Customer experience and marketing communications

At Magnit, our strategy is centred around catering to our customers' needs. We pride ourselves on providing superior-quality products at competitive prices, complemented by unparalleled service.

Our aim is to remain a reliable cornerstone in the lives of millions of customers, ensuring they have access to an extensive selection of food and non-food items under any circumstances.

Simpler, faster, more accessible and loyal

One of the top priorities for Magnit is becoming simpler, faster, more accessible and loyal to its customers and employees. All our internal and external transformations are strategically aimed at achieving market leadership in service quality.

Customer service improvement

Our approach to ensuring excellent customer experience at every store

Transparency and communication with consumers at all levels

We develop our social media pages, offer delivery services, improve day-to-day operations, provide honest information on customer reviews and complaints and efficiently handle feedback.

Focus on working conditions

Experience begins with working conditions, personnel training and engagement. To ensure the comfort of our customers, we create a positive work environment for our employees.

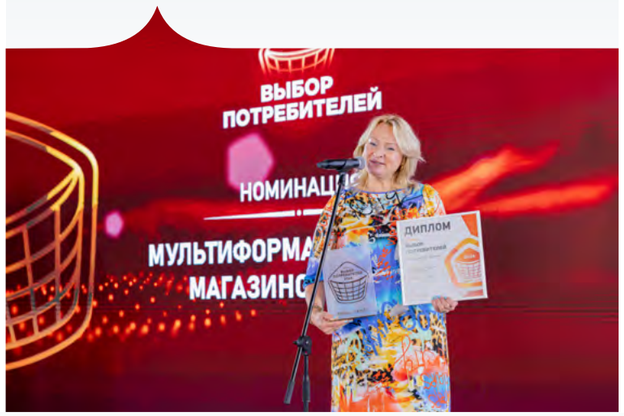
Manager competencies in customer experience

We expect managers at all levels to be customer experience ambassadors, continuously enhancing relevant expertise and creating a safe and open environment for sharing their knowledge and insights with employees. Regional managers for customer experience supervise customer service improvement.

Recognised as a market leader, Magnit is celebrated for its high-quality products and commitment to customer experience

In November 2024, Magnit was honoured with the Consumer Choice award during its 15th edition, standing out among 500 contenders. This recognition underscores our unwavering commitment to exceptional service quality. Furthermore, the Company claimed the title of the Multiformat Retail Chain of the Year in the retail category.

These outstanding results reaffirm our staff's professionalism and shared collective dedication to elevating customer satisfaction through product and service quality as well as creating a welcoming store atmosphere that customers will love.



Evaluating customer experience

At Magnit stores, we conduct regular reviews to evaluate customer service performance across various parameters, including causes of queues, cash register issues, customer complaints, and mystery shopper scores. This helps us identify shortcomings and weaknesses in how our stores and technologies perform. Based on the data so received, we developed a service quality rating as a comprehensive assessment of customer experience across all formats. The mechanism helped deliver considerable improvements in our service quality compared to 2023. Furthermore, the Company has introduced the Best in Customer Service competition in the Magnit Extra and Magnit Family formats, using the rating as a benchmark.

In 2024, we engaged mystery shoppers to evaluate customer experience at Magnit stores. The final score was 96.4%, surpassing our target of 95%.

In 2024, the Company received more than 3.7 million customer inquiries, up 16% compared to 2023. The number of positive reviews went up by 76%. This change was driven by new feedback channels, increased traffic, and opening of new stores. The average response time to customer feedback was reduced by 1%.

2.85%
improvement in the customer service level in 2024 compared to 2023

76%
growth in the number of positive reviews

Assessing service quality

The service quality rating is based on the following assessments:

- assessment of customer complaint and inquiry handling;
- mystery shopper assessment (quality of customer assistance, efficiency of cashier service, etc.);
- checkout performance assessment (speed of service, queue management, etc.);
- review of store ratings in map applications;
- Net Promote Score (NPS) collected via the mobile app.

In 2024, the Company continued to enhance and refine its single feedback handling tool. The tool aggregates customer inquiries collected from various channels and routes them to relevant units for processing. It also enables detailed analysis to look into the root causes of feedback to make sure we take the right action. As part of our retail integration efforts, we are now introducing a new feature in the MDrive mobile app to enable in-app customer inquiry handling.

Best positive dynamics of customer complaints in 2024

Metric	YoY change
Loyalty programme campaigns	-70%
Cross-format campaigns	-69%
Out-of-shelf of products on regular promo	-39%
Price tags	-25%
Quality of products on loyalty promo	-52%
Breach of product packaging	-11%

Customer feedback by channel, %

- 40.1 E-com chatbot
- 35.1 Phone calls
- 8.6 Mobile app surveys
- 6.1 Emails
- 4.9 Map apps
- 4.5 Messengers
- 0.7 Social media, etc.

Most frequent customer inquiries by category

- Product assortment and availability
- Exchanges, returns, and refunds
- Store details: opening hours, addresses, and contacts
- Promotions
- Gift certificates

Efforts to enhance service quality

The Company places great emphasis on standardising customer interaction practices, including those for specific employee categories.

In 2024, our cashier service excellence competition was based on standardised requirements for cashier competencies. While the overall format of the competition remained unchanged, we refined tasks and evaluation forms to better align them with our employees' roles. In November 2024, the Company's employees successfully validated their compliance with standardised cashier requirements as part of the competition.

In the reporting year, concise customer communication guides were rolled out across all our stores. They consolidate customer interaction standards, values of customer-centric service, and guidelines for handling customer inquiries.

Magnit maintains stringent service quality standards in all its regions of operation. In 2024, our regional customer service managers provided over 2,800 training sessions and webinars for more than 11,000 employees across all store formats.

Multi QR payment system

Magnit is constantly improving payment methods, which affirms our commitment to enhancing customer experience and optimising business processes. In the reporting year, we introduced and tested the Multi QR payment system, providing customers with a modern and convenient method for making cashless payments. The technology enables scanning a QR code from the terminal using a smartphone camera or a banking app (e.g. Sberbank, Tinkoff, Alfa-Bank, and others). Payment is confirmed within the bank's mobile app and the receipt is automatically printed by the terminal. For item returns, customers simply need to scan the Multi QR code.

To drive service excellence, Magnit incorporates and scales cutting-edge technologies such as the Faster Payment System (SBP), self-checkouts, and other innovative solutions.

In 2024, we continued to ramp up the roll-out of self-checkouts across our network, bringing their total number to

>33,000

Service excellence marathons

In November 2024, the Company's customer service team joined forces with the large-format operations and standards team, along with the Corporate Academy, to launch yet another major service excellent initiative: the Large-Format Service Excellence Marathon. This initiative engages the entire workforce of Magnit's large formats, involving approximately 18,000 employees of 450 stores across the Magnit Extra, and Magnit Family formats. Running through the spring of 2025, the marathon focuses on several key objectives: instilling a culture of service excellence, developing new service practices and behavioural models, fostering a positive work environment, and empowering employees to deliver exceptional service autonomously, without rigid instructions. It enables participants to develop new skills aligned with business needs while helping the Company improve customer satisfaction through new tools that prioritise employee well-being and deepen understanding of customer expectations and needs. The marathon empowers Magnit employees to work as a unified, customer-centric team and quips them with the resources necessary to embrace a client-first mindset. As a result, we are driving improvements in store performance metrics, including service quality, the customer-centricity index, and the Net Promoter Score (NPS).

Caring for People award

Previously, in 2023, the Company's customer service team partnered with Magnit Cosmetic to implement an even larger-scale initiative: the Great Service Starts with You Marathon. In recognition of its impact, this project received the Caring for People award in the Federal Projects category in 2024.

In 2025, we plan to completely replace the older self-checkouts in our large-format stores with new, advanced solutions.

This positions Magnit as the leading company in the Russian retail sector in terms of the number of self-checkouts. Our goal is to make these systems accessible and convenient for all customer groups. To achieve this, we updated the user interface and enhanced its functionality to better meet the changing needs of our customers.

Our self-checkouts offer several key benefits:

- complete functionality of traditional checkouts;
- advanced capabilities customised for each store format and service;
- high performance and reliability;
- voice assistance to guide customers;
- built-in deactivators for removing anti-theft security tags;
- all popular payment options;
- additional features such as advertising displays and easy product search by category.

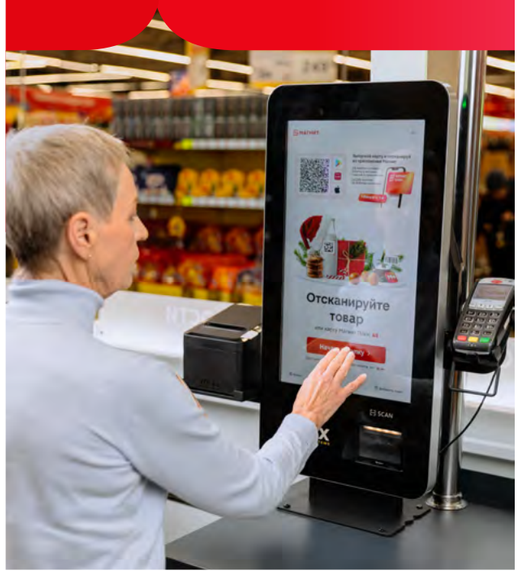
Implementing self-checkouts has improved service quality, increased customer traffic, and boosted staff performance. Currently, 30% of customers use these checkouts in our Magnit Convenience stores that feature them, rising to 47% in Magnit Cosmetic drogeries, and 50% in large-format stores.

Self-checkout implementation outcomes

9 seconds
reduced service time

2.4%
average NPS improvement in stores with self-checkouts

4.8%
average customer service rating[1]



Marketing communications

In 2024, Magnit continued to enhance its marketing communications by leveraging a diverse range of channels and tools to boost customer engagement, loyalty, and satisfaction. A key focus remained on driving sales while maintaining a positive brand image.

A major hallmark of the year was the active embedding of ESG considerations into our marketing campaigns. Specifically, we launched collaborative charitable programmes with the VK Goodness non-profit organisation, which were incorporated into cross-format promotions, successfully raising over RUB 8 mln.

Additionally, we partnered for the first time with the Alpen Gold brand (produced by Mondelez) for a joint promotion. This collaboration expanded the overall prize value for the cross-format Gifts Across the Nation campaign, making it even more appealing to participants.

A key milestone in 2024 was the introduction of a new customer service feature enabling shoppers to count their online purchases toward promotional offers, making their terms more accessible.

1 On a five-point scale.

Cross-format campaigns

In 2024, the Company successfully implemented seven cross-format campaigns, involving brands and products from various categories. They relied on innovative gaming mechanics, such as collecting digital elements and progressing through levels, alongside refreshed visual designs. As a result, we achieved significant improvements in both customer engagement and retail sales.

Notable highlights from these promotions included:

- **New Year Season with Magnit** – a vibrant seasonal campaign featuring the largest prize pool and complemented by offline prize-containing postcards;
- **Win a Million This Summer at Magnit** – this campaign offered the accrual of Magnit Plus card bonuses as the prize fund, while promoting featured products.

>RUB 2 bln
sponsorship proceeds collected in cross-format game-based campaigns

298
suppliers
participating in cross-format campaigns

1,309
SKUs
featured in 2023 giveaways

>80
mln discount coupons
for featured products offered in 2023 giveaways

RUB 755 mln
distributed among customers as prize coupons

Digital communications

We measure the effectiveness of digital ads targeting a broad audience.
In the second half of the year, we ran three one-week ad campaigns promoting discounts on three ice cream brands. We then compared ad impressions data with actual purchase data via the VK-Magnit dashboard. The results showed that sales of advertised products, as well as the entire ice cream subcategory, increased by 14% in value terms compared to the control group. Now, in all ad campaigns targeting a broad audience, we can evaluate ad effectiveness, making marketing investments more transparent and impactful.

We used Telegram Ads targeting Magnit's own customer database and evaluated their impact on our business results for 2024. Our case study "How to Increase Sales by 20 p.p. in 36 Hours" won three efficiency awards at the MIX Russia digital communications competition held by the Association for the Development of Interactive Advertising.

We entered Roblox by launching the Magnit virtual metaverse to support the Skrepyshi-TOP promotion. Within just 18 days, the campaign attracted over 1 million user visits, and gathered more than 2.1 million visits throughout its run.

We supported the launch of the Magnitishi emotional loyalty campaign through influencers and, together with our analytics platform partner, assessed the impact of the influencer channel on sales: a noticeable increase in the average ticket and ARPPU[2] generated an additional RUB 300 mln in revenue.

We deepened engagement with customers. In 2024, our Magnit and Magnit Cosmetic formats organised 310 contests and interactive games for shoppers. Throughout the year, we celebrated shared successes, personal stories, and milestones marking Magnit's 30th anniversary. These efforts garnered 2 million likes and 14 million comments, reflecting strong customer resonance.

2 ARPPU (average revenue per paying user) refers to the average amount of revenue generated from each paying customer.

BTL[1] campaigns and partner integrations

In 2024, Magnit saw a notable increase in the number of partner advertising campaigns, including exclusive partner programmes run in Magnit's mobile app. With appealing prize pools, user-friendly mechanics, and active promotion across multiple communication channels, they helped strongly enhance our customer engagement levels.

In 2024, we collaborated with Russia's National Card Payment System to launch a nationwide advertising campaign promoting payments through the Faster Payments System (SBP), titled "Discover Rewards from SBP and Magnit". Over the course of the campaign, over 3.8 million Magnit customers used the Faster Payments System to pay for their purchases and received dual cashback: 5% in roubles and 3% in Magnit Plus card bonuses.

158
partner programmes implemented

5 mln
customers participated in supplier campaigns

47
partner giveaways run via the Magnit mobile app

RUB 560 mln
distributed in programmes' prize pools

Participation in fairs and festivals

In 2024, Magnit once again joined the Flavours of Russia festival held at Moscow's All-Russia Exhibition Centre (VDNKh) from 6 July to 14 July. The festival celebrates local regional recipes, offering visitors to explore Russia's diverse traditional cuisine. At the Magnit pavilion, guests enjoyed unique photo zones, purchased goods made by local producers from across Russia, received branded souvenirs, and engaged in exciting workshops. Approximately 18.5 million visitors attended the event.

In 2024, Magnit also actively supported the Mother's Day initiative in Moscow and collaborated on other major city events, including the Moscow Marathon and Running Day.

Regional marketing

In 2024, Magnit actively developed its regional marketing programme to drive store traffic, enhance customer satisfaction, and strengthen its brand positioning as a retailer with a significant share of locally sourced products. Key highlights from the reporting year included:

- supporting 25 city days, seven religious holidays, and ten professional celebrations;
- running 11 campaigns to support the Anticompetitor programme;
- celebrating several landmark openings, including the 1,000th Magnit Pharmacy, the Store of the Future drogerie in St Petersburg, and new concept Magnit convenience stores.

Throughout 2024, Magnit offered customers loyalty promotions with instant prize redemption at the checkout. In the spring, we launched the Stickers 2 campaign featuring popular stickers with trendy images and memes. The Skrepyshi-TOP campaign followed, offering desirable prizes for children and teenagers. In the autumn, we introduced a new campaign featuring customisable magnetic keychains enabling customers to create personalised designs by swapping elements to suit their preferences and mood.

156
local festivals and fairs

3,829
festive store openings across all formats, including redesigns

>2 thous. SKUs
from local producers featured in four nationwide fairs

1 BTL (below-the-line) promotion refers to non-media advertising and sales strategies.

The participation rules for all instant-win loyalty campaigns were standardised. For every RUB 500 spent in a single receipt using the Magnit Plus loyalty card at Magnit Convenience, Magnit Pharmacy, or Magnit Cosmetic stores, customers received one prize pack. For every RUB 1,000 spent using the Magnit Plus card at supermarkets, customers earned two prize packs.

Each campaign was supported by mobile games designed to further engage customers.

By playing these games, participants had the chance to win coupons for products in Magnit stores as well as prizes from partners. For adult audiences, Magnit ran cumulative loyalty campaigns in 2024, addressing the need for household essentials. Customers could accumulate a certain number of e-magnets through participation in promotions and redeem them for significant discounts on a wide range of products such as pillows, duvets, kitchenware collections, towels, home appliances, and porcelain.

Loyalty programme

Our unique cross-format loyalty programme covers 80 million loyalty card holders and spans all our retail stores. Customers who have a plastic loyalty card or a virtual card in their mobile app get bonuses on each purchase to use as payment later. Magnit's loyalty programme also provides more exciting offers and benefits to its participants. As one example, each Magnit store has over 100 products that loyalty card holders can buy at hefty discounts.

For the Company, the loyalty programme is above all a tool to explore the preferences and shopping habits of its customers to offer products that suit them best.

During the year, the number of loyalty card holders was up by 4.7%. The share of tickets using the loyalty card reached 63% with sales penetration of 79%. The loyalty programme continues to deliver positive cross-format gains, as the share of Magnit customers visiting two and more store formats reached 41%. The average convenience store ticket of an active loyalty card user is 2.2x higher compared to transactions without a loyalty card.

In 2024, we relaunched and rebranded our loyalty programme, expanding it to cover all our offline and online formats. Now named Magnit Plus, the programme applies to all Magnit Convenience, Magnit Extra, Magnit Family, Magnit Cosmetic, Magnit Pharmacy, Magnit Delivery, and Magnit Market purchases. This enables Magnit customers to meet most of their essential needs within our ecosystem – whether purchasing food, beverages, cosmetics, medications, or selecting from over one million products on our marketplace. Loyalty programme members can enjoy multiple personalised benefits, including up to 30% cashback on favourite product categories, tailored offers, and participation in large-scale campaigns featuring valuable prizes and purchase-related gifts.

100%
of stores across all formats connected to the loyalty programme

79%
purchases made by loyalty card holders as a share of sales

80 mln
loyalty programme customers

In 2024, Magnit significantly enhanced its loyalty programme value proposition. In November, we introduced Magnit Plus Premium, a paid subscription enabling customers to increase their base cashback to 10%, select up to ten favourite product categories monthly, and enjoy free delivery. The subscription process was simplified, removing the need for manual monthly renewals. By the end of 2024, Magnit Plus Premium attracted over 250,000 active subscribers.

We also successfully transitioned part of our mass promotions to the loyalty card. This change was implemented in four stages through rigorous testing, ensuring a seamless transition that did not impact sales or profitability.

Our efforts drove an increase in loyalty card penetration from 66% to 79% of total sales by December 2024, while the number of active mobile app users reached 21.1 million.

Customer engagement is reflected in CSI[2], which rose to 67% in December 2024, compared to 62% in January 2024.

2 Customer Satisfaction Index (CSI) is metric that provides a quantitative assessment of customer satisfaction based on customer surveys and feedback.