of the company's risk management and internal control system. Information on the results consideration is included in the company's annual report.	● Complied with	–
5.2 The company performs internal audits for regular independent assessment of the reliability and efficiency of its risk management and internal control system, as well as corporate governance practice.				
5.2.1	The company has set up a separate business unit or engaged an independent external organisation to carry out internal audits. Functional and administrative reporting lines of the internal audit unit are delineated. The internal audit unit functionally reports to the board of directors.	1. To perform internal audits, the company has set up a separate business unit – internal audit division, functionally reporting to the board of directors, or engaged an independent external organisation with the same line of reporting.	● Complied with	–

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
5.2.2	The internal audit division assesses the reliability and efficiency of the risk management and internal control system, as well as the corporate governance system, applies generally accepted standards of internal audit.	<ol style="list-style-type: none"> In the reporting period, the reliability and efficiency of the risk management and internal control system were assessed as part of the internal audit procedure. In the reporting period, the corporate governance practice (certain practices) was (were) assessed as part of the internal audit procedure, including the procedures of the information interaction (including internal control and risk management issues) at all levels of the company's management, as well as stakeholders engagement. 	 Complied with	–
6.1 The company and its operations are transparent for its shareholders, investors, and other stakeholders.				
6.1.1	The company has developed and implemented an information policy ensuring efficient exchange of information by the company, its shareholders, investors, and other stakeholders.	<ol style="list-style-type: none"> The company's board of directors approved an information policy developed in accordance with the Code's recommendations. In the reporting period the board of directors (or one of its committees) considered the issue on the efficiency of information engagement of the company, shareholders, investors and other stakeholders, and considered if it was reasonable (necessary) to revise the company's information policy. 	 Partially complied with	Criterion 2 is not complied with. No meetings of the Board of Directors or committees of the Board of Directors were held to consider the issue on the efficiency of information engagement of the Company, shareholders, investors and other stakeholders and if it was reasonable (necessary) to revise the company's information policy. However, the performance of the Board of Directors and committees of the Board of Directors is not limited to formal meetings, the work is carried out on an ongoing basis as needed. Failure to comply with the above principle criterion is temporary. The Company expects that it will be able to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2025.
6.1.2	The company discloses information on its corporate governance system and practice, including detailed information on compliance with the principles and recommendations of the Code.	<ol style="list-style-type: none"> The company discloses information on its corporate governance system and general principles of corporate governance, including disclosure on its website. The company discloses information on the membership of its executive bodies and board of directors, independence of directors and their membership in the board of directors' committees (as defined by the Code). If the company has a controlling person, the company publishes a memorandum of the controlling person setting out this person's plans for the company's corporate governance. 	 Complied with	–
6.2 The company makes timely disclosures of complete, updated, and reliable information to allow shareholders and investors to make informed decisions.				
6.2.1	The company discloses information based on the principles of regularity, consistency, and promptness, as well as availability, reliability, completeness, and comparability of disclosed data.	<ol style="list-style-type: none"> The company has a procedure ensuring coordination of work of all structural units and employees of the company who are related to information disclosure or whose operation may result in the requirement to disclose information. If the company's securities are traded in foreign organised markets, the company makes disclosures of material information in the Russian Federation and in the said markets in the reporting year on a concurrent and equal basis. If foreign shareholders hold a substantial number of shares in the company, the relevant information was disclosed in the reporting period both in the Russian language and in one of the most widely used foreign languages. 	 Complied with	–

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
6.2.2	The company avoids a formalistic approach to information disclosure and discloses material information on its operations, even if disclosure of such information is not required by law.	<p>1. The company's information policy outlines the approaches to the disclosure of information on other events (actions) that have a significant impact on the value or price of its securities in cases where the disclosure is not required by law.</p> <p>2. The company discloses information on its shareholding structure in its annual report and on its website as required by Recommendation 290 of the Code.</p> <p>3. The company discloses information on the controlled entities that are of significant importance to the company, including the key areas of operation, tools ensuring accountability of the controlled entities, the powers of the company's board of directors to determine the strategy and assess the performance of the controlled organisation.</p> <p>4. The company publishes a non-financial report – a sustainability report, an environmental report, a corporate social responsibility report or any other report containing non-financial information, including that on factors related to the environment (including environmental and climate change factors), society (social factors) and corporate governance, except for a report of the issuer of issue-grade securities and a report of the joint-stock company.</p>	<p>●</p> <p>Partially complied with</p>	<p>Criterion 2 is only partially not complied with.</p> <p>The Company has been required to disclose information, including in the form of the issuer's reports (quarterly issuer's reports), since 2006. As part of compliance with the disclosure legislation, the Company discloses the number of its shareholders, the number of voting shares broken down by share category (type) and the number of shares held by the Company and its controlled entities, the persons who directly or indirectly own shares and (or) can use the votes attaching to the shares that represent at least 5% of the authorised capital or ordinary shares in the Company and any other information required by applicable law, in the form of statements of material facts and as part of annual, quarterly reports (issuer's reports) and lists of affiliates, which are disclosed on the website.</p> <p>That said, the Company has no procedure for disclosing additional information about the Company's shareholding structure as specified by Recommendation 290 of the Code, specifically a procedure requiring the Company's executive bodies to make a statement that the Company is unaware of any shareholdings exceeding 5% other than those already disclosed by the Company. The Company plans to consider whether the relevant provisions can and need to be included in the Company's internal documents and its corporate governance practice before the annual General Meeting of Shareholders for 2024.</p> <p>Even though the Company does not disclose its unawareness in the form of a statement of its executive bodies, this does not result in any information on the Company's shareholding structure being concealed in violation of Recommendation 290 of the Code. The Company avoids a formalistic approach to the disclosure of material information about its activities.</p>
6.2.3	The company's annual report, being one of the key tools for keeping its shareholders and other stakeholders informed, includes data that can be used to assess the company's performance in the reporting year.	<p>1. The company's annual report contains the results of the assessment by the audit committee of the effectiveness of external and internal audit.</p> <p>2. The company's annual report outlines the company's environmental protection and safety policies, as well as the social policy of the company.</p>	<p>●</p> <p>Complied with</p>	–
6.3 The company provides shareholders with equal and unhindered access to information and documents as per their request.				
6.3.1	No unreasonable difficulties prevent the shareholders from exercising their right to access the Company's documents and information.	<p>1. The company's information policy (internal documents determining the information policy) establishes (establish) the procedure for providing shareholders with unhindered access to information and documents of the company at the request of shareholders.</p> <p>2. The company's information policy (internal documents determining the information policy) contains (contain) provisions stipulating that if a shareholder requests information on the company's controlled entities, the company shall make the necessary efforts to obtain such information from the relevant controlled entities of the company.</p>	<p>●</p> <p>Partially complied with</p>	<p>Criterion 2 is not complied with.</p> <p>This recommendation of the Corporate Governance Code is not directly reflected in the Company's Information policy.</p> <p>The Company adopted the Regulations on the Information Policy, which, inter alia, takes into account recommendations of the Corporate Governance Code.</p> <p>As for the practical implementation, the Company provides information about its operations at the request of shareholders, makes the necessary efforts to obtain information from the relevant controlled entities, and, in addition to the information required to be disclosed by applicable law, the Company discloses on its own initiative a large amount of data on the controlled entities that are of significant importance to the Company. In practical terms, access to the information on the Company's performance is not hindered.</p> <p>The Company finds this approach most reasonable and plans to follow it in the future.</p>
6.3.2	When providing information to shareholders, the company maintains a reasonable balance between the interests of individual shareholders and those of the company, as it is in the company's best interests to keep confidential any sensitive commercial information that may have a material effect on its competitive position.	<p>1. In the reporting period, the company did not refuse to provide shareholders with requested information, or such refusals were justified.</p> <p>2. In cases specified by the information policy, shareholders are informed of the confidential nature of the information provided and undertake to keep it confidential.</p>	<p>●</p> <p>Complied with</p>	–
7.1 Actions that have or may have a material effect on the company's shareholding structure and financial position and, consequently, on the shareholders' position (material corporate actions) are taken on fair terms ensuring that rights and interests of the shareholders and other stakeholders are respected.				
7.1.1	Material corporate actions include reorganisation of the company, acquisition of 30% or more of the company's voting shares (takeover), execution by the company of major transactions, increase or decrease of the company's charter capital, listing or delisting of the company's shares, as well as other actions which may lead to material changes in the rights of shareholders or violation of their interests. The company's Articles of Association set out a list (criteria) of transactions or other actions classified as material corporate actions, which are reserved to the company's board of directors.	<p>1. The company's Articles of Association include a list (criteria) of transactions or other actions classified as material corporate actions. In accordance with the company's Articles of Association, decision-making with regard to material corporate actions is reserved to the board of directors. If and when the law expressly reserves such corporate actions to the general meeting of shareholders, the board of directors provides shareholders with relevant recommendations.</p>	<p>●</p> <p>Complied with</p>	–

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
7.1.2	The board of directors plays a key role in making decisions or recommendations with regard to material corporate actions and relies on the opinion of the company's independent directors.	1. The company has in place a procedure for independent directors to express their opinions on material corporate actions prior to their approval.	 Complied with	–
7.1.3	When taking material corporate actions affecting the rights and legitimate interests of shareholders, the Company ensures equal treatment of all its shareholders; and where the statutory procedures protecting shareholder rights are insufficient, the Company takes additional measures to protect their rights and legitimate interests. In doing so, the company is guided by the corporate governance principles set forth in the Code, as well as by formal statutory requirements.	1. Approval of the Company's material transactions is reserved to Board of Directors in accordance with the company's Articles of Association, with due regard to the specifics of the Company's operations and in addition to regulatory requirements for transaction approvals. 2. All material corporate actions in the reporting period were duly approved before they were taken.	 Complied with	–
7.2	The company ensures that material corporate actions are taken in a manner enabling shareholders to receive full information on such actions in due time and influence them, and guarantees respect and due protection of shareholder rights when such actions are taken.			
7.2.1	Information on material corporate actions is disclosed, with an explanation of the relevant reasons, conditions and consequences.	1. In the reporting period, the company disclosed information on its material corporate actions (if any) in a timely and detailed manner, including the relevant reasons, conditions and consequences for the shareholders.	 Complied with	–
7.2.2	Rules and procedures for taking material corporate actions are set out in the company's internal documents	1. The company's internal documents set out the rules and procedure for engaging an appraiser to estimate the value of assets to be sold or acquired in a major transaction or a related party transaction. 2. The company's internal documents set out a procedure for engaging an appraiser to estimate the value of shares to be acquired and bought back. 3. If a member of the company's board of directors, the sole executive body, a member of the collegial executive body, or a person who is a controlling person of the company or a person entitled to give the company binding instructions has no formal interest in the company's transactions, but has a conflict of interest or other actual interest with regard to such transactions, such persons shall abstain from voting on the approval of such transactions as required by the company's internal documents.	 Partially complied with	Criteria 1 and 2 are only partially not complied with. The Company's internal documents set out a procedure for engaging experts to obtain professional advice on matters considered at meetings of the Board of Directors without specifying the purpose of engaging such experts. In accordance with the applicable legislation, there are cases when the engagement of an independent appraiser is mandatory. Moreover, in accordance with the applicable legislation, an appraiser can be engaged in any of the specified cases (estimation of the value of property to be sold or acquired in a major transaction or a related party transaction, or assessment of the cost of an acquisition and buy-back). The possibility and necessity of aligning the Company's internal documents with the Code's recommendation are planned to be considered before the annual General Meeting of Shareholders, which will be held for 2025.

Major transactions

During the reporting year, there were no transactions that are recognised as major transactions in accordance with the Federal Law On Joint-Stock Companies.

Related party transactions

During the reporting year, there were no transactions that are recognised as related party transactions in accordance with the Federal Law On Joint-Stock Companies.

Resource consumption

Resource consumption by the Group's enterprises in 2022–2024¹, RUB mln

Type of resources	2022		2023		2024	
	All Group companies	PJSC Magnit	All Group companies	PJSC Magnit	All Group companies	PJSC Magnit
Diesel fuel	6,910.3	–	7,607.5	–	10,194.6	–
Petrol	619.2	–	673.5	–	727.4	–
Heat energy	2,728.4	–	3,191.9	0.2	3,426.8	–
Electricity	21,640.4	–	25,876.5	0.2	29,894.6	0.01
Natural gas	1,667.7	–	2,162.1	0.2	2,479.4	0.1

¹ Data excluding the acquisition of DIXY. Data for 2022–2023 differ from the data in the Annual Reports for the previous periods due to improved data collection.

Glossary

Terms and definitions

3PL (Third-Party Logistics)	practice of outsourcing most of logistics operations, including storage, transportation, labelling, and packaging	DevSecOps (development, security and operations)	modern development practice that enables organisations to rapidly build and release secure applications
Anti-DDoS	tool of protection against DDoS attacks, which aim to disrupt the computer system through a constant stream of requests	Discounter	store that sells products at less than market average prices
ARPPU (average revenue per paying user)	average amount of revenue generated from each paying customer	Distribution	process of making products available across a chain of stores and setting up sales and relevant services
Autonomous mobile robot	robot capable of navigating its environment without supervision from an operator	Drogerie	retail store selling beauty, hygiene and household related products as well as certain nonprescription medications
Average ticket	average ticket amount calculated by dividing total sales at all stores during the relevant period by the number of tickets in that period	E-commerce	buying and selling of goods and services over the Internet
BTL (below-the-line) promotion	non-media advertising and sales strategies	End-to-end (E2E) process	process that takes a service from its beginning to its end, delivering a complete functional solution
BYOD (bring your own device)	policy that allows employees to use their own digital devices instead of Company-provided official equipment	FBS (Fulfilment by Seller)	fulfilment model where sellers handle packaging, storage, and direct shipping to customers
CAPEX (Capital Expenditures)	funds used by a company to buy, maintain, or improve its fixed assets, such as buildings, vehicles, equipment, or land	GMV (gross merchandise value)	total online sales at the final cost for customers on e-commerce platforms, calculated before promo code discounts and taxes (VAT) and including the value of own and third-party merchandise, delivery costs, and gift certificates, net of discounts, returns and cancellations. GMV does not include services of merchandise suppliers and sellers (photo printing, merchandise preparation, advertising, etc.)
CEO	Chief Executive Officer	International Financial Reporting Standards (IFRS)	set of documents (standards and interpretations) for the preparation of financial statements enabling external users to make informed financial decisions
Cloud-based technologies	offering computer system resources as an online service	LFL (like-for-like)	method of comparing current year sales figures to prior year's sales figures excluding the expansion effect
Cost to Serve	methodology aiming to identify costs across the supply chain incurred by the company to serve customers in order to improve profitability	MAP	modified atmosphere packaging, a final stage food processing operation
CPI (Consumer Price Index)	price index that measures changes in the price level of a weighted average market basket of consumer goods and services for a certain period of time	Multipicking	parallel picking method where a warehouse worker picks multiple orders at the same time
Cross-docking	method of receiving and shipping goods directly through a warehouse without long-term storage	Net debt	liquidity metric used to determine how well a company can pay all of its debts if they were due immediately
Customer Satisfaction Index (CSI)	metric that provides a quantitative assessment of customer satisfaction based on customer surveys and feedback		
Dark store	warehouse store that is used for picking and fulfilling online orders and is not available to customers		

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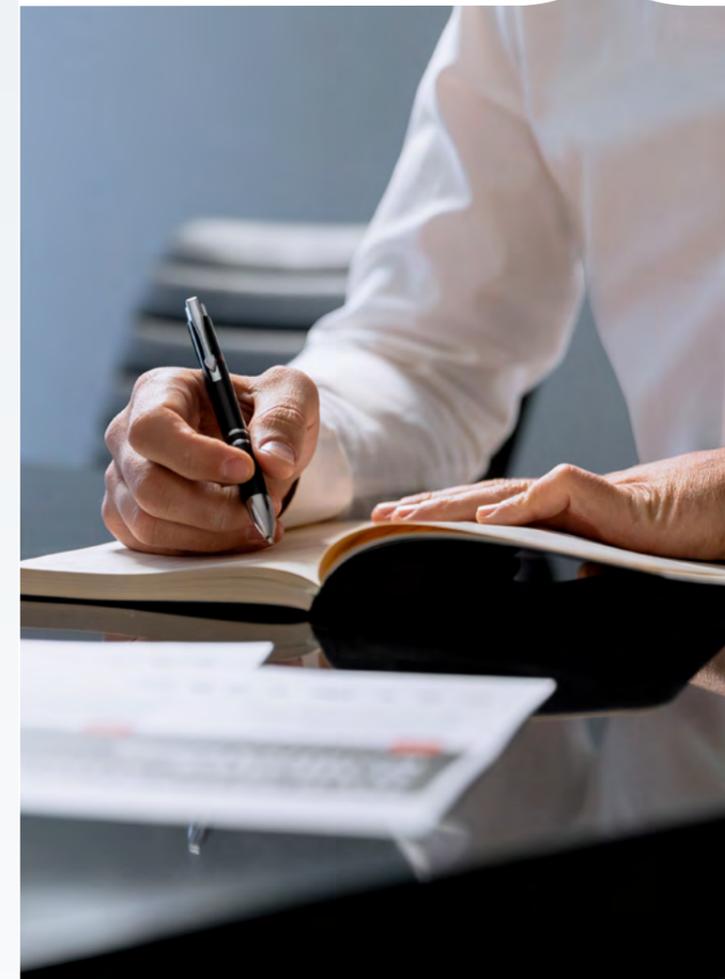
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OSA (on-shelf availability)	system for controlling product availability at different points of sale (shelf, refrigerator, checkout area)
Pick-by-line process	method of picking and consolidating the stock delivered by the suppliers based on store orders
Pick-by-store process	method of picking the stock for a single store
Platon Electronic Toll Collection (ETC) system	Russian electronic toll collection system which collects tolls from trucks over 12 tonnes, with the proceedings going to a federal fund for road maintenance
Pooling	consolidated transportation of goods from multiple suppliers to the retailer's distribution centres through a logistics provider
Private label	brand owned not by a manufacturer or producer but by a retailer or supplier, who gets its goods made by a contract manufacturer under its own label
Real disposable income (RDI)	post-tax and benefit income available to households after an adjustment has been made for price changes
Real GDP	inflation-adjusted measure that reflects the value of all goods and services produced by an economy
Real wage	amount of goods and services that can be bought with a nominal wage; basically the purchasing power of a nominal wage
Regulatory Sandbox Regime (RSR)	cancellation of the general regulatory regime and introduction of special rules and regulations within a pre-defined territory as a way to pilot test new technologies and innovations
Russian Accounting Standards (RAS)	set of accounting rules stipulated by federal laws of the Russian Federation and Accounting Regulations issued by the Ministry of Finance of the Russian Federation
Sales density	net retail revenue over the past four quarters divided by average selling space as at the end of the past five quarters
Seller	individual or company selling goods on a marketplace
Selling space	area inside stores used to sell products, excluding areas rented out to third parties, own-production areas, storage areas and the space between store entry and the cash desk line

SKU (Stock Keeping Unit)	number assigned to a particular product to identify the price, product options and manufacturer of the merchandise
Store openings (gross)	total number of stores opened during a period not including closed stores
Store openings (net)	total number of stores opened during a period including closed stores
Sustainable development	development that meets the needs of the present without compromising the ability of future generations to meet their own needs
Traffic	number of tickets issued for a specific period
WMS (warehouse management system)	software that helps companies manage daily warehouse operations, from the moment goods and materials enter a distribution or fulfilment centre until the moment they leave
Zero-day	exposed software vulnerability or malware with no identified means of containment

Abbreviations

ACRA	Analytical Credit Rating Agency
AGM	annual general shareholders meeting
AI	artificial intelligence
bps	basis points
CNG	compressed natural gas
CVM	customer value management
CVP	customer value proposition
DC	distribution centre
DAC	Digital Active Customers
DMP	Data Management Platform
EAEU	Eurasian Economic Union
EBC	extended barcode
EBITDA	earnings before interest, taxes, depreciation and amortisation
EMM	Enterprise Mobility Management
eNPS	Employee Net Promoter Score
ESG	Environmental, Social, Governmental
ETF (Exchange-traded fund)	is a type of investment fund that is also an exchange-traded product

F&R	Forecasting & Replenishment
FMCG	fast moving consumer goods
FMR	Forklift Mobile Robot
FSSC	Food Safety System Certification
GDP	gross domestic product
GDR	global depository receipts
GMV	gross merchandise value
HR	human resources
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IT	information technologies
JSC	joint stock company
KPI	key performance indicator
LLC	limited liability company
LTI	long-term incentive
LTM	last twelve months
M&A	mergers and acquisitions
MAU	monthly active users
NPS	Net Promoter Score
NRA	National Rating Agency
OCF	operating cash flow
p.p.	percentage point
P2L	Pick to light
PJSC	public joint-stock company
R&D	research and development
RAS	Russian Accounting Standards
ROI	return on investment
ROIC	return on invested capital
RSPP	Russian Union of Industrialists and Entrepreneurs
SBP	Faster Payment System
SDGs	UN Sustainable Development Goals (SDG)
SG&A	selling, general and administrative expenses
SME	small and medium-sized enterprises
TSM	Time Slot Management
VAT	value-added tax
YMS	Yard Management System