

CEO's Statement

Dmitry Kirsanov,
CEO



RUB **291.9** billion
revenue



18.6%
adj. EBITDA margin



Dear shareholders,

Last year was turbulent, but despite the volatile environment, the Fix Price team remained committed to their strategic priorities leveraging every opportunity to safeguard the interests of our customers, employees, and shareholders.

The challenges the Company faced in 2023 highlighted the strength and flexibility of its business model: the ability to adapt and grow while consistently offering customers a unique selection of high-quality products at attractive prices.

In the reporting year, we continued on our growth trajectory: we met our target for net store openings and delivered revenue growth, thereby cementing the Group's leadership in the variety value retail market. Once again, we set industry benchmarks for profitability and cash flow generation and reduced the Group's debt burden significantly.

Network Expansion and Supply Chain Reinforcement

In the reporting year, Fix Price continued to expand its geographic footprint both in Russia and abroad by entering two new markets, Mongolia and Armenia. In 2023, we also maintained our pace of expansion by adding 751 stores to our network, including 672 Company-operated stores and 79 franchise stores.

It is important to note that we are able to maintain high levels of efficiency when it comes to opening new stores. Specifically, the average store payback period in 2023 was 10 months, while 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.

CEO's Statement

+792
gross openings
of Company-operated
stores ²

+141,000 sq. m
DC space growth in 2023

+3
distribution centres



Robust assortment management, strict product quality control, and a particular focus on customer needs allow Fix Price to always lead in the variety value retail market with its potential for

18,600 stores
in the key countries where
the Company operates ¹

In 2023, we launched two distribution centres in Russia: one in Domodedovo (measuring 67,000 sq. m) and the other in Yekaterinburg (measuring 68,000 sq. m). We also leased a 3,000 sq. m distribution centre in Astana to supply our stores in Kazakhstan. By the end of 2023, we had 13 modern DCs with a total area exceeding 484,000 sq. m.

I am proud to say that, in the face of external challenges last year, our team's well-coordinated efforts enabled us to ensure uninterrupted deliveries of popular products to our customers, despite constant changes in logistics processes and global transportation routes. We expanded our domestic supplier base significantly while continuing to cooperate with key foreign producers.

Sustainable Financial Performance

In 2023, Fix Price's revenue grew by 5.1% on a year-on-year basis, to RUB 291.9 billion. Through robust assortment and supplier management, we were able to improve our gross margin and partially offset an increase in staff costs driven by a highly competitive labour market. As a result, despite the continued market uncertainty, we delivered strong profitability across all metrics in 2023 — gross margin reached 34.0%, adjusted EBITDA margin stood at 18.6%, and net profit margin hit 12.2%.

¹ Source: INFOLine
² Excluding store closures

I would like to emphasise that the first payment under our long-term incentive programme (LTIP) set up to develop and retain the Company's key talents was made in 2023. The programme has created a lot of interest among employees, so on top of being a retention incentive for current participants, it is also helping to stimulate development among our talent pool.

Leadership in the Variety Value Retail Market

Robust assortment management, strict product quality control, and a heightened focus on customer needs enable Fix Price to remain the leader in the variety value retail market, which has potential for 18,600 stores in the key countries where the Company operates ¹.

In 2023, we continued refining our unique value proposition. Our experts are constantly exploring current trends, studying changes in consumer preferences, and testing new products across a range of price points. Meanwhile, 77% of our SKUs in 2023 were priced at RUB 99 or less.

Our customer loyalty programme remains an important tool for driving sales in our stores as well as a source of valuable feedback about our products and services. About 3.8 million people joined our bonus programme last year, bringing the number of loyalty cardholders in Russia to nearly 26 million.

9 countries
of operation in 2023

13
modern DCs

>484,000
sq. m total area of our DCs

6,414
stores

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Enhancing the Customer Experience and Streamlining Operating Processes

We also focus on improving the shopping experience at Fix Price stores. For instance, we tested a computer vision-powered queue detection technology at seven Fix Price stores in 2023. The service analyses the images captured by video surveillance cameras and determines the level of in-store footfall. If the number of customers in the queue exceeds a set limit, the store manager receives an alert to open an additional checkout lane. Two months after pilot stores introduced the technology, their average traffic increased by 2% compared with stores not using the solution. As a result, we decided to roll out the service at every store operated by Fix Price in Russia.

Since 2022, newly opened stores have been equipped with self-service checkouts. This has helped to shorten checkout queues and process payments faster while unlocking more opportunities for driving footfall to stores and optimising costs. In 2024, we will also start installing such checkouts at our existing stores.

In another innovative first for the Company, we automated product data collection and storage for the fix-price.com online store through our PIM system in 2023. This initiative enabled us to use the system to create a single database containing all information about our products; fill in missing data, primarily

through partners and suppliers; automate and simplify data entry for goods; export data to other systems; and reduce the time needed to upload products to our online store.

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 enabled us to streamline fine-tuning procedures, accelerate the implementation of new features, and ensure that all distribution centres are operating smoothly.

We expect a significant increase in the share of digital services in the Company's operating process landscape. We plan to search for, adapt, and implement promising digital solutions from Russian developers, including solutions based on artificial intelligence, to make our business more efficient and resilient to external challenges.

Focus on Corporate Governance in the Best Interests of Stakeholders

In the reporting year, an important development in corporate governance was the decision to redomicile the Group to Kazakhstan, which is one of the largest foreign markets or Fix Price: as of the end of 2023, there were 280 Fix Store stores (over 4% of the entire store base) and more than 1,800 employees in Kazakhstan.

In the reporting year, an important development in corporate governance was the decision to redomicile the Group to the Republic of Kazakhstan, which is one of the largest foreign markets for Fix Price: as at 2023-end, it had 280 stores (more than 4% of the entire store base) and more than 1,800 employees.

As a public company, Fix Price always strives to provide equal opportunities for all shareholders and investors. When trading in the Group's securities on the London Stock Exchange was suspended, we took steps to ensure investors' access to our stocks: in October 2023, the Company's GDRs were included in the quotation list of the Astana International Exchange (AIX). That said, the Group intends to remain listed on the London and Moscow stock exchanges.

I am proud of the fact that, in the face of infrastructure constraints, we were able to launch the process of paying out dividends to our shareholders. On 15 January 2024, Fix Price's Board of Directors approved an interim dividend of RUB 9.84 per GDR/share (to a total of RUB 8.4 billion).

Contributing to Overall Well-Being

We are aware that, in a turbulent business environment, it is crucial to continue offering customers high-quality products at attractive prices, to be open to new partnerships, to create favourable conditions for the development of the regions where we operate, and to support our employees.

Outlook

Going forward, we will continue to strengthen our leadership through expansion both in Russia and beyond. In particular, we intend to open our first store in the United Arab Emirates. We will expand relationships with existing suppliers and establish new partnerships. We also plan to broaden our product assortment in line with evolving customer preferences and offer an even more engaging shopping experience in our stores.

I would like to thank our Board of Directors, our management team, and all Company employees for their joint contribution to our solid performance in 2023. This would not have been possible without the well-coordinated effort of a team of professionals whose expertise, knowledge, and dedication have kept us on the path of growth and development, enabling us to retain our leading position for many years.

Dmitry Kirsanov,
CEO