

MAGNIT TO BUILD GREENHOUSES FOR GROWING STRAWBERRIES AND BLUEBERRIES

Krasnodar, Russia (December 16, 2021): Magnit PJSC (MOEX and LSE: MGNT; the Company, Magnit), one of Russia's leading retailers, announces the construction of a berry production facility. The construction will begin in 2022 at the Company's Tikhoretsk greenhouse complex in Krasnodar region. The plant is scheduled to open in 2023. The new complex will have an area of 16 hectares, with 6 hectares allocated for garden strawberries and 10 hectares for blueberries, which will allow growing 1,229 tonnes of strawberries and 95 tonnes of blueberries per year.

The facility is set to become the largest complex in Russia with an artificial supplementary lighting system for strawberries and advanced agricultural techniques. It will produce fruits all year round. A special system will move the trays used to grow the berries in order to ensure the maximum effect from the additional lighting and make it more convenient for employees to access the plants to handle them and harvest the fruits. The blueberries will be grown outdoors. When the production reaches its projected capacity, Magnit plans to replace a significant share of berry imports with a domestic product, especially during the off-season periods.

Right now, the Company is preparing the project design; during the construction phase European consultants will be engaged. The launch of its own greenhouse complex will provide Magnit with high-quality berries thanks to total control over the entire production process and logistics and ensure an attractive shelf price for the product. Implementation of the project on the basis of the existing Tikhoretsk greenhouse complex will optimize capital expenditures and reduce the payback period. The berries will be sold under the private labels of the retail chain.

Today, there is a steady increase in berry consumption in Russia due to the trend towards healthy eating. In Magnit stores, strawberry sales in 2020 doubled in comparison with 2019. Consumption of blueberry in Russia is still in a fledgling state. High-quality blueberries are mainly available via imports, while the strawberry market is represented by importers and small-scale seasonal farmers growing the plants outdoors or in light greenhouses, which does not ensure a sufficient and regular year-round supply of berries of suitable consumer quality to Magnit. Production of wild and garden strawberries in Russia remained almost flat from 2014 to 2019¹. Analysts estimate the potential capacity of the strawberry growing market in Russia at the level of 15,000 to 20,000 tonnes per year².

¹ According to the Federal State Budgetary Institution "Center of Agroanalytics"

² According to NEO Centre



**Ekaterina
Lobanova**

Director of Commercial
Procurement and Category
Management Support at
Magnit retail chain

"We are planning to use the most advanced technologies for growing berries and significantly improve the quality of these products in our stores. We plan to use "one-touch" picking for the berries to preserve their consumer properties. After picking, berries will be immediately sent for vacuum cooling and then delivered to the Company's distribution centers by our own vehicles while maintaining the temperature".



Yulia Krymova

Director of Fruits and
Vegetables Category
Department of Magnit retail
chain

"Consumption of strawberries and blueberries in Russia is below the global average, and we see significant potential for the development of these products in Magnit. The launch of our own production facility coupled with our logistics capabilities will allow us to offer delicious and high-quality berries to our customers, to flexibly respond to changing preferences, and to expand the presence of new products depending on the demand. We want to make the berry offering in our stores as affordable as possible".



Magnit is the only retail chain in Russia that has its own food production facilities. The Company owns 17 enterprises in different regions of the country, which produce about 500 items of food products.

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Note to editors

“Magnit” is one of Russia’s leading retailers. Founded in 1994, the company is headquartered in the southern Russian city of Krasnodar. As of September 30, 2021, Magnit operated 45 distribution centers and 25,315 stores in 3,840 cities and towns throughout 7 federal regions of the Russian Federation.

In accordance with the unaudited IFRS 16 management accounts results for 9M 2021, Magnit had revenues of RUB 1,311.5 billion and an EBITDA of RUB 151.4 billion.

Magnit's local shares are traded on the Moscow Exchange (MOEX: MGNT) and its GDRs on the London Stock Exchange (LSE: MGNT) and it has a credit rating from Standard & Poor's of BB.

Forward-looking statements

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