Magnit Corporate Strategy

2021-2025

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Magnit 2020 Highlights

Top Russian retailer

One of the largest retail chains with multi-format offering and vast by geographical coverage

4
Core offline formats

7,497
Selling space, ths. sq.m

21,564
Total number of stores

A convenient and affordable store for everyday shopping — **14,911**

A full-feature family supermarket for everyday and major shopping

Superstore for all the family with extended assortment covering all consumer missions — **470**

Store for women allowing to balance needs for taking care of herself, family and household — **6,183** [1]

+

E-commerce covering express & stock-up missions

Serving consumers

in all highly populated Russian regions

4.6 bn
Tickets per year

~85%
Households make purchases in Magnit stores[2]

43 mn
Registered loyalty cardholders

70%
Loyalty card penetration in sales

Unique capabilities

One of the largest private employers in Russia, with country wide supply chain and vertically integrated structure

316,000
employees

38
Distribution centers

17
Own production facilities and agricultural complexes

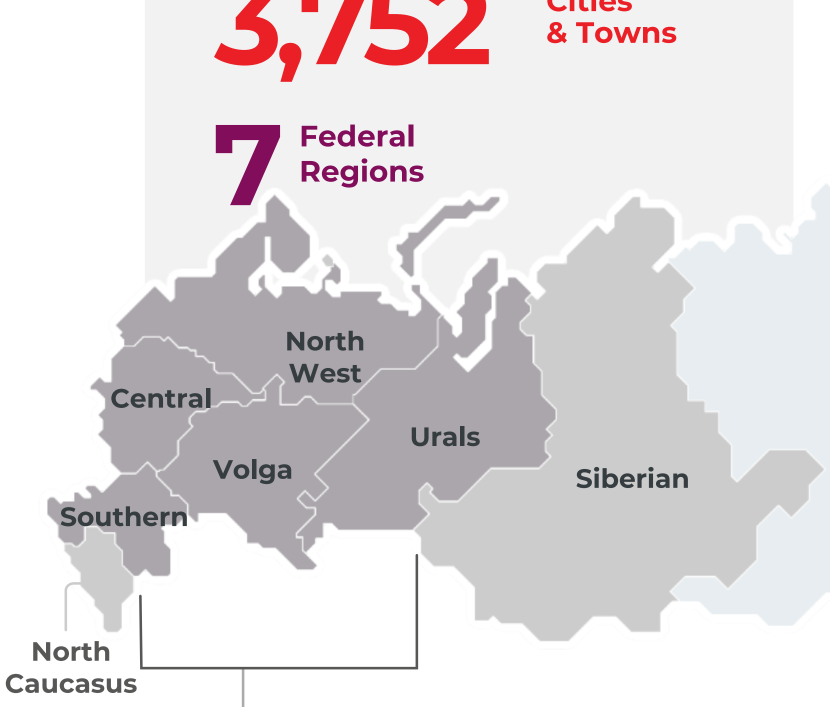
>2,500
Private label SKUs

As of 31 December 2020
1. Closest competitors ~930 and ~630 stores based on Magnit team analysis | 2. Consensus GfK and Romir panel analysis

Geographic Coverage

3,752 Cities & Towns

7 Federal Regions



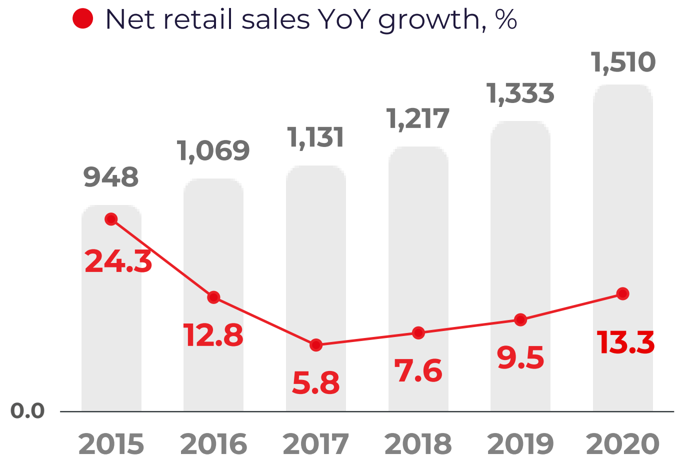
	North Caucasus	Southern	Central	Volga	North West	Urals	Siberian	Total
Convenience Stores	421	2,243	4,182	3,996	1,703	1,465	901	14,911
Supermarkets & Superstores	19	125	87	125	37	54	23	470
Drogerie Stores	213	1,180	1,588	1,580	583	692	347	6,183
Distribution Centers	1	8	10	10	3	3	3	38

We cover all highly populated regions

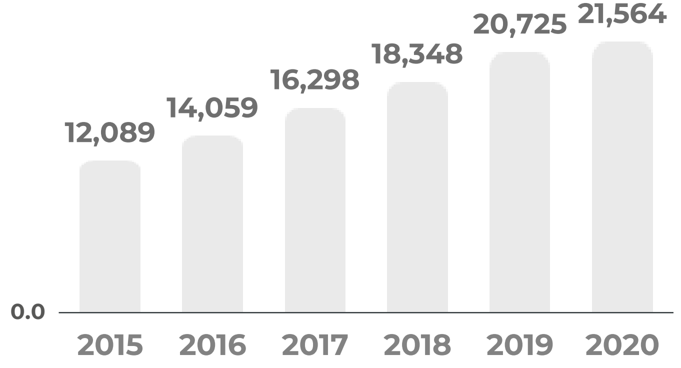
As of 31 December 2020
Convenience stores include: Convenience stores, Magnit City, My Price
The map represents regions of Magnit presence

Operating Highlights

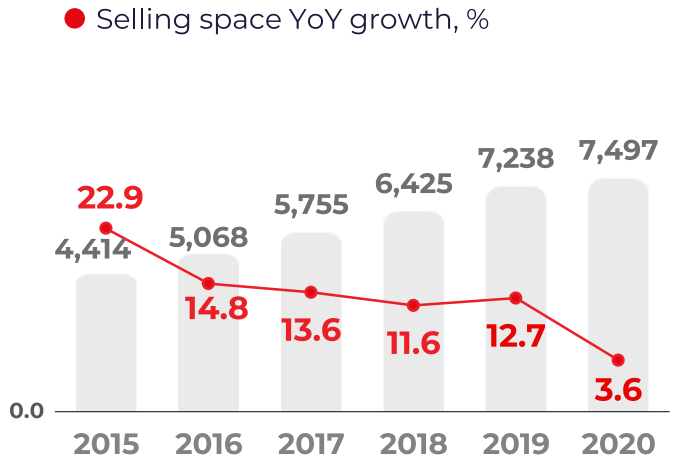
Net retail sales, bn Rub



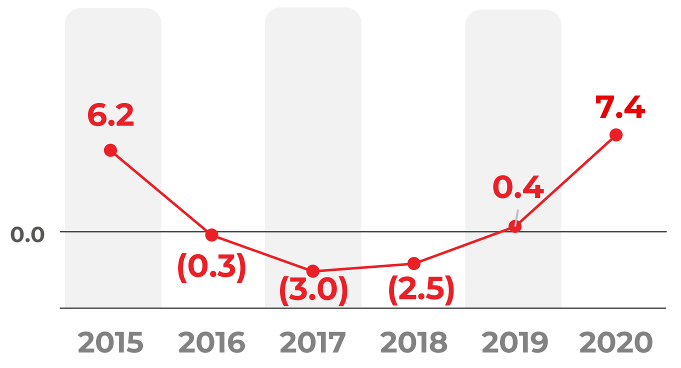
Number of stores, EOP



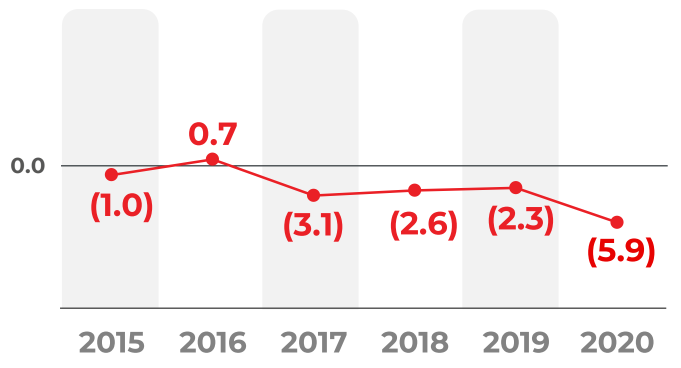
Selling space, ths. sq.m



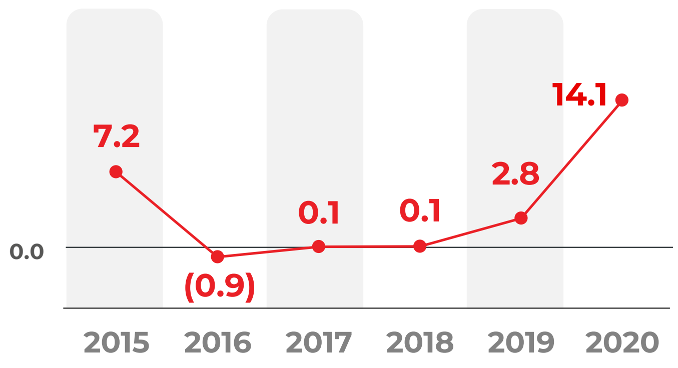
LFL sales growth, %



LFL traffic growth, %



LFL ticket growth, %



Financial Performance

Core achievements

- Improvement of sales densities across all formats
- Margin regain
- Strict cost control
- Significant working capital cycle improvement
- Deleveraging and cash flow generation
- Almost doubling ROIC

Concise Profit & Loss

	2018	2019	2020	YoY
Sales, bn Rub	1,237.0	1,368.7	**1,553.8**	+13.5%
Gross margin, %	23.9	22.8	**23.5**	+0.7pp
SG&A, %	20.5	21.3	**20.5**	(0.8pp)
EBITDA, bn Rub	89.6	83.1	**109.4**	+31.6%
EBITDA, %	7.2	6.1	**7.0**	+1.0pp
Net income, bn Rub	33.6	17.1	**37.8**	+121%
Net income, %	2.7	1.2	**2.4**	+1.2pp
Sales Density, ths. Rub / sq.m	202	193	**206**	+6.5%
Working Capital, bn Rub	44.9	58.9	**25.8**	(56.2%)
Net Debt, bn Rub	137.8	175.3	**121.4**	(30.8%)
Net Debt / EBITDA	1.5	2.1	**1.1**	(47.4%)
FCF, bn Rub	11.5	(1.3)	**84.9**	+86.2
ROIC, %	11.7%	7.9%	**13.8%**	5.9pp

Management accounts under IAS 17

Achievements to Date

Retail Operations	• Significant progress with **CVP[1] improvement and execution (incl. redesigns)** • Completely **new approach to Large Formats** including redesigns • New promising ventures e.g. **launch of Discounter, Magnit City, Kiosks**
Processes Improvement	• Significant **improvement of category management** and **operational processes** • **OSA[2]** and **Supply Chain efficiency increase** e.g. Pick-by-Voice, Time slot management, Piloting of Fresh flow and PBL[3] • **Revision of investment underwriting processes** leading to significantly improved Return on Capital • Launch of **Magnit Academy** with tailored programs for every function
Organizational Design	• Transfer to **balanced decentralization** model with 8 regions • **Strengthen format expertise** with commercial & operations format heads • Transformation of com. dep. — **separate procurement team** including PL[4], own production and direct import • **New Digital Transformation Team** to strengthen tech, data & analytics, e-com and marketing capabilities
Digital Transformation	• Full **Loyalty Program roll-out** • **Relaunch of the App** and **e-com pilots** covering express & stock-up missions • **IT landscape upgrade** incl. SAP-based ERP Transformation Program and introduction of Product approach • Launch of **first big data cases**, improving OSA and promo efficiency
ESG & Sustainability	• **"Retail with Purpose" strategy** with Commitments up to 2025 • Steering committee and 16 working groups to execute roadmaps • **Joined the UN Global Compact**, an UN driven worldwide initiative with 13,000+ companies working on ESG

1. Consumer Value Proposition | 2. On-shelf availability | 3. Pick-by-Line | 4. Private Label

STRATEGY AT A GLANCE

What are the Major Global Trends?

Coronavirus

Biggest global health related crisis for over a century

- Lockdown in major countries negatively affected economies and overall consumption behavior
- Work from home trends resulted in soaring delivery demand and lower in-store traffic

Good for Me and the World

Consumers change attitude to consumption

- Transfer from demand on “fast & easy” to “don’t make me think”
- Responsible consumption and social conscience raising expectations of “trusted” brands

Technology vs Commodity

Technology & data increasingly becoming a “new gold”

- Technologies accelerate pace of changes incl. the way people entertain themselves and consume
- Increasing expectations for experience within digital consumer journey

Challenges / Opportunities:

1 Deal with income pressure

2 Rapidly adapt to consumer behavior changes

3 Meet expectations in digital with data / tech capabilities

Russian Environment

Macro-economic situation

- GDP[1] decline by (3.1%) in 2020 and 2021 forecast of +3.3%
- The threat of crisis driven by post-COVID economic deterioration
- Government actions re COVID consequences — to be seen

Consumer preferences

- Quality, fresh, local products, convenience, value pricing — all at once
- Migration to big cities strengthened after COVID
- Consumers become more digital and expect omni channel experience
- Safety and care — new top priorities (influenced by COVID)
- Growing interest in sustainable development

Retail dynamics

- Negative real food retail sales growth of (2.6%) in 2020 YoY
- With growing number of stores, pressure on LFL and margin increase for all formats on the back of market share redistribution
- There is no clearly winning format, but there are successful players within each
- New niches / ways to market actively emerging

Technology development

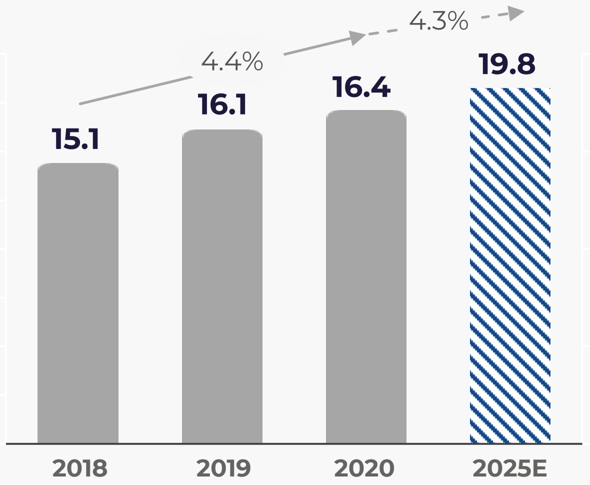
- New communication channels
- New technologies penetration
- Advanced analytics, bionic and personalization to determine competitive abilities
- Actively emerging digital ecosystems erase the borders of traditional sectoral thinking

Source: Federal State Statistics Service, Ministry of Economic Development of Russian Federation
1. Gross Domestic Product

Russian Grocery Market Evolved Significantly but Still Offers Additional Room for Modern Retail

Market growth is slowing with expected moderate rates slightly above inflation

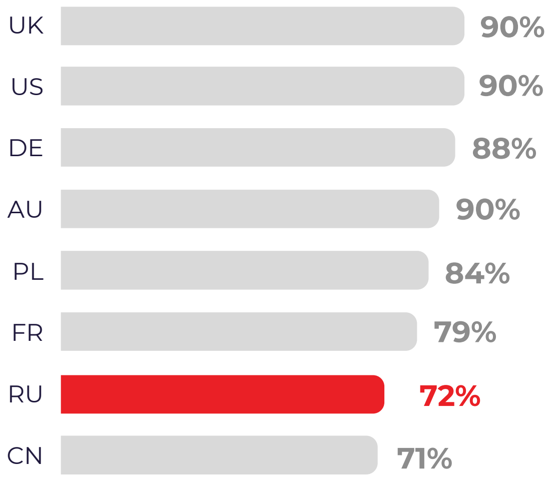
Grocery retail, tn Rub



Conservative CAGR forecast

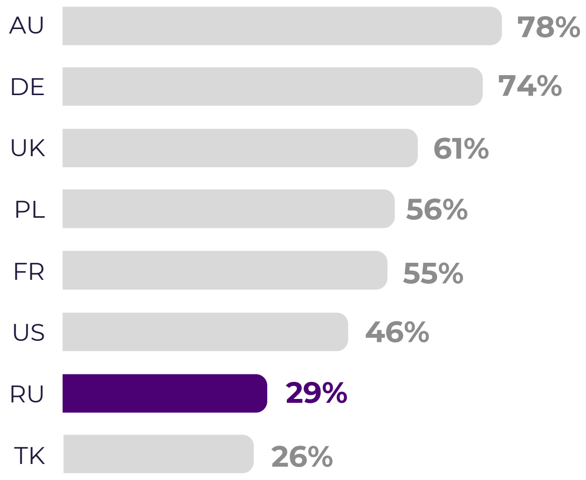
Russian market offers further growth potential

Modern retail share in grocery retail 2020, %



The market has potential for further consolidation

Share of top 5 players in grocery retail 2019, %



Source: Federal State Statistics Service, Brokers Consensus, Euromonitor

Our Strategic Goal

Cement current leading federal retail positions growing market share significantly & profitably

How we get there — at a glance

We will keep improving CVP as a key driver for material improvements of sales density and profitability supported by processes and ways of working enhancement

Continuous focus on extracting efficiency to get higher profitability and cash generation

We focus on smart expansion implying high profitability targets for new openings

Due to overall market evolution and high consolidation potential we expect more opportunities becoming available in the M&A field where we could selectively (based on strategic and value accretive approach) strengthen our overall positioning

We will extend consumer offering complimentary to our core business (incl. partnerships, E-com, new specialized formats in important adjacent consumer missions, etc.) to better satisfy consumer needs

Our Strategy at a Glance

Consumer first

- Consumer centric decision making with enhanced loyalty (as the key data source) / personalization
- Enhanced CVP and clustering to better serve consumer needs
- Improved brand positioning (incl. care, safety, ESG and value for money)
- E2E consumer offering going beyond traditional offline space – ecosystem

Most efficient & promising ways to market

- Smart expansion in core formats to catch up market share, including M&A
- Actively and structurally consider new sales lines, new niches / markets
- OMNI incl. e-com
- Agile sourcing incl. partnerships with suppliers, crystalized offering in own production / PL to enhance proposition and secure positioning

Consumers
Growing LFL, best in NPS[1] and net consumer gains

Employees
Constant improvement of eNPS[1] & staff turnover

Investors
Creating value for shareholders thanks to attractive returns

Employer of choice

- Intensified investment in people to ensure best competences and business continuity
- Agility and innovative thinking
- One team approach: effective cross functional cooperation
- Talent assessments and upward mobility
- Employees engagement

Modern and efficient platform

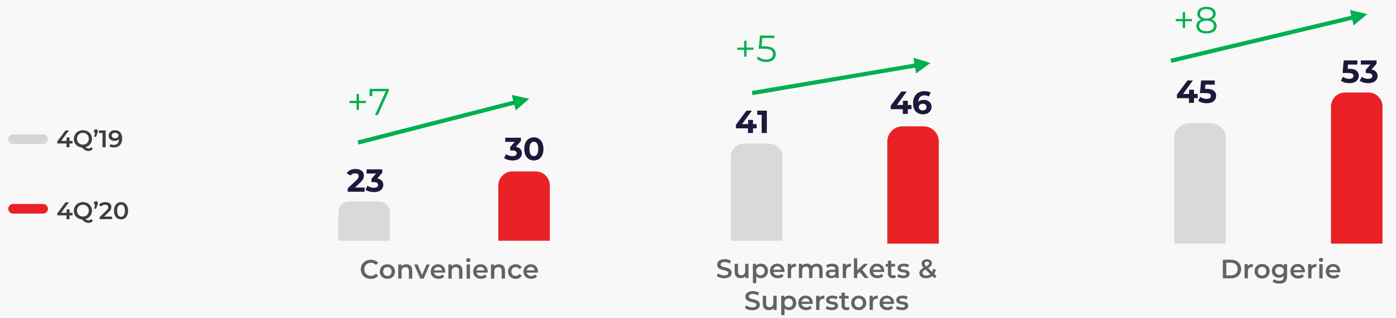
- Defined & straightforward functional strategies
- Flexible org structure, clear responsibility split combined with entrepreneurial culture
- Smooth and efficient processes
- Flexible, reliable and scalable IT, operational and data platform

1. Net Promoter Score | 2. Employee engagement and adherence survey

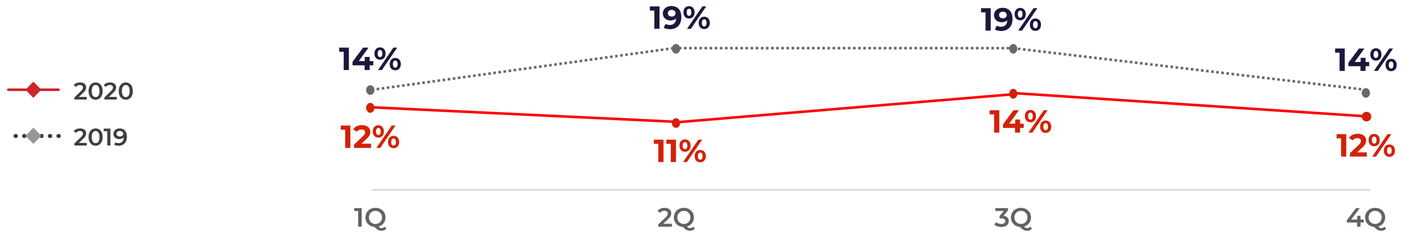
We are Already on the Right Track with Our Strategic Priorities

Selective examples

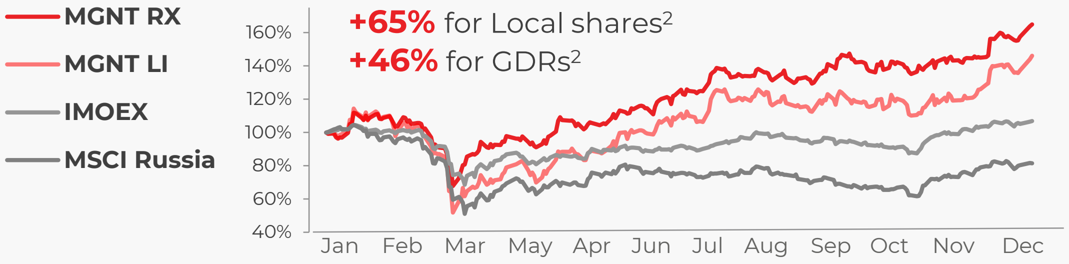
Consumers come first — NPS[1] positive dynamics



Caring for Employees — Positive staff turnover dynamics



Creating value for shareholders — Positive stock price performance & Impressive returns



New store openings payback[3] with ROI[4] circa **40%**

Convenience and Large formats redesigns yield lucrative uplifts of LFL sales[3] **+16%**

Net of COVID effect

1. GfK | 2. 31 December 2020 vs 01 January 2020 | 3. FY2020 | 4. ROI = OCF of fully ramped up year / CAPEX

We Have a Clear Implementation Plan (1/2)

STRATEGIC PILLAR	SHORT TERM within 1-2 years	MID & LONG TERM within 3-5 years
Consumer first	• Updated CVP incl. new redesign concepts • Store clustering • Start emotional and personalized loyalty • Advance Analytics efforts • New brand positioning	• Continuous evolution of CVP • Advanced multi clustering • Data driven decisions via DMP[1] • Deep personalization: promo & communication
Most efficient & promising ways to market	• Return driven expansion • Extended pilots of the promising new formats • Own production, PL and direct import • E-com & extend partnerships • Launch Super App	• E2E offering via full scale ecosystem • Roll out new successful formats • Strategic partnerships with suppliers • Top e-com player beyond e-grocery

1. Data Management Platform

We Have a Clear Implementation Plan (2/2)

STRATEGIC PILLAR	SHORT TERM within 1-2 years	MID & LONG TERM within 3-5 years
Modern & efficient platform	• All functional strategies synchronized • E2E process rethinking and optimization • Tech reorg: architecture, processes, org, skills • Migration to core industrial / operational platforms • Stabilized org structure tailoring RACI[1] and KPIs	• Stable, reliable and efficient systems • Product mindset as a core capability • Industrial solutions IT landscape • Automation of all business processes
Employer of choice	• Updated HR strategy & reconsidered EVP[2] • Constant employee feedback collection • Talents assessment and development • Advanced education incl. e-learning in corporate university	• Preferable employer for tech talent[3] • New corporate culture promoting entrepreneurship, care, teamwork, agility, openness to changes in place

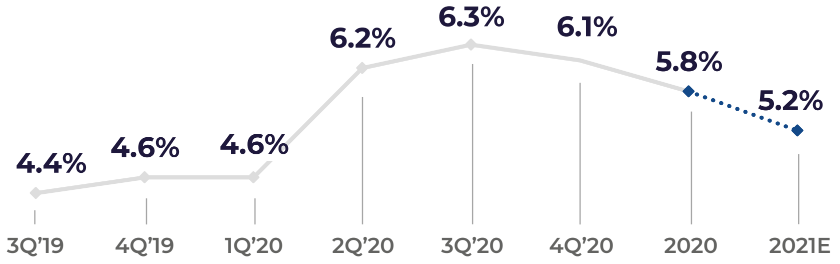
1. Responsibility assignment matrix (Responsible, Accountable, Consulted, Informed) | 2. Employee Value Proposition | 3. Among retailers

MARKET DYNAMICS AND CONSUMER EVOLUTION

Russian Economic Environment

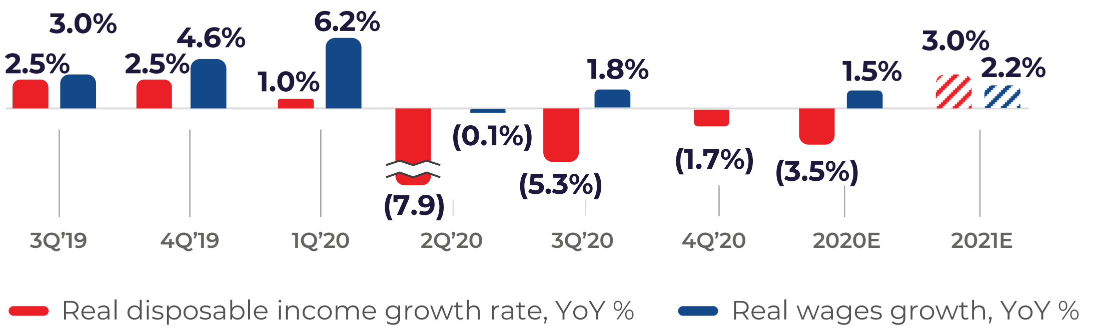
We expect unemployment rate above 2019 level but improving in the upcoming periods

Unemployment rate, %



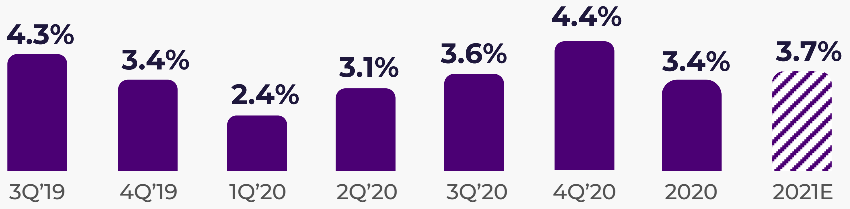
Real disposable income is forecasted to get into positive territory in 2021

Real and disposable income growth and real wages growth, YoY %



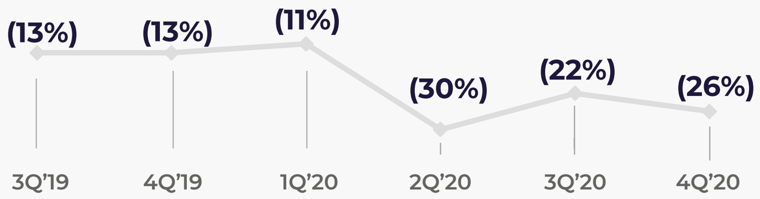
Inflation stabilizes after some fluctuations in the pandemic

CPI, YoY %



Russians are still to regain confidence

Consumer confidence index, %

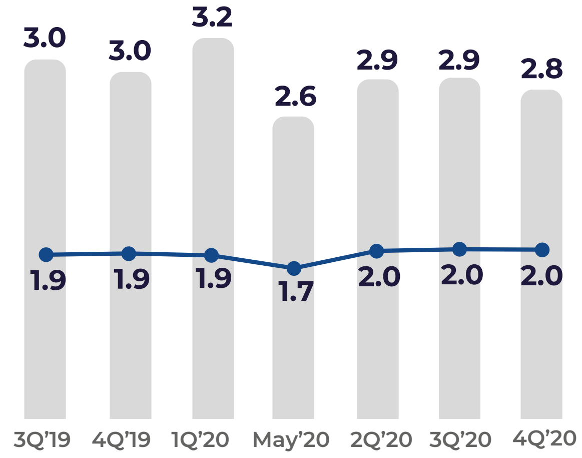


Source: Federal State Statistics Service, Ministry of Economic Development of Russian Federation

Recovering Consumption Behavior Patterns

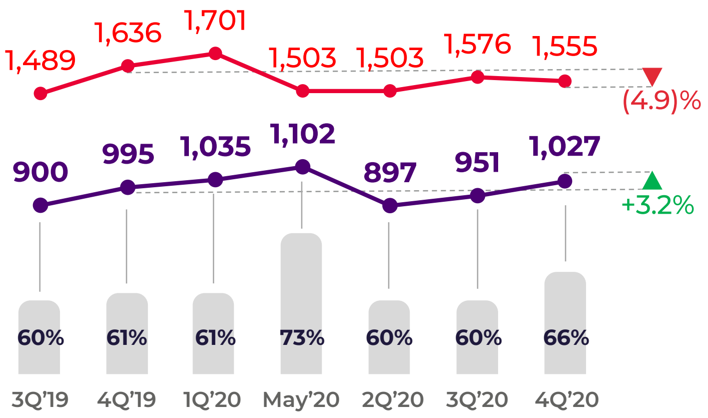
Consumers raise offline mobility after lockdown

Ivanovs' visits to grocery stores per week



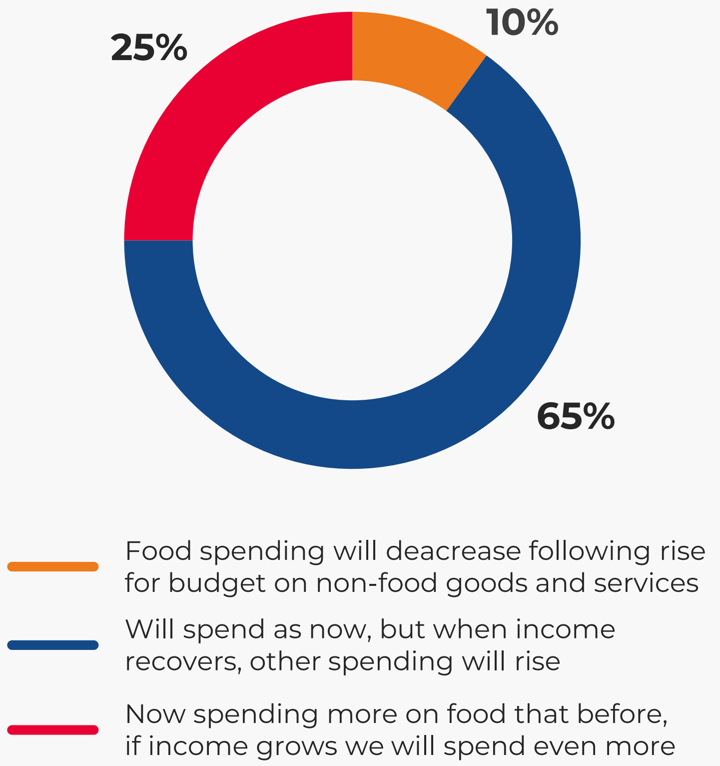
Food spending already increases following wage recovery...

Ivanovs' daily spending, Rub



...to continue further

Ivanovs' expected changes in food spending, %



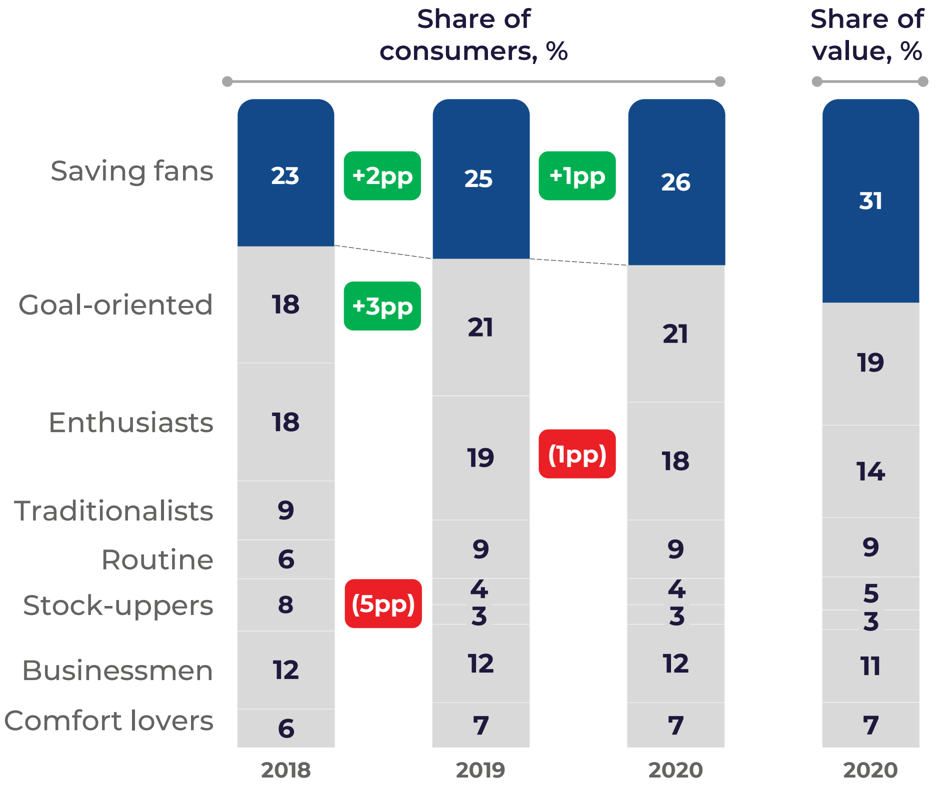
Source: SberCIB Ivanov Consumer Confidence Tracker, 3Q'20 and 4Q'20

Consumer Segments Evolution

Price sensitive segments constantly growing with increasing importance of non-monetary factors

2020 vs 2018
- +3pp for saving fans
- +3pp in goal-oriented

Consumers are becoming more price sensitive …



… and more demanding to assortment & convenience

Rank	Factor	Trend
1	Prices	↗
2	Product quality	→
3	Assortment & One stop-shopping	↑
4	Location	→
5	Convenience of shopping	↑

Sources: Retail monitor by GFK, data for 2020 is based on LTM Mar'20; SberCIB Ivanov Consumer Confidence Tracker

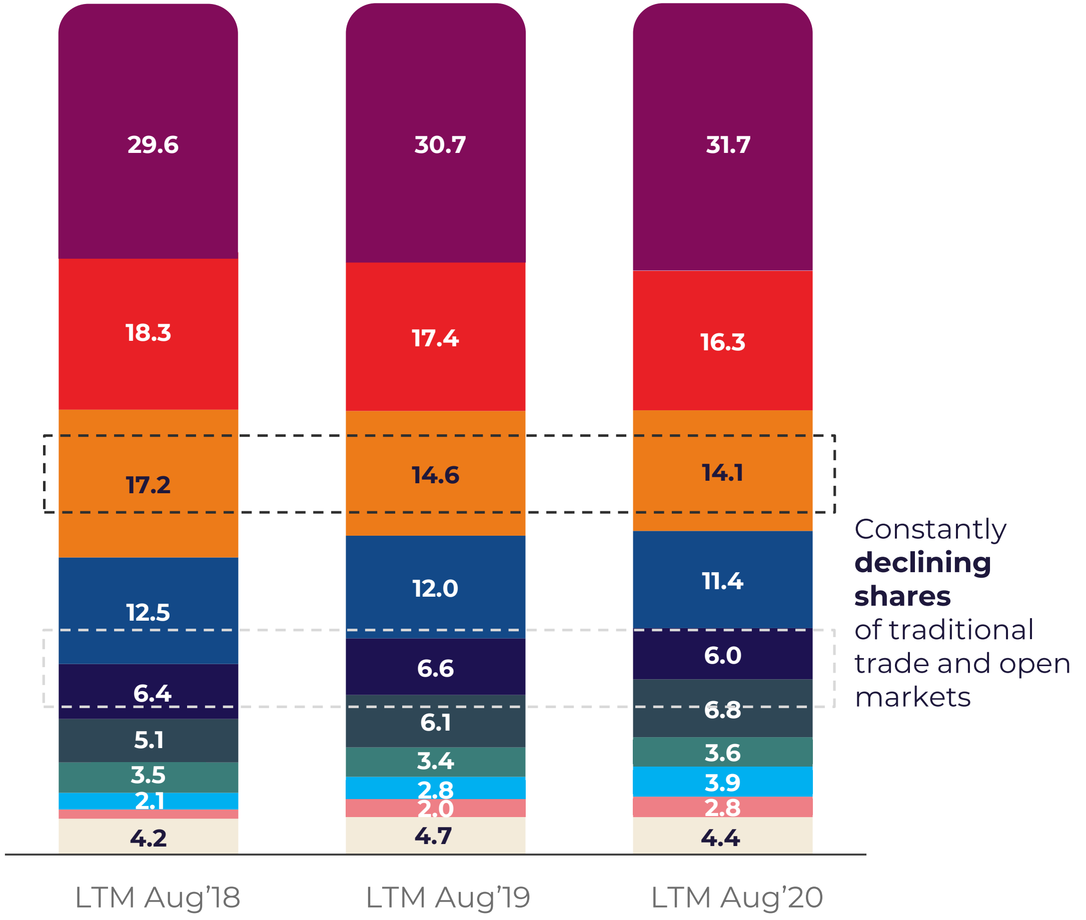
Channel Split is Relatively Stable. Key Growth in E-com, Hard Discounters and Specialists

Aug'2020 vs Aug'2019
based on last twelve months in value terms, %

	+5.6%
Discounters[1]	+9.1
Hypermarkets/Cash&Carry	(0.8)
Traditional trade	+2.1
Supermarkets	+0.1
Open markets and street trade	(4.4)
Specialized grocery stores	+17.4
Drogerie and perfumes	+4.5
E-commerce	+48.9
Hard discounters	+39.1
Other channels	(3.1)

Most growing channels

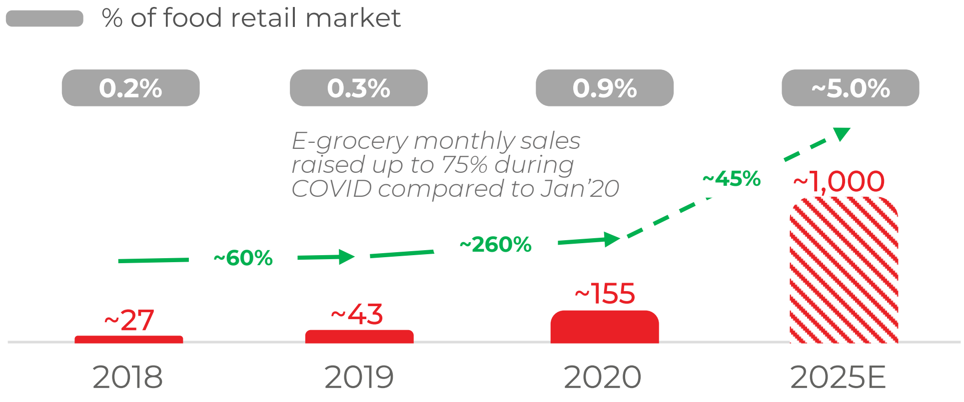
Share of FMCG sales channels in consumer spending (%)



Source: Retail monitor by GFK, latest available data – Aug'20
1. Magnit Convenient is represented within Discounters

Constantly Evolving E-grocery Market

E-grocery market size in Russia, bn Rub



Key consumer reasons to choose online

(in addition to safety factors)

High growth rate
Foodtech and e-grocery market demonstrates double digit growth despite limited offering outside large cities

Most consumers will follow lockdown behavior
34% want to continue "work from home" regime
66% are likely to continue shopping online

Merge of foodtech and e-grocery
Borders have become blurred with large aggregators entering delivery from stores

Rise of express mission
Express mission is rapidly catching up with stock-up mission

Boost in big cities
Online sales was picking up to 8-10% of grocery retail sales in Moscow cities during pandemic

Audience growth
Up to 25% of Russian consumers use online grocery channels. Generation Z values online ordering option when choosing store and 48% ready to shop grocery online

Source: Infoline, SberCIB Ivanov Consumer Confidence Tracker, Brokers Consensus, Romir, Nielsen

FOCUS ON DELIVERING THE BEST PROPOSITION TO OUR CONSUMERS

Magnit Umbrella Brand – Consumer Missions and Formats

Everything that matters is close to you

Core offline formats
incl. pharmacies in grocery and drogerie stores

New promising ventures

+ **e-commerce** covering all missions with broad assortment offering

Core missions	**Near home** Convenience	**Family** Supermarket	**Extra** Superstore	**Cosmetic** Drogerie	**Apteka** Pharmacy	**My price** Discounter	**City** Food-to-go focus	**GO** Kiosk
On-the-go	Additional						Focus	Focus
Food for tonight[1]	Focus	Focus	Additional			Focus	Focus	
Regular shopping	Focus	Focus	Additional	Focus		Focus		
Major stock-up		Focus	Focus					
Special need / occasion		Additional	Focus	Additional	Additional	Additional		
Size, sq.m	~340	700-2,350	2,350-5,000	130-350	20-90	150-350	120-180	6-60
Assortment, SKU	**~6,450**	**~13,900**	**~25,550**	**~9,750**	**~4,800**	**~1,750**	**~3,200**	**~300**

Differentiating pillars

- Multi-format model
- One brand
- One loyalty program
- Emotional touch
- Own production facilities

1. Including Ready-to-eat

Being Closer to Consumers by Tailored Approach in Assortment Management (1/2)

Rationalization of assortment

to offer consumers what they want and simultaneously increase business efficiency

- Structured Unit-of-Needs methodology in Category Management
- Target categories update and revision by formats (cosmetics rezoning)
- Category sizes to extend needs and decrease inefficient tail
- Rebalanced price tiers to capture all consumer segments
- Updated planogramming principles to ease on-shelf navigation
- Reduction of Supply Chain complexity and “unfreezing” capacity

LFL growth | Commercial margin increase | Stock level decrease | Availability improvement

Assortment harmonization

to reduce business complexity

“Matreshka” principle revision – key Unit-of-Needs / assortment structure by price tiers focusing on satisfying core consumer missions across all store sizes

Being Closer to Consumers by Tailored Approach in Assortment Management (2/2)

Smart store clustering

to balance tailoring efforts and management complexity

Key clusters based
on number and budget of habitants

Megapolis **City** **Village**

Additional clusters:
street retail, joint openings – Convenience and Drogerie

Tailored approach across clusters

Assortment & Promo offering

Price tiers mix

In-store communication

Look & Feel concept

Best in Local

to follow consumer demand for locally produced Fresh

Dedicated regional Category Management teams to improve local offering incl. tailored promo

Private Label, Own Production & Direct Import as Differentiation Pillars

Private Label

Improve own brand portfolio to support a range of consumer missions

Up to **25%** PL share in sales by 2025

Моя цена · PREMIERE of TASTE · Свет есть · BEAUTY BOMB · ROYAL KÜCHEN

Consumer as the main priority – focus on Quality with degustation studios, feedback collection via App, 100% SKUs passing laboratory analyses

Goal to reach 100% core PL SKUs availability in all Magnit stores

Min. 2 faces for most PL Brands[1]

Own production

to provide exclusive goods with better quality and price

Further selective investments to ensure differentiation and high returns

4 Agricultural complexes

- **Cucumbers, tomatoes, lettuce**
- **Potatoes, onion, beetroot, carrots**
- **Mushrooms**

13 industrial production

- **Confectionery and sweets**
- **Grains, cereal products, pasta**
- **Vinegar, syrups**
- **Frozen food**
- **Instant food**
- **Spices, sunflower seeds, nuts**
- **Frozen fish**

Direct import

differentiating offering

- Dedicated team with 60+ members
- New office openings: Central and Eastern Asia

Strategic partnerships with suppliers

Not only exclusive brands / SKUs, but

- Strategic projects in Supply Chain
- Merchandising cost optimization
- Data exchange
- Marketing and promo

1. Where applicable

Own Production — from Field / Site to Shelf

Magnit Convenience CVP

Positioning

Everything you need for better today
Store with all the goods that you need here and now for people who search for shopping experience which will fit their daily needs

Missions

- Food for tonight
- Regular shopping
- Ready-to-eat

Locations & Size

Residential and business areas, shopping malls

~340
avg. selling space, sq.m

Sales mix, %

48% | 49% | 3%

- Fresh
- Dry
- Non-Food

~6,450
avg. # of SKUs

299
avg. ticket[1]

Clustering to be closer

Megapolis

More leisure goods:
- Wine & spirits
- Confectionary
- Snacks & drinks

City

Balanced offering
Focus on Fresh everywhere

Village

More goods for home:
- Non-food
- Detergency
- Grocery & Preserves

Target Categories

- Dairy
- F&V[2]
- Bread
- Beer
- Confectionary

Cubes: bakery for all stores

Coffee corners with ready-to-eat and on-the-go offering for traffic locations in Megapolis & City

Enhanced operations efficiency

(1.9pp) Avg. monthly staff turnover level decrease YoY

(0.6pp) Losses decrease YoY

"Quality officer" role
- Monitoring of product quality: availability, layout and shelf-life
- Price tag management
- F&V conditions

96% Actual mystery shopper score (vs target 95%)

Portfolio average figures
1. Excluding VAT | 2. Fruits & Vegetables

New Look & Feel Concept for Megapolis (1/3)

New decorations – loft type ceiling, accent lighting, nice floor, stylish attention focusing signs

Café zone – with seating places, equipped with professional coffee machine, own bakery and Wi-Fi

New Look & Feel Concept for Megapolis (2/3)

Specially designed additional sales equipment with LED displays showing relevant content

New equipment for F&V and Fresh creating a pleasant atmosphere and increasing display capacity

New Look & Feel Concept for Megapolis (3/3)

Digital prices tags increasing quality and speed of information update and giving additional opportunities for communication with consumers

Unique flipping cash-desks with monitors for both cashier and consumer for self-service

Magnit Supermarket CVP

Positioning

Food Experience Matters in a full-feature supermarket with an extended assortment, improved experience and reasonable prices

Missions

- Regular shopping
- Food for tonight
- Ready-to-eat
- Minor stock-up

Locations & Size

Residential and business areas, shopping malls

~1,360
avg. selling space, sq.m

Sales mix, %

52% 43% 5%

- Fresh
- Dry
- Non-Food

~13,900
avg. # of SKUs

547
avg. ticket[1]

New positioning

Magnit Family as a separate Supermarket format

М СЕМЕЙНЫЙ

Our consumers enjoy life regardless of what is happening outside

Dedicated Points of Differentiation

- Widest assortment of goods in the neighborhood with emphasis on Fresh
- Completely redefined Culinary assortment with new standards of quality
- Dedicated cross-category zones for healthy lifestyle
- Approachable and friendly staff focused on best in class service
- New Redesign concept

Assortment Tailoring

- Cheese & Dairy
- Meat
- Bread & Bakery
- Culinary
- Fruits & Vegetables
- Confectionary

Cubes: Farm dairy, Children goods, Seasonal promo, Healthy lifestyle, Alcohol

Portfolio average figures
1. Excluding VAT

Magnit Superstore CVP

Positioning

Shopping as valuable in-store experience for all the family with extended assortment for all consumer missions with articular focus on value for money

Missions

- Major stock-up
- Regular shopping
- Food for tonight
- Ready-to-eat
- Seasonal purchases

Locations & Size

Residential areas and highways

~3,560
avg. selling space, sq.m

Sales mix, %

43% | 49% | 8%

- Fresh
- Dry
- Non-Food

~25,550
avg. # of SKUs

694
avg. ticket[1]

New positioning

Magnit Extra as a separate Superstore format

We want our consumers to spend time the most valuable way while offering them a unique shopping experience

Points of Differentiation

in addition to supermarket ones

- Redesign program turning every store into unique world with its own individual theme
- New themed areas in partnership with FMCG companies creating meaningful experience
- Extended promo offering incl. defined promo alleys and thematic festivals, with special emphasis on local goods
- High-end technologies for better experience incl. LED screens, displays on cash desks
- Closer than Hypermarkets – tailored approach to choosing locations combining convenience and drive through

Assortment Tailoring

in addition to supermarket ones

Extended offering in dedicated zones (cubes):

- “Wine house” with cross-category offering
- Beauty shop with everything for care
- Children zone with joy atmosphere
- Tandyr for fresh bakery
- Large Café zone

Non-food and seasonal offering tailored for key consumer missions – transit from “a bit of everything’ to well considered offering

Portfolio average figures
1. Excluding VAT

New Look & Feel Redesign Concepts for Superstores (1/3)

Easy Self-Service – convenient self-service cash desks, saving time in queues, hand scanners and MobyScan App

Café zones – additional break-out areas for customers to enjoy delicious coffee and Magnit’s culinary during shopping trips

New Look & Feel Redesign Concepts for Superstores (2/3)

Digital wine sommelier offering ratings and tips to help consumers in choosing their perfect wine

Themed areas in partnerships with major FMCG companies creating meaningful experience

New Look & Feel Redesign Concepts for Superstores (3/3)

Irrigation equipment for fresh greens helps to extend shelf life and fresh look coupled with reduction of plastic packaging supporting ESG commitments

Wooden crates and racks for F&V both creating feeling of modern market and extending offering through local producers

LED digital displays creating new in-store communication channel with consumers

Magnit Cosmetic CVP

Positioning

To care means to love
Store for women allowing to keep care about both herself and beloved ones so they appreciate it

Missions

Regular shopping of personal care and household goods

Locations & Size

Residential and business areas

~230
avg. selling space, sq.m

Sales mix, %

67% | 25% | 7%

- For Her
- For Home
- For Beloved ones

~9,750
avg. # of SKUs

353
avg. ticket[1]

Clustering to be closer

Megapolis
- Wider range of goods "For Her": cosmetics, perfumery and skin care

City
Balanced offering

Village
- More goods for "Her Home" & "Her Family": hygiene, childhood and household

Assortment tailoring

New zoning with **"Worlds"** to satisfy consumer mission in dedicated section

Solution centers – new principle for assortment selection to address similar Unit-of-Needs

New rezoning & redesign concepts to be executed in 2021

Expertise in beauty

Broad but tailored assortment, supported by

Private Labels
Differentiation in beauty through exclusive brands in all price tiers

Beauty Experts
Ready to answer questions and give an expert advice

Digital Promotion
Active cooperation with bloggers and influencers for emotional SMM[2] campaigns

Portfolio average figures
1. Excluding VAT | 2. Social Media Marketing

Magnit Pharmacy CVP

Positioning

Federal omni-channel pharmacy chain with optimal assortment at affordable prices

Missions

Occasional purchases of drugs and relevant goods

Locations & Size

Areas inside all formats base stores (no street retail)

~32
avg. selling space, sq.m

Sales mix, %

82% | 18%

- Medicine
- Non-medicine[1]

~4,800
avg. # of SKUs

322
avg. ticket[2]

Clustering to be closer

Residential area

- More KVIs[3] and parapharmaceuticals
- Lux and Express sub-formats

Close to Hospitals

Focus on prescription drugs and medical devices

High traffic location

Focus on basic pharma and medium price

Village

Focus on vital and entry price SKUs

Assortment tailoring

Intensified focus on **para pharmaceuticals** and **private labels** as a differentiation core:

- **Dietary supplements**
- **Care Hygiene**
- **Medical Devices**

E-Pharmacy to extend offering up to 15,000 SKUs available for pick-up in Magnit pharmacies and courier delivery

Improved in-store service

- Rebalanced org. structure based on clear methodology
- Upgraded motivation system focusing on performance
- New learning programs for pharmacist to develop professional consulting skills
- Focus on up-sell and cross-sell mechanics

Portfolio average figures
1. Non-medicine includes food & supplements, care & hygiene products, medical devices and others | 2. Excluding VAT | 3. Key Valuable Item

New Promising Ventures

Magnit My Price

Positioning
A low price no frills store for rational consumers offering assortment satisfying main needs

150-350
Avg. store size, sq.m

1,750
avg. # of SKUs

June 2020 – launch date
23 – current # of stores
30 – extended pilots 2021[1]

- KVIs & entry price SKUs
- Layout in cartons and show boxes
- Attractive pricing via EDLP[2]

Magnit City

Positioning
A small store with a café for large cities offering ready-to-eat and on-the-go products

120-180
Avg. store size, sq.m

3,200
avg. # of SKUs

July 2019 – launch date
9 – current # of stores
25 – extended pilots 2021

- On-the-Go concept
- Café area with all utilities
- Wi-Fi and electrical sockets

Magnit GO

Positioning
A kiosk offering ready-to-eat and on-the-go in the most high traffic locations

6-60
Avg. store size, sq.m

~300
avg. # of SKUs[3]

January 2021 – launch date
1 – current # of stores
50 – extended pilots 2021

- Vending
- Kiosk Mini (6-15 sq.m)
- Kiosk (15-60 sq.m)

1. Max # of new stores for launch in 2021 excl. repositioned ones | 2. Every Day Low Price | 3. For Kiosk Mini

OMNI / DIGITAL TRANSFORMATION

Digital — Important Across All Steps of a Consumer Journey

1 Pre-shopping

- Loyalty, general promo and CVM[1] offers
- Interest clubs
- Partners privileges
- Checking availability in nearest stores

2 In-store experience

- Informed navigation
- Selection of goods with mobile scanner / app
- Easier and faster check-out with mobile payment

3 E-grocery experience

- Express grocery
- Stock-up grocery
- E-drogerie
- E-pharma

4 Payment

- Digital loyalty card
- Magnit payment solution

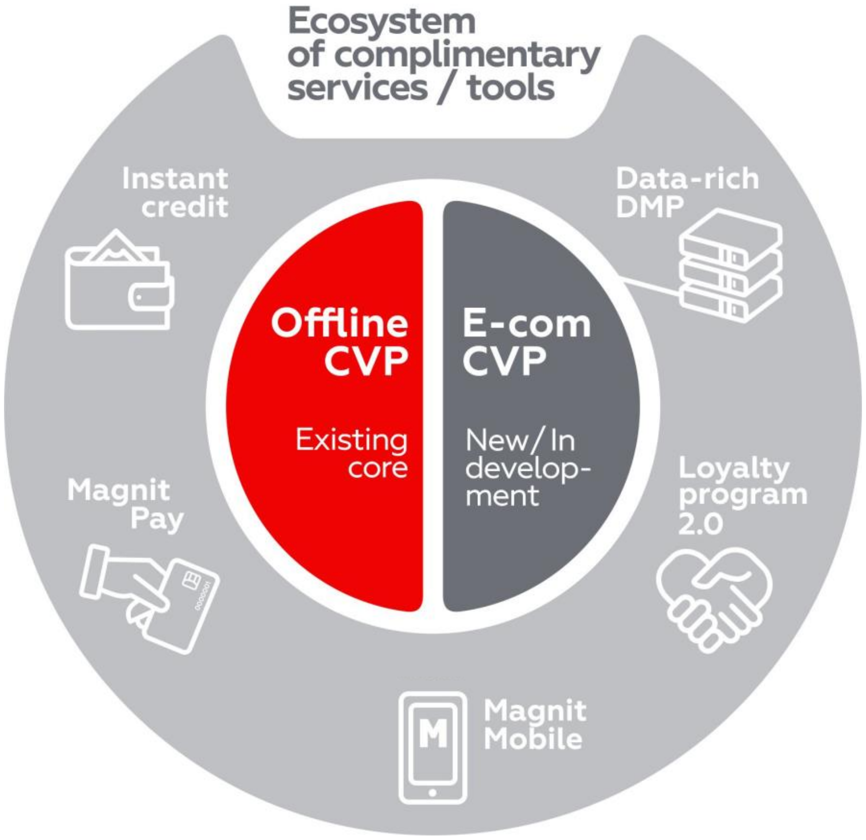
5 Post-shopping

- Feedback
- Receipt
- Digital content

1. Consumer Value Management

OMNI Retail is at the Core of Magnit's Future Ecosystem

We aim to build an ecosystem of complimentary services around Magnit brand and strong omni-channel core



- Magnit brand at the center with multi-format & omni-channel offering...
- ...and united Loyalty, Sign-on, Purchase history, etc.
- E-com roll-out during 2021 for key missions across major regions
- Adjacent services (Pay, Mobile) to engage with consumer already in testing,...
- ...all to be united in single Magnit Super App
- Strategic Partnerships to further grow the ecosystem

Launch of E-commerce Across All Missions

Stock-up (2 hours+)
Big ticket purchase

Express (~60 mins)
Casual small purchase

E-Pharma
Current needs &
Regular purchases

	FROM	STATUS
	Superstore	**2** in Krasnodar – pilot **40** in 20 regions – scaling in 2021
	Dark Store	**1** in Moscow – to be opened in 2021
	Convenience	**35** in Moscow – pilot **770** in 30 regions – scaling in 2021
	Mini Dark Store	**2** in Moscow – pilot **20** in Moscow – scaling in 2021
PARTNERS	Convenience & Drogerie	**>1,000** stores in 53 regions
PARTNERS	Convenience	**>500** stores in 30 regions
	Pharmacy	**~120** in Moscow – pilot **600** – scaling in 2021
	Dark Store	**4** – to be opened in 2021

Data as of February 2021

Online Delivery Already Has Good Traction

>8,600

avg. # of orders per day

~1,100 ₽

avg. ticket for all services[1]

>40,000 SKUs

available across all services

>1,200

stores connected

2

dark stores launched

86

cities in 53 regions served

>50 %

of e-com revenues outside of Moscow and St. Petersburg

>3.3 bn ₽

Annualized GMV[2] run-rate

Data as of February 2021
1. Including VAT | 2. Gross Merchandizing Value incl. VAT

Loyalty Program Covering ~70% of Revenue Already One Year after Roll-out Completion

Ultimate Goal — increase Magnit's share of consumer wallet

Status:

- Up to 32 mn consumers with the loyalty card make purchases every month
- 70% share of loyalty in sales[1]
- CRM[2] system with basic tools for campaigns, promo support and automated consumer care center
- Launch of 65+ loyalty partners network

Short-term plans:

- Increase value of the loyalty card with emotions: clubs, charity, lottery
- Continuous development of mobile app (base of the future Super App)
- Scaling CRM tools: automated campaigns and mass promo support
- CVM development based on the consumers life-cycle
- Further suppliers involvement in marketing campaigns covering part of investments into the program

1. As of December 2020 | 2. Customer Relationship Management

Magnit Pay with Promising Initial Traction to Support Our Ecosystem

Consumer benefits:

- One virtual debit card for loyalty and payments with ability to transfer in-app from / to any card
- Loyalty program bonuses for all purchases with NFC card and QR code
- Opportunity to pay for utilities, fines, taxes in one mobile app

Status:

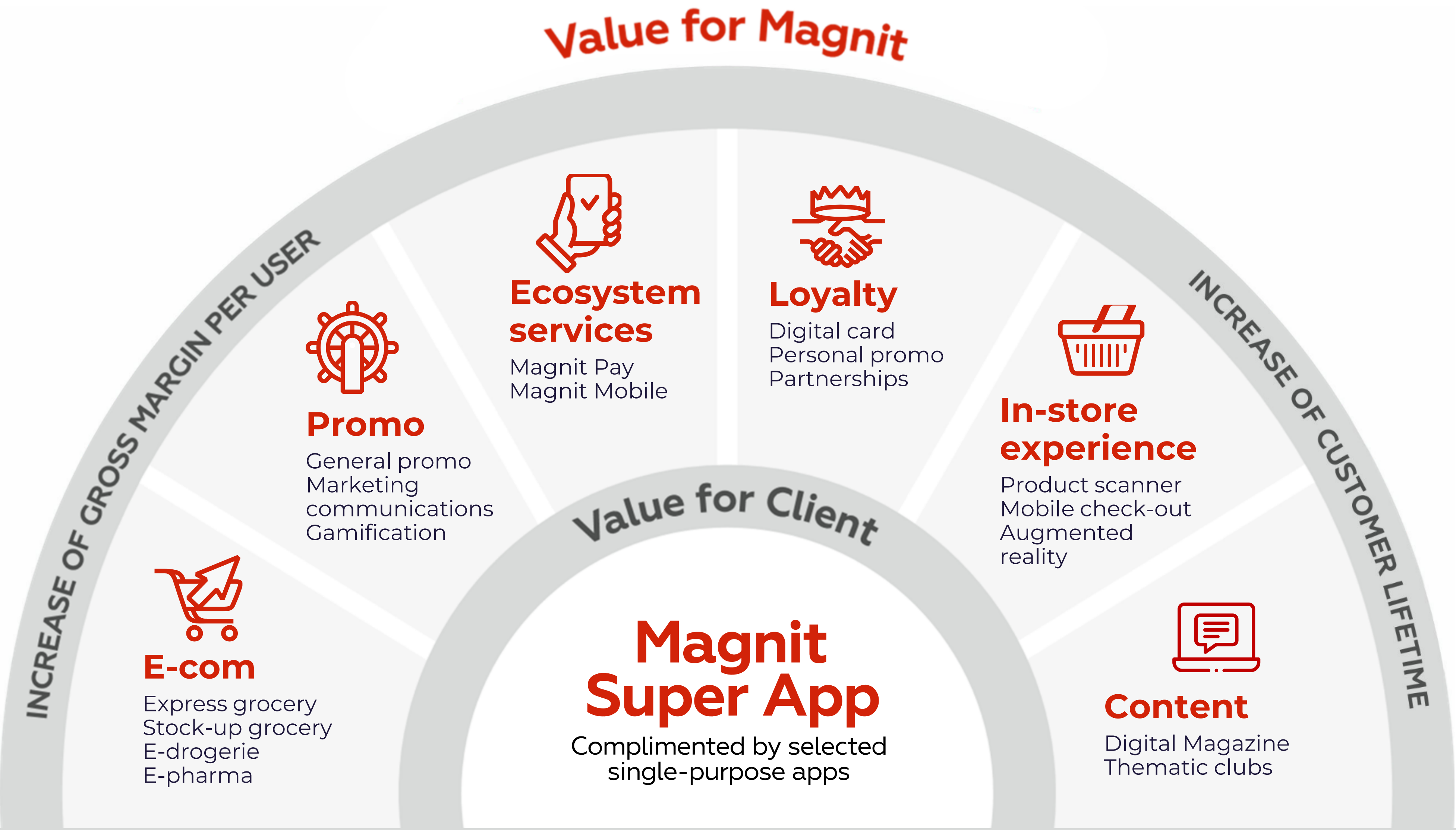
- Roll out with NFC card integrated with mobile app in partnership with LifeStylePlatform
- 1,500,000+ electronic cards issued (can pay in e-com)[1]
- ~55,000 with tokenized NFC card[1] (can pay off-line even outside Magnit)

Short-term plans:

- Integrate QR code solution
- Expand services (e.g. credit broker, life-style)
- 450,000+ active clients

1. As of February 2021

All Magnit Future Ecosystem Services within a Single Super App



Relaunched App Serving as a Foundation for Super App

1 **General** Modern tech stack and architecture for future expansion of new features, upgraded UX/UI[1] of the App

2 **Loyalty** Enhanced digital loyalty and marketing mechanics – loyalty basics and multiple marketing campaigns in the App

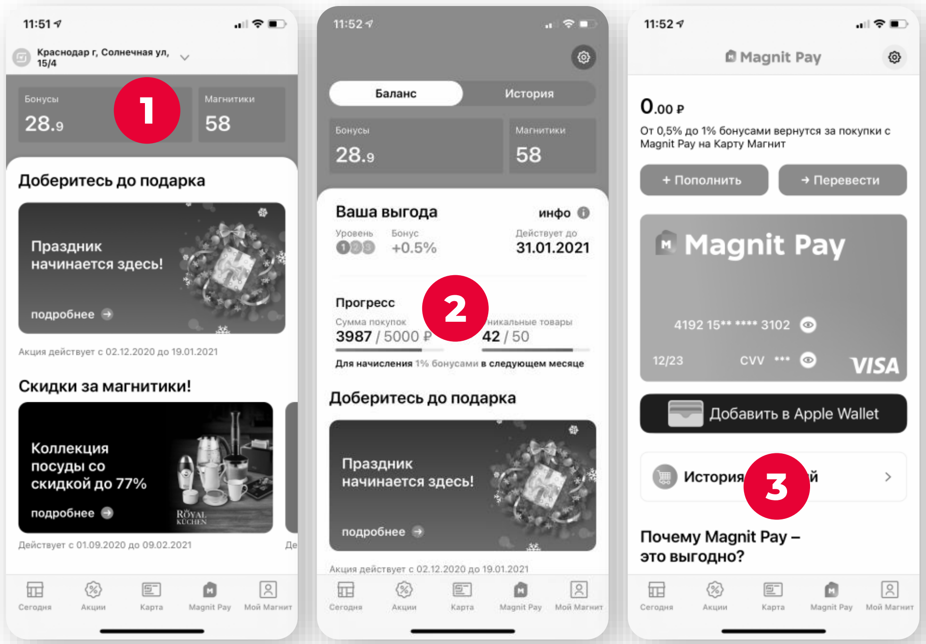
3 **Payment** Payment solution conveniently integrated with consumer journey

The first Magnit financial service, basis for future other financial services and partner offerings

To be further integrated

Delivery All delivery missions and formats conveniently available in native app interface

Expected 40%-60% MAU[2] growth in December 2021 YoY



Already significant rating growth after relaunch[3]

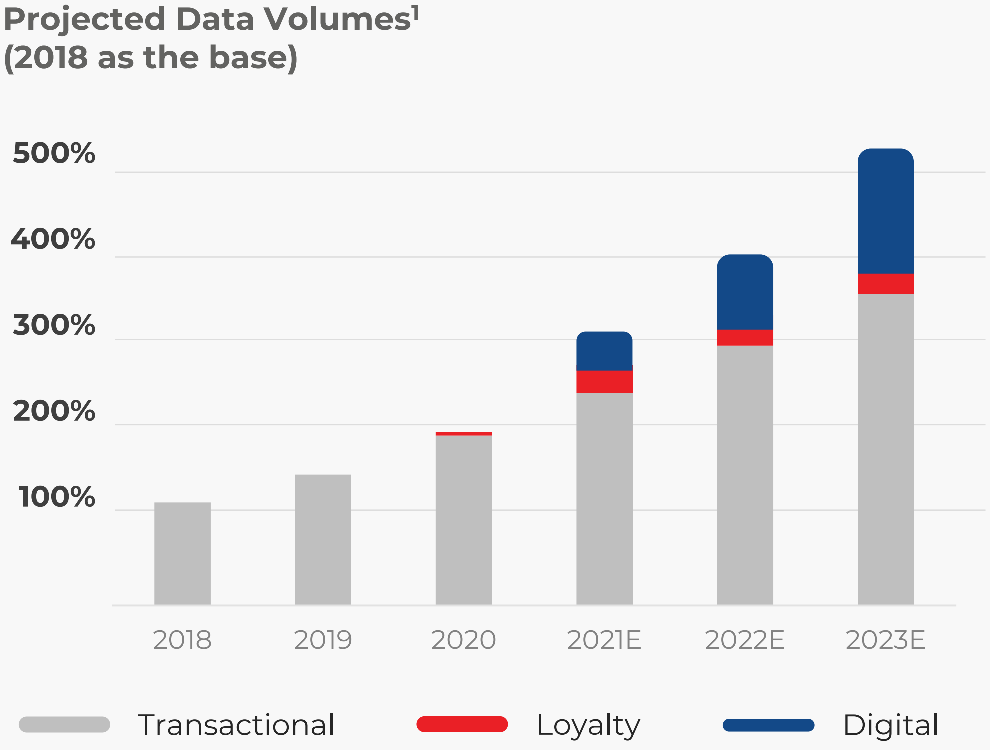
4.5 +2.7

4.2 +1.4

1. User Experience / User Interface | 2. Monthly Active Users | 3. Relaunched in November 2020

Next Generation of Data Capabilities to Power Digital Transformation

The exponential growth of data…



…requires a modern centralized data platform to enable data-driven decision making

- Strong central data team with >200 FTE[2], centralization and streamlining of data processes in the company
- Flexible modules around an optimized Teradata core to improve flexibility, reduce TCO[3] and reduce time to market on data products and use cases
- Focusing on fewer tools and systems with consistent data to enable fast and data-driven decision making
- Automated reporting as a base for analysis and predictive models to optimize business processes
- Use cases: Promo demand and forecasting, OSA, COGS[4], Assortment, Pricing, CVM and Personalization

1. Measured in terabytes | 2. Full-Time Equivalent | 3. Total Cost of Ownership | 4. Cost of Goods Sold

We Already Started a Fundamental Re-Org of Core IT

Detailed 12-month tech reorg plan and KPIs have been developed, team is assembled and ready to go

Own digital & tech capabilities

- Build skills in design, data and modern development
- Insource strategic work from vendors

Product teams in digital

- Cross-functional “flat” autonomous teams
- Empowered team decision-making
- Iterative sprint-based work-process

Modern IT development process

- Automated testing and deployment
- DevOps culture
- Future-proof stack

Digital-ready architecture

- Modern tech solutions
- Consistent technologies
- Agile-enabling architecture

Next gen robust infrastructure

- High SLA[1]
- Optimal TCO
- Flexible & scalable

Objective: faster Time-to-Market & reduced Total Cost of Ownership

1. Service Level Agreement

Integration of Scalable Industrial Solutions

ERP / HCM
Enterprise Resource Planning / Human Capital Management

Best integrated solution (ERP) for core retail, finance, non-commercial procurement and real estate

Best solution for HR processes (HCM): Payroll Processing, HR accounting, personnel administration, formation and maintenance of all regulatory reporting etc.

F&R
Forecast & Replenishment

Leading solution in the market

Cloud-native SaaS solution that fulfils most functional needs from the box

The fastest solution on the market based on advanced in-memory computation mode

WMS
Warehouse Management

One of the best WMS systems in the market

Leader in Gartner magic quadrant for WMS for last 3 years

Advanced and flexible tech architecture based on microservices could handle out complexity and scale

TMS
Transportation Management

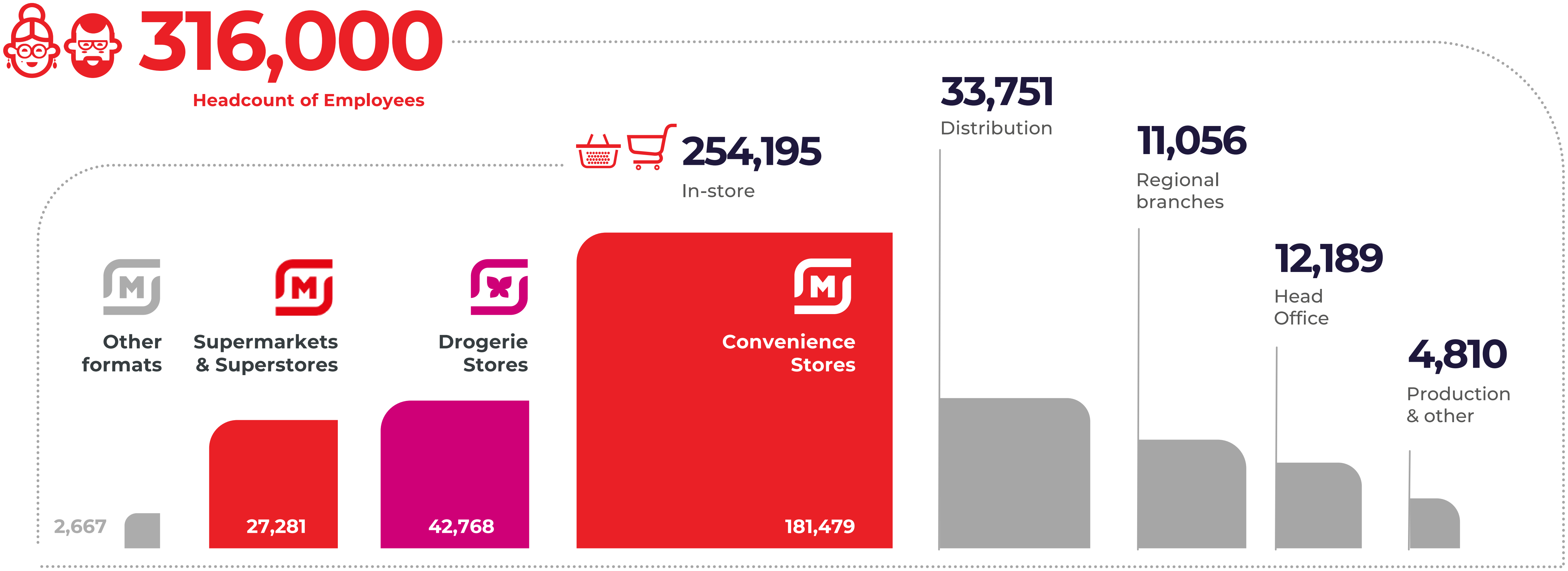
Covers all sources of transportation and freight calculations

Allows to develop just-in-time delivery scheme

Well integrated with core ERP solution – combining accounting and optimization logic

EMPLOYEE FIRST

Magnit — One of the Largest Private Employers in Russia



As of 31 December 2020

Organizational Design Balancing Both Formats & Regions

Key changes in org. design

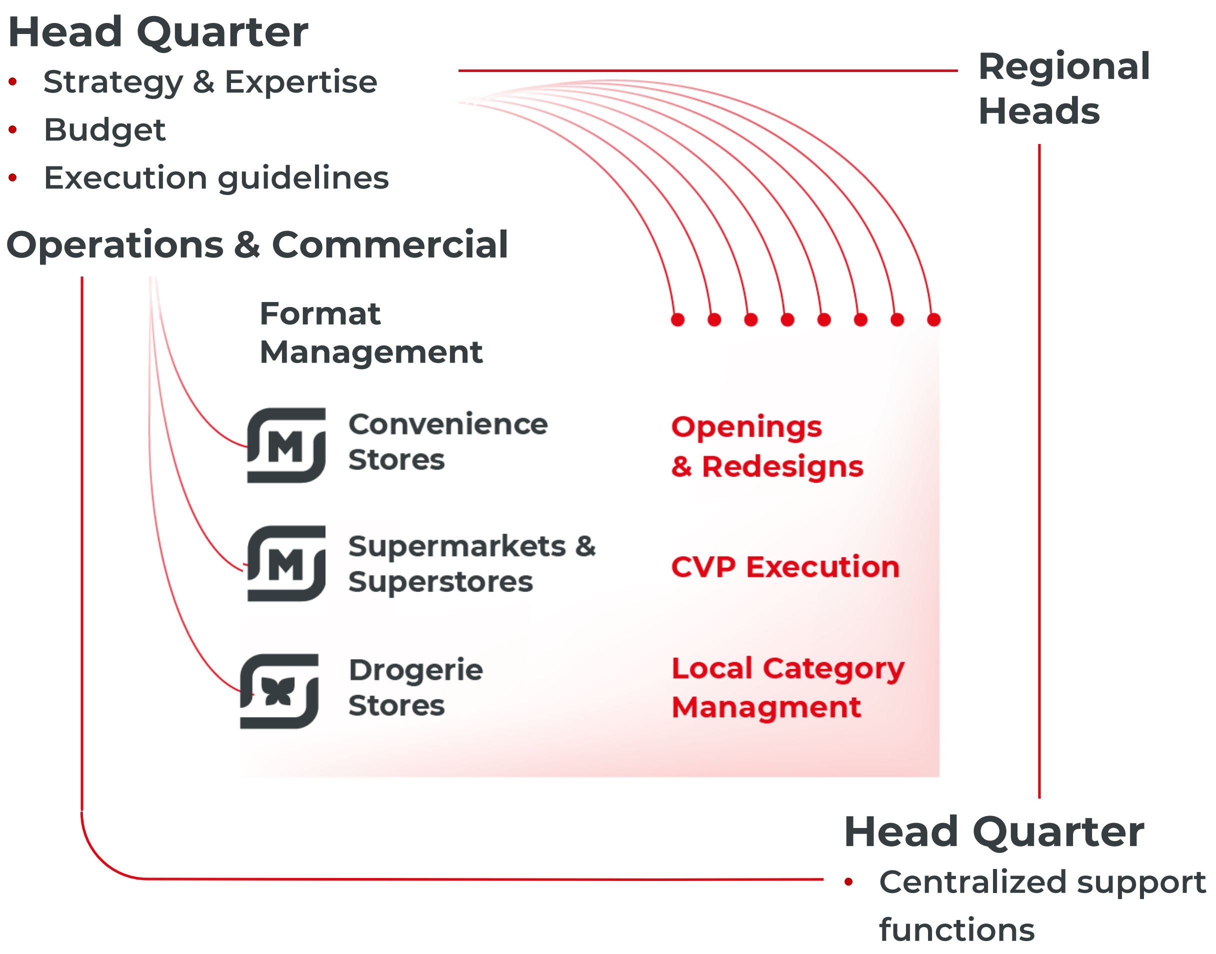
1 Right balance of centralization / decentralization

2 Format heads in commercial & operations to strengthen format focus and expertise

3 New digital / tech / OMNI team to strengthen tech, big data and e-com capabilities

4 Separate procurement team in commercial including PL, own production & direct import

5 Rebalancing RACI between commercial & supply chain to ensure E2E ownership



Employees' feedback

Basis for effective
HR & corporate culture
solutions

Engagement & Adherence survey matrix:

	Promoters	Skeptics	Critics	
Engaged	28%	8%	1%	**37%**
Low-Engaged	10%	22%	16%	**47%**
Not engaged	>1%	2%	13%	**16%**
	38%	**31%**	**31%**	**100%**

End of 2020 we launched first engagement & satisfaction survey showing exceptional results

84%

Share of Engaged employees —
top result in the Russian food retail

73%

Satisfaction Index – **well above average**

69%

Share of Loyal employees – **well above average**

Source: Happy Job

HR Strategy

Defined High Standards to Tailor Proposition to Every Employee

Become employer of choice

1 Lead labor market change

- Change leader in mass labor market transformation
- Preferred employer in Brick & Mortar and Tech & Digital

2 Acknowledge company talents

- Prioritize talent development and career planning
- Employees and Teams centric corporate culture

3 Evolution to HR Zero

- Embody automation and improve processes
- Boost business ownership at all levels via leadership development

Ambition supported by tailored offering

Type of employee:

- Top management
- Middle management and experts
- Tech & Digital employees
- Line staff

Employer brand | **Corporate culture** | **Team & Talent** | **Effective org. design** | **EVP & HR service level** | **Systems & Data**

Dimension / functional area

COMMITMENT TO ESG

Become a Retailer with Purpose

Sustainability Strategic Framework

Ambitions

1.
Leader
in environmental impact reduction in the industry

2.
Positive impact
on the quality of life of all people in Russia

3.
100%
responsible supple chain

4.
Best in class
corporate governance

5.
Employer #1
in industry

Strategic principles

- Fair business & Partnership
- Diversity & Inclusion
- Environmental stewardship
- Respect human rights
- “Green marketing”

2025 Sustainability Commitments

1 ENVIRONMENT

50%
Private labels and own production packaging be recyclable, reusable or compostable

100%
Recyclable plastics in own operations are recovered and recycled

▼ 50%
Food waste reduction

▼ 30%
Greenhouse gas emissions reduction

▼ 25%
Water and energy consumption reduction

2 SUSTAINABLE SOURCING

100%
Responsible sourcing for socially important categories

100%
Responsible own production and agriculture

Increase
of green packaging

Responsible
Sourcing for commercial and non-commercial purchases

Partnership
Programs for local suppliers & farmers

3 EMPLOYEES

70%
Rate of employee satisfactions

▼ 50%
Lost time incidents rate reduction and zero fatalities

40%
Max turnover rate

4 COMMUNITIES

10%
Employee volunteers

Community
Programs for all the regions of the Company’s presence

5 HEALTH & WELLNESS

Healthy lifestyle
Information about and nutrition is available to all of consumers

Health food
Related products are available to all of consumers

All quantitative reduction targets are calculated as a figure per 1 sales sq.m

STRATEGIC GUIDANCE

2020 Strategic Priorities – We Deliver What We Promise

Strategic priorities	Achievements 2020 vs 2019
Improvement of LFL sales growth / sales densities	**LFL sales growth of 7.4%** in 2020 vs 0.4% in 2019
Margin regain	**97 bps YoY EBITDA margin improvement** on the back of gross margin gains and strict cost control
Improvements of the working capital cycle	**30.5 bn Rub** cash release from **the working capital**
Strong deleveraging and strengthening of financial position	**Net Debt/EBITDA of 1.1x** as of end-2020 vs 2.1x as of end-2019 with **FCF of 85 bn Rub** in 2020 vs (1.3) bn Rub in 2019

Almost doubling ROIC from 7.9% in 2019 to 13.8% in 2020

Management accounts under IAS 17

Key **Strategic** Guidance 2021-2025

CONSUMERS

EMPLOYEES

INVESTORS

Thought through strategic plan to execute to capture tremendous business improvement potential

Clear CVP initiatives to enhance consumer perception and experience big time

Clear potential to **increase sales densities** also by the way of **speeding up value accretive redesigns**

Accelerate smart organic expansion (p.a. on gross basis):
- Convenience: 1,000-1,500 stores
- Drogerie: 750-1,000 stores
- Supermarkets & Superstores: 5-15 stores

Proactive and opportunistic **return driven consolidation play** (M&A)

Build a leading **e-grocery platform** capable of handling **5%+ of Magnit turnover** with seamless integration into an omni-channel consumer experience

Continue to proactively consider adjacent **value accretive additional niches**

Adherence to **sustain high return requirements** for new projects

Key Financial Guidance 2021-2025

Benefits from lucrative **EBITDA margin steadily moving to the direction of 8%** within 2021-2025 leading to very attractive cash generation

Comfortable leverage of ~1.5x of Net Debt/EBITDA with a self-imposed ceiling of 2.0x

Improvement of working capital with a focus on stock days optimization by:

- 3-5 days in grocery
- 10-15 days in drogerie

Focus on high returns and value accretion for shareholders leading to **continuous strong dividend payment**

Based on IAS 17