

# Case studies

## Completion of DIXY's integration into the Company's structure

Following the 2021 acquisition of DIXY, the fifth largest grocery retailer in Russia, Magnit considerably strengthened its positions in the Russian food retail sector.

With DIXY's strong presence in Moscow, St Petersburg and the Moscow and Leningrad regions, which altogether in 2022 accounted for 28% of the Russian food retail market, Magnit was able to ramp up its share and solidify its standing in these regions.

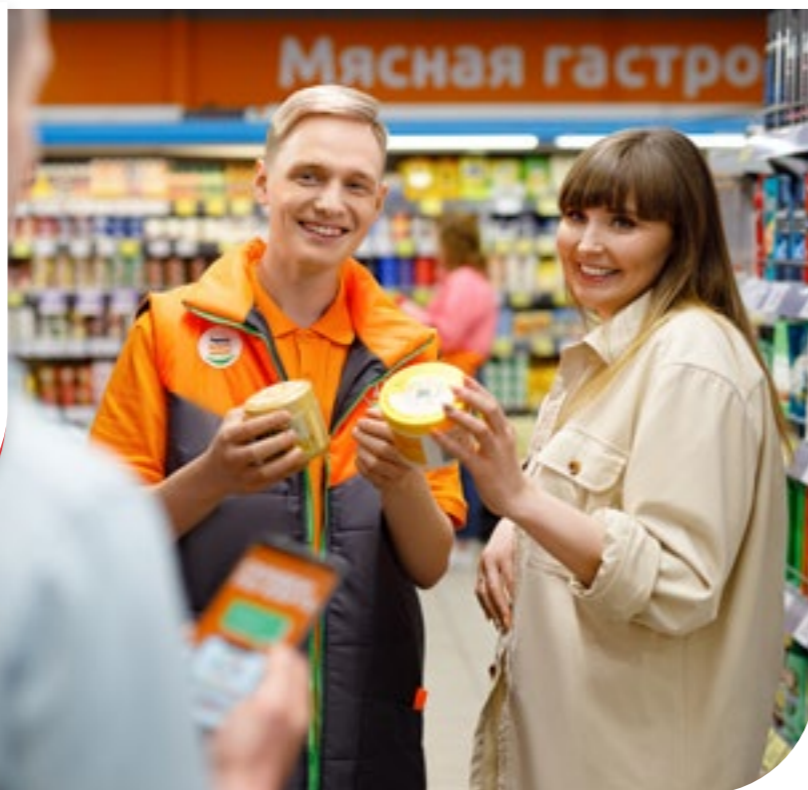
As early as 2021, the integration of DIXY provided Magnit with synergies in procurement, category management and technology along with cost savings achieved through optimisation of business processes. The integration process was successfully completed in 2022.

### Key integration initiatives Key results

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|---|--|
| <ul style="list-style-type: none"> <li>▶ Unified commercial terms for both retailers as a result of negotiations with suppliers</li> <li>▶ Improved merchant acquiring conditions for DIXY</li> <li>▶ Optimised personnel costs at Magnit</li> <li>▶ Ad savings as a result of reliance on the same service providers for both retailers</li> <li>▶ Optimised sales of recyclable waste materials</li> <li>▶ Optimised rent rates for Magnit and DIXY</li> <li>▶ Harmonisation of IT systems of both retailers</li> </ul> | <ul style="list-style-type: none"> <li>▶ Smooth integration while maintaining growth and meeting DIXY's original key financial targets (revenue, sales density and EBITDA)</li> <li>▶ Business synergies as a result of joint efforts of the commercial teams of Magnit and DIXY</li> <li>▶ Introduction of best practices in HR management and operations</li> <li>▶ DIXY EBITDA catching up with that of Magnit</li> </ul> |
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**-39%**  
in staff turnover TMMA<sup>1</sup> at DIXY

**+70%**  
DIXY EBITDA growth following integration



## Private label and own production

Magnit continues developing its private labels to offer exclusive products with great value for money. With our own production, we are well-positioned to make the business more resilient and fully control all the product manufacturing stages.

**+28%**  
growth in revenue of private label sales to RUB 400 bln

**>5 thous.**  
SKUs in private label portfolio, including 2.2 thous. food SKUs

**20%**  
share of private labels in sales<sup>2</sup>

The development of various private labels is central to our customer value proposition. Our private label goods offer excellent value for money, have higher margins compared to branded products and are available at a wide range of prices to suit various customer needs. Demand for Magnit's private labels is steadily growing, also among consumers who previously preferred medium and premium segment products. This was partly driven by increased price sensitivity that consumers started demonstrating in response to the COVID-19 pandemic and the financial crisis that followed.



In 2022, as some of the famous brands left the market or faced limitations in their supplies, we decided to expand our private label portfolio and launch a number of new brands.

## Magnit's private label portfolio in 2022-2025

		Price segments				
		Good	Better	Best		
Key umbrella brands			Magnit family brands, including the Freshness, Kitchen, Health and Lifestyle brands			
	Food		 New lemonade brands: Cola, Orange, Lemon New beer brand New instant coffee brand New pizza brand New petfood brand			
Other brands	Non-food		 			

<sup>1</sup> Three Months Moving Average.

<sup>2</sup> In value terms.