

# Digital projects

We develop our in-house digital solutions and implement big data and AI-based innovations to streamline business processes and drive consistent improvement in our operating and financial performance.

## Multi-cloud approach in partnership with Yandex Cloud

Magnit and Yandex Cloud agreed to cooperate using the platform's cloud services. We plan to gradually migrate to the Russian cloud infrastructure and move up to 20% of our services there as early as the end of 2023. At present, most of Magnit's data – over 500 petabytes – is stored in our own and third-party data centres, with a limited number of digital and analytical services moved to the cloud so far.

Going forward, Magnit will use Yandex Cloud's infrastructure and platform tools, including container development solutions, serverless computing tools and data platform services. This will help us minimise our own IT infrastructure and focus

on investing in digital product development, improve the quality of data storage and use, and accelerate the processes of launching and scaling new and existing client products.

Today, more than ten projects have already been launched in Yandex Cloud, including solutions for inventory control, a platform for interaction with suppliers, and a solution for product layout monitoring.



**20–30%**

saving on IT equipment procurement and maintenance costs driven by the use of cloud services

## Scaling up product recognition technology

In 2022, Magnit began scaling up a technology for product recognition on retail store shelves, which was launched in 2021 and developed by a domestic software company. The solution helps identify and swiftly remedy any inaccuracies in the product layout, driving higher staff productivity and sales growth. The technology will be rolled out across 1,000 retail stores of all major formats, including convenience stores, supermarkets and Magnit Cosmetics drogeries.

It is based on a neural network algorithm that recognises products on the shelf by analysing shelf images and controls the layout's conformity with the planogram. The technology reviews the availability of products on the shelf and the remaining stock in the store, the sequence in which the products are placed on the shelves as well as the front shelf and other layout arrangements. Store personnel receive prompts in the mobile app to correct errors.

Currently, automated layout monitoring covers three product categories: coffee, care and hygiene, and pet products. From 2023, the range of automatically monitored product categories will be expanded to include tea, baby food, alcohol, snacks, dairy products, confections, household chemicals and more.

**x4**

time saving for checking the product layout thanks to a shelf recognition technology



## Migration of Magnit Delivery to its own IT platform

The Company completed the migration of the Magnit Delivery service to its own IT platform based on Russian-made software. The platform covers the entire digital customer journey from placing orders on the website or in the mobile app to order processing and assembly, courier assignment, and delivery itself.

The proprietary platform is better suited to the needs of the online offering development going forward, enables a faster launch of new services and more effective control over service quality, and also supports the operation of Magnit's own courier delivery service in Moscow and St Petersburg.

The Magnit Delivery app is now testing the self-pickup option, which will soon be available to all customers.

**20%**

saving on the cost of attracting and retaining customers thanks to migration to Magnit's own platform



The Company is currently implementing a number of its own and partner online delivery projects, including express delivery, regular delivery as well as online pharmacy, cosmetics and partnerships. As at the end of 2022, Magnit's online sales totalled RUB 32.6 bln.