

12.2%
net profit margin

BUSINESS OVERVIEW

Fix Price continued to expand its network, delivered on its guidance for net store openings (+751 outlets), and set industry benchmark levels for cash flow generation and adjusted EBITDA margin that stood at 18.6%. The Group also significantly reduced its debt burden, with net cash to EBITDA ratio at 0.6x (according to IAS 17)

+17.6% y-o-y
increase in the number
of loyalty cardholders
in Russia

Operating Review

Despite continued macroeconomic uncertainty and subdued consumer sentiment throughout the year, the Company enhanced its leading position in variety value retail by expanding both in Russia and the CIS countries.

Key achievements in FY 2023:

751
net store openings

+5.1%
revenue growth
year-on-year

+17.6%
loyal customer base
growth year-on-year ¹



FY 2023 Revenue and LFL Sales Performance

In 2023, our total revenue grew by 5.1% year-on-year ² to RUB 291.9 billion, primarily driven by organic expansion. Retail revenue was up 5.2% year-on-year to RUB 259.0 billion, while wholesale revenue increased by 4.7% year-on-year to RUB 32.9 billion.

The 3.1% year-on-year growth in the LFL average ticket ³ at Fix Price stores was driven by smart assortment and price point management.

In 2023, LFL traffic and LFL sales were down due to unstable macroeconomic environment and a high base from the previous year, when consumers stocked up on supplies amid escalating inflation. In the second half of the year, with the Russian rouble depreciation, consumers shifted towards big-ticket items in non-food categories rather than looking for a treasure hunt experience shopping for lower-priced goods. The Company's flexible business model enabled us to adapt rapidly to evolving

market conditions and customer needs. This was achieved by expanding the range of extreme value items, driving fast assortment rotation, and increasing the share of mid-priced and fractionally priced items in retail sales and product mix. All these efforts have contributed to improved sales performance in Q3 and Q4.

In the reporting year, LFL sales in Russian stores decreased by 5.4%. At the same time in Kazakhstan and Belarus LFL sales were up in rouble terms due to currency conversion effects from the Russian rouble depreciation. In Belarus, our stores posted LFL sales growth in local currency, driven by improved traffic despite a high base from the previous year and temporary assortment cuts due to government restrictions which negatively impacted LFL average ticket performance. In Kazakhstan, LFL traffic remained under pressure, although there was an improvement in the LFL average ticket, attributed to our robust assortment and price point management.

Revenue and LFL sales, y-o-y change, Q1-Q4 2023 ⁴, %

	Q1	Q2	Q3	Q4
Revenue	5.2	0.9	6.3	7.8
LFL sales	(5.1)	(7.9)	(2.8)	(0.9)



¹ Hereinafter, all loyalty programme data are calculated for Fix Price stores operating in Russia, unless stated otherwise

² Unless stated otherwise, all indicator changes in this section of the Report are year-on-year

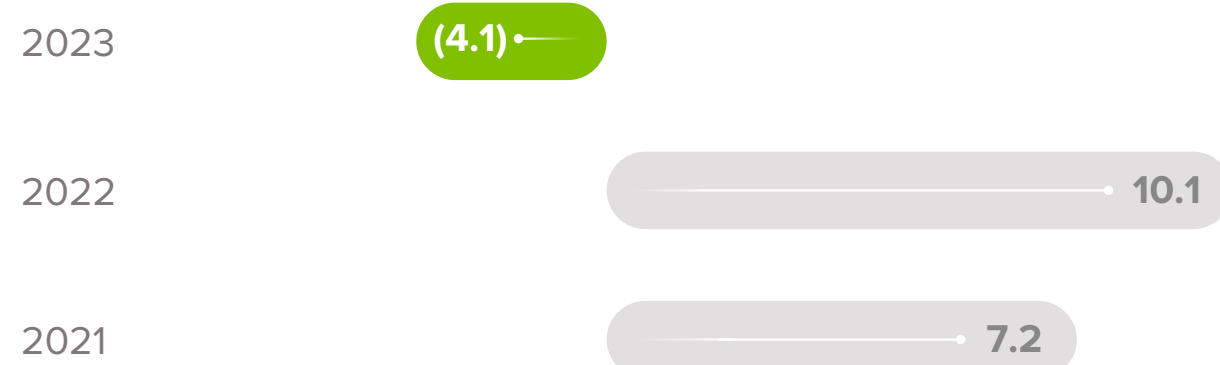
³ Like-for-like (LFL) sales, average ticket, and number of tickets are calculated based on the performance of Fix Price-operated stores that have been in operation for at least 12 full calendar months preceding the reporting date. LFL sales and average ticket are calculated based on retail sales inclusive of VAT. LFL figures exclude stores temporarily closed for seven or more consecutive days during both the reporting and comparable periods

⁴ The dynamics is calculated in comparison with the same period of the previous year

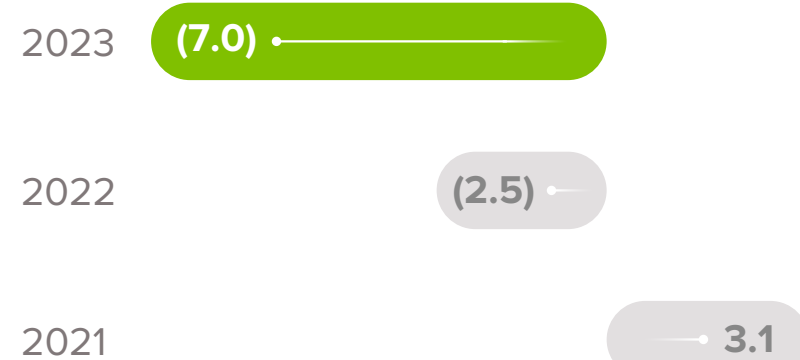
Operating Review

LFL sales, traffic, and average ticket, y-o-y dynamics, FY 2021–FY 2023¹, %

LFL sales



LFL traffic



LFL average ticket



¹ The dynamics is calculated in comparison with the same period of the previous year

Network Expansion

In 2023, the Company sustained its expansion momentum adding a total of 751 Fix Price stores (net openings) comprising 672 Company-operated stores and 79 franchise stores, consistent with its announced store opening guidance. At the end of 2023, the total store count was 6,414 marking a 13.3% year-on-year increase. The share of franchise stores remained flat from the previous year accounting for 11.0% of the total store base.

In 2023, we maintained our focus on lease rationalisation having closed 120 Company-operated stores vs 111 closures recorded for 2022. Total selling space was up by 165.3 thousand sq. m, or 13.5% year-on-year, reaching a total of 1,390.6 thousand sq. m. The average selling space of a Fix Price store was around 215 sq. m in 2023.

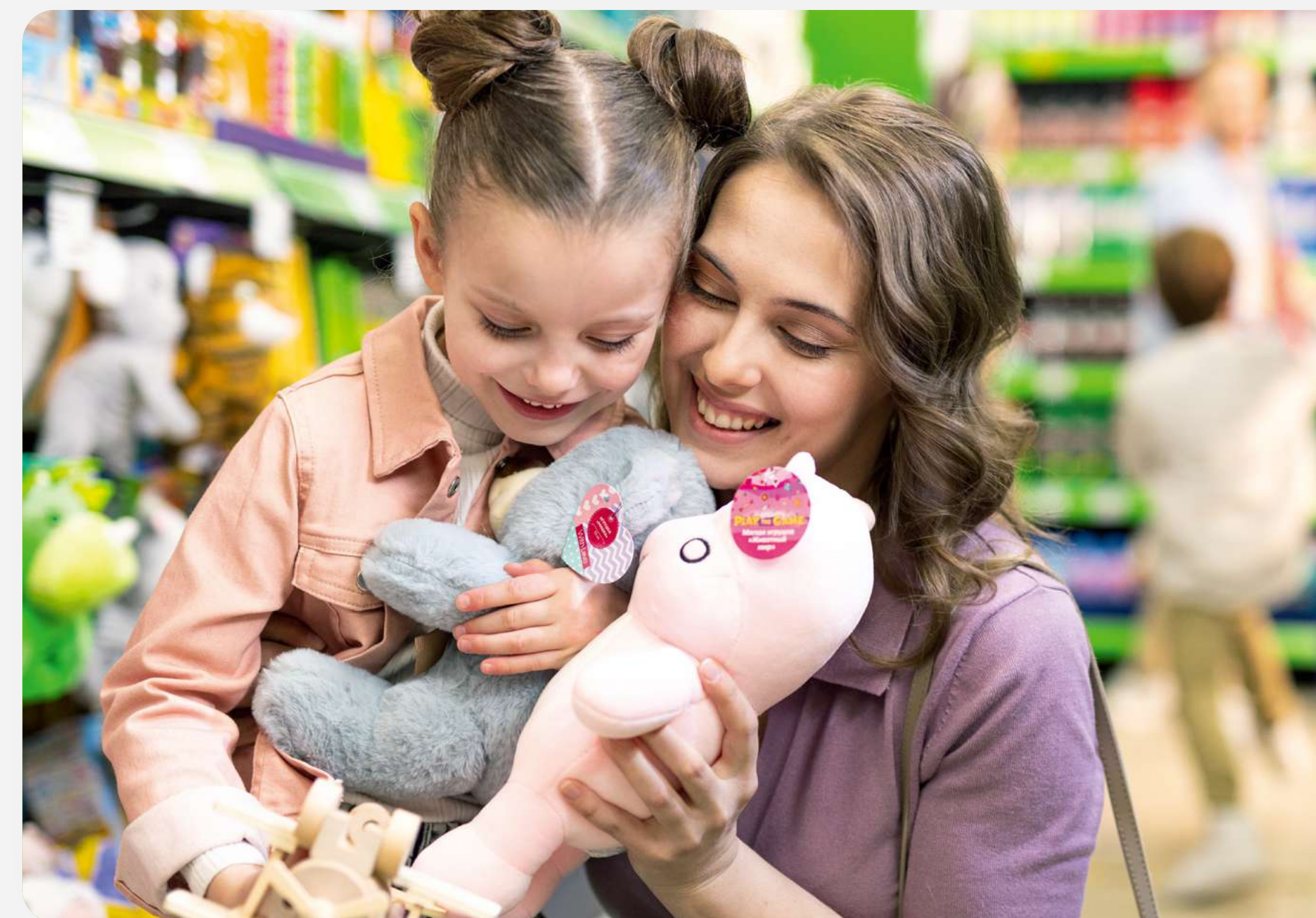
At the end of 2023, our footprint spanned 81 regions across Russia: during the year we added one new region and 118 new towns and cities encompassing both Company-operated and franchise stores across Russia.

In 2023, the Company's network expansion was not confined to Russia alone — we also expanded internationally. Nearby countries accounted for approximately 12.4% of net openings during this period. The share of international stores grew to 10.3% of our total store base.

In January 2023, the Company opened its first franchise stores in Mongolia. In May 2023, Fix Price entered the Armenian market with the opening of its first store in Yerevan, the capital of the country. At the end of 2023, we had three stores up and running in Mongolia and two in Armenia.

For 2024, we target at least 750 net store openings and an expansion into the UAE market.

703 franchise stores within the Fix Price network
spanning **9** countries at the end of 2023



Operating Review

Fix Price total stores



Fix Price selling space expansion, thousand sq. m



Assortment and Category Mix

In 2023, we continued to enhance the unique assortment offered through our network adjusting it to match the prevailing macroeconomic conditions and the evolving consumer trends. During the year, we experimented with product innovations across various price points, introduced new SKUs, and carefully refined and refreshed our existing assortment, primarily looking at demand and feedback from our customers.

To further increase customer convenience, we have also expanded our online presence by upgrading our own web storefront and collaborating with partner services.

In 2023, in a higher-inflation environment, we saw a surge in customer interest for affordable goods. Accordingly, we concentrated on curating our mid- and fractional-price product ranges. Additionally, we introduced exciting new items in home decor, accessories, and drogerie categories which typically command higher prices. Consequently, price points below RUB 99 accounted for approximately 77% of total SKUs, with their share of retail sales topping 54%. The share of goods priced above RUB 199 in retail sales climbed to 14.4%, an increase from 13.3% in 2022.

In December 2023, the Company started testing a new price point of RUB 399. Introducing new non-food and drogerie products at this price point creates a “WOW” effect, as these items are typically priced much higher in other retail chains and online stores.

Non-food items accounted for 46.9% of total retail sales in 2023, an increase from 45.2% in 2022. The share of food products decreased by 1.7 pps to 26.4% in 2023 from the high base of 2022. The share of drogerie as a percentage of total retail sales remained almost unchanged at a robust 26.7%. This reflects our product offering’s continued appeal in this category.

In 2023, party supplies, accessories, kitchenware, and pet supplies were the largest contributors to retail sales growth. DIY products and household goods have also supported our sales performance.

In the reporting year, we continued to strengthen partnerships with local manufacturers, a strategy mitigating FX risks and streamlining both production and delivery costs. As a result, the share of imports in retail sales at Russian stores declined by 68 bps to 23.2%.



Price points below RUB 99 accounted for approximately **77%** of total SKUs in 2023

¹ The total may not equal the sum of the components due to rounding

New Store Openings

Fix Price boasts a large-scale network of stores with a broad coverage across its key operating regions. At 2023-end, our network had 6,414 stores across nine countries, including 703 franchise stores. In 2023, despite external challenges, the Company showed a double-digit growth in new openings, successfully delivering on its plans to push expansion in Russia and neighbouring countries as well as to enter new markets in Armenia and Mongolia.

The Company is well-positioned to drive further expansion at the current pace of around 750 net openings (i.e. openings less closings) per year. We leverage our expertise to maintain high margins in both large and densely populated cities as well as in less affluent and smaller locations.



Fix Price opens new outlets in locations with a **population of at least 5,000 people**

~40%
of existing Fix Price stores have been in operation for **less than three years**

+751 stores
10 months average payback period per store in 2023 ¹
+13.3%
store network growth in 2023

New Openings and Site Selection

Fix Price's Store Management Department deploys an effective and comprehensive system for evaluating the potential success of new store openings. This system is powered by advanced IT solutions and ensures that site selection is based on an in-depth analysis of the site's parameters, including commercial, technical, and physical factors.

Once selected, we evaluate the site and run a feasibility study to discuss rental, repair, and equipment acquisition costs. Based on all information received, a final decision to open a store is made.

Powering through the Challenges of 2023

The Company fulfilled its expansion guidance, with the rate of new openings in line with the previous year

Fix Price's reliance on local sourcing for equipment while insourcing IT support helped us successfully scale our retail network and secure our supply chain

Capital expenditure on store openings remained flat year-on-year (significantly below non-food inflation) thanks to our streamlined store opening process, a focus on finding premises in a near ready state, and successful negotiations with landlords and refurbishment contractors

The Company paid particular attention to fostering a self-service culture by installing advanced self-service checkouts across its stores, with an additional benefit of reducing staff workload

¹ Calculated as the average for Company-operated Fix Price stores in Russia (revenue and EBITDA for 12 full months after store opening) that were opened during 2022 and were still operating as at 31 December 2023, with CAPEX fully paid back, i.e. cumulative IAS 17 EBITDA since opening exceeds RUB 4.8 million

New Store Openings

Site selection

Fix Price carefully selects its store locations. We leverage cutting-edge IT solutions to explore the untapped growth potential of each particular location. We also consider the performance of existing stores and a range of important factors, including economic, strategic, commercial, technical, and physical aspects.

LOCATION SELECTION CRITERIA:

- population over 5,000
- high footfall
- convenient access to transportation



~35%
of analysed sites pass the initial approval stage and progress to further review

Decision-making process

The Company's decision-making process assesses the project's financial metrics and also the current condition of the potential location through site visits. If the site passes the feasibility study, we proceed to rent negotiations. During negotiations with the landlord, we update our estimate of total CAPEX and, if it is within our target range, sign the lease agreement. The next stage involves fitting out the store, hiring staff, sourcing store equipment and merchandise, and preparing advertising materials for the new location.

WE EVALUATE:

- the quality of the property
- the scope to implement our standard layout and access for deliveries

FINANCIAL APPRAISAL COVERS:

- revenue and EBITDA
- payback period
- NPV

LANDLORD NEGOTIATIONS SEEK:

- short-term leases
- RUB-denominated rent for Russian stores
- revenue-linked, variable rate lease contracts to provide more flexibility
- any necessary repairs to be carried out at the expense of the landlord

Store monitoring

We monitor store operations using video cameras and proprietary IT solutions, including mobile apps for employees. Store managers and directors can check business performance of their outlets via tablets or smartphone apps in real time. All stores regularly undergo audits to ensure they meet necessary requirements.

OUR DAILY MONITORED KPIS INCLUDE:

- revenue vs budget
- LFL dynamics (incl. traffic and average ticket)
- loyalty card sales
- audit results
- store ranking across the entire network and within store sub-groups

STORE AUDITS ASSESS:

- assortment and stock levels
- trading floor cleanliness
- employee compliance with service standards
- uninterrupted equipment operation
- no misleading price tags or advertising materials
- no expired products
- planogram compliance
- availability of necessary documents and compliance with applicable requirements

Store maintenance

Store maintenance focuses on compliance with all building and sanitary codes as well as strict safety regulations. We strive to provide uniform standards of service for customers across all chain stores. As such, we continuously work on store renovation, including redesign to improve navigation and product display. When required, maintenance can include the refitting of lighting and outdated equipment.



~12%
of analysed sites result in a store opening

~30 days
standard lead time for a new opening

New Store Openings

ECONOMIC AND STRATEGIC CONSIDERATIONS

We assess all economic, geographic, and strategic factors when considering locations for new stores. This includes a thorough analysis of population size (with a focus on cities and other locations with 5,000 or more inhabitants) and the level of competition in each of the targeted locations.

COMMERCIAL CONSIDERATIONS

Population density and transport links are crucial factors when it comes to site selection. We carefully analyse footfall, site accessibility by foot, car, and public transport, as well as road traffic density near the store. The type of surrounding construction, local business and social infrastructure, industrial buildings, and the commercial environment in general are also important for the final investment decision. Our stores are located in shopping malls as well as in standalone buildings.

TECHNICAL AND PHYSICAL CONSIDERATIONS

We pay close attention to the technical and physical parameters when assessing a potential store location. This includes the proportions and size of the store, local utilities, traffic patterns, and so on. The ability to fit a site's layout within Fix Price corporate standards and establish correct backroom logistics systems is also vitally important. We carefully assess the condition of the premises and their parameters, including floor level and space available for deliveries. If we open a location in a shopping mall, we evaluate other retailers in the mall and gauge site visibility from the mall entrance or from across the store's floor.

Decision-Making Process

Our store launch process is almost fully automated through the use of advanced IT solutions and end-to-end analytics of selected locations. To this end, we update our proprietary corporate database of potential store locations on a regular basis. This database enables us to quickly collect and process information on new store opportunities while factoring in all relevant factors in line with the Group's strategy.

The next step, after selecting a location for a potential new store, is a site visit by a Fix Price team to survey the physical condition of the premises. Adjacent retail outlets are also considered.

We also perform the project's economic modelling and financial appraisal. As part of the appraisal, we prepare a feasibility study of the potential site, including an estimation of store performance metrics such as revenue, EBITDA, payback period, and NPV. All results are reviewed by Fix Price's Investment Committee, which makes a final investment decision or recommends revising the project's commercial terms. Following approval, the launch typically takes 60 days, including about 30 days to finalise the agreement and 30 days to prepare the store for opening.

If a location is approved by the Investment Committee, we enter into rent negotiations. Where negotiations are successful, we update our estimate of total CAPEX and, provided it is within our target range, sign the lease agreement.

¹ Based on CAPEX for stores opened in 2023, including IT equipment



We favour short- and mid-term leases of less than three years with revenue-linked floating rates as these terms provide flexibility in any economic conditions.

The final stage involves fitting out the store, hiring staff, sourcing equipment and merchandise, and preparing advertising materials for the new opening. This process is overseen by the Company-operated Stores Development Service, which supports regional operational managers within their respective area of responsibility.

RUB **4.8** million
average capital
expenditure for a new
Company-operated store
in Russia ¹



New Store Openings

Store Monitoring

In line with Fix Price's push towards the automation of all in-store operations, we have developed and constantly update a range of user-friendly mobile apps for our staff. Store employees can use them to check their store performance in real time.

Our apps enable Fix Price employees to:

- find out all necessary information about a product and its availability, including at other stores
- contact the head office help desk for support
- check stock levels
- save time on routine tasks
- track key performance indicators (KPIs) for their store, including total sales, LFL sales, loyalty card sales, and more

Store managers also have access to the FP Audit, a dedicated app to manage ongoing tasks such as stocktaking, store cleanliness, and stock management. The app also offers full product information for employees to deal directly with customer enquiries. As the app is integrated with the Company's IT infrastructure, management can monitor store performance, including store KPIs, in real time.

We regularly audit our stores, focusing on assortment, cleanliness, and checkout experience, including cash handling. We also check equipment, price tags, advertising materials, expiry dates, planogram compliance, employee compliance with service standards, availability of necessary documents, compliance with applicable requirements, and much more. As an additional control measure, store managers can use in-store video camera recordings. Should performance against any of these metrics drop below 90%, we undertake extensive store checks and a detailed investigation into any underperforming indicators.

Queue Monitoring

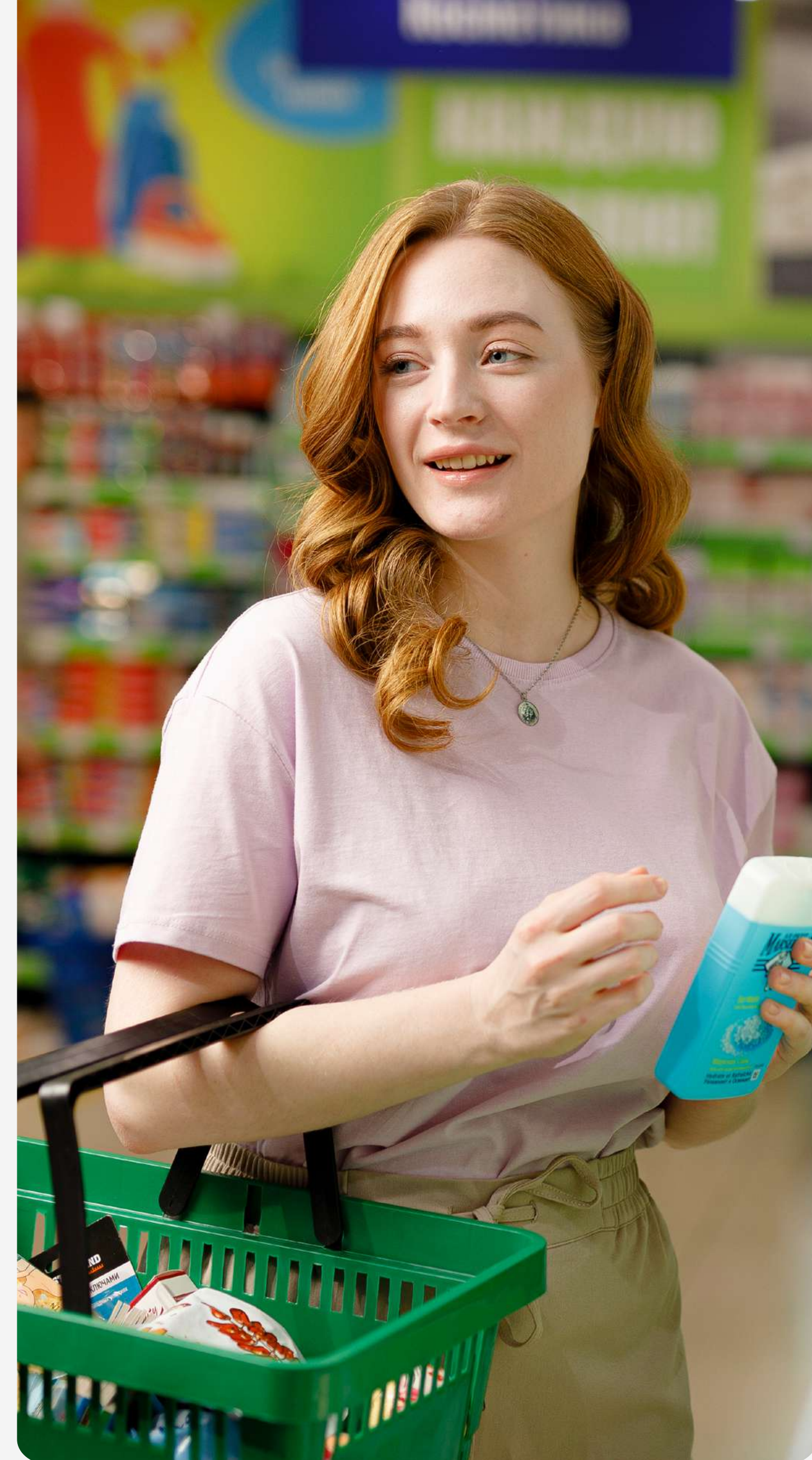
In 2023, Fix Price piloted a computer vision-powered solution to detect queues at checkouts. The technology is piloted in seven stores to streamline their performance during peak hours.

We use automated queue monitoring to track the number of customers in the store in real time and promptly take measures to minimise queues. Two months after the pilot launch, targeted stores saw a 2% rise in average footfall.

In 2024, we will continue to roll out the queue monitoring solution across our store network.

We leverage advanced IT solutions to scale standardised processes and improve staff performance

2% average store footfall increase thanks to queue detection technology at checkouts



New Store Openings

Store Maintenance

Fix Price store maintenance focuses on compliance with applicable building and sanitary codes, as well as safety regulations. The Company's sales department conducts regular audits to ensure such compliance. We replace outdated or broken equipment in-house or via contractors to ensure a uniform shopping experience for customers across all our stores.

In 2024, we will strive to continue improving efficiency of our new openings and expand our retail network by at least 750 stores, including opening the very first Fix Price store in the United Arab Emirates.

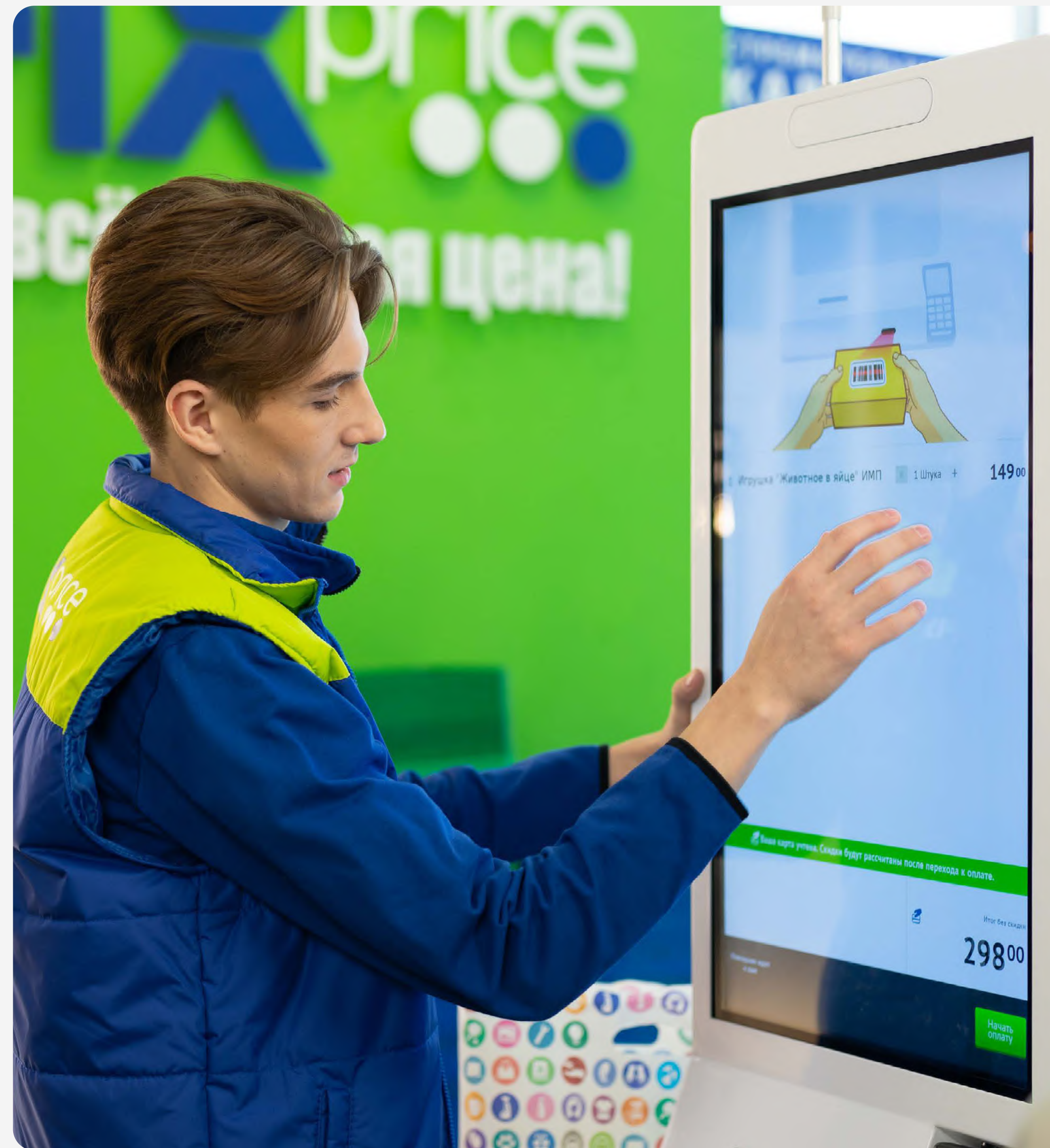
Store Renovation

Fix Price continued renovating its network in 2023. We refreshed stores across the Krasnodar Territory, the Rostov, Nizhny Novgorod, and Orel Regions, as well as in other regions. We replaced retail equipment, cash registers, and lighting, retrofitted sales areas with air conditioners, and renewed floor and ceiling coverings as well as advertising signage.

As part of these efforts, we also installed self-service checkouts across the network to improve and speed up customer journey.

RUB **2.8** million per store — average capital expenditure on refurbishment for a Company-operated store in Russia

In 2024, we plan to maintain our renovation efforts, including by installing advanced equipment and at least **1,200** self-service checkouts



IT Infrastructure

To unlock growth and maintain the resilience of business processes across our store network, we are strongly focused on embedding advanced technologies across electronic document management, remote store monitoring, supply chain tracking, and HR management.

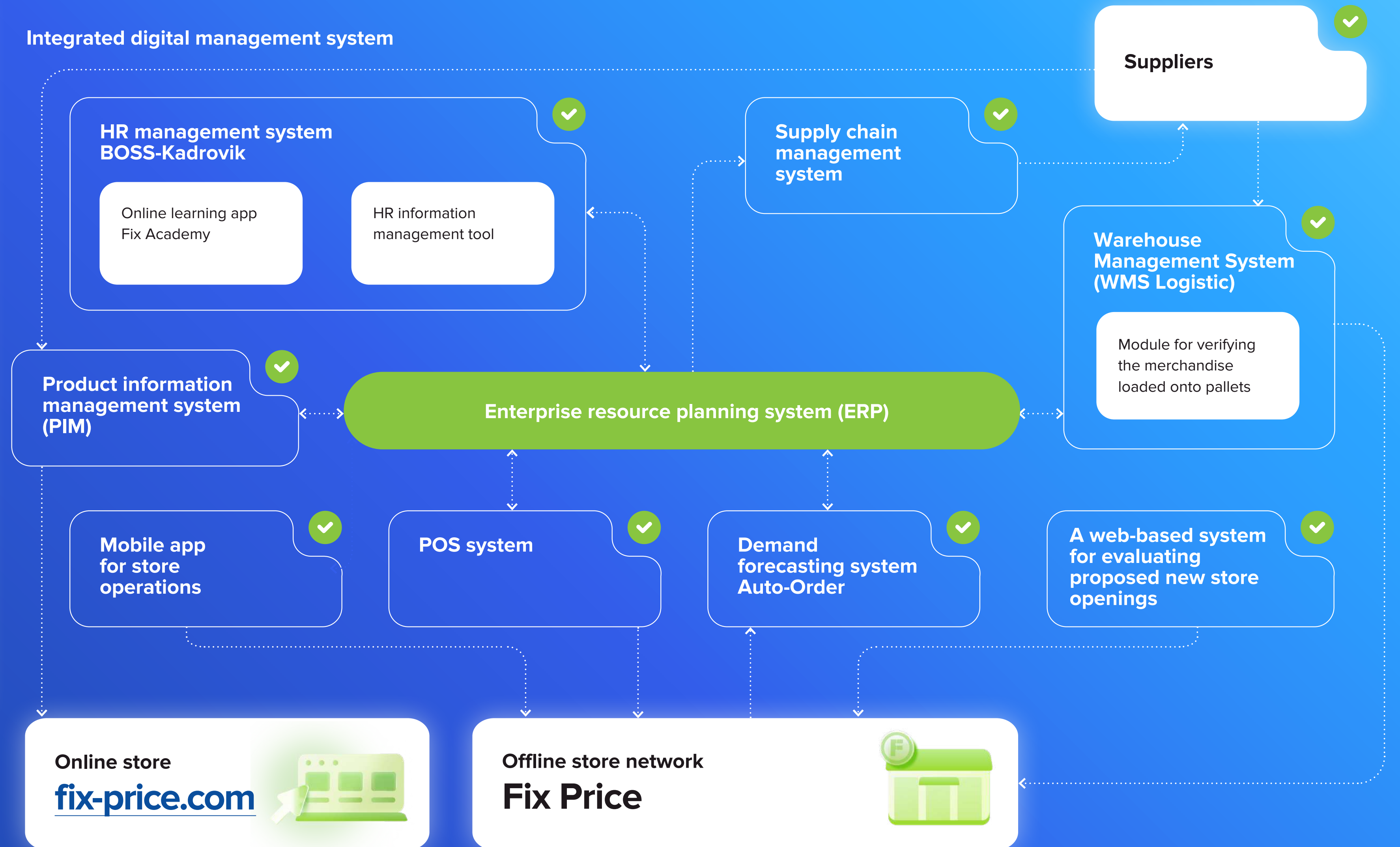
Digital technologies enable rapid scaling and support future growth while saving employee time and streamlining costs in the current market environment.

Along with standard digital systems supporting financial and transactional accounting, the Company leverages a number of proprietary IT solutions that are tailored to its specific operating model while also driving model efficiency. Throughout 2023, our proprietary software ensured that goods were supplied seamlessly to stores and key components were delivered smoothly to support the openings of new distribution centres.

Enterprise Resource Planning System

The enterprise resource planning (ERP) system is the cornerstone of Fix Price's complex IT infrastructure, providing a one-stop shop to handle an array of tasks such as managing monetary funds, goods, and materials; procurement and pricing procedures; and internal systems at stores and the head office, including HR and Finance. At every stage, inventory turnover, financial flows, and accounting can all be managed from within the ERP system.

Integrated digital management system



IT Infrastructure

INFORMATION MANAGEMENT TOOL

Integrated into the ERP, electronic document management provides a tool to promptly create, approve, forward, and archive documents thus eliminating paperwork. Employees across all units have online access to the electronic document management system which greatly accelerates approvals and gives us full control over internal corporate communications.

VISUALISATION MODULE

ERP leverages an embedded KPI visualisation module to promptly collate business analytics data into formats that support rapid decision making. This tool automatically draws all the necessary data from various sources into a single application, enabling the Fix Price management team to track operational performance and business risks in real time.



Supply Chain Management

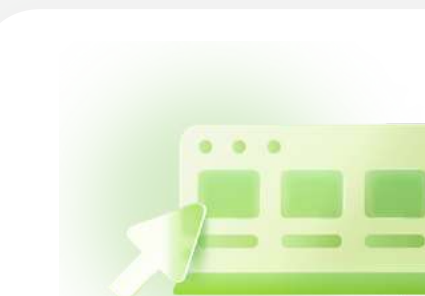
By means of advanced software solution, Fix Price automates repetitive tasks around managing deliveries, import supplies, customs support, logistics, verifying certification, calculating planned and actual costs, etc.

Warehouse Management System (WMS)

In 2023, we rolled out a major update to our WMS Logistic software system which is specifically tailored to managing our warehouse operations in real time. After migrating to the new unified version, the system has enabled us to streamline fine-tuning procedures, accelerate the implementation of new features, and ensure that all distribution centres operate smoothly. WMS Logistic combines a number of cutting-edge solutions, including a module for verifying the merchandise loaded onto pallets which enables our logistics teams to check the actual weight of a loaded pallet at both entry and exit points of distribution centres. This technology provides a robust safeguard against delivering incorrect orders to stores, as poorly packed pallets can be repacked at a warehouse, unlocking time and cost savings. Whenever a difference of 0.8x or more is detected in the actual weight of the lightest box on the pallet, the pallet is rejected and sent to the security team's control area, where the error can be identified and corrected. The security function ensures that no poorly packed pallets are sent out to stores.

Product Information Management (PIM) System

In another innovative first for the Company, in 2023, we automated product data collection and storage for the fix-price.com online store through our PIM system. This initiative has enabled us to use the system to create a single database containing all information about our products; fill in missing data, primarily through partners / suppliers; automate and simplify data entry for goods; export data to other systems; and reduce the product upload time to the online store. By giving suppliers a PIM account, we are now able to receive offers for large numbers of potential goods sidestepping human error and long back-and-forth communication. The system helped consolidate data collection and processing for goods making this process more convenient for everyone and reducing the risk of data loss or inaccessibility.



In 2023, we automated product data collection and storage for the fix-price.com online store through our PIM system.



IT Infrastructure

Store Management

Mobile Solutions for Store Operations

We developed an Android mobile app to automate all store management processes in real time via tablets or smartphones. It enables store managers to view and track the tasks at hand and report on their progress in real time. The app allows users to monitor the condition of store premises remotely, place orders online, write off goods, generate inventory reports, and create store maintenance and repair tickets. In the reporting year, a module for measuring store performance was also added.

Demand Forecasting System

To improve the overall efficiency of inventory management across stores, the Company developed Auto-Order, a system that automates restocking orders for each store.

POS System

Fix Price deployed a POS system with broad functionality, which is designed to collect real-time transaction data from cash registers. The data are automatically fed to the centralised ERP system to support day-to-day management of the product mix. We aim to further improve our POS system to enhance our unique value proposition and keep up with modern retail trends.

Web-System to Streamline New Store Openings

The suite of IT services developed by the Company in-house has fully automated the data collection process for available real estate and calculates the economics of opening a new store in a particular location. The web-based system greatly simplifies the store-opening process while saving employee time.

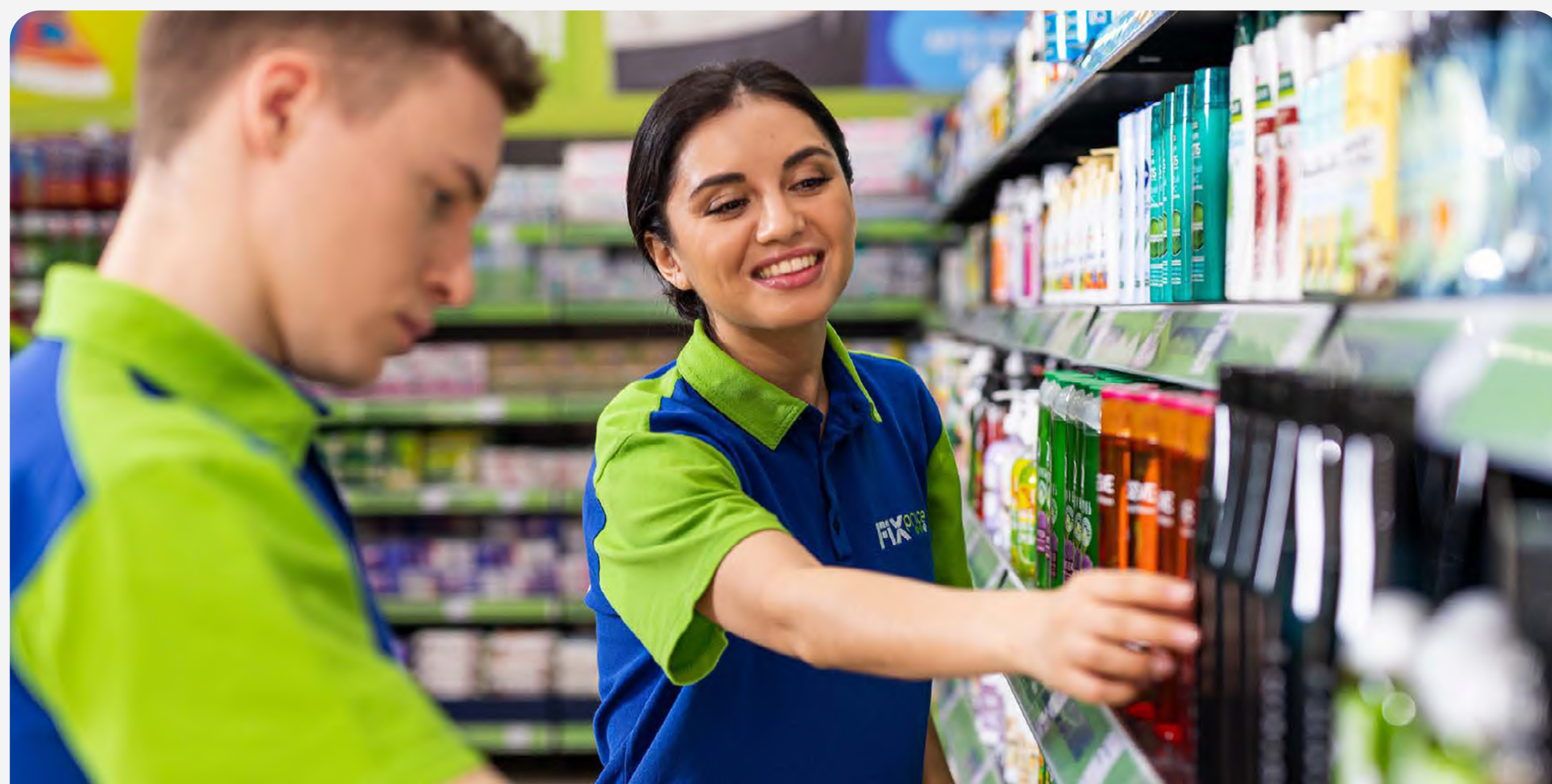
HR Management

BOSS-Kadrovik HR Management System

The BOSS-Kadrovik analytics system, integrated with other systems, automates routine HR tasks, including tracking timesheets and calculating staff salaries for all stores and distribution centres.

HR Information Management Tool

In 2023, a new electronic HR document management system was launched to automate routine tasks around HR document management, such as creating, sending, signing, reviewing, and approving documents. It has simplified and accelerated relevant processes while reducing the risk of errors and boosting the performance of our HR unit.



Fix Academy

In 2023, we continued to fine-tune Fix Academy, a remote learning app for our employees. The updated interface features convenient tools for reading and listening to various courses, taking qualification tests, and creating new courses and guides on various subjects.

Harnessing Artificial Intelligence

Our team keeps abreast of the times and actively explores technological innovation. In the reporting year, an AI-powered support ticket classifier was deployed on our existing service management system to automate the processing of initial requests to IT support, the HR unit, and other functions. Having gathered a significant amount of structured data, we were able to successfully launch a pilot, train the necessary AI models, and achieve an interim result with request recognition exceeding 85%. Going forward, the Company plans to continue leveraging big data-enabled AI technologies.

IT Infrastructure

Staying ahead on Cybersecurity

Throughout 2023, the number and severity of cyber threats continued to grow. Our IT teams worked hard to protect the Company's online assets against hacker attacks and to reduce the number of phishing attempts targeting our customers. To effectively combat cyber threats, the Company has deployed an anti-fraud system to protect potential customers from fake pages and websites that mimic our retail chain for the purpose of fraud. In 2023, corporate IT solutions helped identify and neutralise 5 phishing websites, 1,699 fraudulent web pages, and 155 social media accounts that were posing as the Company.

Fix Price initiated three large-scale security resilience tests (pentests) in 2023 to shore up cyber defences across our IT infrastructure. The tests were run by external providers to ensure the best possible solutions are found to combat existing cyber threats. In addition, an internal audit of personal data security systems and processes was arranged to test compliance with the requirements of Russian legislation.

In the reporting year, our DDoS-protection system was improved and a new, Russian-made, off-the-shelf system for monitoring internal security threats was deployed. On top of that, the Company's IT specialists developed standards and processes for analysing the code used to improve the security of corporate software products.

Comprehensive data security system

Automated system for identifying critical vulnerabilities in the server and network infrastructure

identifies and fixes software vulnerabilities and defects, installs missing patches, and detects malware and misconfigurations in various operating systems, devices, and applications

Specialised data protection system

provides a backup of entire servers and access to virtualisation systems, thereby minimising the recovery time of systems in case of a failure

Smart data leak protection (DLP) system

detects and counters the unauthorised dissemination of confidential information, as well as the misuse and illegal use of Company resources

Identity management system (IDM)

enables centralised management of user accounts and access rights in corporate systems

On-site proxy server and firewall

ensures protection against attacks, filters unwanted traffic, and prevents unauthorised access



In 2023, corporate IT solutions helped identify and neutralise

5 phishing websites

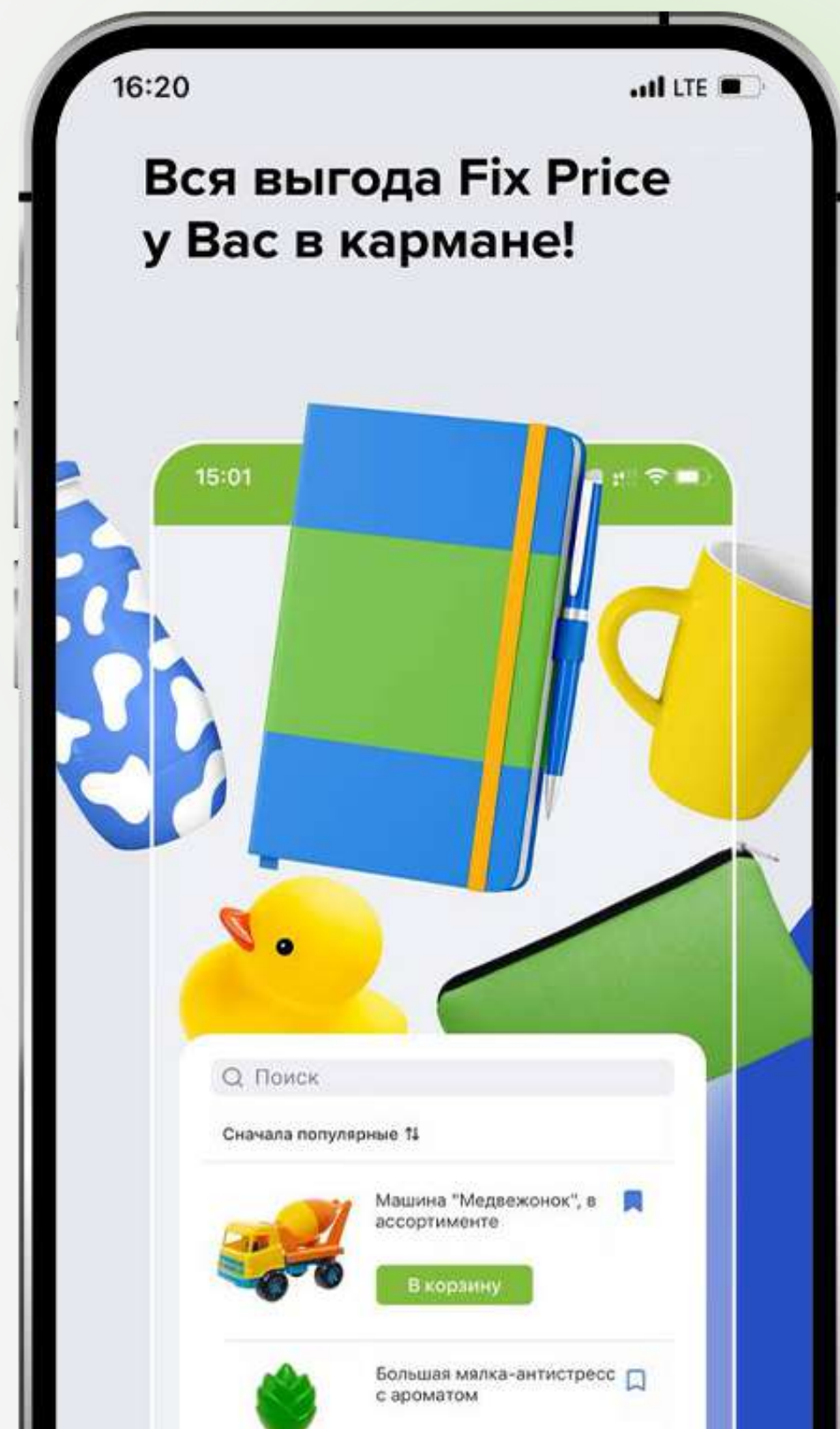
1,699 fraudulent web pages

155 social media accounts that were posing as the Company

IT Infrastructure

Improving the Customer Experience

Fix Price's business is built around providing superior service to customers while rolling out advanced innovations and technologies across all processes at our checkouts. This approach allows us to drive customer loyalty and enhance our value proposition.



Self-Service Checkouts

Since the beginning of 2022, self-checkouts have been installed at all new Fix Price stores in Russia. Self-checkouts cut staff workloads during peak traffic hours and unlock more opportunities for driving footfall to stores and optimising costs. Self-checkouts have dramatically reduced queues at checkouts and sped up payment processing. In 2023, the number of self-checkouts in operation hit 2,500, with the share of in-store purchases made through them averaging 33%. In the future, we plan to grow the number of self-checkout machines in our stores, targeting 1,200 new self-checkouts installed at existing stores in 2024 (excluding newly opened stores).

QR Payments

We seek to make the in-store shopping experience for our customers as seamless and convenient as possible. Our stores support services that enable payments through the Bank of Russia's Faster Payment System (SBP) using QR codes generated at the checkout. This option allows Russian shoppers to instantly receive and transfer money fee-free. Most Russian banks are connected to the SBP, and our customers can pay for their purchases from their usual banking app on their mobile phones without using a bank card.

E-Receipts

In 2023, like many other Russian retailers, we continued transitioning to paperless receipts. This migration helps our customers to have a more convenient way to track their expenses. It also helps us to reduce costs and improve the reliability of cash registers. Given the scale of our network footprint, we expect the wide use of e-receipts to contribute to reducing the level of household waste.

Mobile App for Customers

Although we have traditionally focused more on brick-and-mortar retail, we continue to actively enhance the functionality of our mobile app for those who want to shop online. Through the app, customers can place orders for either home delivery or in-store pickup. The application was launched on Android in 2018 before coming out on iOS a year later, and was added to Huawei's AppGallery in 2022.

A System for Tracking Sales of Labelled Products at Checkout (SET Mark)

SET Mark Centrum technology is tailored to prevent human error at checkout. It is geared towards assisting with tasks around tracking labelled products, preventing sales of counterfeit goods, deterring theft, and preventing foul play by competitors. In 2023, additional product groups subject to mandatory labelling were added to the system.

LED Panels in Stores

In 2023, Fix Price successfully piloted a project to equip stores with LED screens showcasing its product ranges and compelling promotions across the chain, as well as job vacancies at the Company. The first phase of a massive rollout of LED panels was slated for Q1 2024 in stores located primarily in shopping malls and featuring showcase walls near the entrance. LED display software enables content to be configured and administered centrally, so that it perfectly suits the specific needs of individual stores or the entire network.

SET Loyalty Service (SLS)

SLS is the ultimate tool for processing any number of coupons reliably and quickly. It has been rolled out across all stores in our chain.

In 2023, the number of self-checkouts in operation hit

2,500

with the share of in-store purchases made through them averaging

33%

Queue Control System in Stores

In 2023, the Company launched an automated solution to detect queues at checkouts using computer vision. Its key purpose is to drive more traffic to stores and boost customer loyalty by alerting staff to open additional checkout lanes during peak traffic. If the number of customers queueing exceeds a set limit, the store manager receives an alert to open an additional checkout lane. The system also monitors traffic and queue data, which are subsequently used to improve the store network's performance.

Supply Chain Management



Our strong sourcing capabilities and distribution platform are vital to supporting Fix Price’s geographic expansion, maintaining our low pricing, and ensuring that we have sufficient stock on a store level that can be quickly rotated. Our supply chain is, therefore, a crucial element of the Company’s business model and represents one of our key competitive advantages.

In 2023, we maintained our focus on making our supply chain more resilient through effective and proactive expansion of our distribution centre network, streamlining logistics, and consolidating mutually beneficial relations with suppliers.

Fix Price sources about

~79%

of its products domestically, enabling a stable supply of goods

Our supply chain includes:



Suppliers

Sourcing

Fix Price has built an effective system of searching for new suppliers and building partnerships with manufacturers who have been reliable partners for the Company for many years. We maintain mutually beneficial relations with all suppliers, driven by transparency, trust, and respect.

Our business scale, fast decision-making process, and continuously growing and well-predictable volume of purchases help us obtain attractive propositions for manufacturing unique products for our stores, while our suppliers, in turn, ramp up their market share and grow together with the Company.

Key focus areas in assortment management in 2023

- Attracting new suppliers both in the Russian and international markets, primarily in China
- Strengthening relations with local producers
- Optimising the cost of goods manufacturing without compromising quality through an in-depth analysis of the production cycle together with suppliers
- Improving or modifying products together with manufacturers to offer the best proposition in the market
- Actively testing new SKUs to identify the most popular categories

Supply Chain Management

Our competitive edge



- An extensive, steadily growing network of stores with a wide product range
- Mature and sustainable supply chain
- In-depth understanding of customer behaviour
- Transparent and fast decision-making process

11 teams
in the **Category Management Department**

Fix Price strives to follow a transparent procurement model. We search for new suppliers both via an [open platform](#) for submitting commercial offers on the Fix Price website and through bidding procedures held by a team of category managers between the manufacturers that we are interested in. We use an electronic trading system (CISLINK) to obtain favourable supply terms through the bidding procedures.

When making a decision, we pay particular attention to the ability to manufacture and customise the products that we need on a scale as well as to set the best price for customers compared to available alternatives. As a result, Fix Price offers in-demand products across different price points and ensures fast assortment rotation and our unique treasure hunt customer experience.

We work closely together with suppliers throughout the entire production cycle. This starts from ideation for product development and its customisation right up to reaching store shelves. Fix Price negotiates customisable features of our products with suppliers, including packaging, taste, design, weight, and other characteristics, leveraging our market position and scale to obtain the best purchase price.

Our Category Management Department is responsible for developing the product range at the Company. The Department is divided into 11 teams, each acting as a full-cycle commercial unit for its respective product category. This flat organisational structure provides fast decision-making and substantial flexibility around product mix management.

The Department's functions include:

- selecting SKUs and negotiating supplier agreements
- managing Fix Price's private labels
- handling returns and interacting with the Marketing Department
- managing inventories at distribution centres
- preparing shipment documents and delivering necessary products to stores

When ordering products in a category, our teams make decisions based on historical data, LFL sales in previous periods, and changes in customer behaviour. Our category managers also thoroughly analyse top industry trends while screening social networks for relevant themes and actively visiting international supplier exhibitions.

Fix Price takes a responsible approach to selecting its partners, relying on rules and guidelines set out in the following corporate regulations:

- Business Ethics Policy (Code of Conduct)
- Modern Anti-Slavery and Human Trafficking Policy
- Anti-Bribery and Corruption Policy

These policies, inter alia, leave no room for forced or child labour and ensure the human rights of suppliers' employees. We require our suppliers to comply with applicable laws and the Company's applicable internal policies.



Supply Chain Management

Supplier Base

Fix Price has a large, predominantly domestic supplier base. In 2023, the number of our active suppliers grew to 560 compared to 509 in 2022. This increase was driven by our successful effort to source new manufacturers and reinforce partnerships with existing suppliers. We paid particular attention to securing stable supplies for our most popular product categories.

Through our team’s professionalism, we managed to maintain and diversify our assortment, all while keeping prices low.

Our top five and ten suppliers accounted for 20 and 29% of the Company’s cost of goods sold, respectively, in 2023. The top-five suppliers were primarily Chinese agents that work directly with hundreds of manufacturers in China.

We continued increasing the share of small and medium-sized local manufacturers we buy from. That said, we maintained our supply volume levels and reinforced our product range with Russian brands. From among the CIS countries, we increased supplies from Belarus and Uzbekistan, mainly by importing household chemicals and cosmetics.

In 2023, approximately 79% of our products were locally sourced, almost 1 pp higher than in 2022. Food, cosmetics, and apparel are all more or less sourced locally, while toys, kitchenware, household goods, and accessories remain mostly imported.

We will continue to maintain and diversify our range of SKUs as well as to ensure low prices.

Our plans for 2024 include:

- Strengthening our relations with existing suppliers and expanding partnerships with domestic producers and suppliers from other countries, including China, India, Vietnam, and Turkey
- Increasing the share of products in our product mix at our new price point of RUB 399, primarily in categories such as clothes, home decor, and kitchenware
- Expanding our seasonal assortment and the range of holiday-themed items
- Developing the line of locally produced goods, including private labels
- Ensuring rotation of products while maintaining our universal product range across the whole network
- Running campaigns for the New Year, Christmas, Valentine’s Day, etc.



Principal Supply Terms and Conditions

Fix Price generally enters into standard framework contracts with suppliers which provide for general terms, such as the rights and obligations of the parties, quality and packaging of the supplied goods, and guarantee terms. The price terms and product range are stipulated in corresponding appendices to these contracts and are subject to periodic review. The Company provides the supplier with an order for each individual delivery specifying the assortment and quantity of goods to be delivered based on established price lists and assortment strategies.

When ordering products from abroad, Fix Price requests product samples from suppliers, which then undergo product certification by independent agencies. If the product fails certification due to product defects or other reasons, the order is subsequently cancelled.

+

560

active suppliers

in 2023

Supply Chain Management

Distribution Centres

As at 2023-end, the Company operated 13 modern distribution centres (DCs) with a total space of 484,226 sq. m, including eight owned DCs located in Pushkino and Vnukovo (Moscow Region) as well as in Yekaterinburg (two warehouses), Saint Petersburg, Novosibirsk, Domodedovo, and Krasnodar. Five leased DCs are located in the Novosibirsk, Voronezh, and Samara Regions as well as in the Republic of Tatarstan and in Kazakhstan. Our DCs are strategically located across our retail chain's footprint in Russia and neighbouring countries. Almost 100% of the Company's stock is delivered directly from suppliers to our DCs for onward transportation to stores. Some SKUs are transported directly to stores (e.g. ice cream which requires certain storage temperatures).

Fix Price DCs as at 31 December 2023

Location	Total storage area (sq. m)	Owned / leased	Lease expiry date
Pushkino, Moscow Region	27,774	Owned	–
Vnukovo, Moscow Region	27,840	Owned	–
Yekaterinburg	22,061	Owned	–
Novosibirsk	44,117	Leased	June 2025
Saint Petersburg	35,581	Owned	–
Kazan	32,865	Leased	March 2027
Krasnodar	67,272	Owned	–
Voronezh	27,971	Leased	December 2027
Samara	37,162	Leased	March 2032
Novosibirsk	23,387	Owned	–
Domodedovo (new)	66,925	Owned	–
Yekaterinburg (new)	68,019	Owned	–
Astana (new)	3,252	Leased	December 2025
Total	484,226		

In March 2023, Fix Price commissioned a new distribution centre in Domodedovo, measuring a total of 66,925 sq. m. The built-to-suit ¹ facility is owned by the Company.

Also, in March 2023, Fix Price opened a small distribution centre in Astana, Kazakhstan, with a total space of 3,252 sq. m. The Company leases this warehouse facility, which serves our stores in Kazakhstan and stores locally sourced products.

Another Company-owned distribution centre was opened in Yekaterinburg in late 2023. The 68,019-sq. m warehouse supplies stores in the Urals, Siberian, and Volga Federal Districts as well as in Kazakhstan. China- and Russia-made loading equipment has been purchased for this facility.

In 2023, Fix Price increased the total number of its DCs to

13

The following DCs commenced operations:

..... an owned DC in **Domodedovo** with a total area of **66,925 sq. m**

..... an owned DC in **Yekaterinburg** with a total area of **68,019 sq. m**

..... a leased DC in **Astana, Kazakhstan**, with a total area of **3,252 sq. m**



By placing in operation its new facilities, the Company is not only increasing the total space of its distribution centres but also contributes to the improvement in the well-being of local residents through generating employment. For example, the launch of three distribution centres in 2023 has created several hundreds of jobs

¹ A model where the warehouse construction project is customised to suit the specific requirements of the customer

Supply Chain Management

Centralised warehouse logistics management

In 2023, Fix Price continued automating its logistics business processes.

For instance, we have teamed up with **LogistiX Group** and successfully launched a centralised monitoring, control, and change management project across our distribution centres. The new solution is enabled by the **LEAD WMS** system and offers a modern user-friendly interface.

The implementation of a centralised approach to warehouse logistics management across all Company distribution centres has considerably accelerated our document processing.



Transportation

All of our transportation needs for product delivery services are outsourced to a number of third-party logistics companies. Usually, Fix Price enters into open-ended contracts with these outsourcing companies that allow us to run regular tenders and offer performance incentives. The performance, pricing, and selection of these outsourcing companies are periodically reviewed to ensure a high level of delivery service at an optimal cost.

When Fix Price imports products, it engages a variety of land and sea transportation operators or other agents involved in transportation from overseas to Russian ports and to our DCs. All imported goods receive customs clearance. The customs clearance process is overseen by customs brokers.

In 2023, we were able to stabilise our logistics and prioritise optimal transportation routes, which were actively tested during the previous year. Delivery prices and lead times have also become more predictable. However, we are continuously monitoring alternative supply chains and expanding our pool of shipping partners.

In 2024, we will continue putting every effort into identifying new routes and logistics solutions to keep supply deliveries running smoothly and on-time.

Powering through the challenges of 2023

- We shipped priority goods via reliable transportation routes by engaging **trusted shipping agents** to deliver on-time.
- Proactive efforts of our Logistics Department meant **uninterrupted supplies of seasonal and promotional goods**.
- We continued testing **new onshore and offshore routes**, primarily engaging logistics companies from China and Turkey, which enabled us to significantly mitigate risks associated with delivery times and costs.
- **About 30%** of imported products were delivered **by rail**.
- We **expanded our base of suppliers** producing Russian-made goods.



Financial Review¹

Fix Price revenue growth for 2023 was primarily driven by organic expansion. We delivered double-digit net profit increase of 66.8% year-on-year and an industry-leading adjusted EBITDA margin² of 18.6%. Thanks to our significant cash cushion, we continued to reduce our leverage, further strengthening the Company's financial stability. As a result, the Company's IAS 17-based net cash to EBITDA ratio improved to 0.6x from 0.04x as at 31 December 2022.

18.6%
adjusted
EBITDA margin

Key financial indicators over 2021–2023

RUB billion	2023	2022	2021	Change y-o-y, 2023 / 2022
Revenue	291.9	277.6	230.5	5.1%
Gross profit	99.2	92.0	73.4	7.8%
Gross profit margin, %	34.0	33.1	31.8	84 bps
Selling, general and administrative expenses (SG&A) excluding LTIP and depreciation and amortisation (D&A) expenses	(45.6)	(39.1)	(30.2)	16.5%
As % of revenue	15.6	14.1	13.1	152 bps
Adj. EBITDA	54.2	54.2	44.2	0.03%
Adj. EBITDA margin, %	18.6	19.5	19.2	(95 bps)
Net profit	35.7	21.4	21.4	66.8%
Net profit margin, %	12.2	7.7	9.3	452 bps
Net (cash) / debt under IAS 17	(22.6)	(1.7)	12.7	1,267.4%
Net (cash) / debt to EBITDA under IAS 17	(0.6x)	(0.04x)	0.4x	–
CAPEX	6.6	12.0	6.3	(45.4%)
As % of revenue	2.2	4.3	2.7	(208 bps)

66.8%
net profit increase
y-o-y

0.6x
IAS 17-based
net cash to EBITDA
ratio



¹ All financial data in this section are presented in accordance with IFRS 16, unless otherwise stated. The Company has been using this standard since 2019. At the same time, the Company continues to disclose some metrics in accordance with IAS 17. Any discrepancies in calculations are due to rounding

² EBITDA adjusted for long-term incentive programme (LTIP) expense. EBITDA is calculated as profit for the given period before income tax, net interest income / (expenses), depreciation and amortisation, and foreign exchange gain / (loss)

Financial Review

P&L Highlights

In 2023, Fix Price's **revenue** rose by 5.1% to RUB 291.9 billion on the back of growth in retail revenue by 5.2% year-on-year and in wholesale revenue by 4.7% year-on-year. Retail revenue of RUB 259.0 billion was driven by organic Company-operated store expansion, with 672 new stores opened during the reporting period, while LFL sales were down by 4.1% year-on-year. Wholesale revenue reached RUB 32.9 billion, supported by new franchise store openings (+79 new stores in 2023). The share of wholesale revenue in Fix Price's total revenue remained flat year-on-year at 11.3%.

Gross profit rose by 7.8% to RUB 99.2 billion, with **gross margin** up by 84 bps, from 33.1% in 2022 to a record 34.0% in 2023, reflecting the robust management of the merchandise and price point mix. During the year, the gross margin growth was supported by proactive management of assortment matrix and cost of sales, higher share of non-food products in retail sales, strong performance in Kazakhstan and Belarus, and restored reserves for inventory shrinkage and losses in Q4 2023.

In 2023, **selling, general and administrative expenses (SG&A)** increased by 18.4% to RUB 61.9 billion, compared to RUB 52.3 billion in 2022. SG&A expenses as a percentage of revenue were up by 237 bps year-on-year to 21.2% due to an increased share of staff costs (excluding LTIP expense) as a result of a highly competitive labour market and the store network expansion as well as higher depreciation and amortisation expense, bank charges, advertising costs, and other expenses.

SG&A expenses were also affected by the first payments under LTIP of 0.4% of revenue made in the reporting year. The overall increase in SG&A expenses was partially offset by reduced shares of rental and repair and maintenance expense in the revenue.

Staff costs (excluding LTIP expense) were up by 139 bps year-on-year to 11.5% of revenue as a result of the Company's efforts to improve its position mainly through salary indexation amid increased competition in the labour market, as well as due to headcount growth as new distribution centres were proactively opened.

In 2023, **rental expense under IFRS 16** decreased by 18 bps year-on-year to 0.6% of revenue (0.8% in 2022) as revenue deceleration led to a lower share of the variable component in the rental expense mix.

At the same time, **rental expense under IAS 17** were up by 23 bps year-on-year to 5.0% of revenue, reflecting the increased impact of fixed lease contracts (35% of the total lease portfolio), which are not sensitive to store revenue performance, and the fixed component of variable lease contracts.

D&A expense increased by 45 bps year-on-year from 4.7% of revenue in 2022 to 5.2% in 2023. The share of **depreciation of right-of-use assets** was up by 34 bps year-on-year to 3.9% of revenue due to assets growth on the back of store network expansion, openings of new leased DCs, and a negative operating leverage effect. The share of **other depreciation and amortisation expense** rose by 11 bps year-on-year to 1.2% of revenue due to new openings of own DCs.

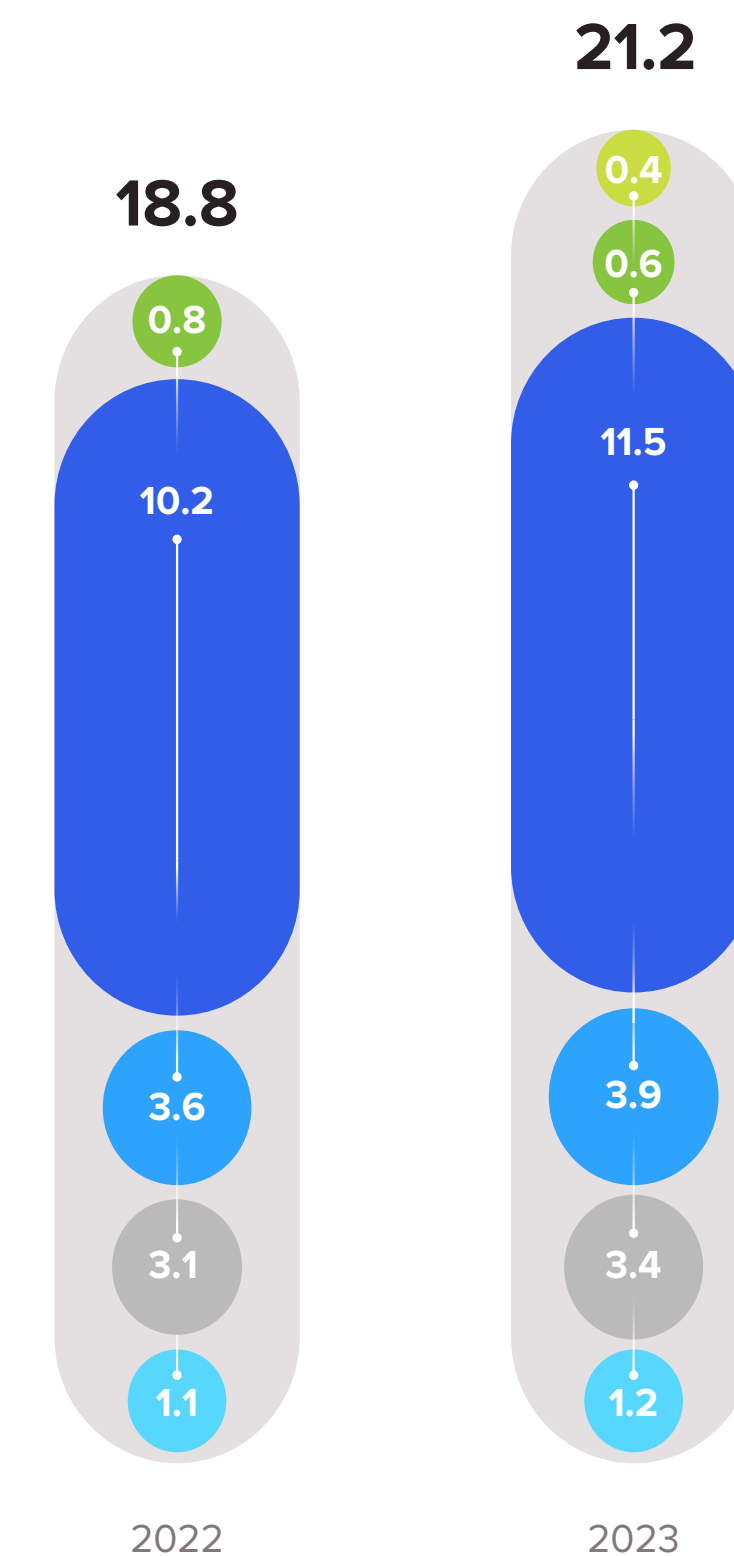
Bank charges climbed by 21 bps year-on-year to 1.2% of revenue, reflecting a growing share of bank card transactions and a low base effect from 2022, when between 18 April and 31 August 2022, the Bank of Russia cut acquiring charges for bank card transactions of businesses selling socially-important products and services.

Advertising costs were up by 6 bps year-on-year to 0.3% of revenue due to an increase in the number of marketing campaigns run during the year. **Costs for security services, repair and maintenance, utilities, and other expenses** remained flat year-on-year at 0.7%, 0.4%, 0.3%, and 0.5% of revenue, respectively.

Other operating income and the share of profit of associates fell by 27 bps year-on-year to 0.2% of revenue, as the Group suspended the recognition of income from the depositary bank arising from the IPO in response to prevailing uncertainties over developments in the Western regulatory framework.

As a result, adjusted **EBITDA** remained flat year-on-year at RUB 54.2 billion, and **adjusted EBITDA margin** was 18.6%, as the gross margin growth was offset by an increase in SG&A expenses.

SG&A breakdown in 2022–2023,
% of revenue

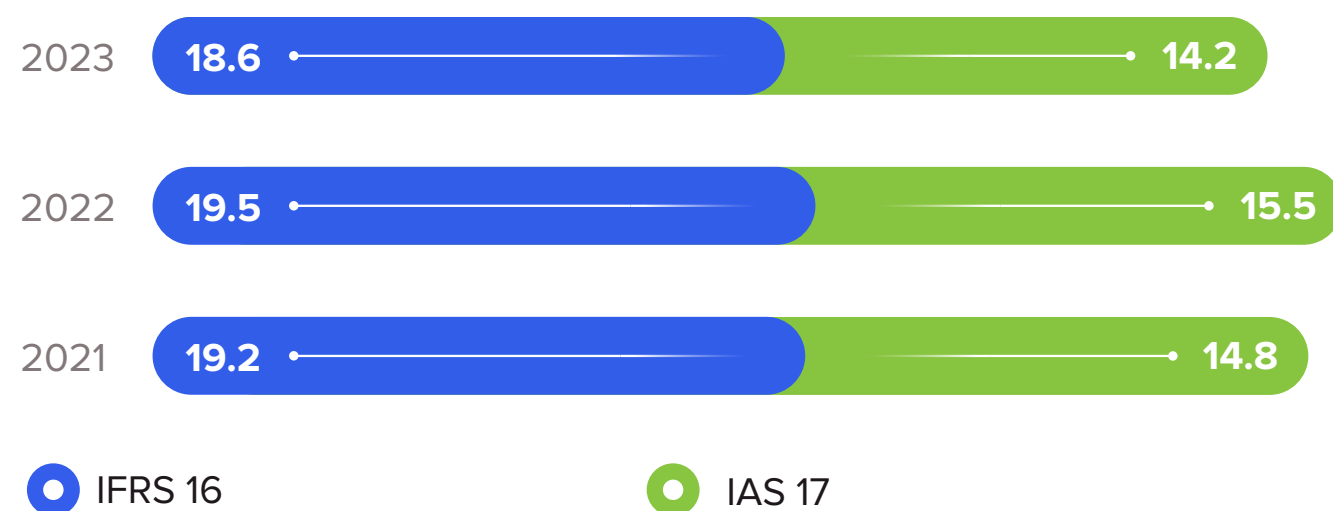


- Staff costs (excluding LTIP expense)
- Depreciation of right-of-use assets
- Other D&A
- Rental expense
- LTIP expense
- Other

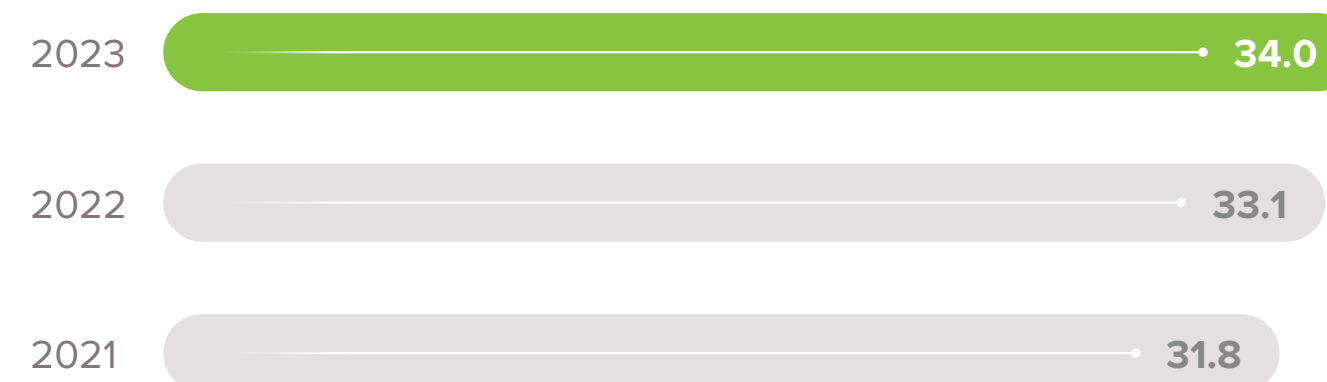
Financial Review



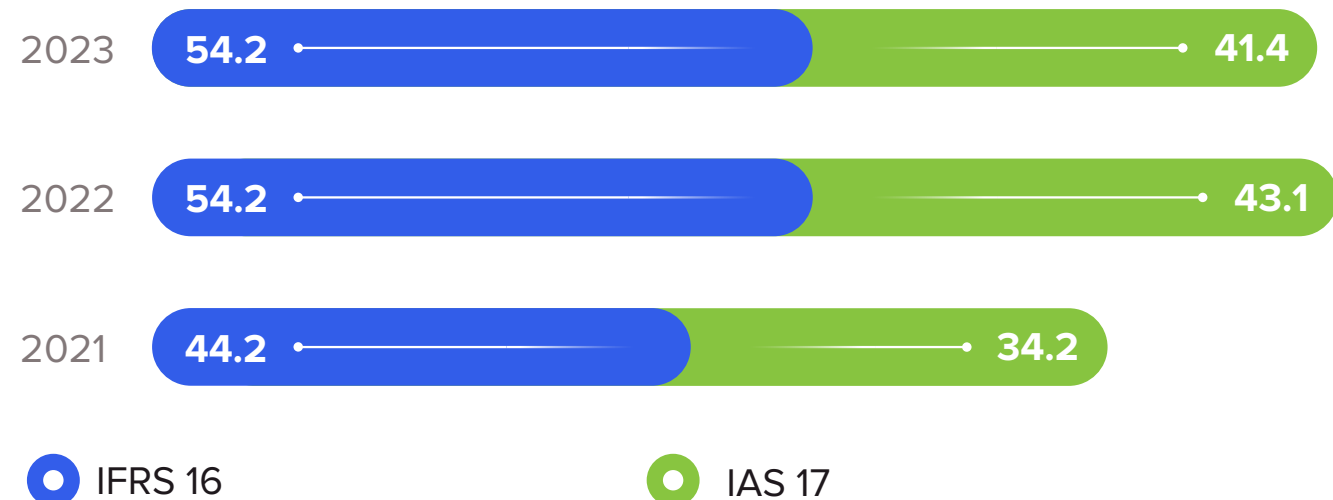
Adjusted EBITDA margin over 2021–2023, %



Gross margin over 2021–2023, %



Adjusted EBITDA in 2021–2023, RUB billion



RUB 35.7 billion
Fix Price's **net profit**
in 2023

+66.8% y-o-y

Net finance costs declined by 85.4% from RUB 3.0 billion in 2022 to RUB 439 million in 2023 on the back of reduced borrowings and a higher interest income from the Group's bank deposits. This was partially offset by greater interest expense on loans and borrowings and lease liabilities due to higher interest rates.

In 2023, the Group recorded a **net FX gain** of RUB 550 million, compared to a loss of RUB 234 million in 2022. This was due to a weaker Russian rouble and the resulting gain on the revaluation of intragroup rouble-denominated accounts payable of the Group's international entities. Other tailwinds included a gain on the revaluation of the Group's foreign currency-denominated bank accounts and deposits, which was partially offset by a loss on the revaluation of yuan-denominated trade accounts payable.

The Group's total **income tax expense** decreased by 85.8% from RUB 16.4 billion in 2022 to RUB 2.3 billion in 2023 due to a high base effect of the previous year, when the Group made an income tax provision. The Group reassessed its tax risks during the reporting year, leading to a release of the tax provision. This was partially offset by a one-off windfall tax of RUB 1.0 billion paid in Q4 2023 following a decision by the Russian Government to levy this tax on big business.

As a result, Fix Price's **net profit** in 2023 increased by 66.8% to RUB 35.7 billion, with a net profit margin of 12.2% – a robust growth from the 7.7% rate achieved in 2022.

Financial Review

Financial Position and Cash Flow Highlights

In 2023, Fix Price continued to strengthen its financial position by further reducing debt burden and improving net cash position.

Current loans and borrowings decreased by 43.0%, or RUB 7.6 billion, to RUB 10.0 billion in 2023, as the Company maintained its focus on debt repayment amid rising interest rates, using accumulated cash reserves.

Non-current loans and borrowings increased by 7.4% to RUB 4.7 billion in the reporting year.

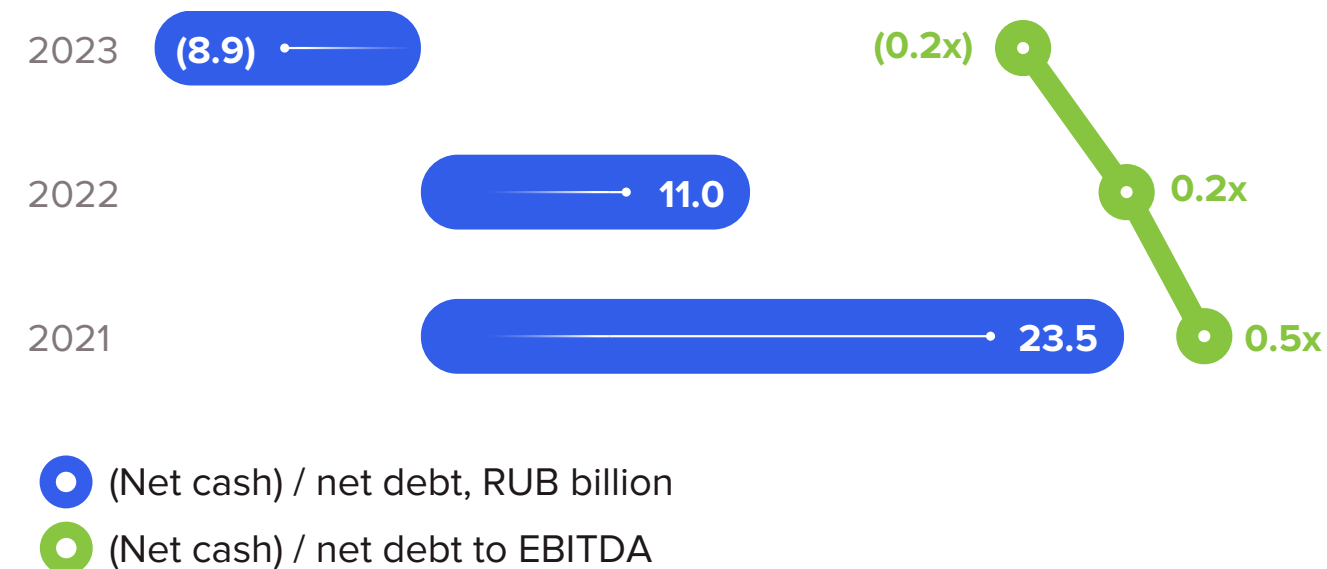
Total loans and borrowings declined to RUB 14.7 billion as at 31 December 2023.

Lease liabilities grew to RUB 13.8 billion from RUB 12.6 billion at the start of the year, driven by an increase in the number of lease contracts on the back of store network expansion. As a result, Fix Price's **total loans, borrowings, and lease liabilities** amounted to RUB 28.5 billion, down by 17.6% from the start of the year.

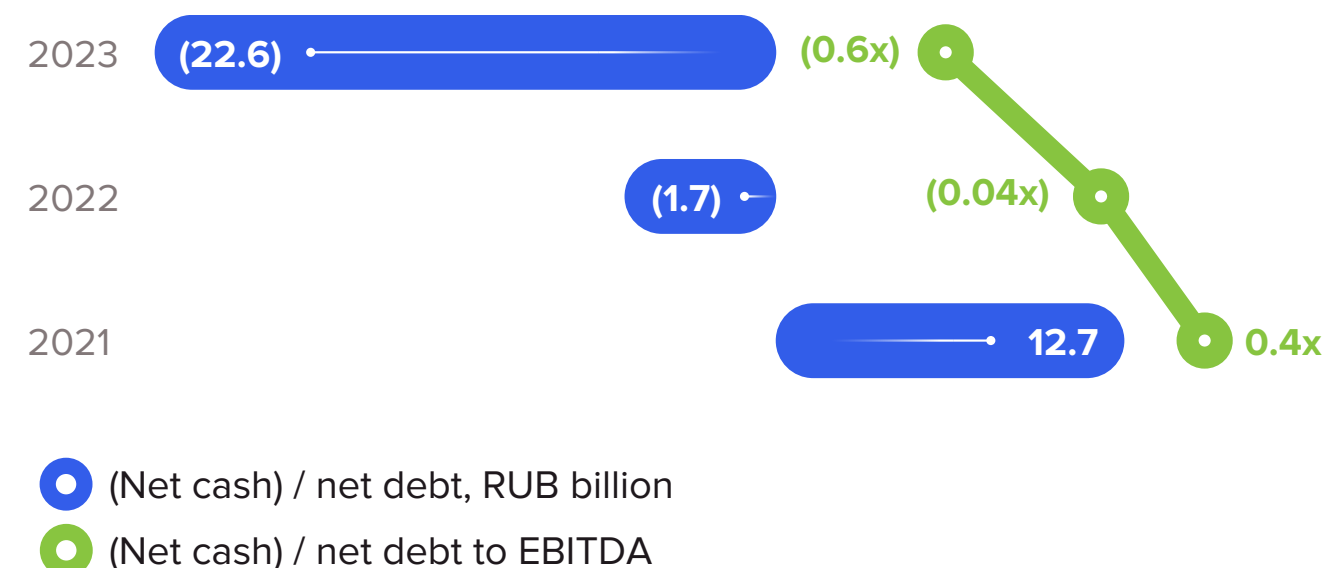
The Company's IAS 17-based **net cash position** increased significantly year-on-year from RUB 1.7 billion as at 31 December 2022 to RUB 22.6 billion as at the end of the reporting period, on the back of accumulated cash reserves. The Company's **IAS 17-based net cash to EBITDA** ratio improved to 0.6x from 0.04x as at 31 December 2022.



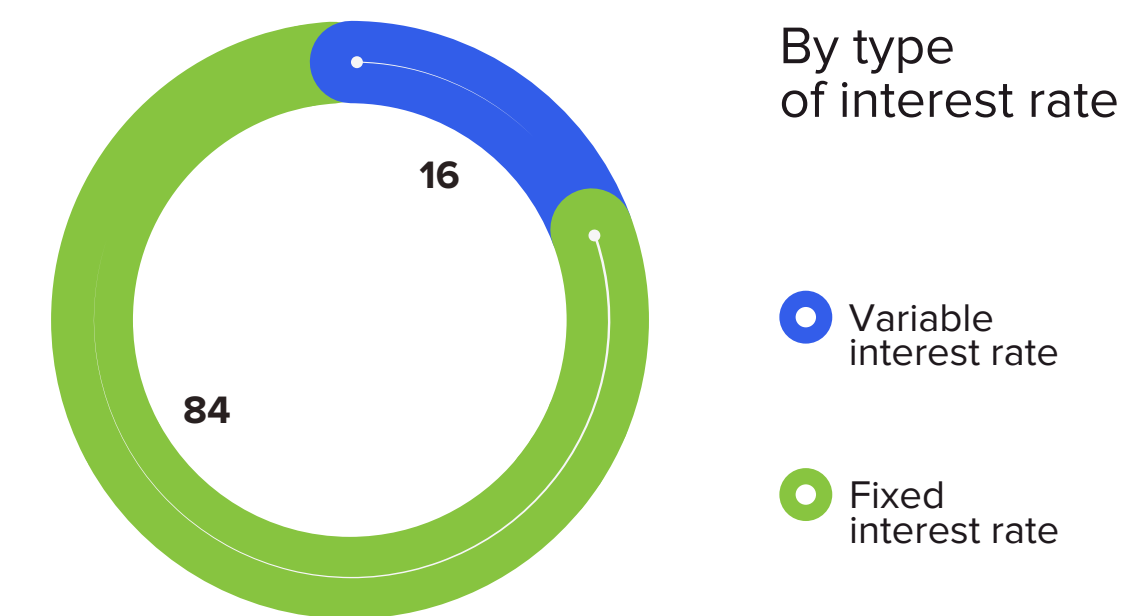
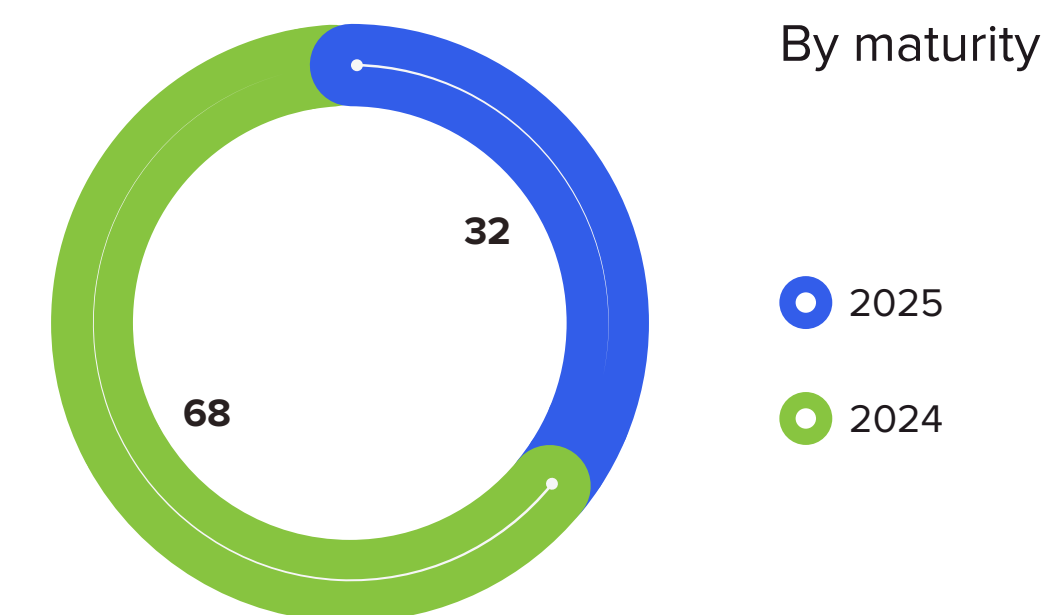
(Net cash) / net debt and (net cash) / net debt to EBITDA under IFRS 16 in 2021–2023



(Net cash) / net debt and (net cash) / net debt to EBITDA under IAS 17 in 2021–2023

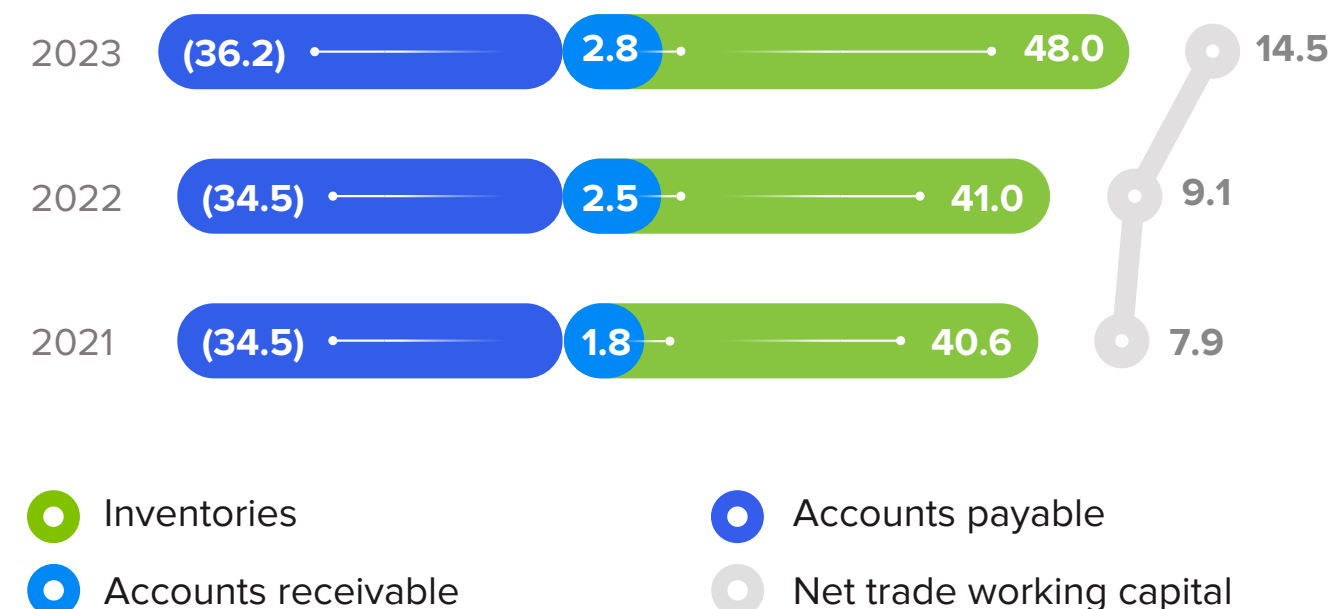


Loans and borrowings as at 31 December 2023
100% of loans and borrowings are denominated in roubles

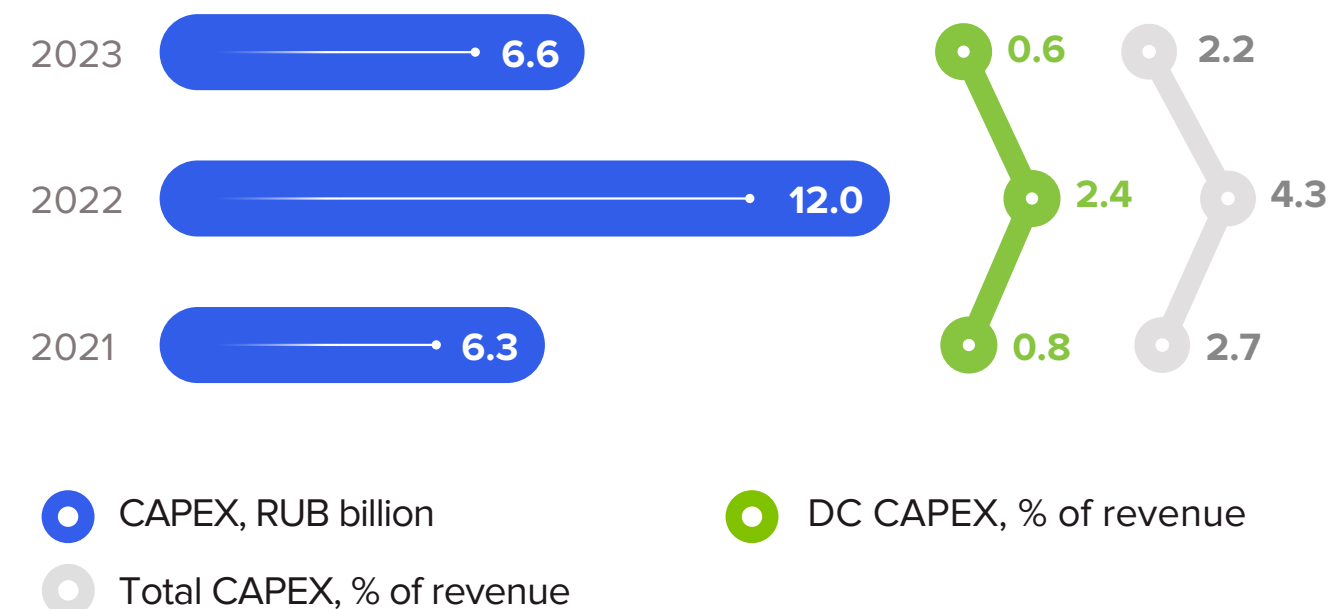


Financial Review

Net trade working capital¹ over 2021–2023, RUB billion



CAPEX² over 2021–2023



CAPEX amounted to

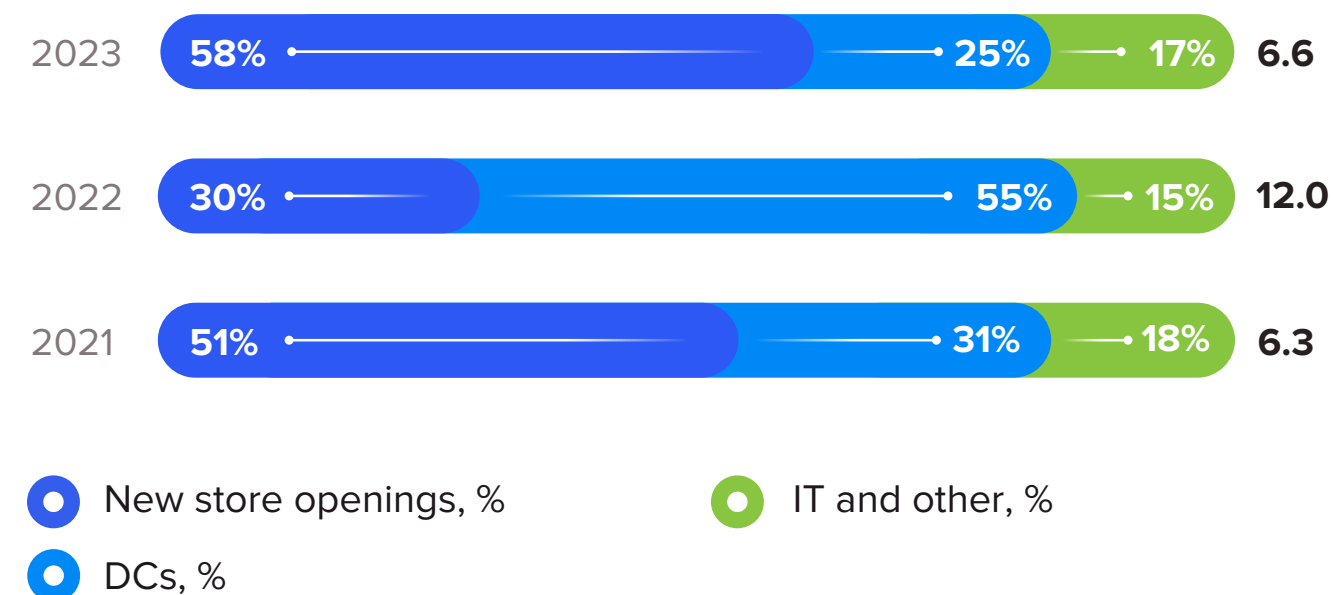
RUB 6.6 billion

in 2023

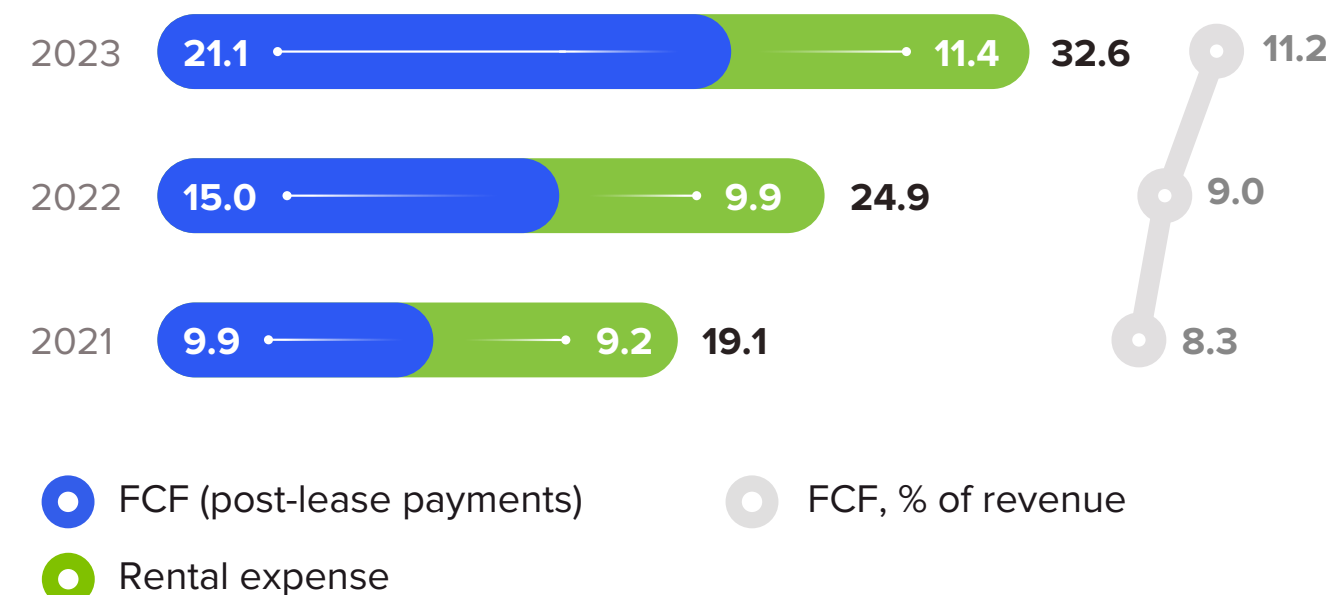
Towards the end of 2023, the Company leveraged its significant accumulated cash reserves in a high interest rate environment to work with suppliers on a prepayment basis in order to improve the commercial terms of procurement. This positively impacted the Group’s gross profit for the year but resulted in an increase in **net trade working capital** to RUB 14.5 billion (5.0% of revenue) as at 31 December 2023, compared to RUB 9.1 billion (3.3% of revenue) as at 31 December 2022.

CAPEX amounted to RUB 6.6 billion in 2023, compared to RUB 12.0 billion in 2022, due to lower investments in logistics infrastructure, as the active construction phase for distribution centres started in 2022 was completed as scheduled. CAPEX as a percentage of revenue decreased from 4.3% to 2.2% year-on-year.

CAPEX structure, 2021–2023, RUB billion



FCF³ over 2021–2023, RUB billion



¹ Net trade working capital is calculated as inventories plus receivables and other financial assets less payables and other financial liabilities
² Capital expenditure is calculated as cash flow related to the purchases of property, plant and equipment and intangible assets for the relevant period
³ Free cash flow is calculated as net cash flows generated from operating activities less net capital expenditures (calculated as the purchases of property, plant and equipment and intangible assets less proceeds from sale of property, plant and equipment)