

MAGNIT TO ACQUIRE DIXY BUSINESS WITH 2,651 STORES IN MOSCOW, ST.PETERSBURG AND OTHER REGIONS

Krasnodar, Russia (May 18, 2021): Magnit PJSC (MOEX and LSE: MGNT; the Company), one of Russia's leading retailers, announces it has reached an agreement, under which the Company (through its main operating subsidiary – JSC "Tander") would acquire the DIXY retail chain, which currently operates 2,651 stores in Russia.

Assets to be acquired

DIXY Holding Limited is a holding entity for a group of companies that operate 2,612 convenience stores under the DIXY brand with 2020 annual revenue of Rub 281.4 billion and 39 superstores under the Megamart brand with 2020 annual revenue of Rub 17.4 billion. The majority of the convenience stores are located in Moscow / Moscow region (1,329 outlets) and St.Petersburg / Leningrad region (458 outlets). The remainder of the stores in the convenience format are located in the Central, North-West and Urals federal districts. Most of the superstores operate in the Sverdlovsk region with 4 stores located in the Tyumen region.

Total selling space of the assets to be acquired is approximately 854K sq.m, of which approximately 778K sq.m are in the convenience format and 76K sq.m in the superstore format. 90% of the selling space in the convenience format is rented, while 74% of the selling space in the superstore format is owned. The stores are comparable in terms of size with existing Magnit convenience and superstore formats.

As part of the transaction Magnit will also acquire 5 distribution centers with the total space of 189K sq.m located in Moscow, St.Petersburg and the Chelyabinsk region.

Agreement and deal price

Magnit has entered into an agreement with Mercury Retail Group Limited to acquire 100% shares of DIXY Holding Limited (the "**Shares**"). Deal price is based on the current enterprise value of Rub 92.4 bn and is subject to certain adjustments depending, among other things, on the net debt and net working capital changes calculated as of closing date.

Closing, approvals and financing

The agreement has been approved by Magnit's Board of Directors (1).

Closing is subject to approval of the Federal Antimonopoly Service of the Russian Federation ("**FAS Approval**"), and satisfaction of number of other conditions agreed by the parties.

The long-stop date for the transaction closing is 31 August 2021, subject to extension in certain circumstances to 30 September 2021.

The transaction is expected to be financed using Magnit's existing cash and available undrawn loan facilities.

(1) For the details of the decision of the Board of Directors, please, visit:
<https://www.magnit.com/en/disclosure/regulatory-news/#tabs-Disclosure> – in English;
<https://www.magnit.com/ru/disclosure/regulatory-news/> or <http://www.e-disclosure.ru/portal/company.aspx?id=7671> – in Russian.

FY 2021 and long-term guidance

At this stage Magnit's full year 2021 store opening, redesign and capex guidance published on February 4th, 2021 remains unchanged. Company's 2021-2025 long-term targets, including store-openings, redesign, e-commerce development, margins, working capital improvements, leverage, dividend payments, etc. are also confirmed without any changes. It is expected that completion of the transaction will not limit the Company's ability to continue dividend payments.

Jan Dunning, President and CEO of Magnit, commented:

"We are pleased to reach an agreement with DIXY Holding Limited shareholders to acquire their business.

Magnit's key strategic priorities focused on return-driven profitable growth stay unchanged. While organic expansion in all core formats remains our primary focus, we are happy to selectively take advantage of this opportunity to support further growth with the acquisition of the strong retail brand.

Upon completion of the transaction, we will significantly strengthen our market positions in both capitals, which are strategically important for Magnit's further expansion in the country. High-quality locations, well-known brand and strong customer base in Moscow and St.Petersburg will allow Magnit to become one of the top-players in the respective regions. Moreover, given scale of the transaction this may substantially improve our overall market position in the sector.

Strong physical presence in Moscow and St.Petersburg will provide substantial support to further development of our e-grocery initiatives.

Dixy business is planned to remain a separate legal entity with the stores operating under existing Dixy brand. We consider the well-trained frontline and head office Dixy employees to be one of the strengths of the business and welcome them to our team".

Andrey Bodrov, Chief Investment and Strategy Officer, commented:

"This strategic deal offers unique exposure to important markets and also provides scope for further improvements of Magnit existing business. We believe that potential synergies in procurement, supply-chain management and other business processes combined with low cannibalization risk will be value accretive and deliver attractive returns to shareholders."

Further announcements on the transaction will be made if and when available.

Note:

This announcement contains inside information disclosed in accordance with the Market Abuse Regulation effective from July 3, 2016.

Please note that there may be small variations in calculation of totals, subtotals, and/or percentage change due to rounding of decimals.

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✉ **Note to editors**

Public Joint Stock Company “Magnit” is one of Russia’s leading retailers. Founded in 1994, the company is headquartered in the southern Russian city of Krasnodar. As of March 31, 2021, Magnit operated 39 distribution centers and 21,900 stores (15,098 convenience, 471 supermarkets and 6,331 drogerie stores) in 3,770 cities and towns throughout 7 federal regions of the Russian Federation.

In accordance with the audited IFRS 16 results for FY 2020, Magnit had revenues of RUB 1,553.8 billion and an EBITDA of RUB 178.2 billion. Magnit's local shares are traded on the Moscow Exchange (MOEX: MGNT) and its GDRs on the London Stock Exchange (LSE: MGNT) and it has a credit rating from Standard & Poor's of BB.

Forward-looking statements

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