

MAGNIT TURNS 30

Krasnodar, Russia (March 5, 2024): Magnit, one of Russia's leading retailers, celebrates its thirtieth anniversary. Over the three decades, the Company has come a long way from a small distributor in Krasnodar to one of the premier private businesses in Russia. Today, Magnit has the largest store network in the country and is a major food manufacturer and logistics operator and the biggest private employer.

The Company's history dates back to March 5, 1994—the day when Sergey Galitsky and his partners founded Transasia, a company that imported international perfume and detergent brands to Russia. One year after, a reorganization of Transasia resulted in the establishment of Tander, which later became the primary operating company for the Magnit Retail Chain. The first outlet—a cash and carry store under the banner Tsentr Optovoy Torgovli ("Wholesale Center")—was opened in 1998 in Krasnodar. The familiar "Magnit" brand appeared in 2000, marking the beginning of expansion of the Magnit store network with its distinctive red-and-white look. Below is the list of key milestones in Magnit's history.

Today, Magnit Group includes around 30 thousand outlets of various formats, such as convenience stores, supermarkets and superstores, drogeries, discounters, pharmacies, as well as online services. The Company's footprint extends over more than 4,000 cities and villages in all federal districts of Russia. Magnit also owns the Krasnodar Industrial Park as well as 14 industrial and six agricultural facilities. Its logistics infrastructure includes 45 distribution centers and over 5.7 thousand trucks. More than 17 million customers shop in Magnit stores every day, and the Company's loyalty program boasts over 76 million registered members. The Group employs more than 350 thousand people across its various entities. For many of them, working in Magnit became an important part of their lives.



Anna Meleshina
Chief Executive Officer of
Magnit

"Over the three decades, Magnit has come a long way from a small regional distributor to a leading Russian retailer. The Company was one of the pioneers of the modern consumer market in Russia and made a huge impact on its current state. Today, Magnit is an efficient and technologically advanced business covering the entire territory of our country and many vital industries adjacent to retail—logistics, IT, agriculture, and food production. We are Russia's largest private employer and continue creating new jobs every day. Magnit's success is made possible thanks to the efforts of our staff members, many of whom consider the Company to be an important part of their lives. In the past 30 years, Magnit nurtured an entire generation of retail professionals that now form the talent backbone of Russian retail. For us, the highest honor has always been the appreciation of our customers. Every day, we provide consumers throughout Russia, from metropolitan areas to small remote villages, with high-quality everyday products and work to increase availability of such goods and strengthen the food security of our country. All these years, we have remained by our customers' side, and we will continue to work on becoming even closer to them."



Milestones of Magnit's history:

- March 5, 1994 – establishment of Transasia, a perfumes and detergents distribution company. In 1995, the founding partners split the Transasia business, resulting in the creation of Tander.
- The Company's first retail store, called Tsentr Optovoy Torgovli ("Wholesale Center"), was opened in 1998 in Krasnodar as a cash and carry outlet. Internally, the store was named Mishutka ("Little Bear"), since it was located in a wholesale marketplace of the same name. Later on, the Company started selecting internal store names from a list of random words using special software.
- The now-familiar "Magnit" brand (which is an abbreviation of "MAGazin NIZkikh Tarifov"—"Low Rates Store") first appeared in 2000 thanks to an internal competition among employees. Under this banner, the Company started opening discounter stores with a signature red-and-white design, while the remaining Tsentr Optovoy Torgovli outlets were re-formatted. In contrast with other large retailers, which focused on developing in Moscow, St. Petersburg, and the surrounding areas, Magnit, which is headquartered in Krasnodar, bet on the regional markets.
- Also in 2000, the Company started developing its own logistics network and created the Selta transport company. Years later, Selta would become one of the largest shipping operators in the country. Today, Magnit also uses intermodal shipping by truck and train. For example, the city of Vorkuta in the Republic of Komi is not connected to central Russia by road due to the harsh climate conditions, so goods to be put on store shelves are delivered there by rail.
- Magnit's private labels appeared in its stores as early as 2001. Among the first PLs were the "Akh, Polinka" ("Oh, Polly") curd snacks and Nikitina Usadba ("Nikita's Estate") juices.
- In 2002, Magnit stores opened in Moscow; in 2003, the Company launched its first distribution center in Kropotkin, Krasnodar Region.
- In 2004, the Company established its largest and most popular format – Magnit Convenience. The entire Magnit store network was revamped, with all outlets previously operating as discounters re-formatted into the now-familiar convenience stores.
- In 2006, Magnit launched an initial public offering (IPO), becoming a public company. The majority of proceeds was used for expanding the store network.
- In 2007, the Company opened its first hypermarket in Krasnodar. This marked the beginning of Magnit's development as a multi-format retailer.
- In 2009, Magnit launched its own direct imports business unit, which was a novelty for the retail market at the time. The Company started importing goods, such as bananas—one of the best-selling items—directly from foreign producers.
- In 2010, the Company opened the first Magnit Cosmetic drogerie stores, which focused on selling in-demand non-food products, such as detergents, cosmetics, home goods, etc. Today, Magnit Cosmetic is the market leader in its segment.

- In 2011, Magnit launched its first in-house production facility—the Zelenaya Liniya (“Green Line”) greenhouse complex, which produced tomatoes, cucumbers, and leaf vegetables. Today, Magnit is the only vertically integrated retailer in Russia. The Company operates 20 food production facilities manufacturing a wide array of articles, from vegetables, greens, and mushrooms, to bread, pastries, confections, snacks, tea, frozen products, and many others.
- Ten years ago, in 2014, all Magnit stores introduced the option to pay with a plastic card (with contactless payments following two years after that). The same year, the Company started installing self-checkout terminals, which first appeared in Krasnodar and Tuapse.
- In 2015, Magnit became the first retailer in Russia to go beyond the milestone of 10 thousand stores. Every tenth ruble spent by Russian families was spent in a Magnit store.
- In 2017, the Company opened its first pharmacies. Today, the Magnit Pharmacy chain comprises almost 900 outlets.
- Magnit is the only retailer with its own industrial park. The first production facility began operations in the Krasnodar Industrial Park in 2018.
- In 2019, the Company launched a multi-format loyalty program. Today, this program has over 76 million registered members. Magnit’s loyalty system covers all of its core formats and enables its customers to get even more benefits while shopping.
- In 2020, the Company started developing its e-commerce capabilities by creating its own delivery service in partnership with the largest market players. Today, Magnit’s delivery covers all of its core formats: convenience stores, supermarkets and superstores, drogeries, and pharmacies. The Company offers its customers express and regular delivery, as well as a click-and-collect option.
- In 2021, Magnit acquired the Dixy retail chain. The scope of the deal—the largest in the history of Russian retail—included almost 2,500 outlets, mostly convenience stores. The majority of the acquired locations were situated in Moscow and St. Petersburg, which enabled the Company to significantly reinforce its position in these important markets.
- In 2022, Magnit opened its first store outside Russia. The Company entered Uzbekistan to develop the M Cosmetic drogerie chain, conceptually based on the Magnit Cosmetic format.
- In 2023, Magnit made important steps to expand its geographical footprint and explore new business niches. In the beginning of the year, the Company launched its hard discounter format by opening the first stores under the V1 (Pervy Vybor—“First Choice”) banner. In November, Magnit acquired the KazanExpress e-commerce platform to use it as a foundation for launching its own online marketplace—Magnit Market. In addition to that, Magnit negotiated acquisition of a stake in Samberi, the largest retailer in the Russian Far East.

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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, 2023, Magnit operated 45 distribution centers and 28,707 stores in 4,218 cities and towns throughout 7 federal regions of the Russian Federation and in the Republic of Uzbekistan.

In accordance with IAS 17 results for 9M 2023, Magnit had revenues of RUB 1,858 billion and an EBITDA of RUB 124 billion. Magnit's shares are listed on the Moscow Exchange (MOEX: MGNT).

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.