Annual Report 2023

DEDICATED TO CUSTOMERS, EMBRACING CHANGE

Contents

About the Report

The Annual Report of Fix Price Group PLC for 2023 (hereinafter also referred to as Fix Price, the Company or the Group) was prepared based on the information available to Fix Price Group PLC and its subsidiaries as of 31 December 2023, unless otherwise implied by the meaning or content of the information provided. This Annual Report is addressed to a wide range of stakeholders and reflects the key performance results of Fix Price for 2023 in such matters as strategic and corporate governance as well as financial and operating results. The Annual Report was prepared in accordance with the requirements of the applicable laws.

For HTML-version of Annual Report 2023
click here

Disclaimer

Since late February 2022, a range of jurisdictions (the US, EU, UK, and a handful of other countries) have begun to impose sanctions against a number of Russian financial institutions and enterprises, as well as whole spheres of the Russian economy and specific individuals. Amidst the ramifications of these sanctions on the Russian economy, and the retail sector in particular, our company carries on operating in highly volatile circumstances. Consequently, the effects of such circumstances on our activities are still to be assessed. We are doing our best to run the business mitigating any turbulence, and we continue sourcing and delivering goods at the best value for our clients.

As of the date of publication, trading in Fix Price GDRs on the London Stock Exchange is suspended for an undisclosed period of time, and the Company cannot particularise with any extent of confidence as to when trading will resume. However, the GDRs listed on the Moscow Exchange are traded, as well as on the Astana International Exchange.

RUB **291.9** billion
revenue in 2023
+5.1% y-o-y

ABOUT THE COMPANY

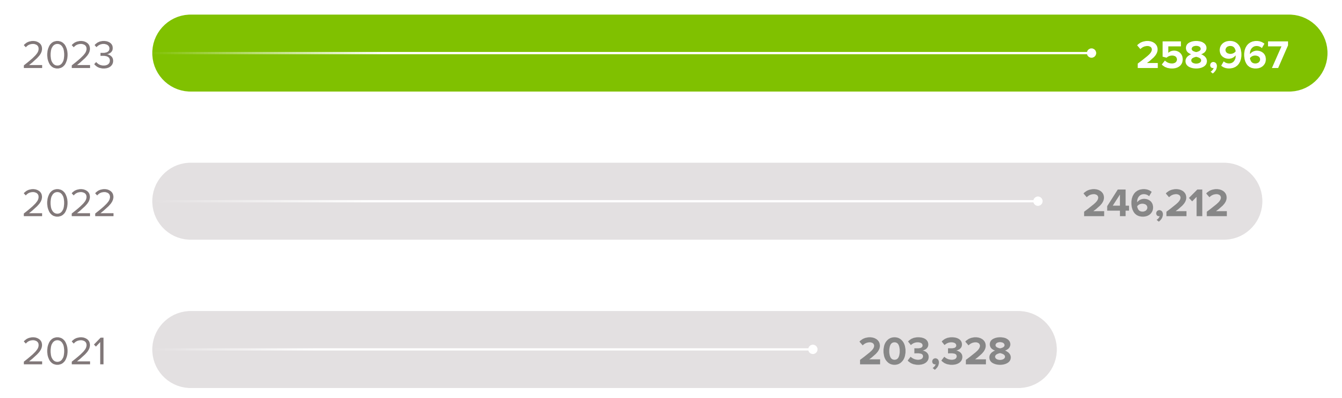
Fix Price is the undisputed leader in the Russian variety value retail market. Our unique customer value proposition is centred on providing exceptional value for money and a constantly refreshed wide product assortment enhancing the treasure-hunt experience for customers

6,414
stores
+751 net openings in 2023

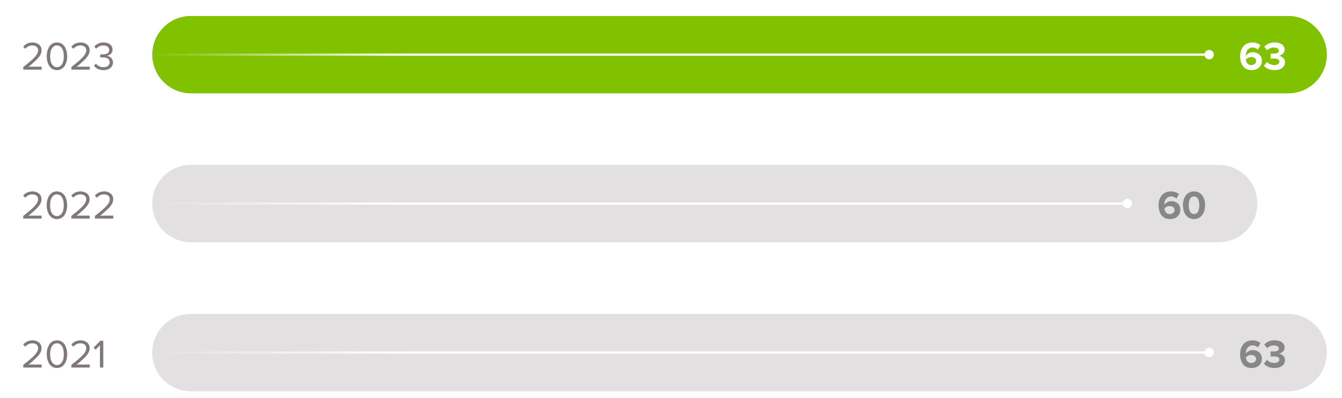
Key Figures
(Operational [1])

Total number of stores, Number of DCs [2], Net store openings

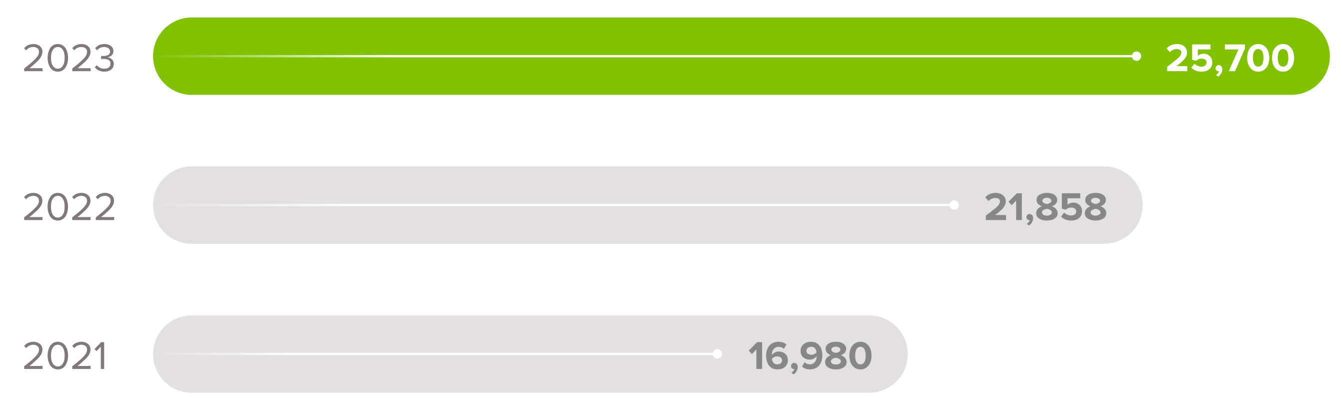
Retail revenue, RUB million



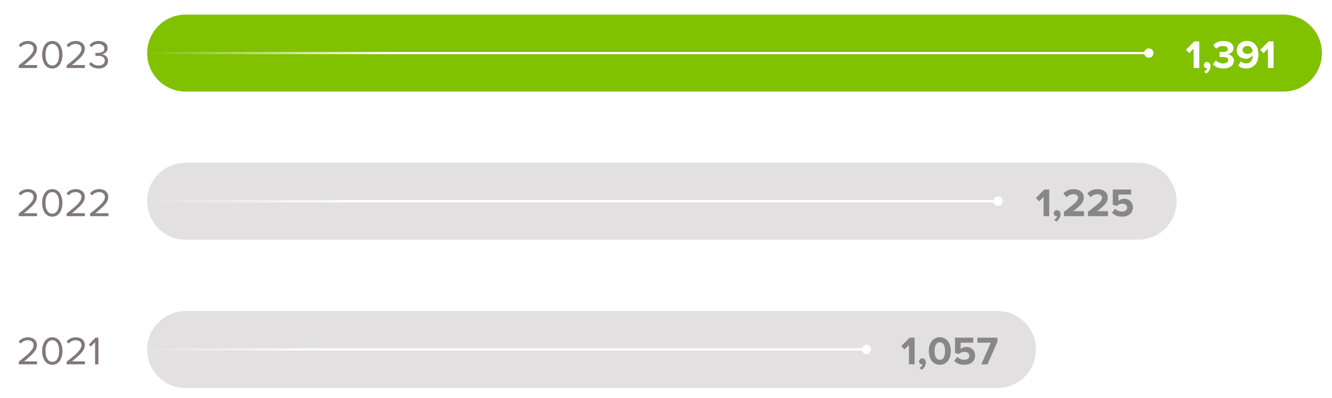
Net Promoter Score (NPS) [3], %



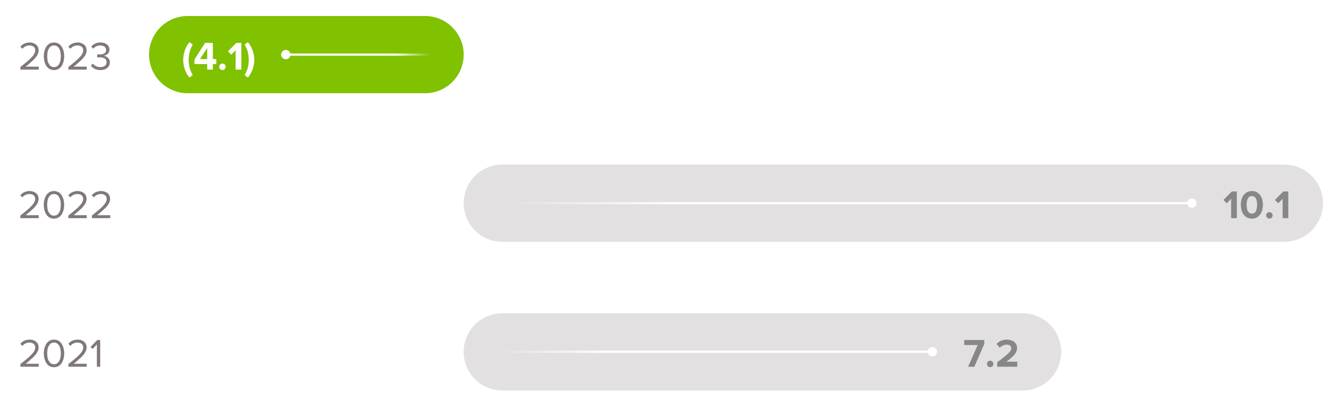
Loyalty cardholders in Russia, thousand



Total selling space, thousand sq. m



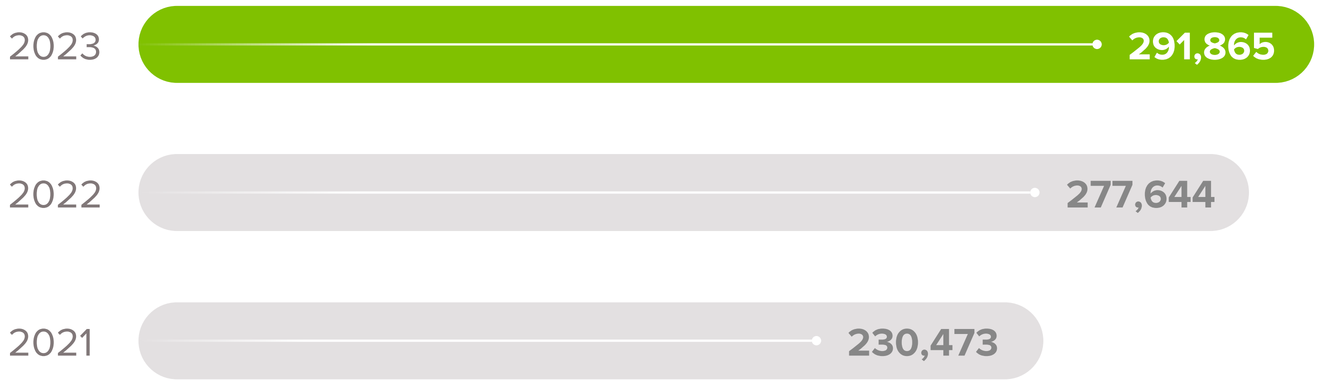
LFL performance [4], %



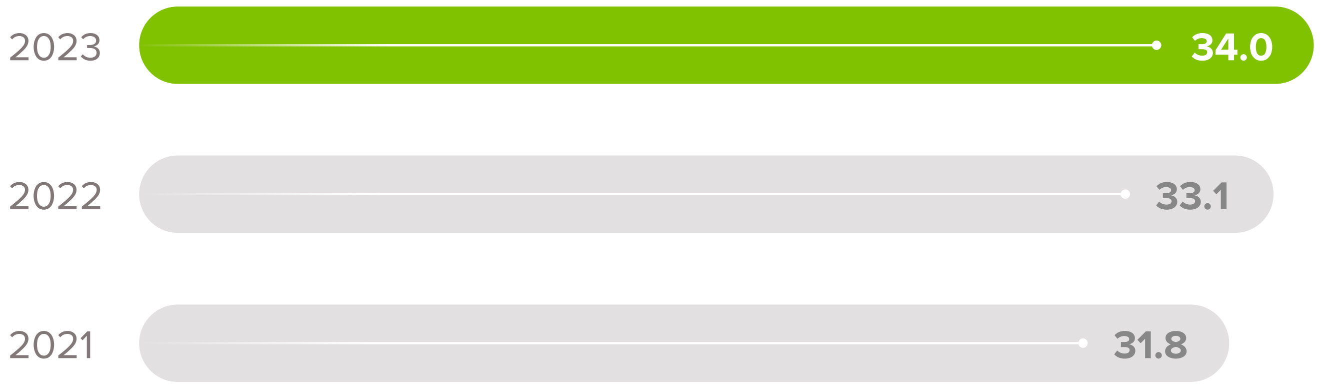
1. Number of DCs, stores, and loyalty cardholders, as well as selling space are as of the year-end
2. Distribution centres
3. Source: Market research run by Vector in autumn and spring of 2023, 2022 and 2021
4. Here and hereinafter, like-for-like (LFL) sales, average ticket and number of tickets are calculated based on the results of stores operated by Fix Price and that were open for at least 12 full calendar months preceding the reporting date. LFL sales and average ticket are calculated based on retail sales including VAT

Key Figures (Financial [1])

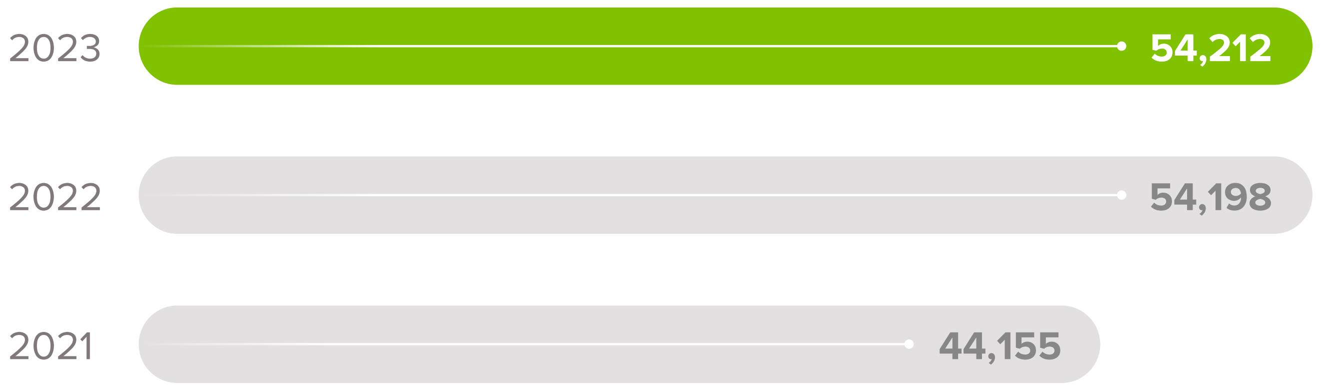
Revenue, RUB million



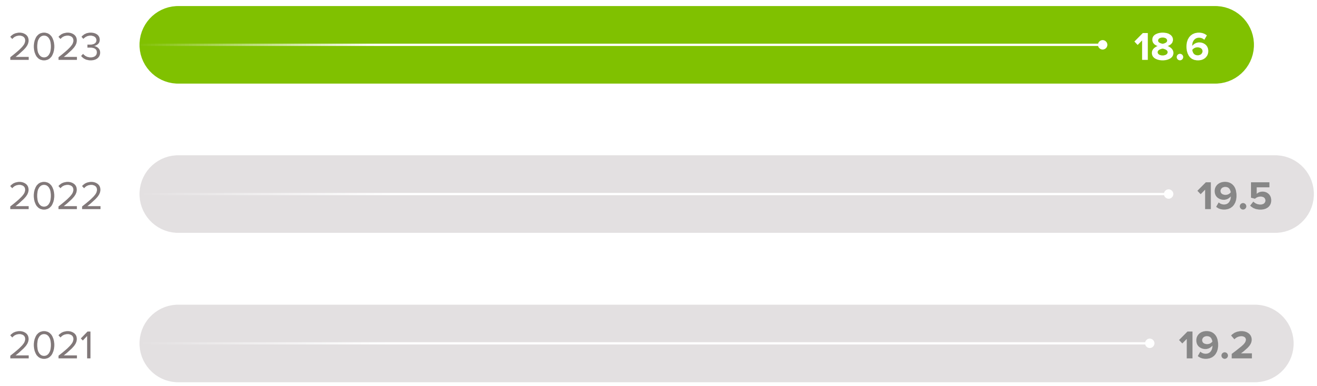
Gross margin, %



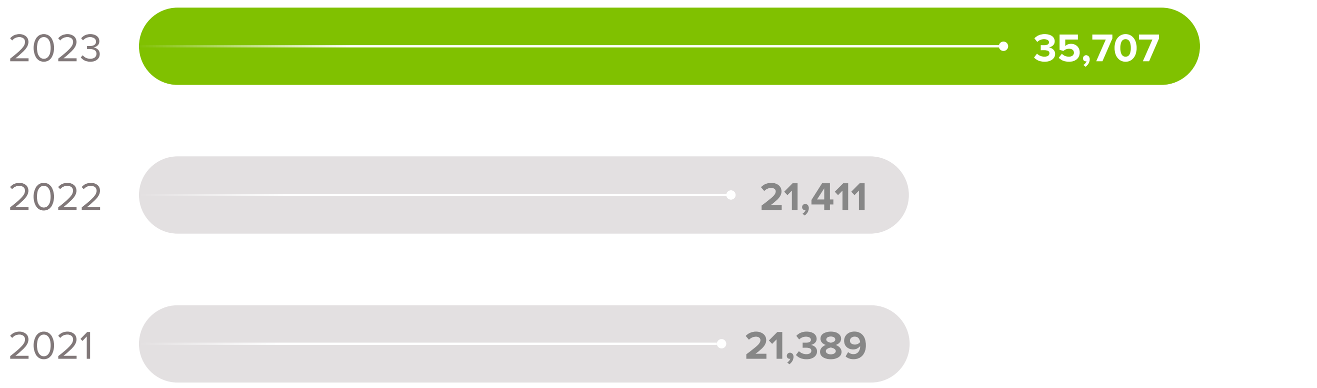
Adjusted EBITDA [2], RUB million



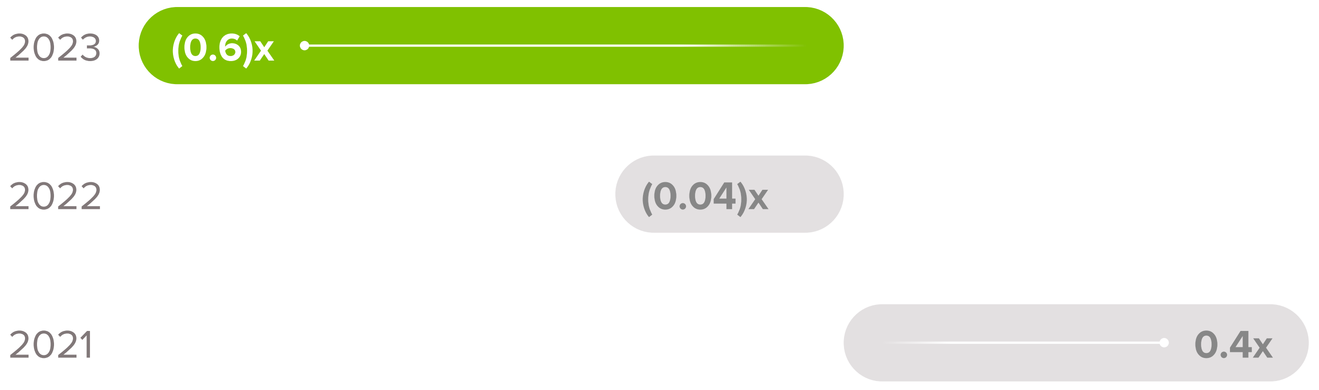
Adjusted EBITDA margin, %



Net profit, RUB million



IAS 17-based (net cash) / net debt to EBITDA ratio

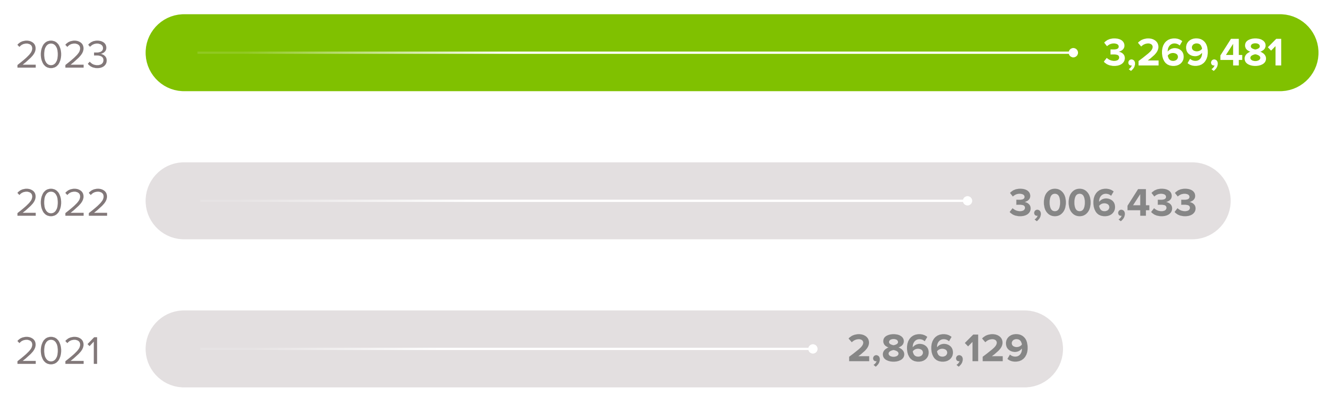


[1] Financial data are for the full year

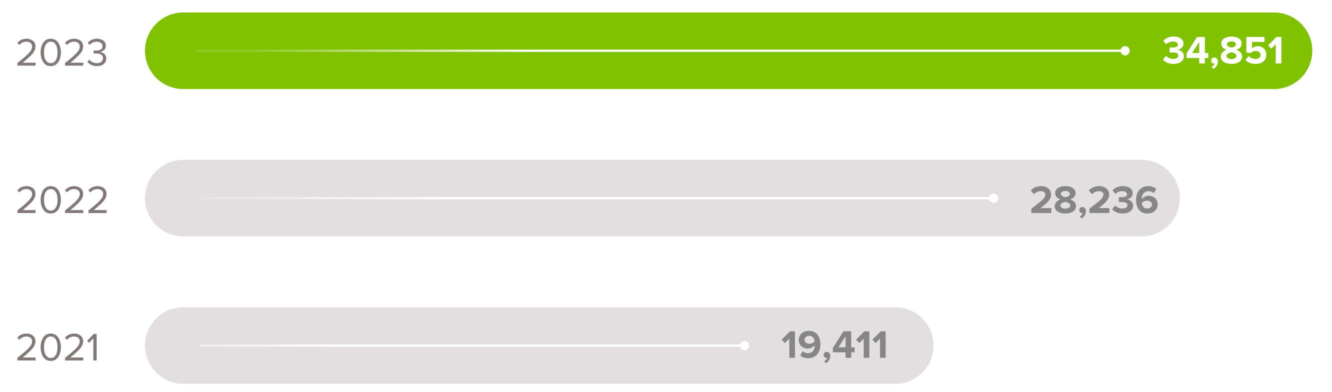
[2] EBITDA adjusted for LTIP (long-term incentive programme) expenses. EBITDA is calculated as profit for the given period before income tax, net interest income / (expenses), depreciation and amortisation, and foreign exchange gain / (loss)

Key Figures
(ESG)

Total GHG emissions (Scope 1, 2, and 3), tonnes of CO_2 equivalent

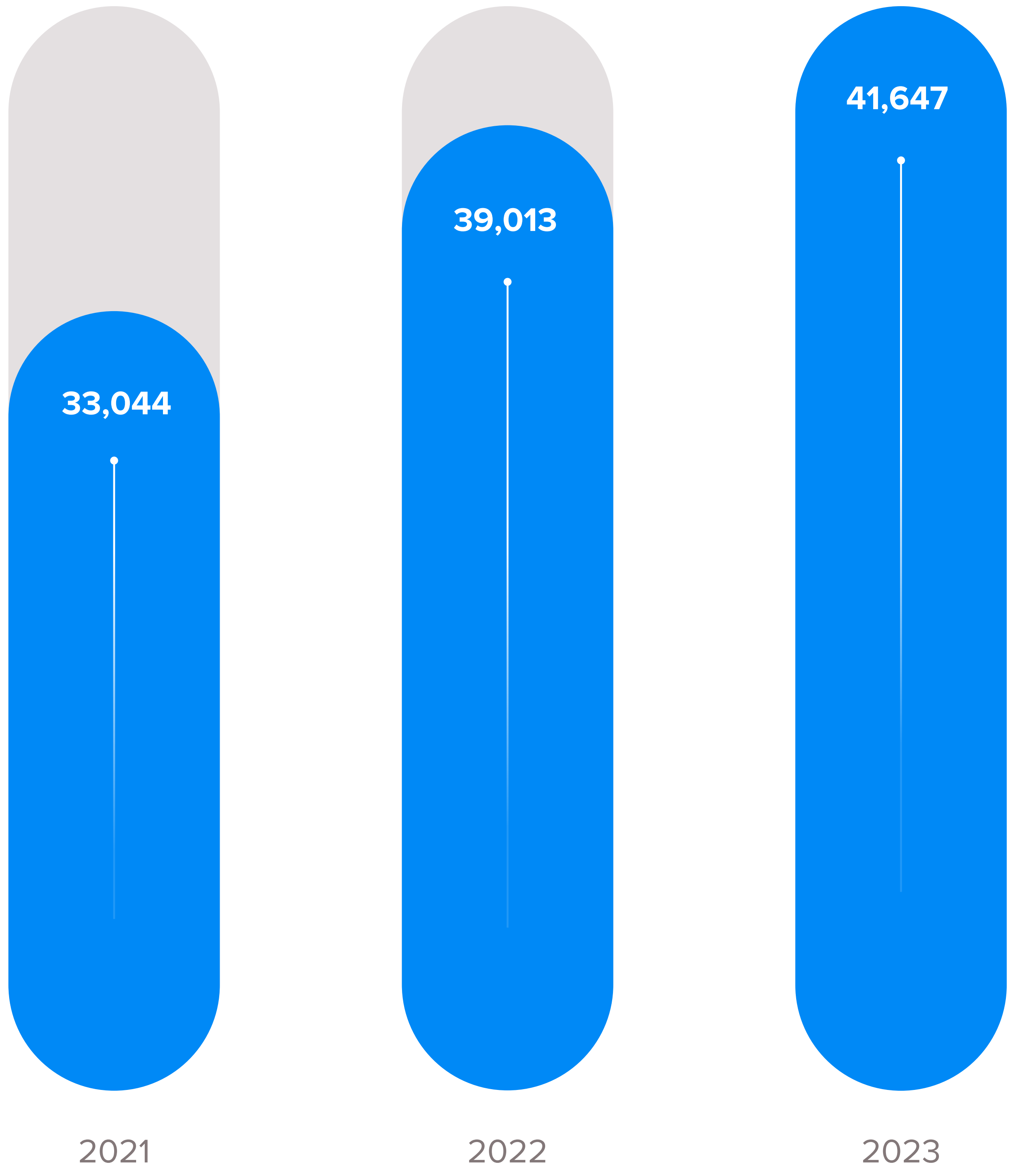


Total waste sent for recycling, tonnes



Total average headcount of the Group [1]**,**

41,647
employees



[1] Total personnel of Fix Price Group PLC across its entire footprint, including contractors

Investment case

Unlocking value for all

Fix Price's strategy remains unchanged – offering customers exceptional value for money in conveniently located stores and expanding the network's geographic footprint while enhancing the customer journey across all available formats.

Competitive advantages

Agile sourcing

- Transparent procurement procedures and scale enable:
  - Fix Price to offer **compelling value at affordable prices** to customers
  - suppliers to manufacture **unique products** in easy-to-predict volumes for us
- In-depth involvement in the design and A-to-Z production cycle of products
- Fast decision-making

Robust store management model

- Whitespace potential – **18,600** stores [1]
- **10** -month payback for new stores
- RUB **4.8** million – low average net new outlets investment
- Consistent store format across the network

Rigorous cost control

- Capital-efficient footprint expansion thanks to store standardisation and heavy automation of operations and management
- ROIC [2] **74%**
- CAPEX-light model — **2.2%** of revenue
- Flexible lease terms subject to ongoing optimisation

Cutting-edge tech platform

- Through streamlined processes, the entire network is run as a single store with a small head office
- Business integration enabled by a unified enterprise resource planning (ERP) system
- Online access to all key performance indicators
- Technology innovations, AI and expertise accumulated over 17 years are leveraged for demand forecasting and lean operations

Unique CVP

- **Nine [3] fixed price points under** RUB **349**
- **Continuous assortment rotation: 50 new products per week**
- **Loyalty card holders spend almost twice as much as non-holders**

[1] Source: INFOLine

[2] ROIC (Return on Invested Capital) is calculated as operating profit less income tax expense for the LFY divided by Average Invested Capital. Average Invested Capital is calculated by adding the Invested Capital at the beginning of LFY to Invested Capital at year's end and dividing the result by two. Invested Capital is calculated as total equity plus total current and non-current loans and borrowings plus total current and non-current lease liabilities plus dividends payable less cash and cash equivalents

[3] Anchor price points. A RUB 399 price point is being tested; we also have fractional price points

Store economics and locations

RUSSIA
5,756
5,166 — 590

1. Central District
1,650
1,638 — 12

2. Northwestern District
576
427 — 149

3. Southern District
718
691 — 27

4. North Caucasus District
220
198 — 22

5. Volga District
1,185
1,169 — 16

6. Urals District
589
480 — 109

7. Siberian District
699
563 — 136

8. Far Eastern District
119
0 — 119

6,414
total number of stores
5,711 — 703

658
total number of stores in neighbouring countries
545 — 113

Mongolia
3
0 — 3

Armenia
2
0 — 2

Neighbouring countries

Belarus
292
282 — 10

Kazakhstan
280
263 — 17

Latvia
46
0 — 46

Uzbekistan
22
0 — 22

Georgia
7
0 — 7

Kyrgyzstan
6
0 — 6

+792
gross openings of Company-operated stores

Company-operated stores, by federal district
Franchise stores, by federal district

293 sq. m [1]
average total store size

216 sq. m [1]
average store selling space

RUB **4.8** million [2]
average net investment

RUB **6.9** million [3]
average IAS 17-based new store EBITDA

~2,000 SKU [4]

10 months [5]
average payback period

143% [6]
average store-level ROIC

1 For Company-operated stores

2 Average net investment is the average capital expenditure required to open a new Russia-based Company-operated store, including cost of IT equipment and intangible assets (e.g. software licences), based on capital expenditures for stores opened in 2023

3 Average IAS 17-based new store EBITDA is calculated as store revenue less store level expenses associated with the cost of goods sold, transportation costs, shrinkage costs, staff costs, operating lease expenses, bank charges, security costs, maintenance costs, advertising expenses, utility expenses, and other operating expenses for the first full 12 calendar month period after opening (based on Company-operated Russian stores that were opened during 2022, were operating as at 31 December 2023, and repaid the average net investment [i.e. where the cumulative IAS 17-based store EBITDA since store opening exceeded RUB 4.8 million])

4 Stock Keeping Unit

5 Average payback period is defined as the time period required for the cumulative IAS 17-based new store EBITDA from a new Russia-based Company-operated store (Note 3) to cover the sum of average net investment (Note 2) expressed in months

6 Average store-level ROIC is defined as average IAS 17-based new store EBITDA (Note 3) divided by average net investment (Note 2) expressed as a percentage

Business Model

Broadening our horizons

~42,000 employees
Highly experienced and qualified management team

6,414 stores
in Russia and neighbouring countries with a total selling space of
1,391,000 sq. m

Scalable store format
with low CAPEX requirement

560 suppliers

13 DCs
with a total area of
484,000 sq. m

A value proposition built on efficiency

No. 1
in the Russian variety value retail market

CUSTOMERS
~26 million
registered loyalty cardholders in Russia
+18% y-o-y

PRODUCT MIX
71%
of retail sales
come from regularly rotated merchandise

REVENUE
Retail sales
RUB 259 billion
Wholesale sales
RUB 33 billion

Industry-leading margins
12.2%
net profit margin
(+452 bps y-o-y)

34.0%
gross margin
(+84 bps y-o-y)

Robust EBITDA performance
18.6%
adjusted EBITDA margin

Caring for stakeholders

CUSTOMERS

63% NPS

We sell
~77%
of our goods
for no more than
RUB 99

EMPLOYEES

48% y-o-y
increase in financial support
to employees

2,300
office employees underwent corporate and external training

SHAREHOLDERS

The Company's GDRs are listed on three exchanges:
LSE, MOEX, AIX

Redomiciliation from Cyprus to Kazakhstan launched in 2023

Dividends[1] of
RUB 9.84
per share/GDR approved in 2024

[1] Interim dividends for 2023 and 2024

PARTNERS

79%
share
of Russian suppliers in procurement

150
franchise
programme participants

LOCAL COMMUNITIES

300,000
people
covered by our awareness raising campaign to support VK's anti-cyberbullying day

+143 new localities[2]

+2 new countries of presence[2]

[2] In 2023

Our Approach to ESG

In our ESG activities we are guided by four strategic pillars, the 4Ps: Product, People, Partners, and Planet.

Primary targeted UN Sustainable Development Goals (SDGs)

SDG 8
Decent work and economic growth

SDG 12
Responsible consumption and production

SDG 13
Climate action

2023 ESG markers

Product
>4,000
product quality tests

Partners
0 major breaches
identified by private-label supplier audits

People
+24%
growth in healthcare programme coverage

Planet
+23%
increase in the amount of waste sent for recycling

Highlights

Awards

Forbes rating

The Most Profitable Franchise

Fix Price won the Franchise Fee over RUB 5 Million category of Forbes' 30 most profitable Russian franchises ranking for 2023. This recognition highlights the strength of our business model in Russia. The entries were judged on the following five metrics: average annual revenue per store, profit / loss ratio, payback period, profitability, and net store openings per year. As of as the ranking date (1 May 2023), almost every tenth store under the Fix Price brand was a franchise.

OMNI retail rating

No. 13

Fix Price won two awards in the Omni Retail Rating — Technology Breakthrough and Breakthrough of the Year — and moved up from 78th to 13th place in this ranking of Russia's major online and offline retailers compiled by Data Insight and AWG. Companies are evaluated on 23 metrics across customer experience, consumer interaction with technology, order collection experience, and financial performance.

WOWPRO

Award in the Digital Solutions Category

Fix Price's project to migrate employees' records to an electronic HR document interchange system implemented in partnership with HRlink won the Digital Solutions category of the WOW PRO business award.

Private Label Awards

O'Kitchen Named the Best Non-food Private Label

Fix Price's O'Kitchen private label won the Best Non-food Private Label category at the 8th Private Label Awards. O'Kitchen offers a wide range of useful kitchen utensils, table decorations, and cookware. The competition panel praised the attractive and ergonomic design of the products, sensible packaging, extensive product range, and low prices. The O'Kitchen product range exceeds 300 SKUs, and design concepts for three new product lines were developed in 2023.

Highlights

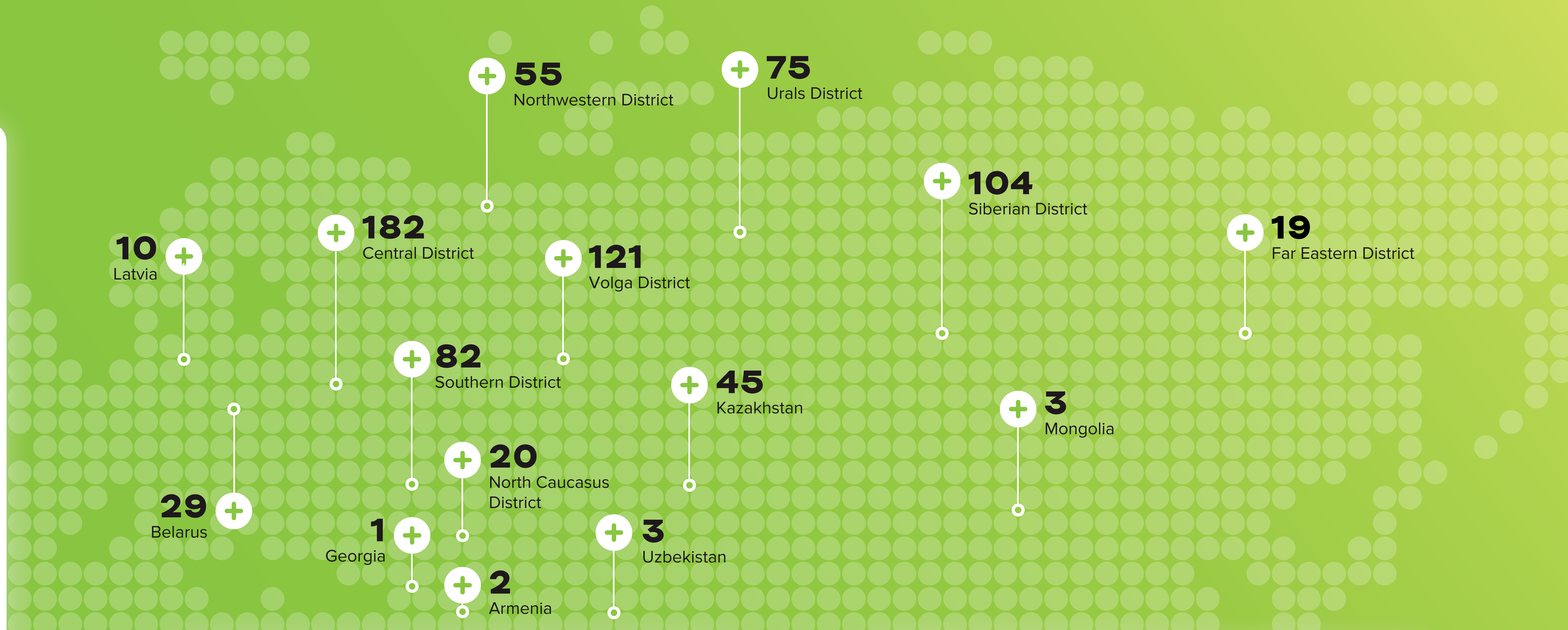
Operational Highlights 2023

Network Expansion

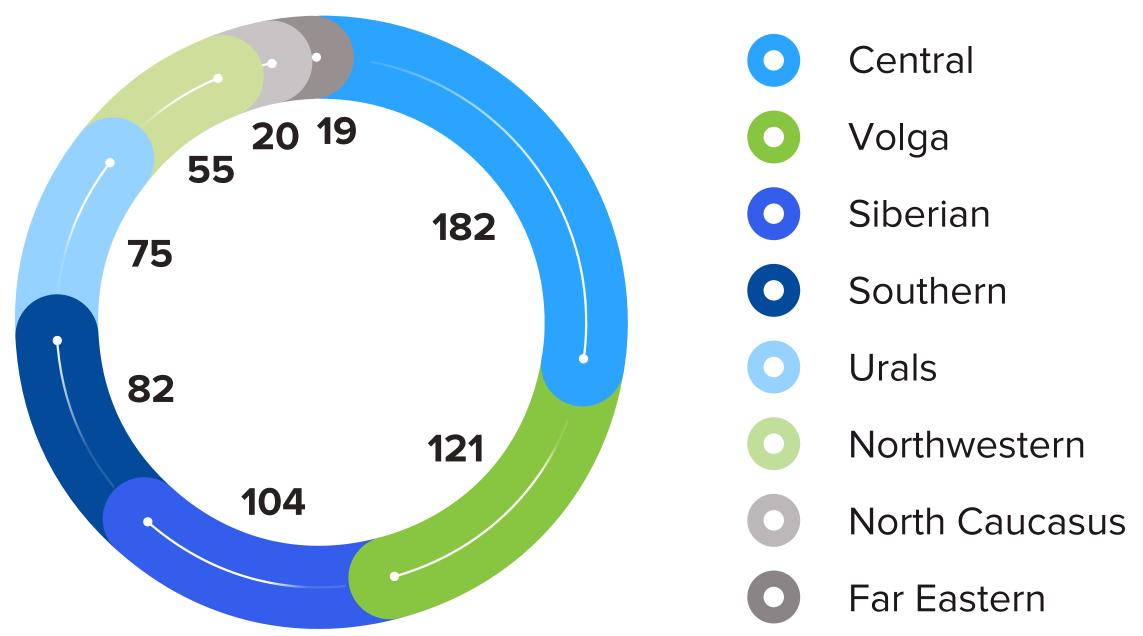
- Fix Price opened its stores in Mongolia and Armenia, with the first two outlets launched under Fix Price's franchise programme in the Mongolian capital, Ulaanbaatar, on 13 and 14 January. Armenia is the ninth country added to Fix Price footprint, with stores also opened under Fix Price's franchisee network. Goods are delivered to stores in Armenia by truck from the Company's distribution centre in Krasnodar, and to stores in Mongolia from the warehouse in Novosibirsk.

- The Magadan Region became the eighty-first market where we operate within Russia and our tenth in the Russian Far East, with a franchise Fix Price store launched in the city of Magadan. The outlet offers the chain's full product assortment seen across our broader Russian footprint — a total of around 2,000 SKUs across 20 categories. Goods are supplied by rail from a warehouse in Pushkino (the Moscow Region).

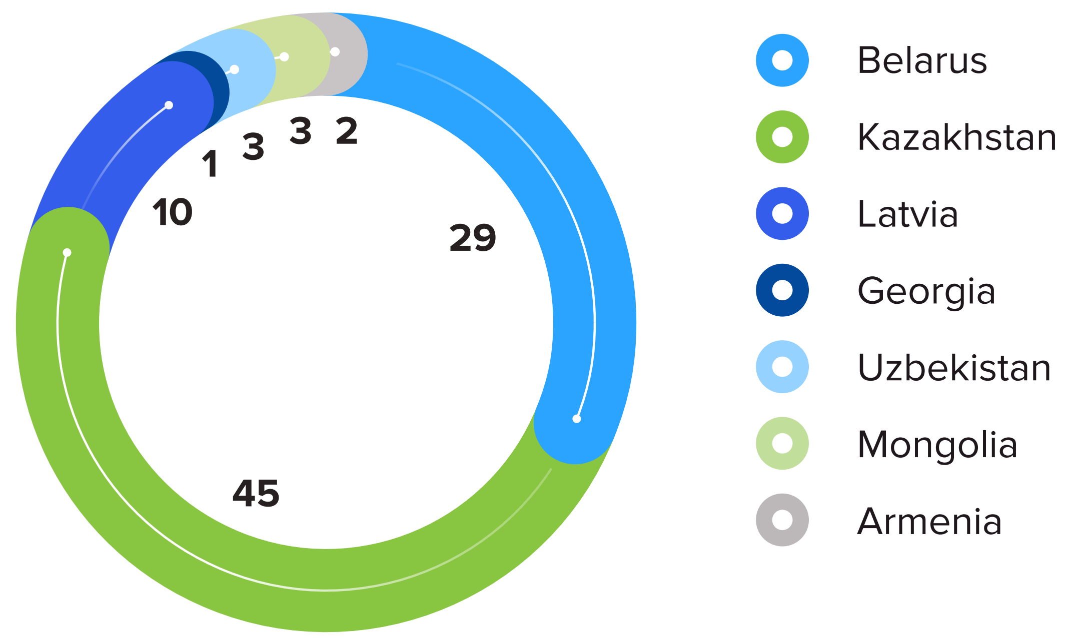
+751
stores in 2023 (net openings)



By federal districts:
+658 stores



Neighbouring countries:
+93 stores



Highlights

2023

Expanding Our Network of Distribution Centres

March

Fix Price launched its new distribution centre at PNK Park Domodedovo 1, a built-to-suit logistics facility in Domodedovo, measuring 67,000 sq. m overall.

In March 2023, Fix Price leased a small distribution centre in Astana, Kazakhstan, measuring a total of 3,000 sq. m. This warehouse facility supplies our outlets in Kazakhstan and stores locally sourced products.

December

Fix Price made the first product shipment from its new owned distribution centre in Yekaterinburg. The 68,000 sq. m warehouse will supply stores in the Urals, Volga and Siberian Federal Districts, as well as Company stores in Kazakhstan. China- and Russia-made equipment has been purchased for the facility.

Enhancing Marketing Communications

January

We launched an advertising campaign featuring actor Sergey Burunov as Fix Price's new brand ambassador on national TV channels, leading online platforms, and social media.

With multiple popular Russian movies, TV series, and television shows under his belt, Sergey garners a strong positive response from most Russian consumers. When putting together the 2023 ad campaign featuring him, we wanted to emphasize that shopping at Fix Price transforms the customer experience from a routine search for value into a real treasure hunt.

Fix Price unveiled its new mascot — a blue and green Fippy the hedgehog. Fippy has been introduced to help our brand connect with customers across all their journeys in a more personal and unique way and create a lasting impression. The mascot will be used in our advertising campaigns in Russia, Kazakhstan, Belarus and Latvia as well as across our new footprint as we roll out our marketing efforts across these countries. Fippy will deliver the message that a Fix Price store is a place where you can find just about anything you need at the lowest price!

February

Fix Price doubled down on harnessing artificial intelligence (AI) tools to augment its marketing communications. We leverage multiple neural networks to optimise our use of internal resources: AI helps develop promotional products and packaging design, generate various product flypage versions, and tailor personalised communications.

Fippy –

a hedgehog who knows everything about good value!

Hi, I'm FIPPY! Want to become friends?

Loyal customers

The total number of loyalty cardholders exceeded 27 million across all countries of operation, including approximately 26 million registered cardholders in Russia. Customers in the Tomsk, Kaliningrad, and Smolensk Regions, as well as the Republic of Khakassia were among the most active loyalty programme users. In 2023, the chain's average share of sales generated by loyalty cardholders topped 62% of total retail sales in Russia.

>27 million
loyal customers

Highlights

Advanced Technology and IT Solutions

2023

CV

Fix Price has deployed a computer vision-powered solution to detect queues at checkouts. The new technology encourages more footfall to stores and boosts customer loyalty by eliminating queues through alerts for staff to open additional checkout lanes during peak traffic. On top of this, the system continuously collects traffic and queue data, which are subsequently analysed to improve the store network's performance. Average footfall has grown by 2% in the test stores.

WAF

Fix Price has deployed a WAF service to defend against smart cyberattacks and rolled out additional solutions to shield online apps against DDoS attacks. Moreover, we have incorporated a new anti-spam module for the Company's mailing service into our cybersecurity system.

CDP

Fix Price has tested the CDP developed by Loymax Solutions Smart Communications, which will automate the chain's customer data collection and analysis.

LEAD WMS

Fix Price has teamed up with LogistiX Group, a Russian developer of warehouse, transport, and production management systems, to update its LEAD WMS centralised warehouse logistics management system. The project enables centralised monitoring, control, and change management at the chain's distribution centres, which measure over 400,000 sq. m overall. Distribution centres leveraging the new solution have been launched in Domodedovo, Vnukovo, and Yekaterinburg.

Corporate Events

2023

Redomiciliation from Cyprus to Kazakhstan

9 November

Fix Price's Extraordinary General Meeting of Shareholders approved the decision to move the Company's headquarters from Cyprus to Kazakhstan and become a registered continuing entity at the Astana International Financial Centre (AIFC) in the Republic of Kazakhstan.

Fix Price Group PLC's Global Depositary Receipts Were Listed on the Astana International Exchange (AIX)

17 October

Fix Price Group's global depositary receipts (GDRs) were admitted to trading on the Astana International Exchange (AIX) under the ticker FIXP.Y. The Group intends to retain the dual listing it has maintained in London and Moscow since March 2021. Fix Price seeks to act in the best interests of all shareholders and investors and believes that a listing on the AIX will help diversify its shareholder base and potentially boost the liquidity of Company securities.

Fix Price expands opportunities for shareholders. In October 2023, the Company's GDRs were listed on the Astana International Exchange

AIX

2%

average store footfall increase thanks to queue detection technology at checkouts

Sustainability

2023

#notocyberbullying

Fix Price supported VK's campaign against social media bullying.

We published a series of posts bearing the #notocyberbullying hashtag and offering expert advice on countering bullying and promoting zero tolerance for bullying in our accounts on Telegram, Odnoklassniki, VKontakte, and other social media platforms. The posts reached over 300,000 people.

VHI for Employees

Fix Price renewed its voluntary health insurance (VHI) contract with Ingosstrakh, a leading Russian insurer, to cover its employees through 2023. Over 3,000 employees benefit from our corporate supplementary health insurance programme. VHI services usually cover outpatient treatment, dentistry, house calls, and a counselling hotline, as well as telemedicine via Ingosstrakh's IngoMobile mobile app and TeleMed.Ingo website.

SOS Children's Villages

Fix Price supported the Direct Dialogue campaign run by the SOS Children's Villages charity which strives to provide a holistic solution to the challenges faced by orphans in Russia. Throughout October, outreach specialists from SOS Children's Villages teamed up with employees from 69 Fix Price stores in Moscow, St Petersburg, and Krasnodar to invite customers to make a regular donation via the charity's sos-dd.ru website.

Products for a Healthy Lifestyle

Fix Price has put together a special selection of products in a dedicated section of its online catalogue on fix-price.com, For a Healthy Lifestyle. Now available to customers on the website and via the mobile app, the new section features such products, as healthy snacks, health and beauty products, accessories for outdoor activities, sports apparel, hygiene products, and much more.

Catalogue on fix-price.com, For a Healthy Lifestyle

Fix Price and VK Dobro Join Efforts for the Gifts That Matter Project

Customers visiting the fix-price.com website were invited to donate to Russia-based charities by spending a comfortable sum on a chosen Gift That Matters. The funds raised were used to buy food for seniors living alone, to support orphans with major health issues, or to cure and rehabilitate rare animals. The VK Dobro team made sure that the donations were used for their intended purpose.

CHARITIES INVOLVED IN THE CAMPAIGN

Благотворительный фонд красивые дети в красивом мире

БАНК ЕДЫ РУСЬ

ВОЛОНТЁРЫ В ПОМОЩЬ ДЕТЯМ-СИРОТАМ БЛАГОТВОРИТЕЛЬНЫЙ ФОНД

Events after the Reporting Period

2024

Interim Dividends for 2023 and 2024 Approved

On 15 January 2024, the Board of Directors of Fix Price Group PLC approved the payment of interim dividends for 2023 and 2024 to a total of RUB 8.4 billion, or RUB 9.84 per GDR/share (gross amount subject to applicable taxes and duties). The amount was calculated based on the regulatory approval from the subcommission of the Government Commission on Monitoring Foreign Investment in the Russian Federation for LLC Best Price to pay a RUB 9.8 billion dividend, net of 15% withholding tax.

RUB **8.4** billion

interim dividends for 2023 and 2024

STRATEGIC REPORT

~90%
share in **the variety value retail market** in Russia [1]

17 years
of consistent expansion

Fix Price's market-leading position is based on its unique customer value proposition and store format which holds significant potential for future growth to up to 18,600 outlets in the countries of operation [1]. Leveraging its flexible operating model and highly standardised and automated processes powered by cutting-edge IT solutions, the Group consistently delivers highly profitable growth at scale

[1] Source: INFOLine

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%.

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

1. Source: INFOLine
2. Excluding store closures

CEO's Statement

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.

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.

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

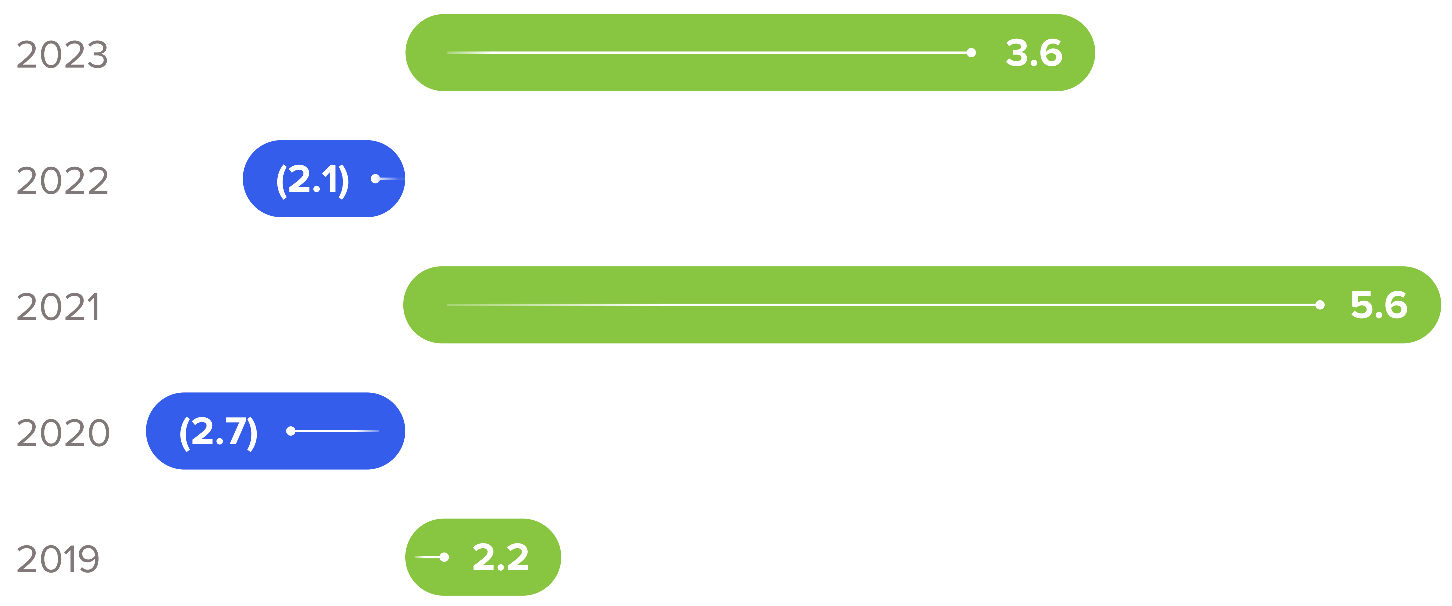
Market Overview

Russian Macroeconomic Situation and Retail Market [1]

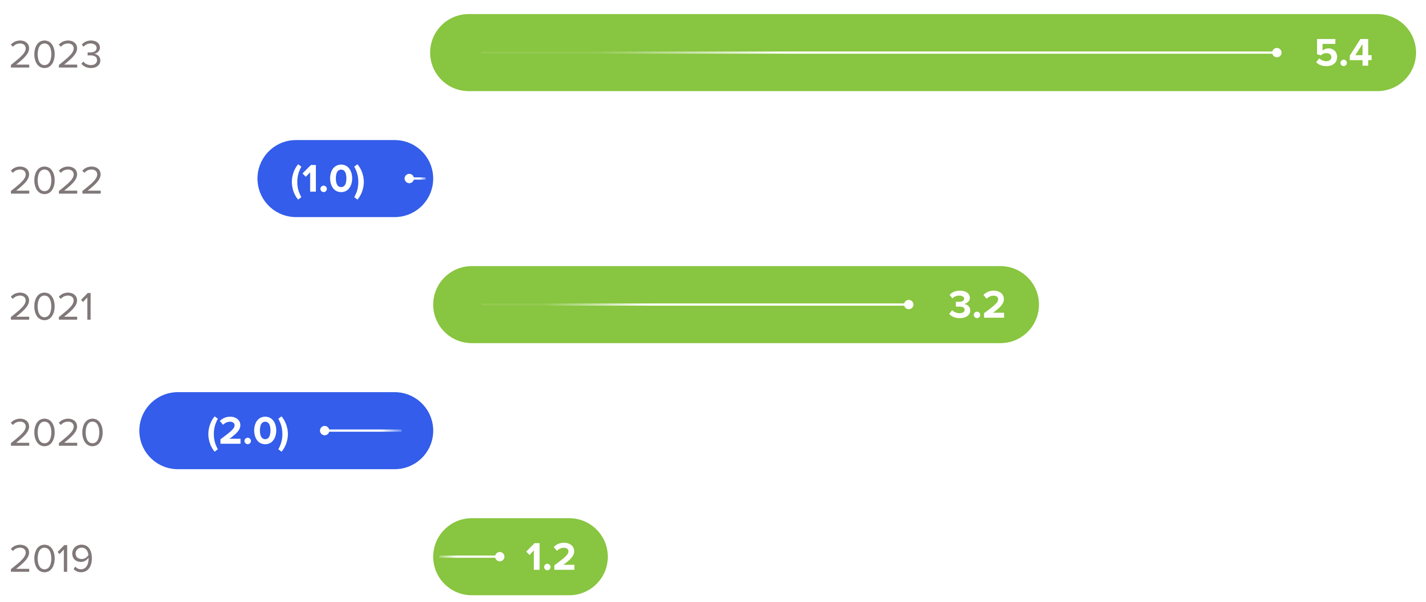
2023 proved to be another challenging year for the Russian economy as inflationary expectations were rising and the Bank of Russia repeatedly hiked its key interest rate to maintain a tight monetary policy. However, external and domestic economic tailwinds led to a 3.6% increase in real GDP in 2023 vs a 2.1% decline in 2022, while the annual inflation rate in December 2023 came in at 7.4%, which was within the 7.0%–7.5% guidance, compared to 11.9% a year before.

Domestic demand was picking up during the year, supported by rising real wages and consumer spending, but somewhat curbed by high interest rates and a slowdown in lending. On the back of stabilised supply chains and a tighter monetary policy, Russia's food Consumer Price Index ("CPI") slowed down to 4.4% in 2023 from 14.9% in 2022, and non-food CPI — to 4.2% from 15.2% in 2022. With the national currency remaining volatile during the year, the average annual USD / RUB exchange rate was 85.3 compared to 68.5 in 2022.

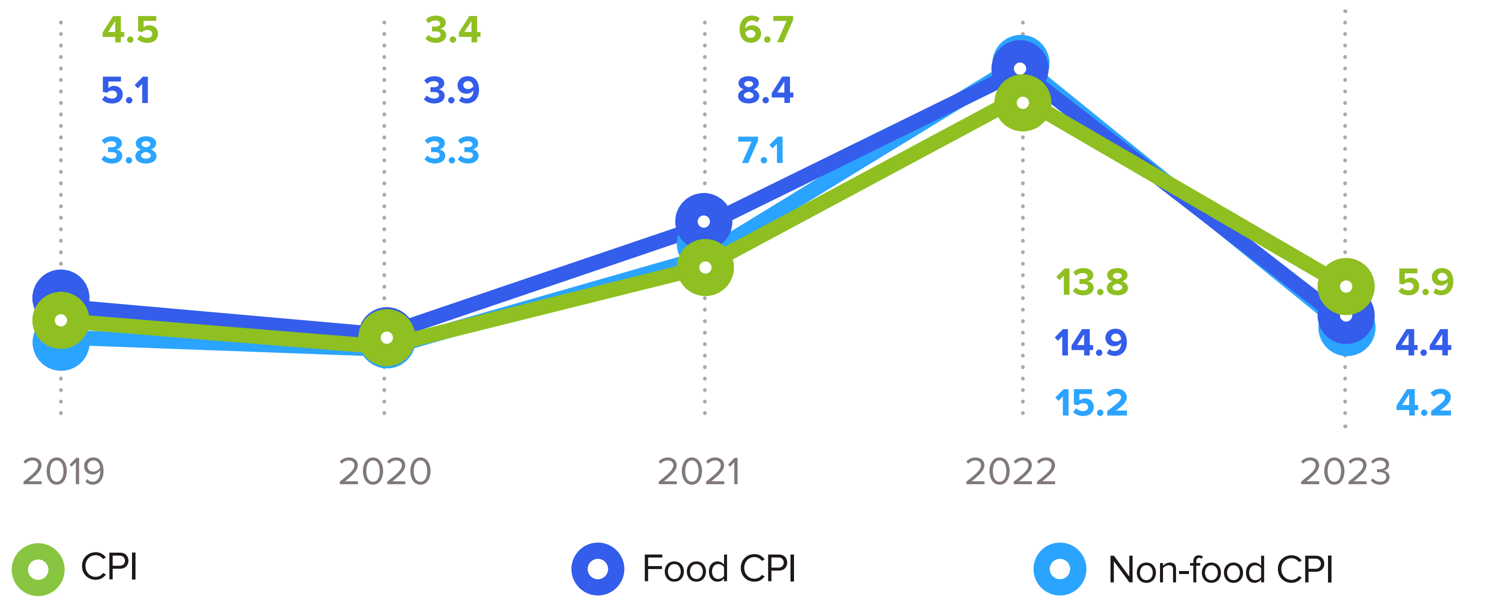
Dynamics of Russia's real GDP,
%



Dynamics of real disposable income in Russia,
%



Consumer Price Index (CPI) change in Russia in 2019-2023 [2],
%



~90%
market share, making Fix Price the undisputed leader in the Russian VVR segment [3]

1. All figures in this section are based on Russian official data published by the Federal State Statistics Service (Rosstat) as at the date of this Report, unless otherwise noted
2. Consumer Price Index, average for the year
3. Source: INFOLine, 2023

Market Overview

Unemployment in Russia remains at its lows: according to the latest Rosstat data, it was 3.2% in 2023 compared to 4.0% in 2022 amid fierce competition in the labour market and higher wages. Real disposable income was up by 5.4%, with consumer confidence gradually recovering throughout the year.

In 2023, retail sales grew by 11.3% in nominal terms (vs a 7.9% increase in 2022) to RUB 47.4 trillion. Despite inflationary risks and rouble volatility, consumer demand was growing, supported by steadily rising household income.

2023 saw a stronger boost in consumer spending on relatively expensive durable goods such as appliances, computer equipment, electronics, apparel, footwear, building materials, furniture, and car accessories. This trend was largely driven by the release of pent-up demand built up over 2022. On top of this, deposits with Russian banks surged by a record high RUB 8.3 trillion, while offline spending on food and non-food fast-moving consumer goods (FMCG) grew moderately by 8.2% and 11.1%, respectively[1].

In 2023, the share of food products in retail sales slipped from 49.4% to 48.0% amid the recovering demand for non-foods, with their proportion up to 52.0% from 50.6% in 2022.

The share of modern retail formats in the total retail market continued to expand, reaching 81.3% in 2023 (+1.7 pps year-on-year), while the top 10 FMCG players grew their total market share by 2 pps to 40.5%. The modern formats were gaining pace through attractive value propositions and improved customer service.

+11.3%

retail sales growth in nominal terms in 2023

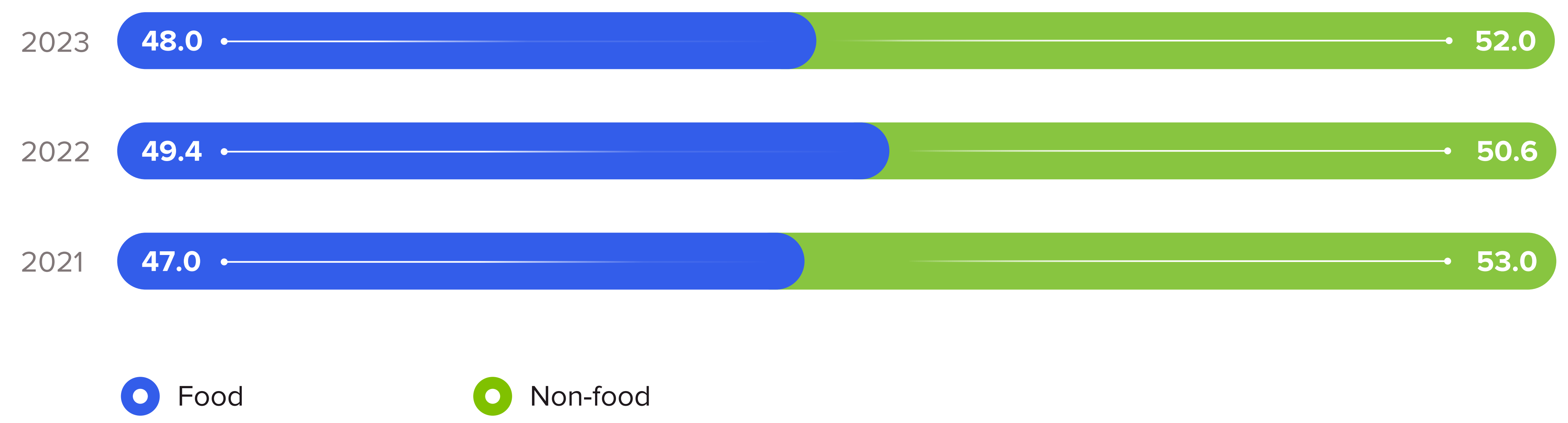
Furthermore, e-commerce has shown significant growth, with a CAGR of 42.4% from 2019 to 2023 amid the rise of express delivery services and marketplaces.

The share of modern retail formats in the total retail market reaching

81.3%

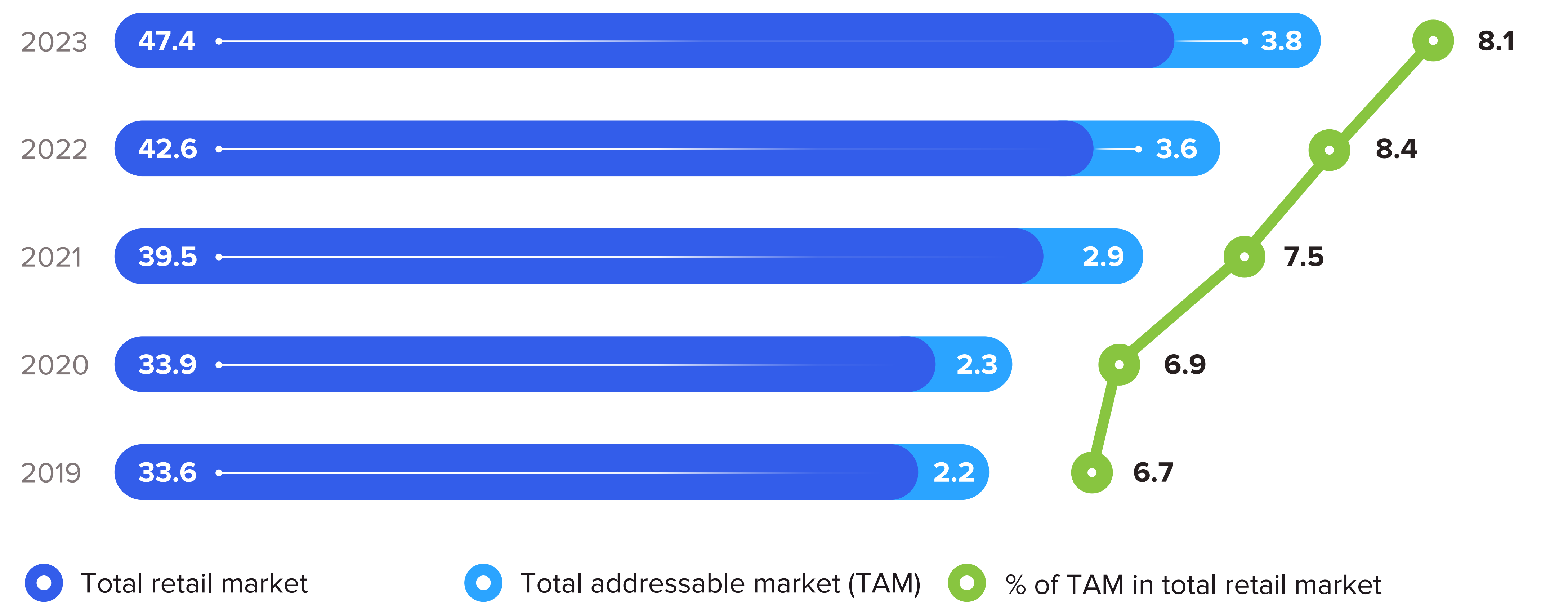
+1.7 pps y-o-y

Russian retail market structure in 2021–2023, %



Russian total retail market and total addressable market (TAM)[2] in 2019–2023, RUB trn

Compound annual growth rate (CAGR), 2019–2023 9% 14% **1.5 pps** increase in 2019–2023



[1] According to INFOLine
[2] The total addressable market consists of retail products that have a similar price and assortment to VVR products but are currently available through various retail channels. Source: INFOLine

Market Overview

Total Addressable Market (TAM)[1]

The total addressable market consists of retail products that have a similar price and assortment to VVR products but are currently available through various retail channels. In 2023, the total addressable market was estimated at RUB 3.8 trillion, or 8.1% of the total retail market in Russia, while non-food categories consistently made up more than half of the TAM size.

The sales channel mix has also shifted in recent years, with convenience and variety value stores further gaining ground, while traditional trade has seen a decline in its market share.

Diligent approach to TAM estimation for 2023[2]

1

Total retail market

Total retail market including all channels, categories (food and non-food segments), and regions

2

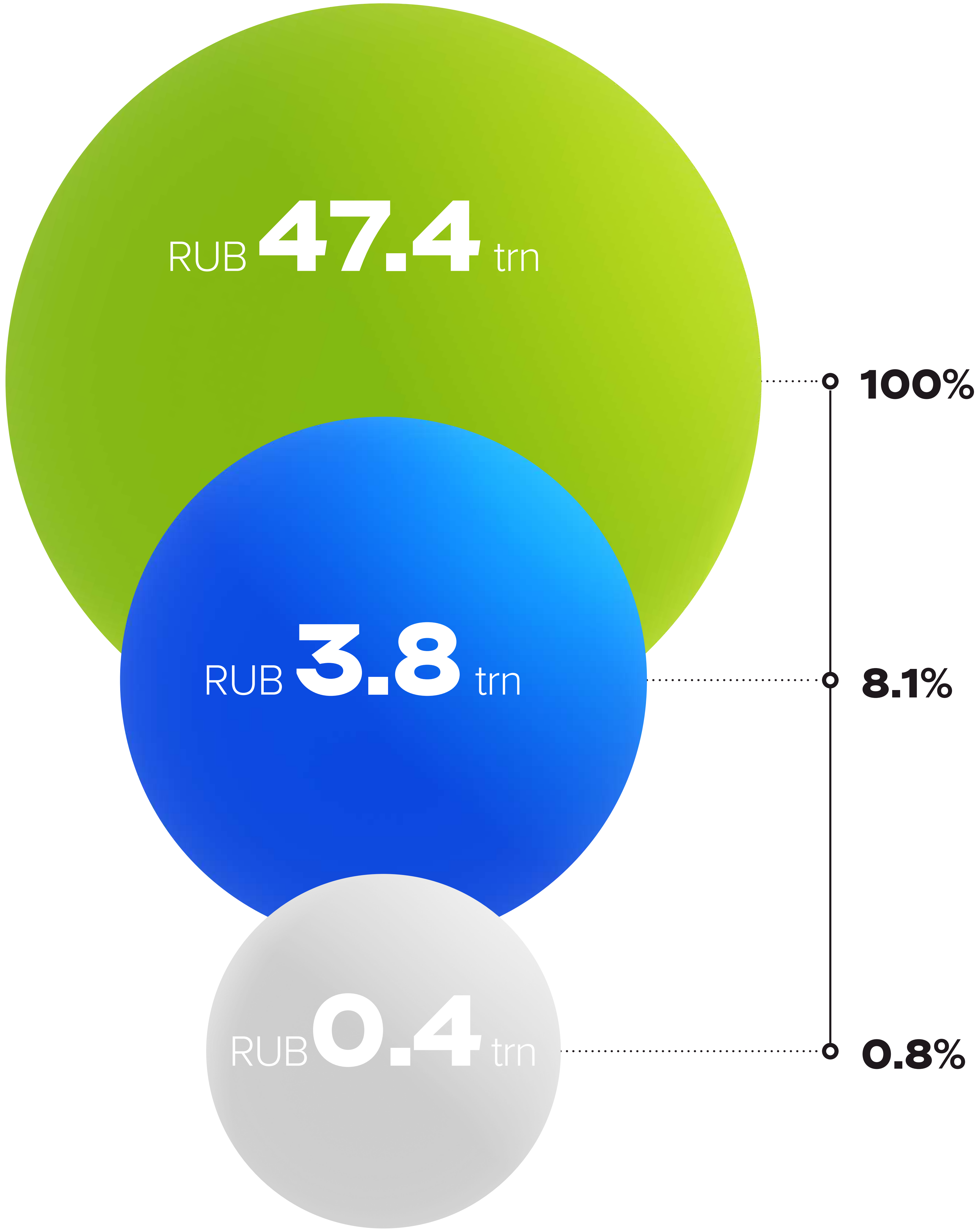
Total addressable market

Goods that are relevant for a variety value retail chain in price terms given the profile of VVR customers and a product mix limited by average store space and relevant categories

3

Variety value retail market

The VVR market covers retail stores that sell general merchandise, such as apparel, car accessories, non-perishable foods, toys, hardware, household goods, and a selection of groceries, usually at discounted prices, sometimes at one or more fixed price points



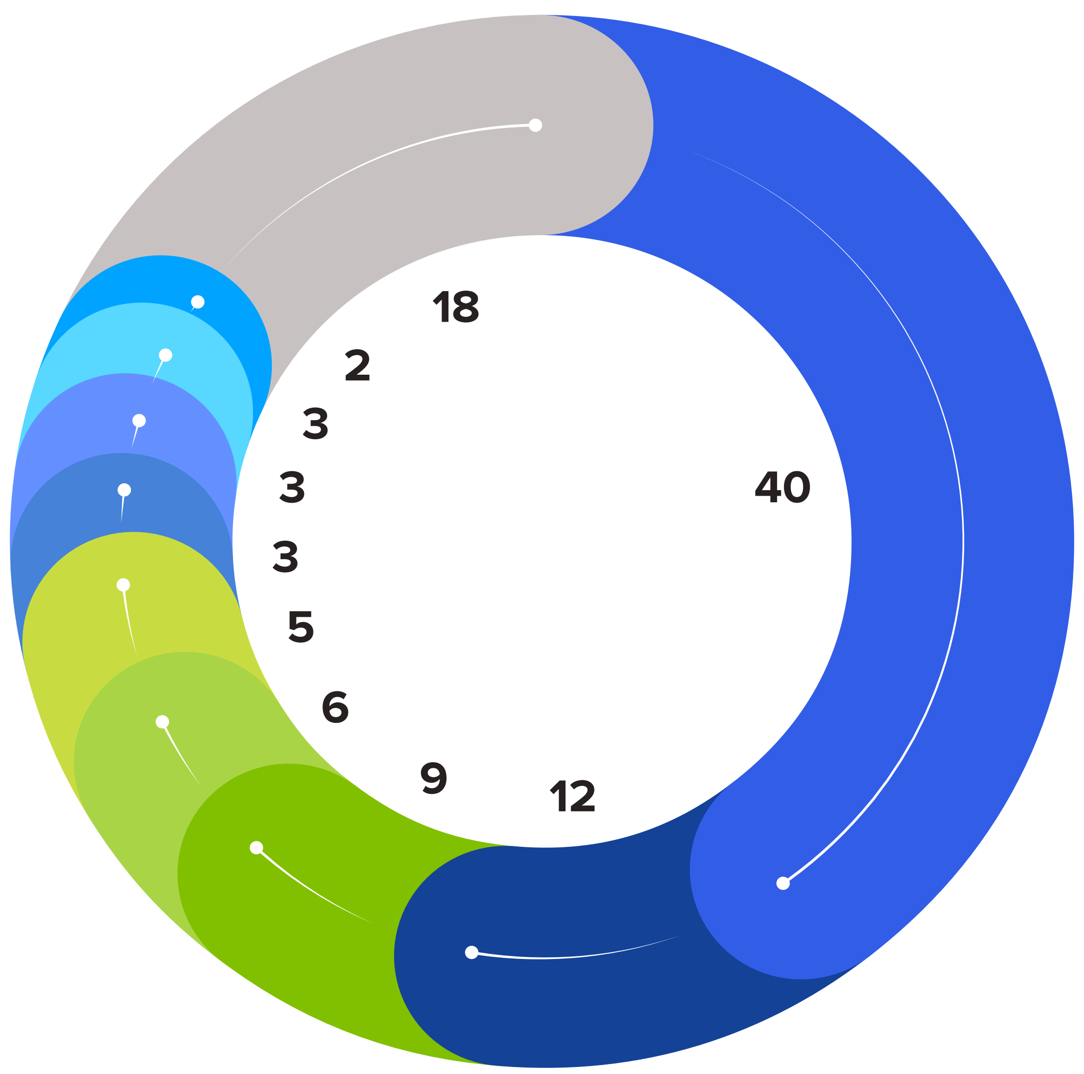
1 All figures in this section are based on INFOLine data unless otherwise noted
2 Including VAT

Market Overview

TAM relevant products across categories, % per category

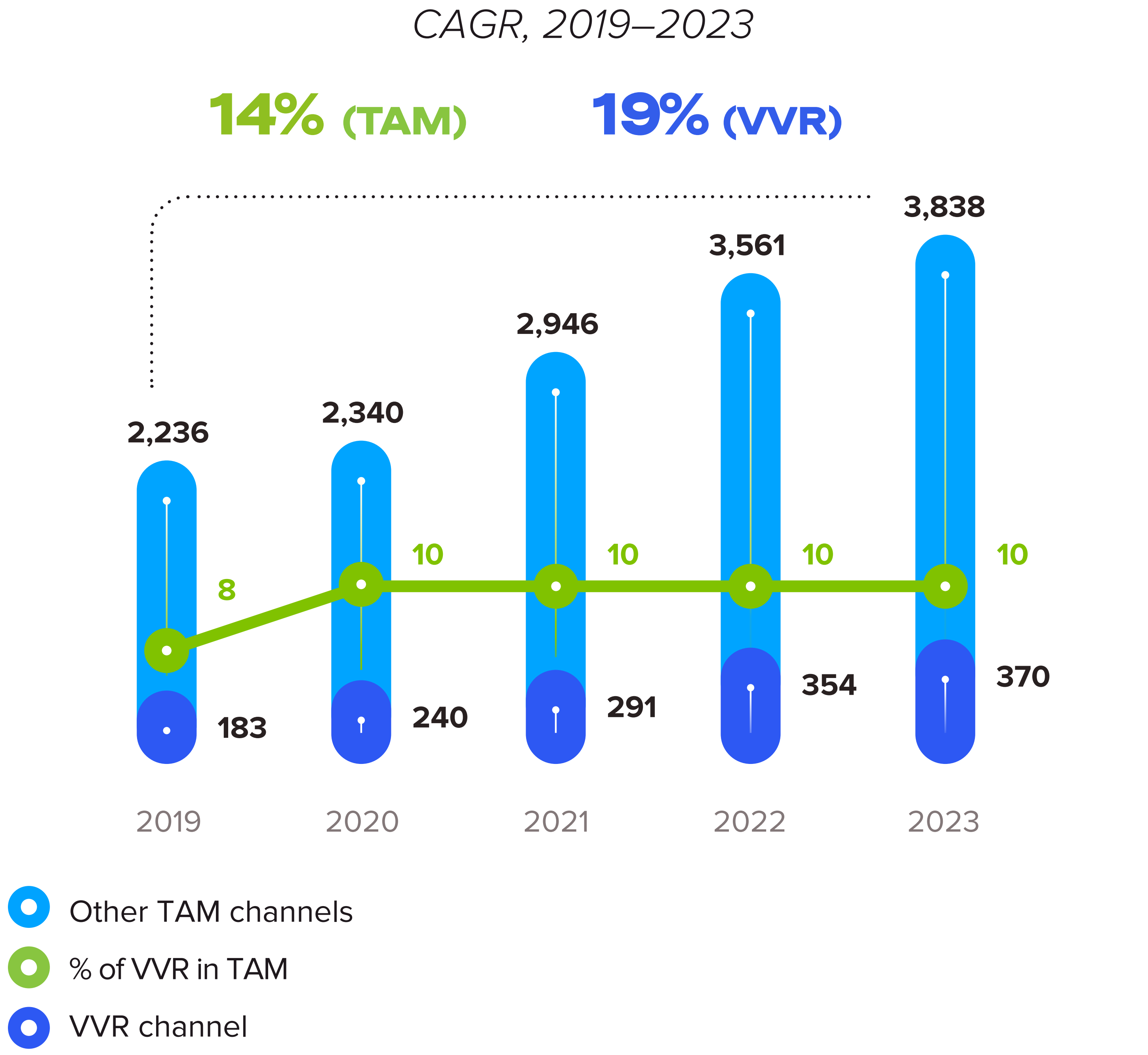
TAM product category in total retail market category [1], %

Structure of TAM [2], %



1 Calculated as Total Addressable Market for the specific category divided by the respective category value in the total retail market
2 Due to rounding, the sum may not be equal to 100%
3 Source: INFOLine

Sustainable growth of the TAM and VVR markets, 2019–2023, RUB bln



The share of VVR stores in TAM is about 10%. The VVR market is projected to become one of the largest segments in terms of market share, while traditional formats will continue to decline [3].

Market Overview

Variety Value Retail Market

Fix Price opened its first store in Russia in 2007. Over 17 years, the Russian VVR market has grown considerably, but its size is still remarkably small in comparison with other countries. The segment's landscape has gradually consolidated. As market leaders built up their regional footprint and sales, some smaller retailers left the market. In 2023, the share of VVR sales was 0.8% of total retail sales in Russia. Analysts estimate, however, that this segment has a substantial upside potential.

>226 mln
population in Russia and other core countries where Fix Price operates [1]

>256 mln
population in the CIS and neighbouring countries [2]

>77%
of Russian population are immediate target customers [3]

9 of 10
customers are sensitive to prices [4]

Fix Price is the market leader in the Russian variety value retail

Company	Number of stores at year-end		Market share [5], %		Year of market entry / exit
	2017	2023	2017	2023	
Fix Price	2,477	5,756 [6]	89	89	2007
Галамарт, МПР [7]	181	1,045 [6]	9 [8]	11 [8]	2009
Home market, Заодно [9]	116	Closed			2013 / 2021
Хозяюшка	22	Closed			2010 / 2019
еврошоп (магазин с одной ценой)	27	Closed			2015 / 2018
Охапка	50	Closed			2012 / 2018

[1] World Bank data as at 2022, including Fix Price's current countries of operation: Russia, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Mongolia and Uzbekistan
[2] World Bank data as at 2022, including the CIS countries (Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, and Uzbekistan), Georgia, Latvia and Mongolia
[3] Population with monthly income of up to RUB 60,000. Based on Rosstat data as at 2022
[4] According to a Romir M-Puls study from 2023
[5] Based on sales data, including VAT
[6] Number of stores in Russia
[7] Two separate store formats of Galacentre Group: Galamart and PMR (a Russian abbreviation standing for Permanent Sale Store)
[8] Market share as estimated by INFOLine based on the product assortment corresponding to the VVR TAM
[9] Home Market and Zaodno merged before exiting the business

Market Overview

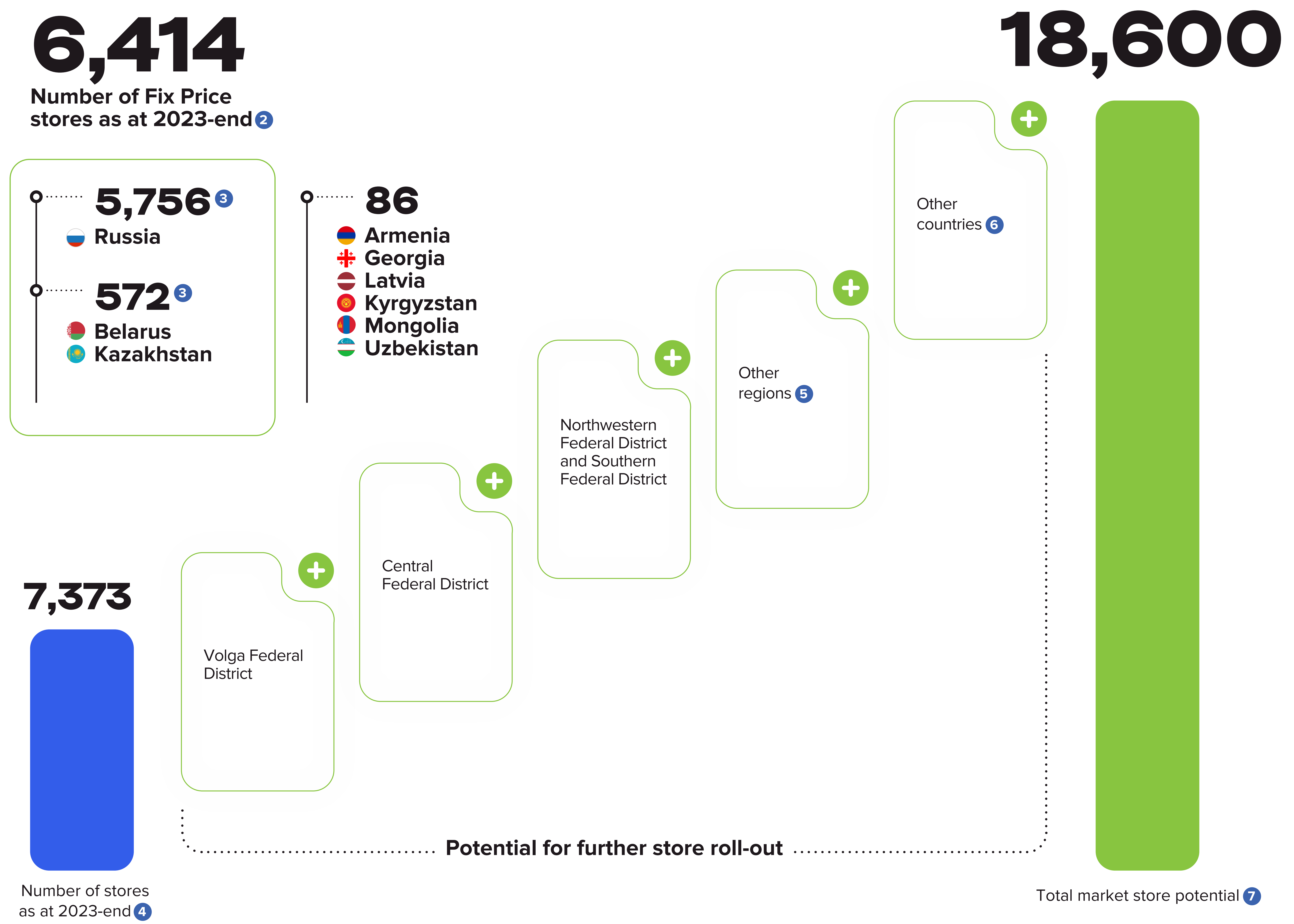
Opportunities for Expansion

According to INFOLine, the number of VVR outlets operating in Russia, Kazakhstan, and Belarus can almost triple to 18,600 stores. New players are unlikely to enter this segment. A major VVR chain would find it hard to enter the market due to considerable upfront investments that would be needed to achieve the economies of scale as well as high risks when building supply chains to offer attractive prices for high-quality non-food products.

Going forward, Fix Price will keep enhancing its leadership in the variety value retail market. We will focus our efforts on driving synergies from expanding our regional footprint in new and existing markets, boosting CVP, and offering better customer experience.

1 Neighbouring countries include Kazakhstan and Belarus
2 Number of Fix Price stores as at 31 December 2023
3 6,328 Fix Price stores in Russia, Belarus, and Kazakhstan
4 Current number of VVR stores in Russia, Belarus, and Kazakhstan. Source: INFOLine
5 Siberian, Urals, Far East, and North Caucasus regions
6 Belarus and Kazakhstan
7 Total store potential for Russia, Belarus, and Kazakhstan (for Fix Price and competitors, including existing stores)

Potential of VVR stores in Russia and neighbouring countries [1]



Unique Customer Value Proposition

Exceptional Value across a Diverse Product Offering

To further enhance its unique assortment, in 2023 Fix Price continued to engage with existing partner manufacturers while also searching for new suppliers and getting actively involved in the development, design, and manufacturing of new products.

The Company offers a broad selection of products to its customers, comprising about 2,000 SKUs across 20 different categories. The key categories include household goods, cosmetics and hygiene products, stationery and books, clothing, toys, household chemicals, as well as shelf-stable food and drinks. We offer a variety of private labels, major brands, and no-name products.

By leveraging our impressive scale, expertise, and direct involvement in the production process, we are able to offer much more attractive prices on comparable goods helping to keep customers excited about our products.

Fix Price is famously known for its **treasure-hunt** shopping experience

Fix Price customers can benefit from a diverse offering of great value products supported by constant assortment updates and a focus on EDLP [1], as well as a well-balanced and diversified product mix. Our loyalty programme enables cardholders to save money and optimise their daily spending by offering a number of attractive benefits.

[1] Everyday Low Prices

Fix Price's product portfolio by brand type in 2023, %

~2,000
SKUs across
20 different categories

no-name brands
private-label products
major brands

Category mix in 2023,
% of retail sales

Food

Food and drinks	26

Household chemicals and hygiene

Cosmetics and hygiene	17
Household chemicals	8

Non-food

Household goods	20
Stationery	6
Party and celebration	6
Clothes	5
Toys	3
Accessories	3
Others [2]	6

[2] Others include electronics, healthy lifestyle, car accessories, pet supplies, and other general merchandise

Unique Customer Value Proposition

By adding attractive new products to our ranges on a regular basis and introducing a treasure-hunt element we are able to create a "WOW" effect and drive repeat visits and customer loyalty

Frequent SKU rotation is the distinctive feature of our product assortment

We offer
~50
new products
every week, with roughly

71%
of retail sales
coming from our rotating assortment that we update up to six times a year

The remaining
29% of retail sales come from regular products
such as toilet paper, aluminium foil, garbage bags, etc., which do not need to be rotated as customers buy them regularly.

Regular products make up approximately one third of retail sales at Fix Price, with the remaining two-thirds coming from constantly rotated assortment. Fix Price strives to offer the best prices across all product categories and SKUs. We make every effort to offer outstanding value across our nine highly competitive anchor price points. The cost of a basket of goods at Fix Price is typically significantly lower than that of a similar basket at other Russian brick-and-mortar or online retailers.

In 2023, Fix Price strengthened its position in promising non-food product categories popular with customers. The share of these categories in our product mix grew through careful assortment management and our efforts to source new suppliers and brands from Russia and China.

We see huge potential to further grow our household goods and party and celebration categories which were in stable demand throughout the reporting year along with kitchenware, accessories, DIY goods, and home decor. We witnessed a slight decline in the share of food products in retail sales from the previous year's abnormally high base. High demand for our strategically important drogerie categories (cosmetics, household chemicals, and hygiene) remained stable. At the same time, the share of drogerie in retail sales was flat year-on-year.

Product Assortment

The Company launches about eight seasonal product collections per year. They are themed around holidays celebrated in Russia such as New Year, Christmas, Harvest Time, Valentine's Day, 1st of September (back-to-school), 8th of March (International Women's Day), 23rd of February, and Easter. Gardening supplies are also a seasonal category.

In 2023, Fix Price ran a unique campaign where customers were invited to participate in selecting goods for the New Year's collection to be offered in Fix Price stores.

The Company was among the first in the market to start using live feedback from customers as a tool for product range selection alongside more traditional research and trend analysis.

As part of the campaign, 500 samples of goods were tested, such as New Year decorations, tableware, lamps, and Christmas tree ornaments. Out of these samples, 40 were selected to be refined and retuned in collaboration with suppliers ready to be added to our store shelves for the next New Year season.

Most food products offered by Fix Price do not require freezing or refrigeration and have a long shelf life. This lets us have one temperature zone across all of our distribution centres, keeping our capital expenditures relatively low. Food products with special storage requirements are delivered by suppliers directly to our stores.

The regular updates of our product assortment are driven by market trend analysis, sales performance, customer behaviour, insights from suppliers, and data from other sources. When selecting SKUs, we strive to meet consumer demands while optimising inventory turnover. This is supported by our flexible product lineup and our team's ability to promptly respond to customer needs. New products quickly hit store shelves due to a well-managed testing process and a robust decision-making system in place at the Company.

Fix Price puts in significant effort to promoting mutually beneficial cooperation with new suppliers. Specifically, in 2023 we continued establishing partnerships with both Russian and foreign (mainly Chinese) manufacturers to expand our offering in the most popular categories. The Company's priority is to enhance cooperation with local manufacturers to drive delivery time optimisation while offering our customers high-quality domestic products.

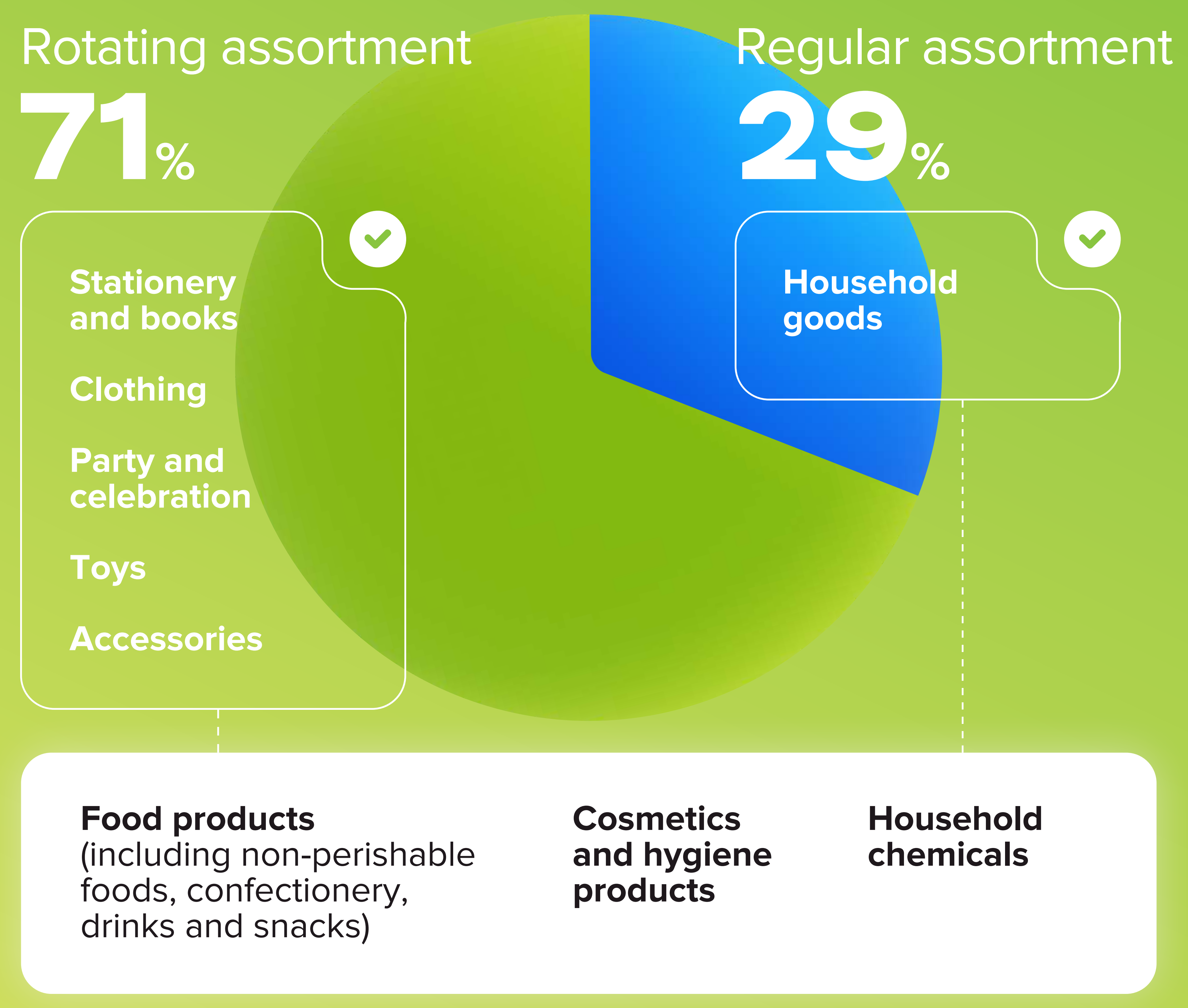
Unique Customer Value Proposition

Product Categories

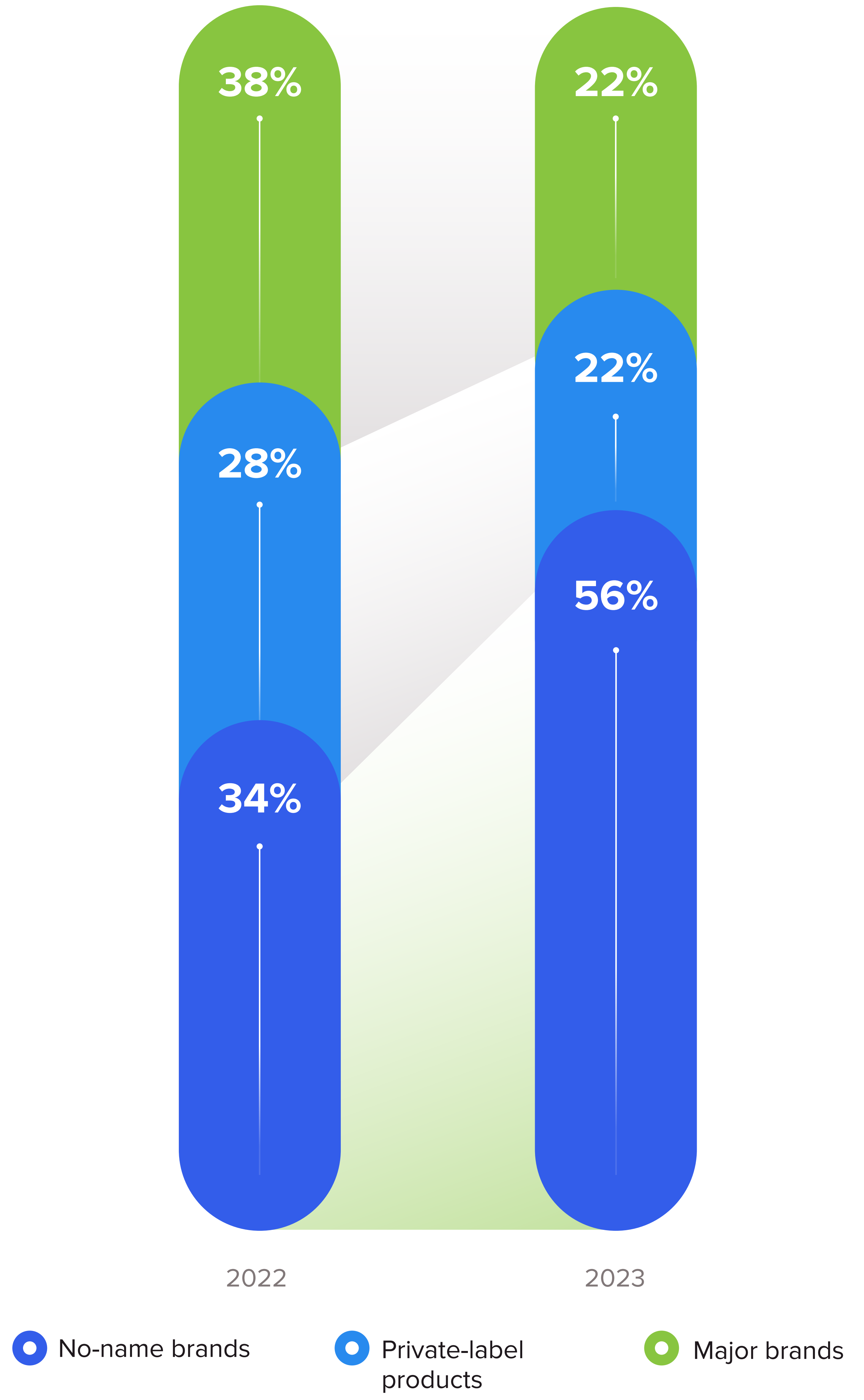
In 2023, we continued to refine our approach to assortment management, relying heavily on customer feedback. Regular research into consumer preferences helped improve the quality and diversity of our product lineup. In addition, we actively engaged in testing new SKUs on our store shelves and boosted the share of rotating assortment in retail sales to 71%.

In 2023, we saw some shifts in the category mix of our sales. With almost 1.6x growth of no-name brands up to 56%, the Company has unlocked the needed flexibility in assortment management and speed up assortment rotation.

Fix Price's retail sales mix by rotation type, %



Changes in Fix Price's retail sales mix in 2023



Unique Customer Value Proposition

NO-NAME BRANDS

In the reporting year, we substantially increased the share of this category in the product mix, which allowed us to consistently offer our customers the right products to match their needs and budgets. These products are widely represented in food as well as non-food categories. Our customers respond positively to supplier rotation and are willing to try new products.

Fix Price uses no-name brands to test demand and update its product assortment. This works well as suppliers have no long-term obligations to the Company to manufacture these products on a regular basis. By placing previously unknown and unique products on the shelves to match the current consumer trends, the Company adds to the high appeal of the Fix Price brand.

MAJOR BRANDS

Major brands remain an important part of our offering, especially in food as well as cosmetics and hygiene products. By leveraging its leading position in the VVR market and its outstanding purchasing power, Fix Price is able to negotiate custom features for third-party branded products with its suppliers, including packaging, size, design, taste, weight, and much more. Customisation and scale allow us to offer more attractive prices to our customers.

Selecting the optimal private-label product mix and determining its promotion strategy is the joint responsibility of the Company's Category Management Department and Marketing Department, which drives the efficiency of private-label product selection, development, and promotion.

To promote private-label products, Fix Price actively employs dedicated marketing tools that drive the recognition and popularity of each brand among customers. We develop a unique design for each private label and register an own brand as well as set up promotional websites to advertise products to customers. We regularly rebrand the most popular private labels to update the properties and benefits customers are looking for in these familiar products.

PRIVATE LABELS

Unique private-label products make the Company stand out from competitors and allow us to provide a wide range of products to our customers. Fix Price's private-label products include more than 60 brands offering consistently high quality, on par with products of better known third-party brands. Fix Price primarily sources private-label products from foreign (mainly Chinese) suppliers.

As at 2023-end, Fix Price's private label portfolio included about

60 brands

The most popular private-label brands in 2023:

Cosmetics and hygiene / household products / household chemicals

Cotte, O'Kitchen, Flarx, and Homestar

Toys / children's goods

Play the Game and Kid's Fantasy

Party and celebration

Greenart, With Love, and Snezhnoye Kruzhevo

Unique Customer Value Proposition

Pricing

Fix Price is strongly focused on retaining its spot as the first-choice destination for shoppers keen on value and a treasure-hunt experience. To achieve this, we pay special attention to pricing and provide one of the best value propositions in the FMCG market.

In 2023, approximately 77% of all SKUs in our stores were priced at or below RUB 99. Fix Price also sells products at higher price points (RUB 249, RUB 299, and RUB 349), such as large packs of household chemicals, household goods, children's apparel, toys, and home decor. These goods are not included in the essential goods category but make a "WOW" effect on customers by offering unique value for money. Such items are usually priced below similar products offered by other retailers and online stores, which drives higher sales.

In 2023, Fix Price stores sold products across nine anchor price points as well as at fractional prices. Fractionally priced items create an extra advantage in terms of cost management as well as assortment management by enabling us to introduce additional SKUs in our stores.

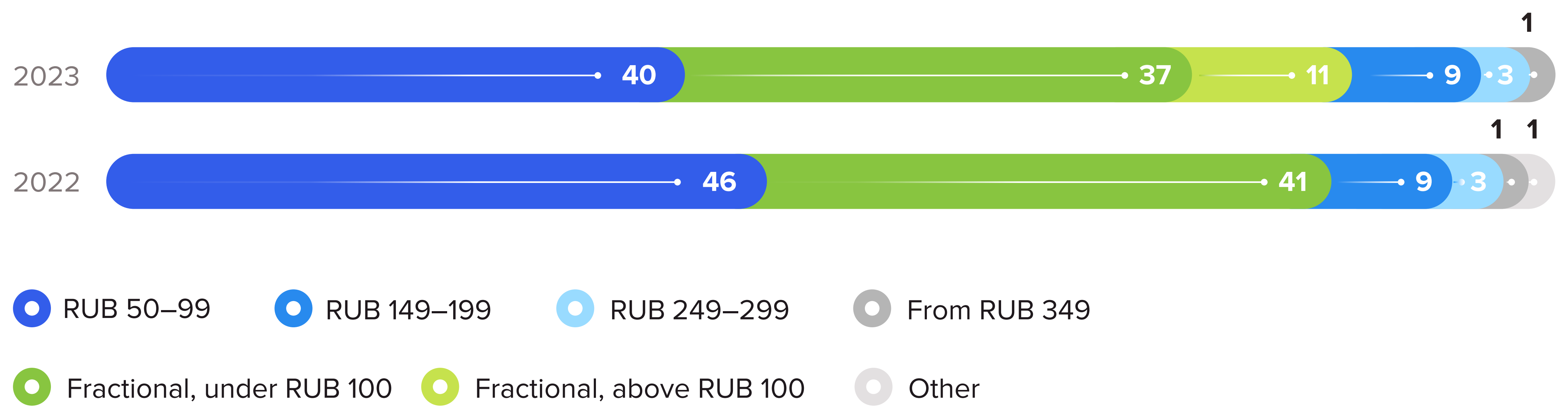
We leverage a number of effective solutions that help us maintain our margins while still offering good value to our customers. Our diverse price mix enables Fix Price to quickly respond to market trends by expanding the range of price points, moving products between price points, or optimising costs.

For example, if an existing SKU's margin is not strong enough, our approach is to review the relevant product by introducing a slightly different item at a higher price point or to keep the same price point but optimise the SKU's cost base by focusing on packaging costs and product quantity without compromising on quality. Thanks to our deep expertise in product management, we can combine these approaches to ensure quick inventory turnover and a continuous assortment rotation.

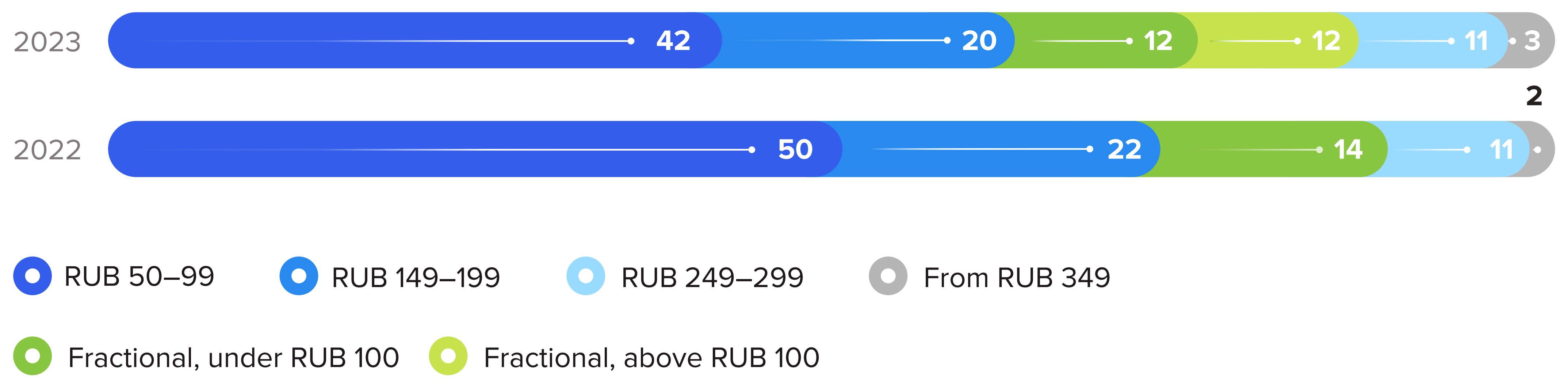
The assortment policy is driven by statistical data from the Company's entire history

Our database contains historical information on market trends, test sales data for new products, and customer feedback. By combining deep analysis of current trends and archive data, we can unlock high forecast accuracy. When setting prices for products, we also consider market conditions and margin targets for various product categories. Our comprehensive approach to assortment and supplier management along with an effective use of logistics infrastructure also helps us keep our prices low.

Fix Price's price points as % of SKUs in 2022–2023 [1]



Fix Price's price points as % of retail sales in 2022–2023 [1]



[1] Due to rounding, the sum of components may not equal 100%

Unique Customer Value Proposition

Convenient Shopping Experience and Customer Satisfaction

Our operations are built around customers and their needs, and we strive to ensure that shopping in Fix Price stores is always a pleasant experience. We open our stores in conveniently accessed locations with high footfall, monitor real-time in-store customer numbers during peak hours, and pay particular attention to the service level.

According to a survey conducted by Vector Market Research in 2023, Fix Price enjoys a high Net Promoter Score (NPS, a metric that measures customers' willingness to recommend a company's products or services to others) of 63% [1], up by 3 pps year-on-year, which is fairly high for the Russian retail market. In addition, our customers give high scores to their shopping experience, including service and clean sales floors, and 91% [1] of respondents are satisfied with our store format in general.

[1] The metric is calculated as an arithmetic mean based on the results of two studies conducted in 2023

63%
Net Promoter Score
+3 pps y-o-y

91% of respondents
are satisfied with our store format

Unique Customer Value Proposition

Fast-Growing Loyalty Programme with Highly Attractive Benefits

Fix Price has a popular and robust loyalty programme in place that offers additional benefits to our customers and enables them to optimise their daily spending. As at 2023-end, the total number of loyalty cardholders exceeded 27 million across all countries of operation, including approximately 25.7 million registered cardholders in Russia.

In 2023, targeted marketing campaigns drove the number of registered loyalty cardholders in Russia up by 4 million (+18% year-on-year); in the Republic of Belarus by more than 300 thousand (+51% year-on-year); and in Kazakhstan by more than 443 thousand, a more than threefold increase (+367% year-on-year).

>27 million
registered cardholders
in our countries of operation

Purchases by loyal customers account for 62% of retail sales [1]. The share of active cardholders [2] is 53%. The programme benefits both customers and the Company: while getting value from the Fix Price loyalty programme, cardholders also give valuable feedback on our products and services.

In 2023, the average ticket of Fix Price loyalty cardholders was approximately twice as much as the average ticket of non-cardholders. Loyalty cardholders visited Fix Price stores on average 23% more often [3] than the chain's other customers. The benefits offered by the loyalty programme also translate to high levels of Fix Price brand recognition among consumers.

Our customers can buy loyalty cards at checkouts for RUB 55 or register a virtual loyalty card via our mobile app or on our website. This allows them to earn up to 30% of their total spend as points, which they can accumulate and use to pay for up to 50% of their next purchase. Each Fix Price store sells approximately two loyalty cards per day.

[1] Loyalty programme data are calculated for Fix Price stores operating in Russia, unless stated otherwise
[2] Loyalty cardholders who make at least one purchase per month
[3] Based on Vector Market Research studies of Fix Price's target audience conducted in autumn 2023 in cities with a population of over 1 million

Loyalty cardholders' average ticket is
1.9x
higher than that of other customers

Cardholders get access to exclusive offers from the retail chain and can participate in special promotions and receive discounts from our partners. They also have access to tailored offers and can earn extra points when they buy their favourite products, as well as one-off points timed with various Fix Price events.

We communicate with loyalty cardholders via e-mail, text messages, push notifications and run regular surveys regarding new products, prices, and more. The purchase history of cardholders offers the Company valuable insights, which we use to identify consumer trends in real time. For example, we can use this information to promptly make marketing strategy decisions aimed at driving sales growth and boosting customer satisfaction even further.

+18% y-o-y
increase in the number of loyalty cardholders in Russia

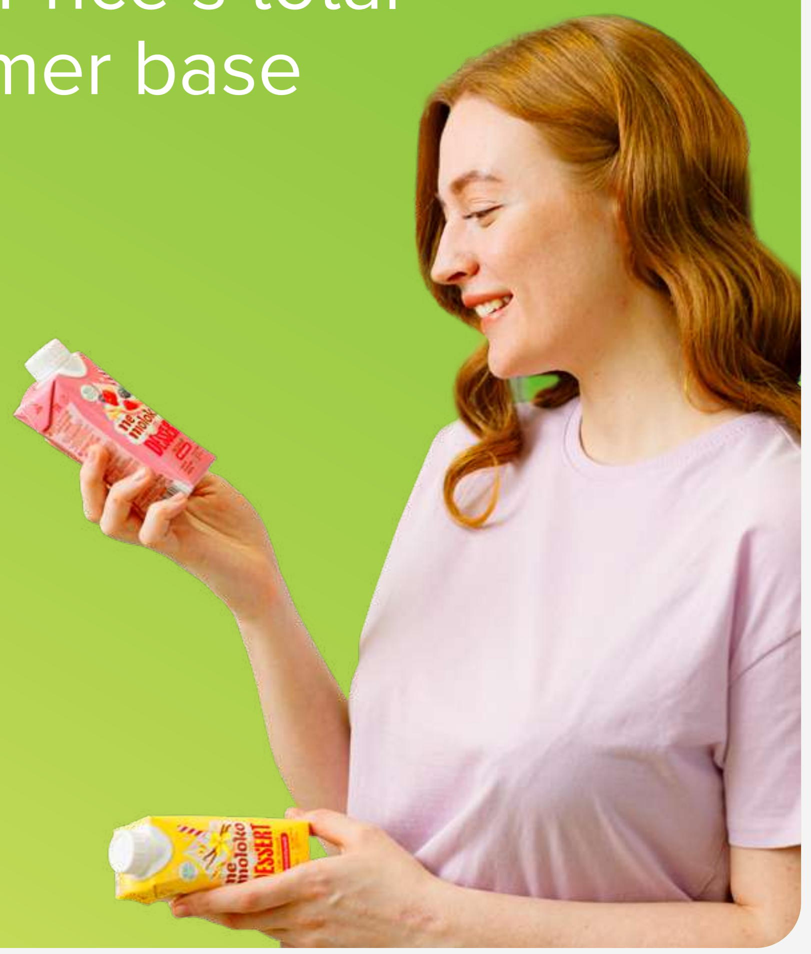
+51% y-o-y
increase in the number of loyalty cardholders in Belarus

+367% y-o-y
increase in the number of loyalty cardholders in Kazakhstan

Focus on Customers

Fix Price's key priority is to meet customers' needs for a diverse range of quality goods at the most attractive prices. We pay particular attention to creating a unique value proposition and improving the level of service and customer experience at our stores.

Women are the core of our target audience, comprising **66%** of Fix Price's total customer base



Fix Price's Target Market and Consumer Trends

The typical Fix Price store primarily targets families with children and middle- and low-income customers. Our value proposition resonates most with shoppers with a monthly income under RUB 60,000, which is about 77% of the Russian population [1]. In 2023, we continued our efforts to attract higher-income customers by expanding our assortment and offering more unique "WOW" products that are unmatched by any other retailer in terms of value and performance. As a result, the share of Fix Price customers with an income over RUB 40,000 rose by 6 pps [2] from 2022.

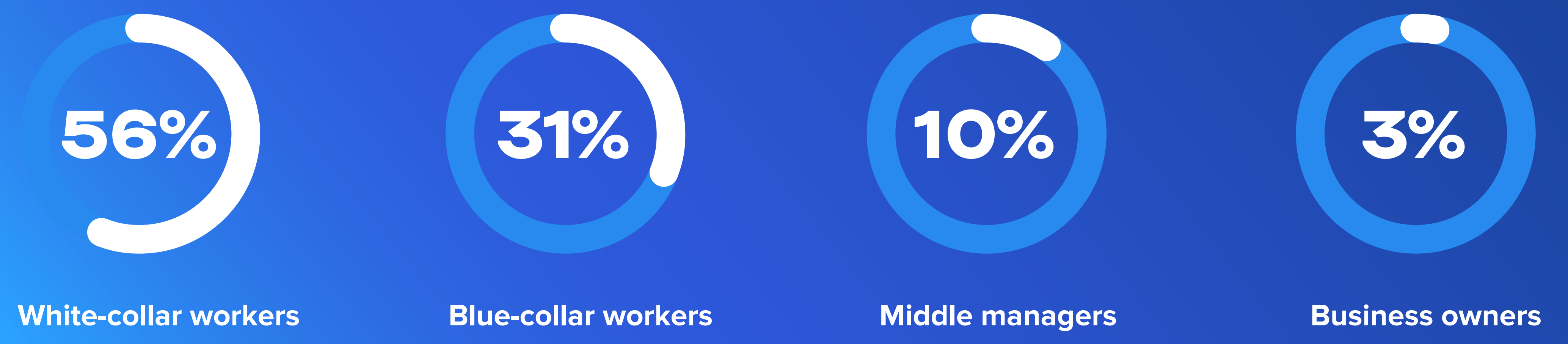
The Fix Price customer base includes office and government workers, blue-collar employees, pensioners, and students.

In 2023, the share of customers in white-collar occupations was down by 6 pps to 56%, while the share of blue-collar workers increased by 6 pps to 31%. The shares of middle managers and business owners stood at 10% and 3%, respectively.

[1] Source: Rosstat public data
[2] Based on Vector Market Research studies of Fix Price's target audience conducted in autumn 2023 in cities with a population of over 1 million
[3] Fix Price internal research on the loyalty programme for H1 2023

~50% of female audience are married women aged 25–55 with one or two children [3]

Customers by occupation in 2023



Focus on Customers

Mass consumer behaviour patterns [3]

52% does not like to hurry and takes time to go around the entire store

44% uses the store's mobile app as a source of information on new products and promotions

36% sees attractive promotions as a sufficient reason to buy online

29% prefers products made in Russia

In 2023, consumer confidence started to pick up, coupled with an increased demand for entertainment and extra pampering. At the same time, Romir analysts highlighted the continued trend of customers trading down and looking to save money as they search for the more affordable options, brands, and promotional discounts [1]. In particular, nine of ten Russians continue to be frugal amid the economic difficulties [2]. The NielsenIQ 2023 study [3] noted that one of five Russians has become more likely to visit discount chains, with discounters representing over 55% of the retail sales mix in the Russian market.

Fix Price makes sure to stay abreast of changing consumer sentiment and trends when building its product ranges. It also uses this information to continuously improve its customer service quality at stores. Our focus on the customer, along with attractive prices and a wide, frequently updated product mix, cements our place among the most popular retailers in the market. To further improve customer convenience, we are working on introducing additional online services. For example, in 2023, we added more options for our customers to place and pay for their orders: via our website, our mobile app, and through major online marketplaces (Yandex Market, Yandex Eats, Market Delivery, etc.) with which we partnered in the reporting year.

According to surveys conducted by Vector Market Research, 74% of shoppers visit our stores for our low price offering which remains, alongside our wide assortment, the primary reason why they would recommend us to others. More than half of our customers (51%) believe that our stores are beating the competition hands down when it comes to value for money.

Russian consumer behaviour in 2023 [3]

46%
buy only essentials

39%
choose stores with lower prices

32%
lean towards cheaper goods / brands

Our audience

74% of customers
choose Fix Price for its wide assortment at low prices

51% of customers
believe Fix Price is beating the competition hands down when it comes to pricing

1. According to Romir study
2. According to Romir study
3. NielsenIQ: New FMCG Market Rules, October 2023

Focus on Customers

Quality Control

We care about the safety of our customers and offer them quality products from trusted manufacturers. To uphold its high quality standards throughout the supply chain, Fix Price has established rigorous control procedures. This encompasses quality control routines across the entire production process, starting with checks at production lines and distribution centres, right up to close monitoring of product quality on our store shelves. We pay particular attention to inspecting the facilities that produce private-label goods.

These measures help us to maintain high levels of customer confidence and ensure the timely removal of substandard products from shelves.

The Company also has a robust quality management system (QMS) in place. It covers supplier selection criteria, comprehensive product quality control procedures, regular audits of suppliers and product storage warehouses, as well as customer feedback channels and addressing gaps identified through inspections.

Fix Price's quality control measures include:

- **monitoring supplier production facilities and process compliance**
- **laboratory testing**
- **product testing**
- **prompt investigation of customer queries**

Fix Price's key priorities include maintaining the highest levels of customer experience, verifying that our production environments are safe, and adhering to quality standards.

See more about in "Product" on page 69

The Company is constantly focused on improving its customer feedback mechanisms. Fix Price has established a customer complaint and remediation process system. This system ensures that incidents related to quality serve as a trigger for a timely and thorough review conducted together with suppliers.

The Company's two main communication channels for customers are the hotline and feedback forms on Fix Price's website and in the mobile app. With convenient communication tools, we can closely monitor and promptly respond to customer queries.

We are running regular initiatives to enhance the QMS, making a positive impact not only on product quality, but also on Fix Price operations in general.

From 2023, **feedback forms** are also available to our customers in the Fix Price mobile app

Customer queries in 2023:

4,250 queries
submitted through all communication channels

1,825 queries
related to product quality

Every fifth query triggered a follow-up review

Focus on Customers

Store Layout

Fix Price employs a single standardised approach to store layout and design. Our stores have an open-plan layout with distinct and well-lit interiors combined with clear and informative signage which provides for a comfortable and easy shopping experience. Products are laid out in several easily accessible zones according to their category. This includes food, non-food, household chemicals, toys, home decor, and other categories organised in a pattern that is replicated across the whole network.

Fix Price's highly functional store displays are visually appealing and easy to navigate. In addition, everything is designed to encourage cross-selling, enhance the treasure-hunt experience, and create a "WOW" effect for customers. For example, dedicated shelves marked with "WOW" signs feature popular ranges at extremely attractive prices, triggering the impulse to buy immediately: unique products at such low price sell like hot cakes. Essential items are typically placed at the back of the shop floor to encourage customers to walk through the whole store. The standard chain store layout provides for 75 product display shelves. This consistency not only facilitates efficient merchandising management but also makes our offering more familiar and recognisable to customers.

The standard store layout has

75 product display shelves

Minimising queues in stores

We seek to minimise customer queuing by providing a sufficient number of available checkouts at any point in time, with a typical store having two to three checkout lanes open simultaneously.

Starting from 2022, newly opened stores are equipped with self-service checkouts which also helps shorten checkout queues, process payments faster, and reduce staff workload during peak hours. In 2024, we will also start installing such checkouts in our existing stores.

In 2023, seven Fix Price stores piloted a computer vision-powered solution to detect queues at checkouts. The solution will automate queue monitoring in stores helping to promptly take measures to minimise them.

The use of advanced technology in our customer communications contributes to a more pleasant shopping experience, especially during busy periods.

Focus on Customers

Overview of a Typical Fix Price Store Layout

Food

Non-food

Household chemicals, cosmetics, and hygiene products

1

RUB 299

"Wow, no way the price can be that low!"

2

RUB 59

"I just needed to get a shampoo..."

3

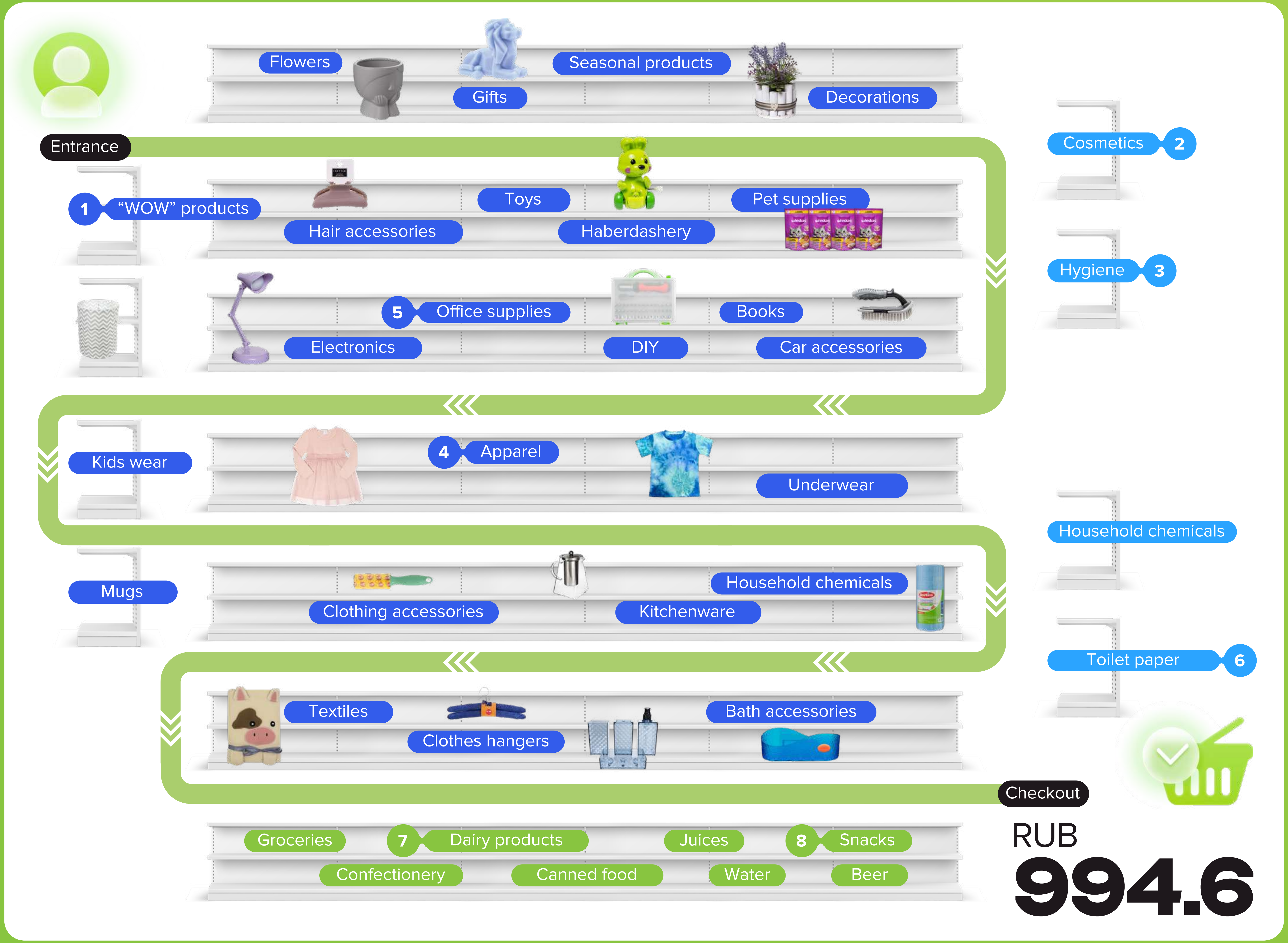
RUB 79

"Great, this place has cotton pads, and they don't cost a fortune!"

4

RUB 299

"It looks trendy and fits right into my budget!"



5

RUB 69

"This is a great bargain!"

6

RUB 101.5

"Better stock up on soap and toilet paper!"

7

RUB 79

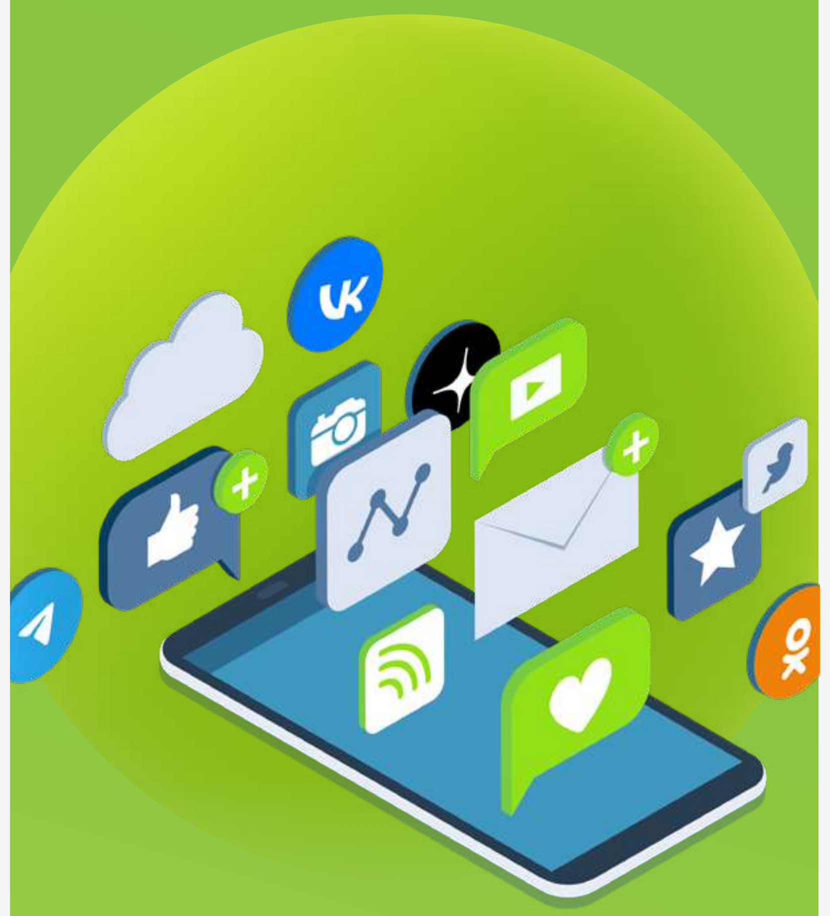
"I guess I did promise to buy milk... oat milk is even better"

8

RUB 9.1

"So much shopping done... I deserve a snack!"

Focus on Customers



4.3

mln followers

Fix Price's audience in social networks at the end of 2023

Marketing and Advertising

In 2023, we leveraged several marketing strategies, focusing on the most appropriate communication channels to reach our target audience. The Company's well-run in-house production of advertising content and promotional activities enable us to manage several dozen promotions at a time while being able to launch extra activities within the shortest timeframe (1 to 5 days).

To make customer communications even more unique and memorable, we use brand ambassador integrations with our advertising campaigns, and from 2023 we have started using a mascot as a corporate identity symbol. The mascot will appear in Fix Price advertising and POS materials, informing customers about new promotions, benefits of the loyalty programme, and assortment updates.

In 2023, we signed up the popular actor and TV presenter Sergey Burunov as our new second brand ambassador to replace Sergey Svetlakov. Our marketing surveys suggest that Sergey Burunov garners a strong positive response from Russian consumers.

An advertising campaign featuring the new brand ambassador was launched in January 2023 on leading national TV channels as well as on social media and other online platforms.

In 2023, we continued to further improve our customer website and mobile app, **ramping up traffic**

by **35**% y-o-y [1]

We have:

- **significantly improved the customer journey across all our web storefronts**
- **launched our mobile app in Belarus and Kazakhstan**
- **introduced promo code discounts for orders placed via the website and the mobile app**
- **expanded the use of loyalty cards when making online purchases**

1 Average number of daily visitors

Focus on Customers

We actively engage with our target audience and develop official Fix Price channels on the most popular social resources. Our digital presence enables an ongoing dialogue with followers and offers a platform for us to promote our unique Fix Price experience to more new customers at a minimum cost.

We are actively engaging with younger audiences and striving to attract higher-income customers. We also use additional marketing tools to expand our reach, increase brand recognition, and drive brand loyalty, including:

- engaging with social media influencers
- using new marketing channels
- improving the visual content of products and packaging
- personalising marketing efforts

During 2023, we primarily focused on automating the operating processes around marketing content management and ad placement in general.

For example, our employees were rapidly adopting new marketing tools: we piloted a customer data platform (CDP) to tailor our promotions and send bulk e-mails, push notifications, and text messages. The pilot email campaign targeted customers who were less active or who had not made purchases in our stores for some period of time.

In the reporting year, we also developed a specialised online builder to quickly launch landing pages on the fix-price.com website to advertise products. In late 2023, one such landing page was adapted to promote New Year-related merchandise, and in 2024 similar landing pages will be used for other seasonal promotions and events.

Also in 2023, we partnered with major banks and launched joint promotional campaigns as well as ran advertisements at self-checkouts across our network and in ATMs.

In 2023, for the first time in the Company, we used neural networks and other AI technologies to create a host of unique advertising content, including videos

E-Commerce Development

In order to reach a broader audience and better target more affluent customers, Fix Price is continuing to test various ways to improve its shopping experience. In 2023, our products were added to marketplaces, such as Market Delivery, Yandex Eats, and Yandex Market, with 598 Fix Price stores connected by the year-end. In 2024, we plan to increase this figure to more than 1,000 stores and also launch express delivery options through partnerships with other major marketplaces.

We also offer a buy online, pick up in store option to our customers. Over the past few years, we have seen growing interest in our online service which has consistently posted solid results. In 2023, our customers placed over 1.2 million orders online, up 20% year-on-year, with the volume of picked-up orders growing by 18% from 2022.

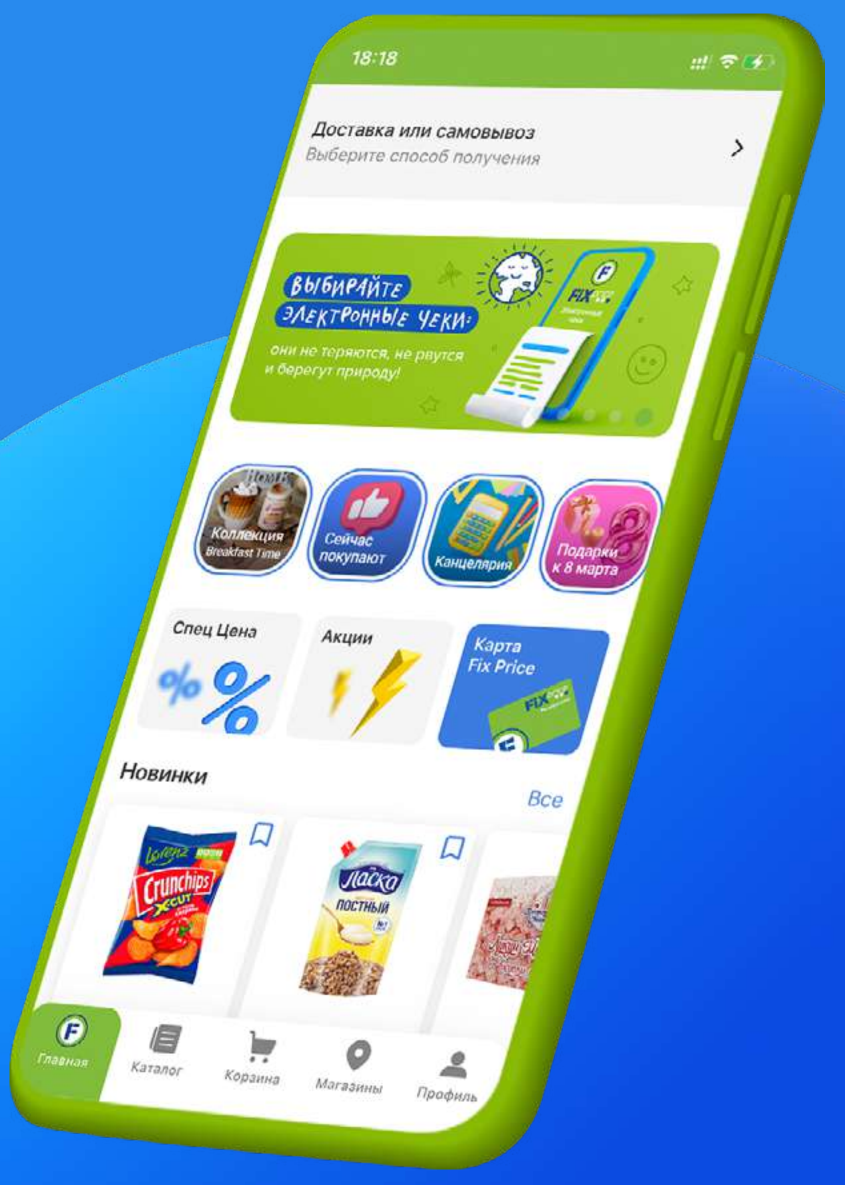
Customers can order products via our website, mobile app, or partner marketplaces. When shopping via our website or mobile app, customers can choose from multiple delivery options, including store-to-door delivery through our partners or collection from pick-up points in Fix Price stores.

The Fix Price mobile app is a powerful communication tool, allowing customers to view our product range online and earn points for purchases through our loyalty programme.

In 2023, the number of our mobile app users grew by

5.9 million to

20.2 million



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 2023[1], %

[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.

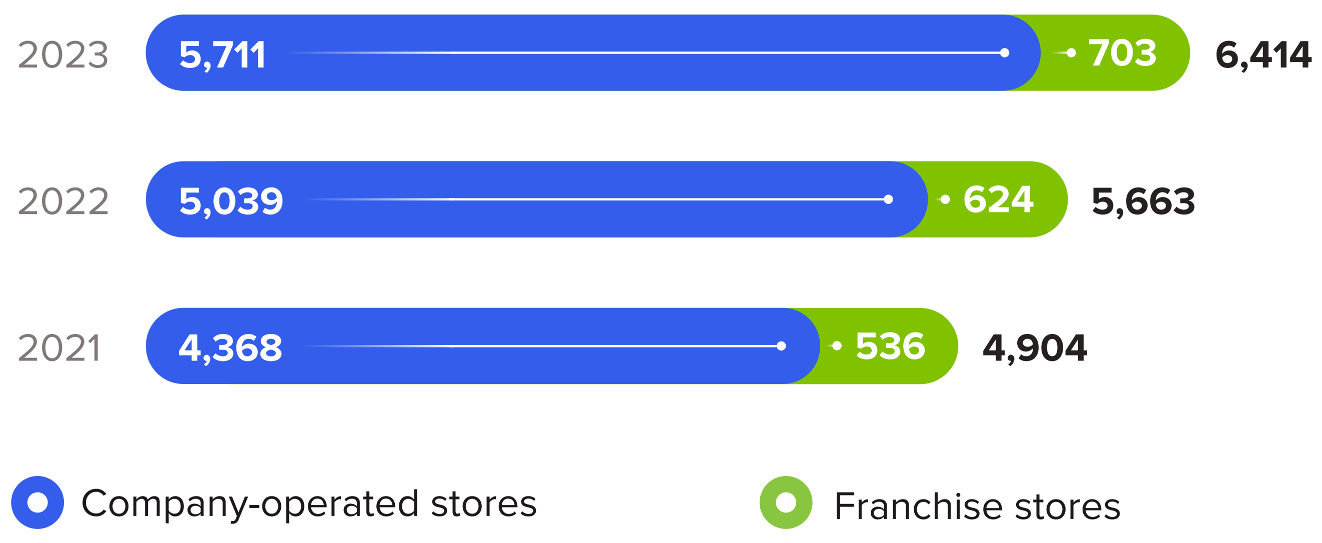
For 2024, we target at least 750 net store openings and an expansion into the UAE market.

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

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

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

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.

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]

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

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.

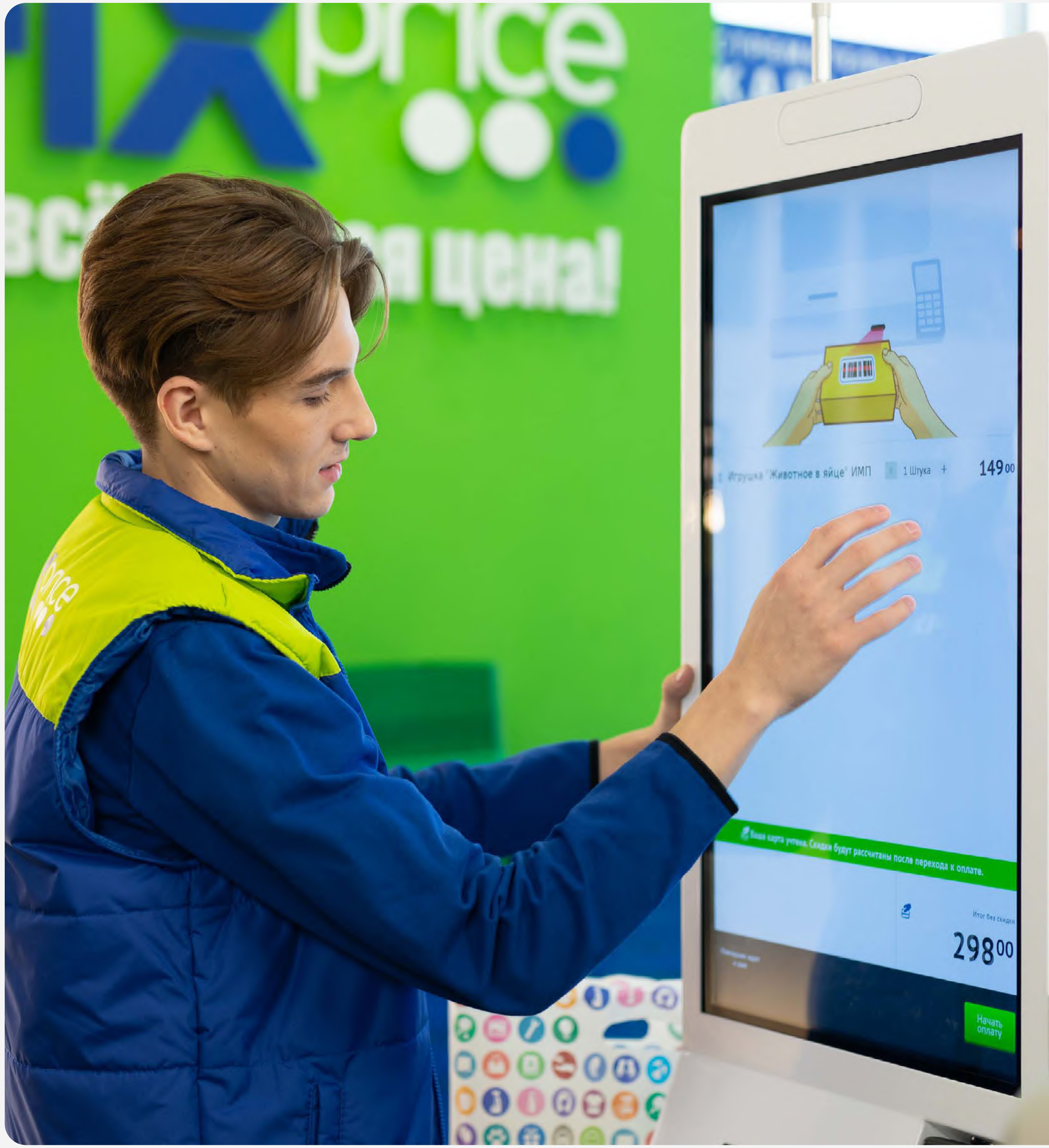
Store Renovation

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

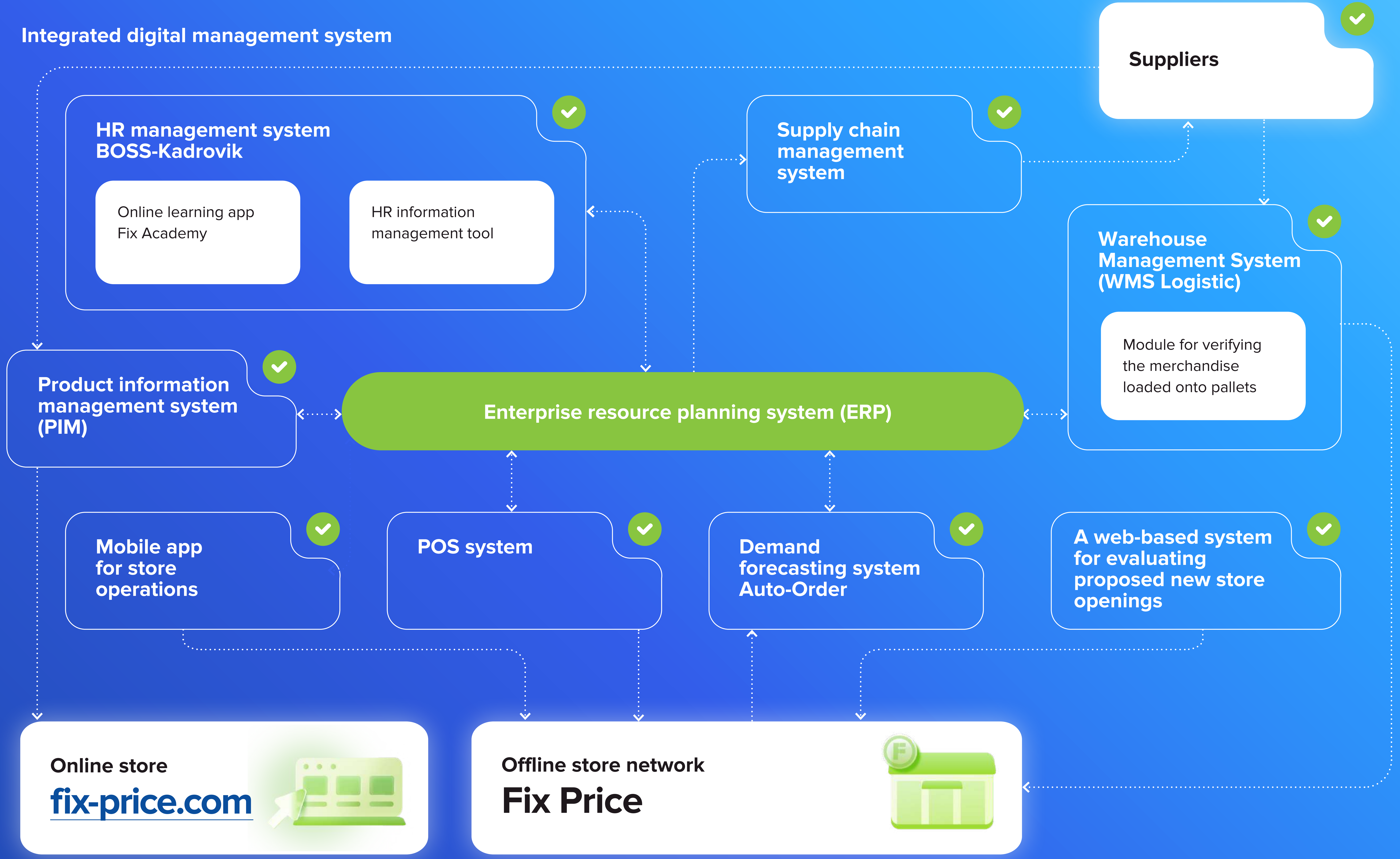
To unlock growth and maintain the resilience of business processes across our store network, we are strongly focused on embedding advanced technologies across electronic document management, remote store monitoring, supply chain tracking, and HR management.

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.



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

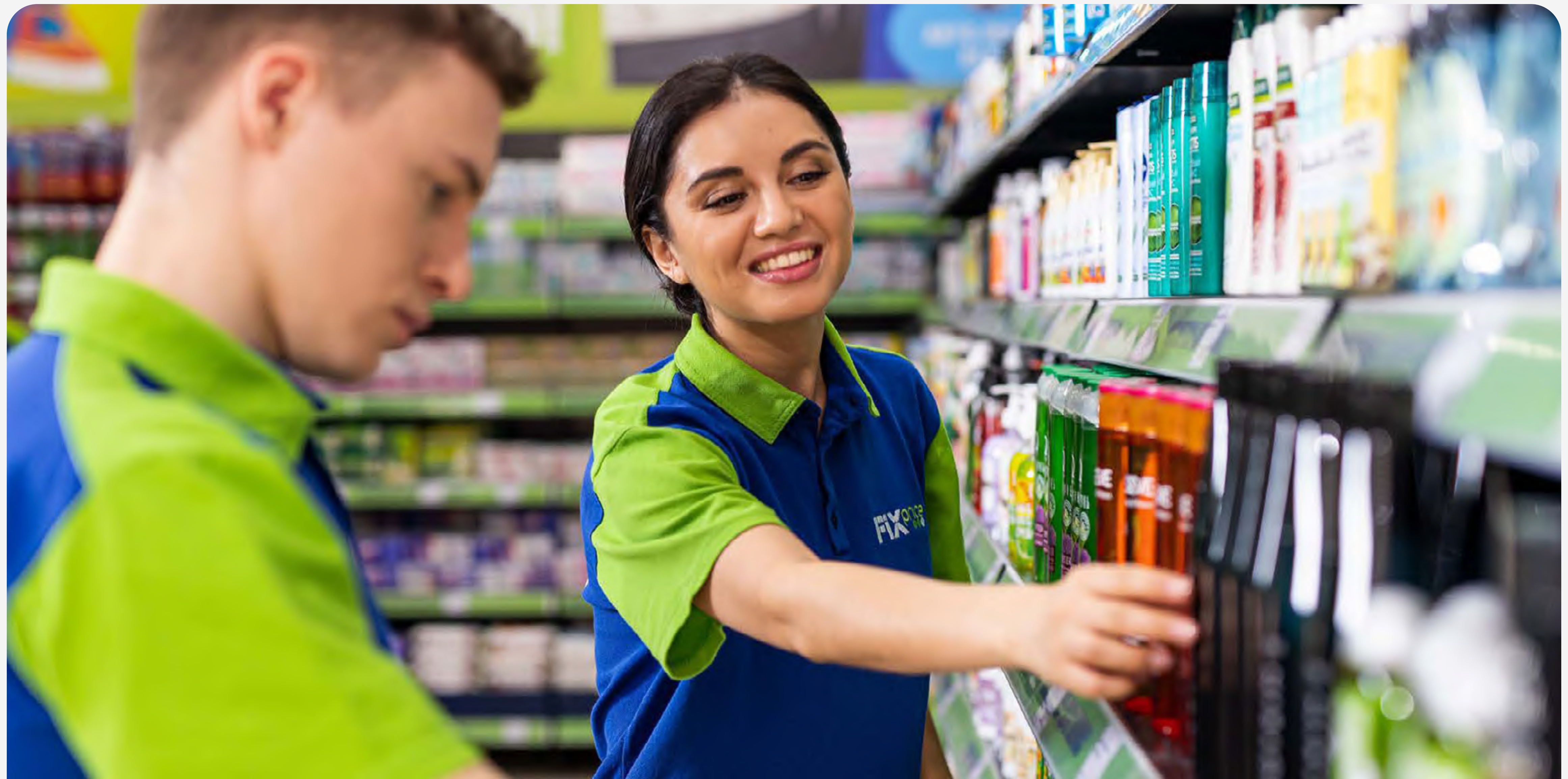
To improve the overall efficiency of inventory management across stores, the Company developed Auto-Order, a system that automates restocking orders for each store.

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

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

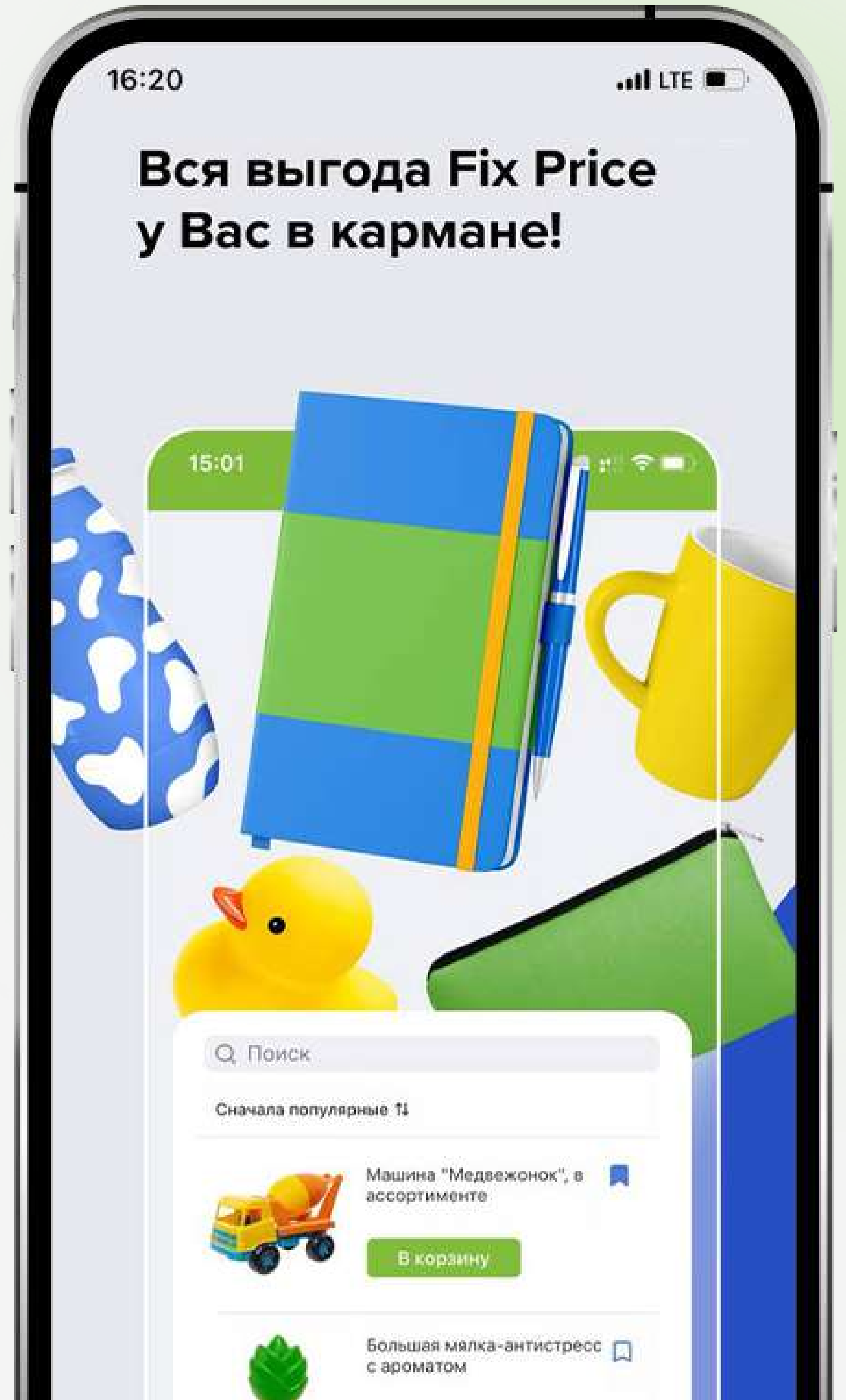
1,699
fraudulent web pages

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**
- **Direct import capabilities**
- **Warehousing infrastructure** (distribution centres)
- **Deliveries of products to stores**

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).

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.

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 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 Review [1]

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 margin [2] 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.

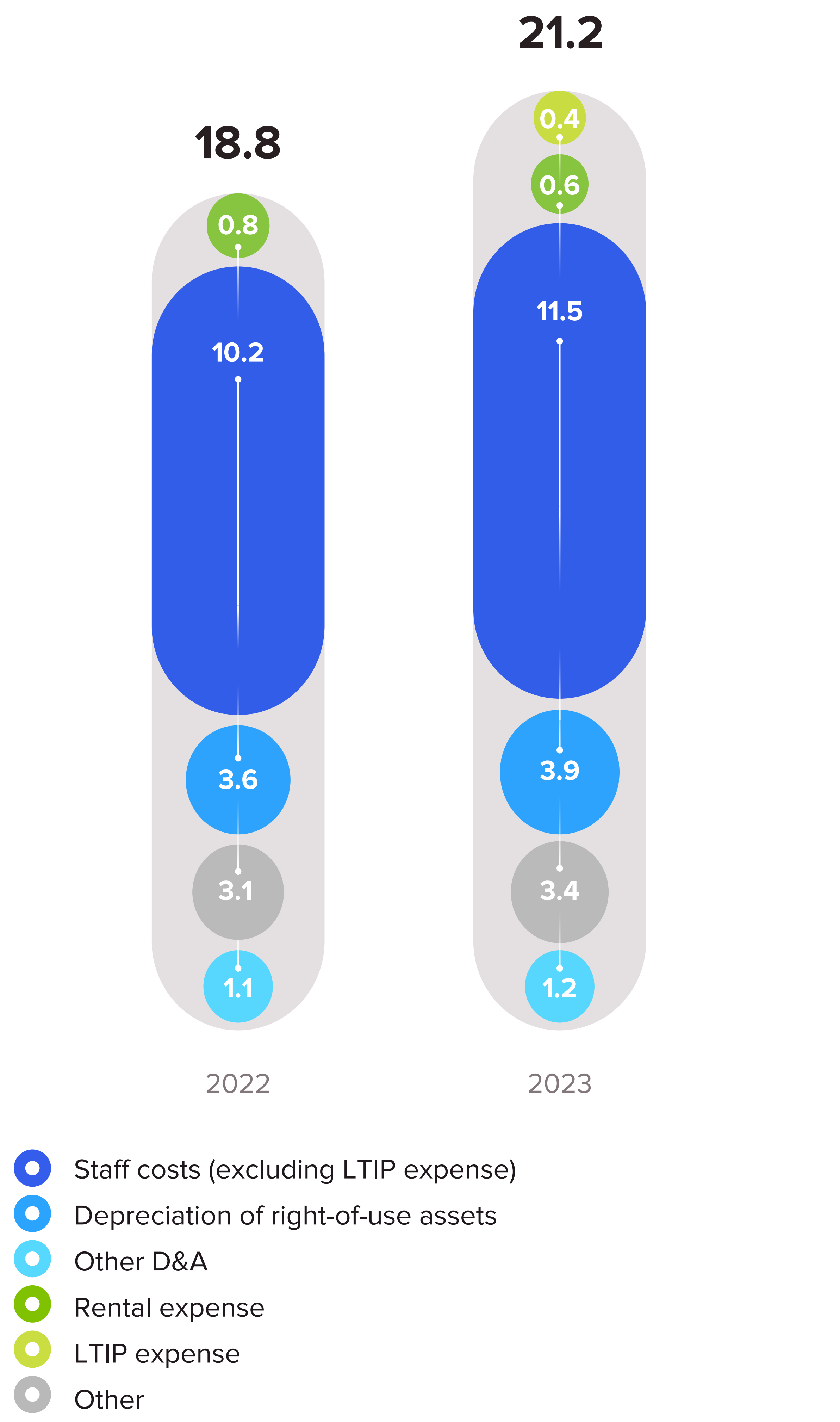
Bank charges climbed by 21 bps year-on-year to 1.2% of revenue, reflecting a growing share of bank card transactions and a low base effect from 2022, when between 18 April and 31 August 2022, the Bank of Russia cut acquiring charges for bank card transactions of businesses selling socially-important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

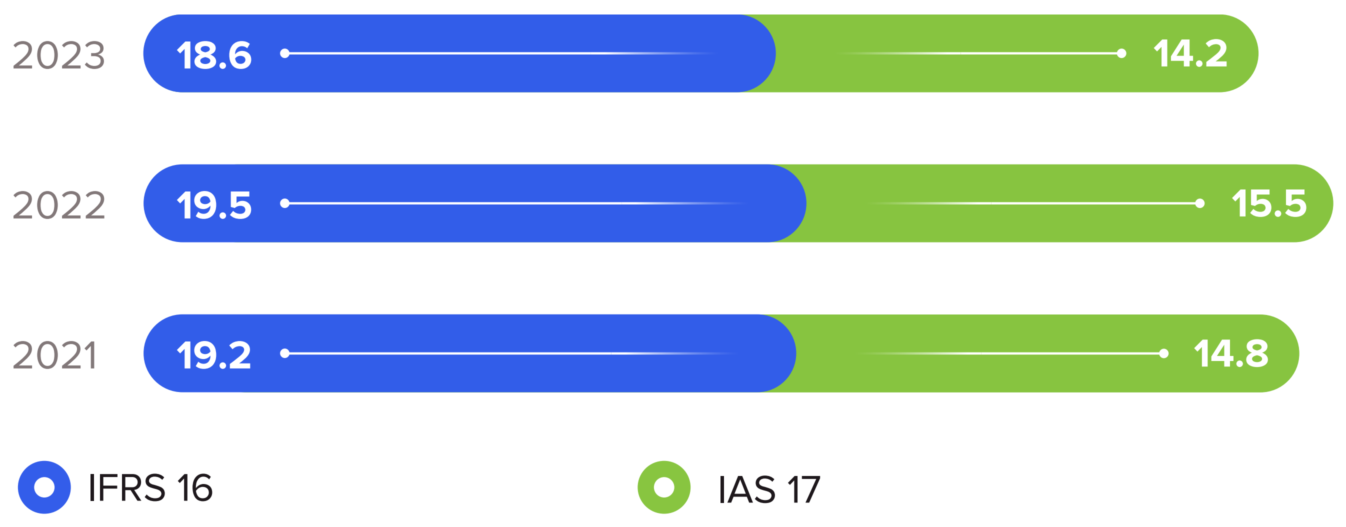
As a result, adjusted **EBITDA** remained flat year-on-year at RUB 54.2 billion, and **adjusted EBITDA margin** was 18.6%, as the gross margin growth was offset by an increase in SG&A expenses.

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

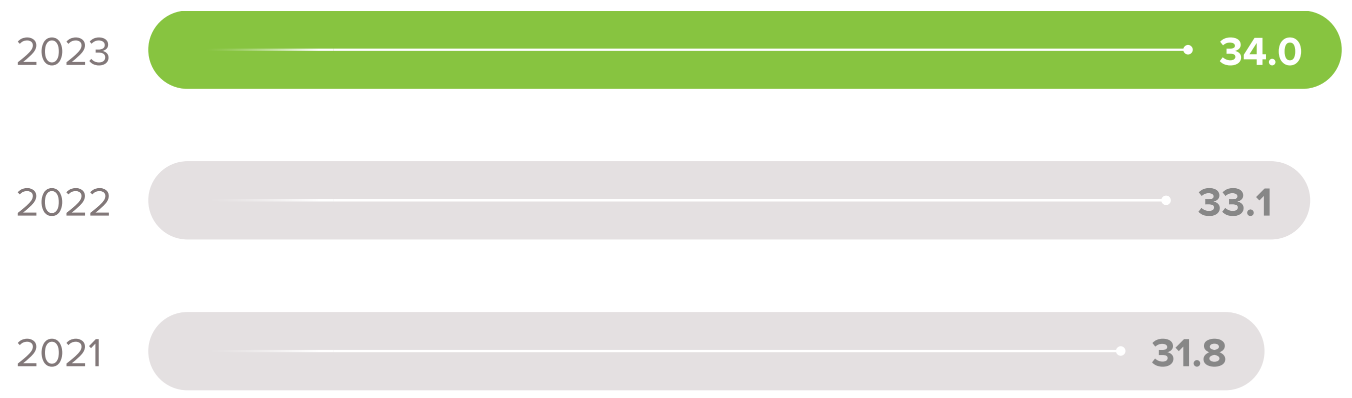


Financial Review

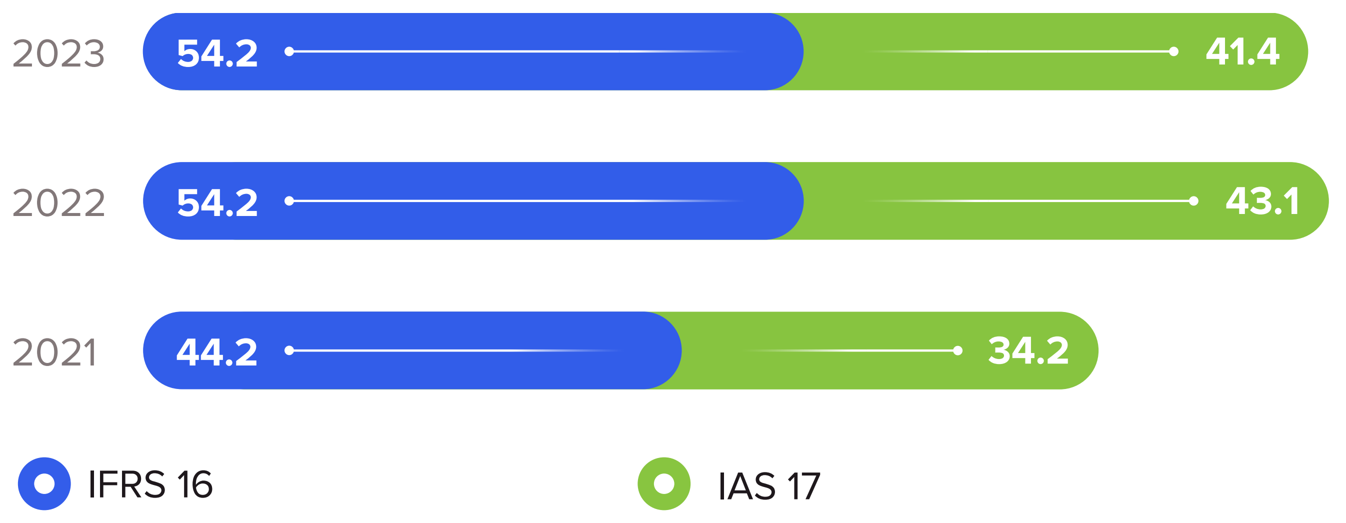
Adjusted EBITDA margin over 2021–2023, %



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

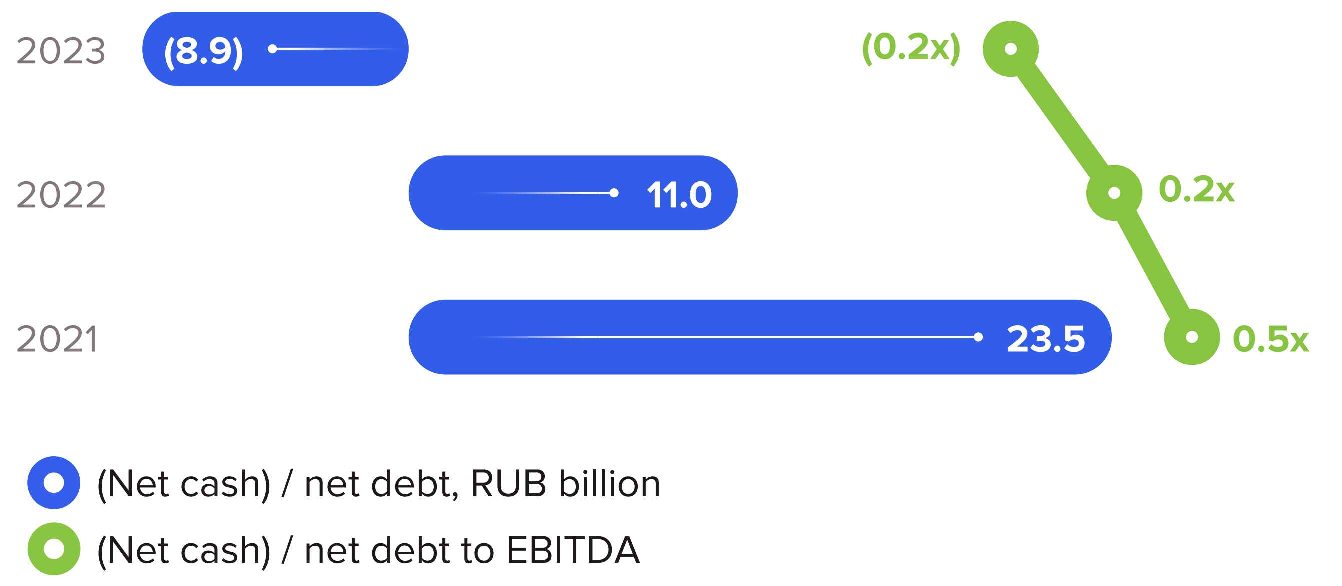
In 2023, Fix Price continued to strengthen its financial position by further reducing debt burden and improving net cash position.

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.

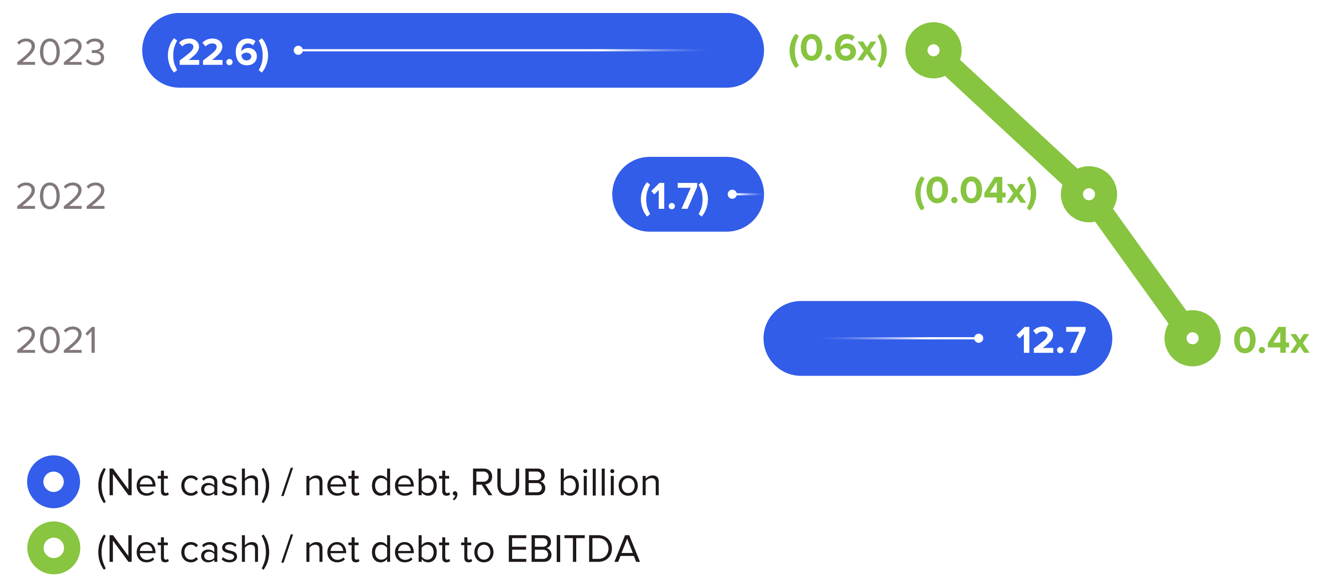
Total loans and borrowings declined to RUB 14.7 billion as at 31 December 2023. **Lease liabilities** grew to RUB 13.8 billion from RUB 12.6 billion at the start of the year, driven by an increase in the number of lease contracts on the back of store network expansion. As a result, Fix Price's **total 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

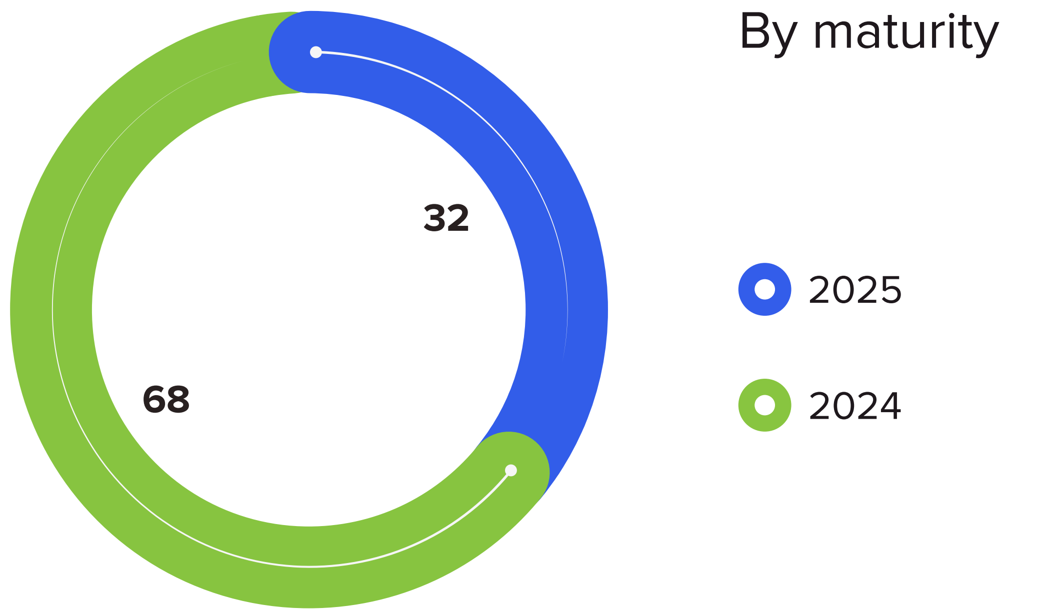


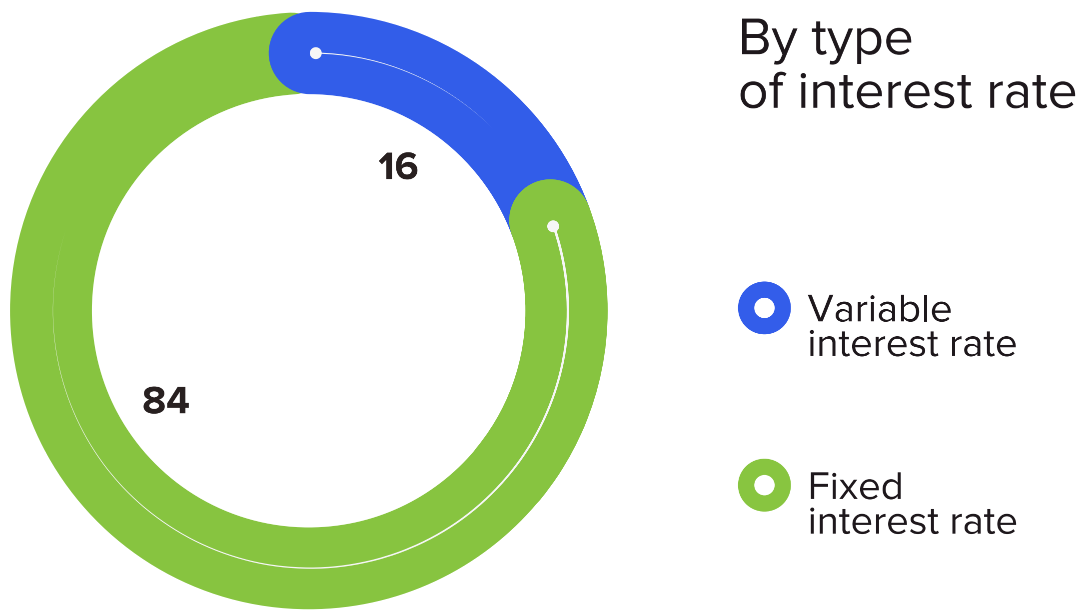
(Net cash) / net debt and (net cash) / net debt to EBITDA under IAS 17 in 2021–2023



Loans and borrowings as at 31 December 2023

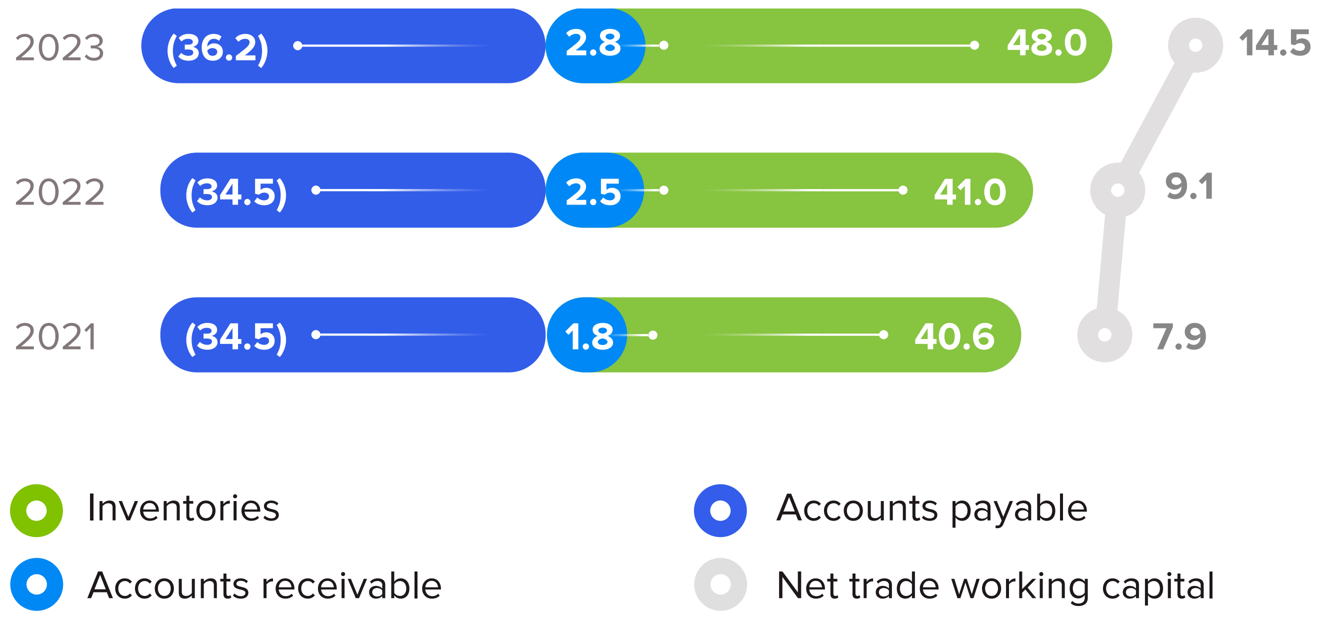
100% of loans and borrowings are denominated in roubles



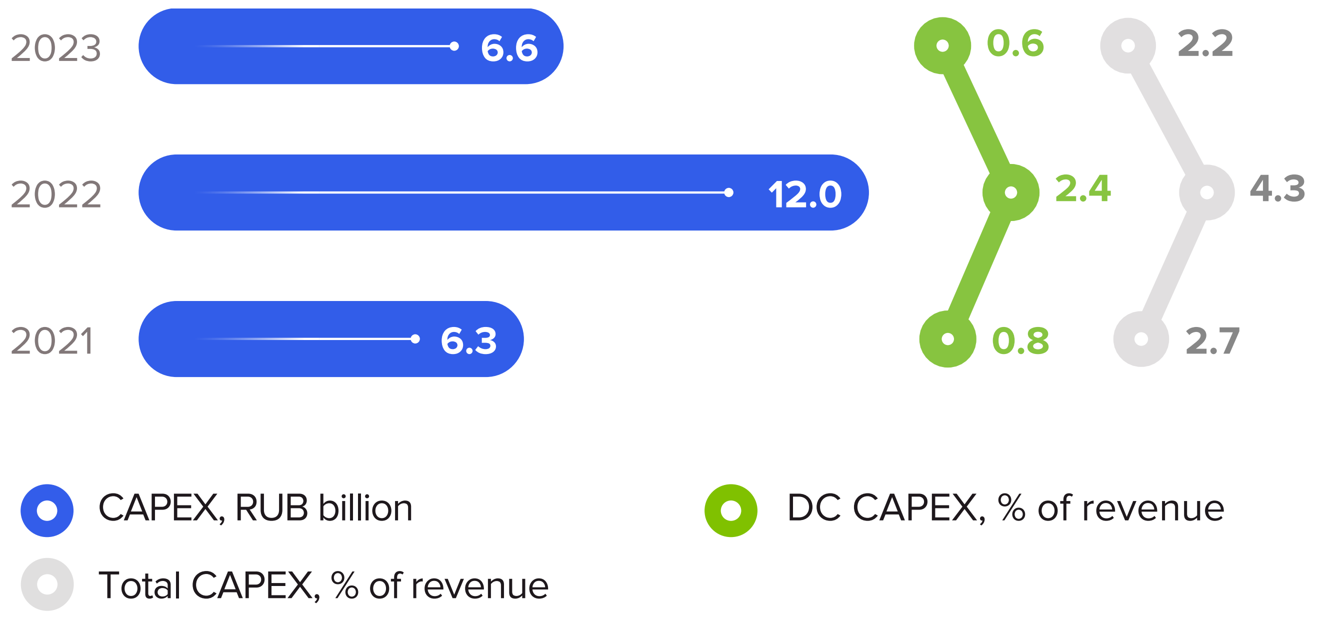


Financial Review

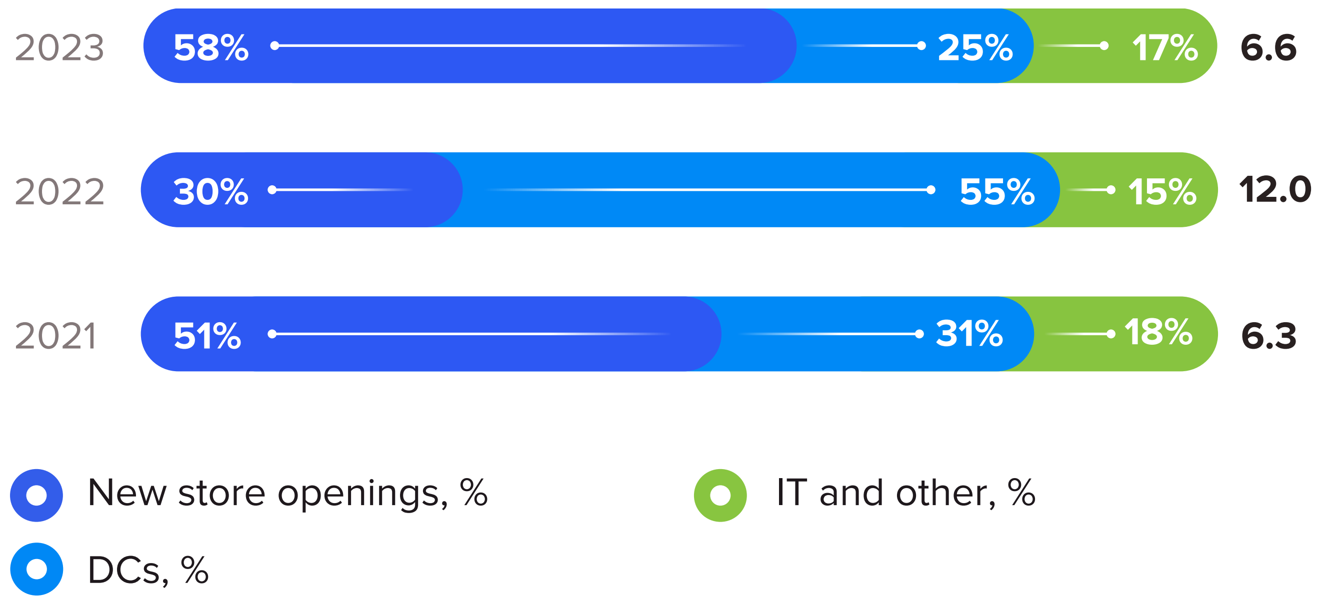
Net trade working capital[1] **over 2021–2023,**
RUB billion



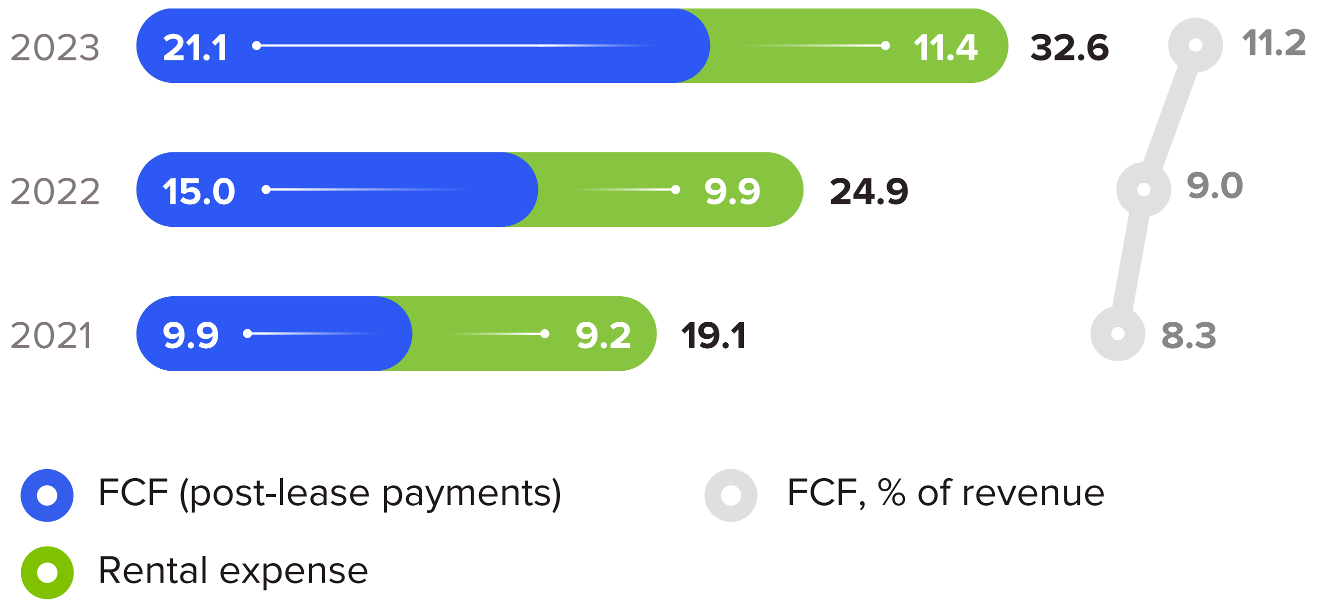
CAPEX[2] **over 2021–2023**



CAPEX structure, 2021–2023,
RUB billion



FCF[3] **over 2021–2023,**
RUB billion



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.

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)

79%
share of local suppliers in procurement

SUSTAINABILITY

+23% y-o-y
increase in the amount of waste sent for recycling

Fix Price offers customers quality products at affordable prices, initiates new partnerships, promotes favourable conditions for development in its regions of operation, and supports its employees

Our Approach to Sustainability Management

We understand the importance of the ESG agenda and continue to further raise awareness on the topic among our employees, partners, and other stakeholders.

We focus our sustainability efforts on the following four pillars (the 4Ps):

- Product
- People
- Partners
- Planet

Fix Price has the following corporate sustainability regulations:

- Environmental, Health & Safety Policy
- Business Ethics Policy (Code of Conduct)
- Modern Anti-Slavery and Human Trafficking Policy
- Quality Assurance Policy
- Anti-Money Laundering Policy
- Responsible Marketing Policy
- Anti-Bribery and Corruption Policy

The ESG Committee of the Board of Directors provides strategic governance on the ESG agenda. The Company's top management makes all key decisions and oversees the integration of our sustainability agenda into the Company's business processes.

Our IR team oversees the generation and evolution of sustainability solutions and liaises between units to deliver on initiatives. In 2023, we set up a sustainability working group, made up of employees from various relevant units of the Company. The creation of the working group has simplified and enhanced collaboration among functions.

UN Sustainable Development Goals

UN SDGs

Primary

SDG 8
Decent Work and Economic Growth

SDG 12
Responsible Consumption and Production

SDG 13
Climate Action

Secondary

SDG 2
Zero Hunger

SDG 3
Good Health and Well-Being

SDG 5
Gender Equality

SDG 10
Reduced Inequalities

National development goals of Russia through 2030

In 2023, the Company aligned its priority SDGs with Russia's national development goals through 2030. In the medium term, we will focus on achieving the seven SDGs and four national development goals of Russia.

- **Opportunities for self-fulfilment and the unlocking of talent**
- **Decent and productive work and successful businesses**
- **Preservation of the population, health and well-being**
- **Comfortable and safe living environment**

The Company has selected seven UN SDGs where we can deliver the largest impact. In order to prioritise tasks, we have divided them into primary and secondary SDGs. Primary SDGs encompass the goals where we think Fix Price can make the biggest contribution.

The secondary SDGs comprise the goals where, due to the specifics of our business, we can only offer a more limited support.

SUSTAINABLE DEVELOPMENT GOALS

Stakeholder Engagement

Fix Price is committed to ongoing open dialogue with all stakeholder groups. To enhance stakeholder engagement, we tailor our communication methods and formats to each specific group.

Stakeholders	Key engagement topics	Engagement channels	Engagement outcomes
Customers	• Product assortment, prices, and on-shelf availability • Store working hours and convenience of location • Product quality and safety • Healthy lifestyle products • Loyalty programme • Data privacy	• Offline communications (hand-out materials, price tags, direct in-store communications, etc.) • Hotline • Email • Publications on the Company's website (including feedback forms) • Social media • Surveys • Regular target audience marketing research • Loyalty programme • Mobile app	• Fix Price invited customers to participate in selecting goods for the New Year's collection to be offered in Fix Price stores • See the Unique Customer Value Proposition section • See the People section • See the Product section
Employees (full-time and contractors)	• Fair pay and incentives • Safe working conditions and well-being • Opportunities for professional and personal growth and education • Diversity and inclusion • Compliance, business ethics, and anti-corruption	• Direct communication with employees • Intranet • Email • The Company's internal policies, instructions, and documents • The Company's training portal and courses • Hotline and the Ethics and Compliance Committee • Social media	• The Ethics and Compliance Committee reviewed all queries received from employees and worked to resolve any issues or crisis situations • See the People section

Investors and shareholders	• Company performance
	• Strategic development and expansion plans
	• Protection of shareholder rights
	• Business redomiciliation
	• Addressing the issue of resuming dividend payments
	• Sustainability issues, including:
	  ◦ product quality and safety
	  ◦ motivation and employee incentives
	  ◦ climate impact
	  ◦ business ethics and compliance
	  ◦ corporate governance
		• Direct communication with investors
		• Regulatory disclosures and publications on the Company's website
		• General Meetings of Shareholders
			• Fix Price's Extraordinary General Meeting of Shareholders approved the decision to redomicile the Company from Cyprus to Kazakhstan
			• See the Corporate Governance section

Stakeholder Engagement

	Key engagement topics	Engagement channels	Engagement outcomes
Suppliers	Product development and supply Product quality and safety Business ethics and compliance Transparent and sustainable supply chain	Direct communication with suppliers Audits and product testing Hotline Publications on the Company's website	We search for new suppliers via an open platform for submitting commercial offers on the Fix Price website Our category management department negotiates packaging type, flavour, design, weight, and other individual parameters of products directly with suppliers See the **Supporting the Supply Chain** section See the **Product** section See the **Partners** section
Media	Company performance and strategy Sustainability issues Business ethics and compliance	Direct communication with the media Publications on the Company's website	
Government authorities	Business ethics and compliance Product quality and safety Applicable laws and regulations Opportunities for local suppliers Protection of shareholder rights	Regulatory compliance Publications on the Company's website Industry associations and federal- and regional-level working groups	
Local communities	Economic contribution to the regions of operation Charitable and social programmes Affordable and high-quality products Local employment opportunities Promotion of sport	Direct communication with customers and employees Publications on the Company's website Surveys Social media	Fix Price engaged in the Direct Dialogue campaign run by the SOS Children's Villages charity Fix Price supported the Future Champions League charitable foundation See the **Sustainability** section

Delivering on our 4Ps strategic priorities

Product

In 2023, the Company received a number of prestigious awards confirming the high quality and uniqueness of our products.

2 gold medals
Quality Guarantee competition

FRUTO BAR banana chips

Sour cream and onion flavour Nachos corn chips

1st place
Golden Bear Cub Award in the children's goods industry for the Best Stationery and Arts and Crafts Supplies and the Best Apparel and Accessories

Hupper Dupper

PART Awards – Packaging for Industrial Goods

Kid's Fantasy

1st place
SobMaExpo exhibition – the Best Non-food Private Label

O'Kitchen

In 2023, we developed and approved the Responsible Marketing Policy and the Quality Assurance Policy

The Responsible Marketing Policy applies to all types of Fix Price's communications and promotes lawful and ethical conduct, respect for consumers, honest information about products, consumer health and safety, attention to environmental sustainability, tactful communications with children as well as confidentiality and personal data protection. Importantly, the Policy operates within the Company but also applies to external partners engaged in our communication and marketing activities.

The Quality Assurance Policy defines the Company's goals, tasks and responsibilities in terms of quality control. It also stipulates requirements the Company chooses to conform with in its quality control procedures, such as industry standards, regulatory or customer requirements.

Delivering on our 4Ps strategic priorities

Product

Our Approach to Pricing and Product Range

In 2023, we continued to maintain low prices for all product ranges while frequently refreshing our offering. This strategy helps our customers purchase quality products they need while keeping within their family budgets.

Our value proposition is designed to meet the needs and improve the lives of our customers by offering them savings on products they use every day without any compromise on product quality and diversity. Our stores always offer a wide selection of products at affordable prices. We make continuous efforts to improve the customer experience at our stores.

Fix Price's accessibility makes our stores stand out. We have stores even in the most remote of locations. We always conveniently place our stores near key traffic intersections, with easy access via public transportation and within highly populated residential areas. Fix Price products are offered across 81 regions of Russia and in neighbouring countries.

63%
Net Promoter Score (NPS[1])

>27 million
registered loyalty cardholders

>4,000
quality and safety tests[2], carried out including
~2,500
voluntary tests

We seek to provide equal opportunities to all our customers by offering low prices in all our locations despite specific regional profiles[3]. Over 77% of Russian households have a monthly income below RUB 60,000[4]. In this context, we are committed to offering access to the goods they need to the widest consumer audience possible, regardless of income or the broader economy.

1. Average for 2023
2. Includes laboratory tests to obtain certifications and declarations of conformity for imported products; tests conducted in external laboratories to confirm product composition, quality, and safety; inspections by our in-house Quality Control Centre; and additional tests performed in external laboratories after in-house inspections
3. With the exception of remote regions (e.g. Russia's Far East, etc.) and other countries where the assortment and / or prices may vary
4. Rosstat data

Healthy Lifestyle

In 2023, the Company determined the criteria for including SKUs into the healthy lifestyle product mix. We have added a dedicated information section to our website where customers can learn more about our healthy product offering and choose what they need.

We ran a customer survey to evaluate our audience's interest in healthy lifestyle. Over 3,000 customers between 20 and 54 took part in the survey. The results showed that 86% of them follow healthy lifestyle habits in one way or another. Key dietary restrictions cited by respondents include reducing consumption of sugar (59%) and fried and fatty foods (55%) as well as choosing natural foods (32%). The overwhelming majority of survey participants (64%) are interested in promotions and discounts on healthy products, while 63% showed interest in additional loyalty programme terms for these products.

Given the strong interest in this topic, we will continue monitoring our customers' expectations and manage our product range accordingly. We are also planning to intensify communications with customers in this area through social media and the Company's website.

Information section on our website of products for a healthy lifestyle

Delivering on our 4Ps strategic priorities

Product

Approaches to Product Quality Control

Our approach to quality control is centred around the continuous monitoring of our products throughout their life cycle. We also use a risk-based approach to mitigate the risk of emergencies.

Customer testing of our New Year collection

In late 2023, we held a unique customer loyalty activity inviting six loyal customers to take part in selecting the New Year's collection of goods for 2024. They tested 500 samples of products such as New Year decorations, tableware, lamps, and Christmas tree ornaments. The customers gave recommendations about what improvements to make in terms of colour, size, materials, and overall appearance. Following the customers' evaluation, 40 samples were selected and forwarded to suppliers for further development. Along with research and trend analysis, customer opinion has become another tool for assortment selection, which is being relied upon by the category management team.

Every stage of the product life cycle is supported by Fix Price's experts

Category Management Department

- procures goods in Russia and abroad
- monitors the entire supply chain, from product development to the store shelf

Logistics Department

- ensures goods are delivered safely and on time
- arranges certification, declaration of conformity, and other permits for imported goods
- facilitates the verification of documents and product condition upon delivery and warehousing

Quality Control Centre

- oversees product quality and inspects goods
- organises and performs periodic audits of private label suppliers

Delivering on our 4Ps strategic priorities

Product

- Imported goods
- Russian private labels
- Branded products

Inspecting quality at different stages of the product life cycle

Prior to manufacturing

- Accredited laboratories test samples of certain categories of goods to obtain certification, declarations of conformity, and other permits
- Tasting sessions for certain product samples
- Internal checks and laboratory testing of product samples, if necessary

After manufacture

- Remote inspections of samples after manufacture
- Physical inspections by category managers after manufacture
- Testing at external laboratories after manufacture to confirm product composition, quality, and safety

Transportation

- Visual inspection of goods by agents prior to shipping

Warehousing

- Inspecting goods and associated documentation upon acceptance at distribution centres
- Regular inspections for package integrity by quality controllers at warehouses

Distribution to stores

- Inspecting goods and associated documentation upon delivery to stores

Sale

- Periodic spot checks at stores by the Quality Control Centre and laboratory testing, if necessary
- Customer surveys and processing of customer queries received via various feedback channels

Delivering on our 4Ps strategic priorities

Product

Quality Control Centre

The Quality Control Centre, operating in line with our Quality Assurance Policy, helps maintain the Company's reputation as a trusted source for affordable high-quality products. The Centre's specialists are responsible for:

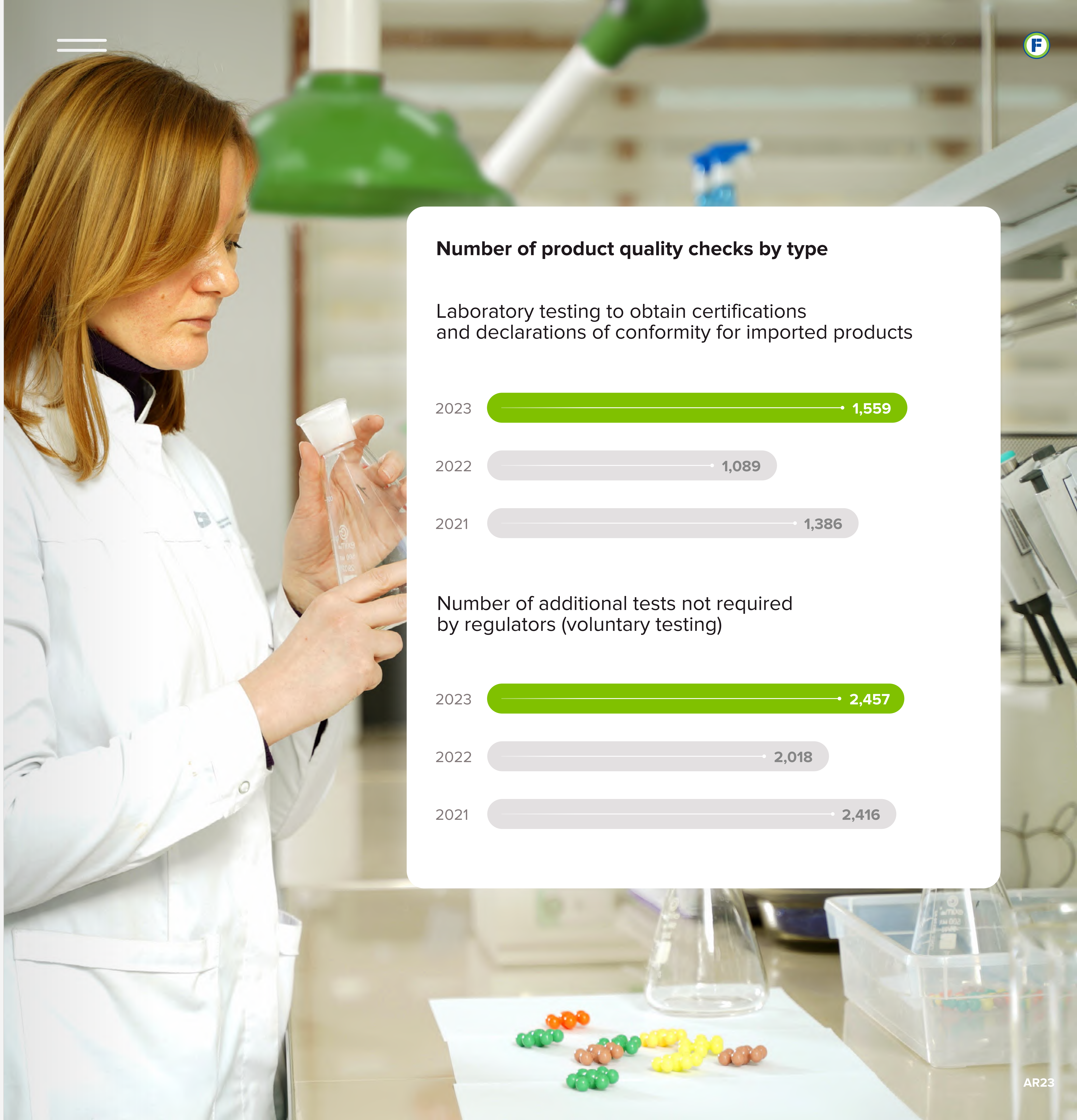
- vetting documents confirming the supplied products meet our quality and safety standards and comply with declared specifications
- product tasting sessions and internal inspections to evaluate samples from various private label producers
- conducting audits of private label producers
- inspecting goods on the shelves using a risk-based approach to identify the potential danger for customer health, the risk of non-compliance with safety rules, the severity of non-compliance implications, and the potential number of customers affected
- laboratory testing of goods

Quality Control of Private-Label Goods Produced in Russia

We monitor each stage of private-label product development, including design and packaging, communication with suppliers to adjust and enhance product properties, tasting sessions with our employees, laboratory tests if necessary, and post-manufacture verification for compliance with negotiated specifications and regulatory requirements.

Quality Control of Imported Goods

Control over imported goods is especially important for us, as in this category Fix Price acts not just as a retailer but also as an importer, which carries a separate set of responsibilities and demands specific attention. When working with imported goods, we take an active part in all stages of product development. We formulate specifications and perform laboratory tests to obtain all necessary certifications or declarations of conformity. We also verify, either remotely or in-person, that product samples comply with the negotiated specifications before they are shipped to the Company's DCs and then onward to stores.



Delivering on our 4Ps strategic priorities

Product

Handling Customer Queries

We are committed to the highest levels of transparency. Any customer may ask a store director or manager to provide copies of product certificates or declarations of conformity.

We promptly investigate all customer queries thoroughly assessing the product in question. When necessary, we immediately notify the supplier and take measures to prevent such incidents from happening in the future, including by withdrawing non-compliant products from stores. Once our checks are completed, we inform the customer of the result and close the case.

We are continuously improving our feedback channels to make them more accessible and user-friendly for our customers. Feedback forms are available on our website and in the mobile app and are developed in a way that helps receive all necessary information already in the first message.

We attach great importance to customer feedback, viewing it as instrumental to our growth. Feedback helps us respond more efficiently to the changing needs and expectations of our customers and refine our value proposition accordingly.

We leverage a variety of customer communication channels, including our official website, mobile app, call centre, and social media, where we actively engage with our audience.

In 2023

4,250

queries were received via our feedback channels including

43%

(1,825 queries) on goods quality

Only every fifth query required unscheduled inspections

We made the following changes in 2023 to improve our handling of customer queries:

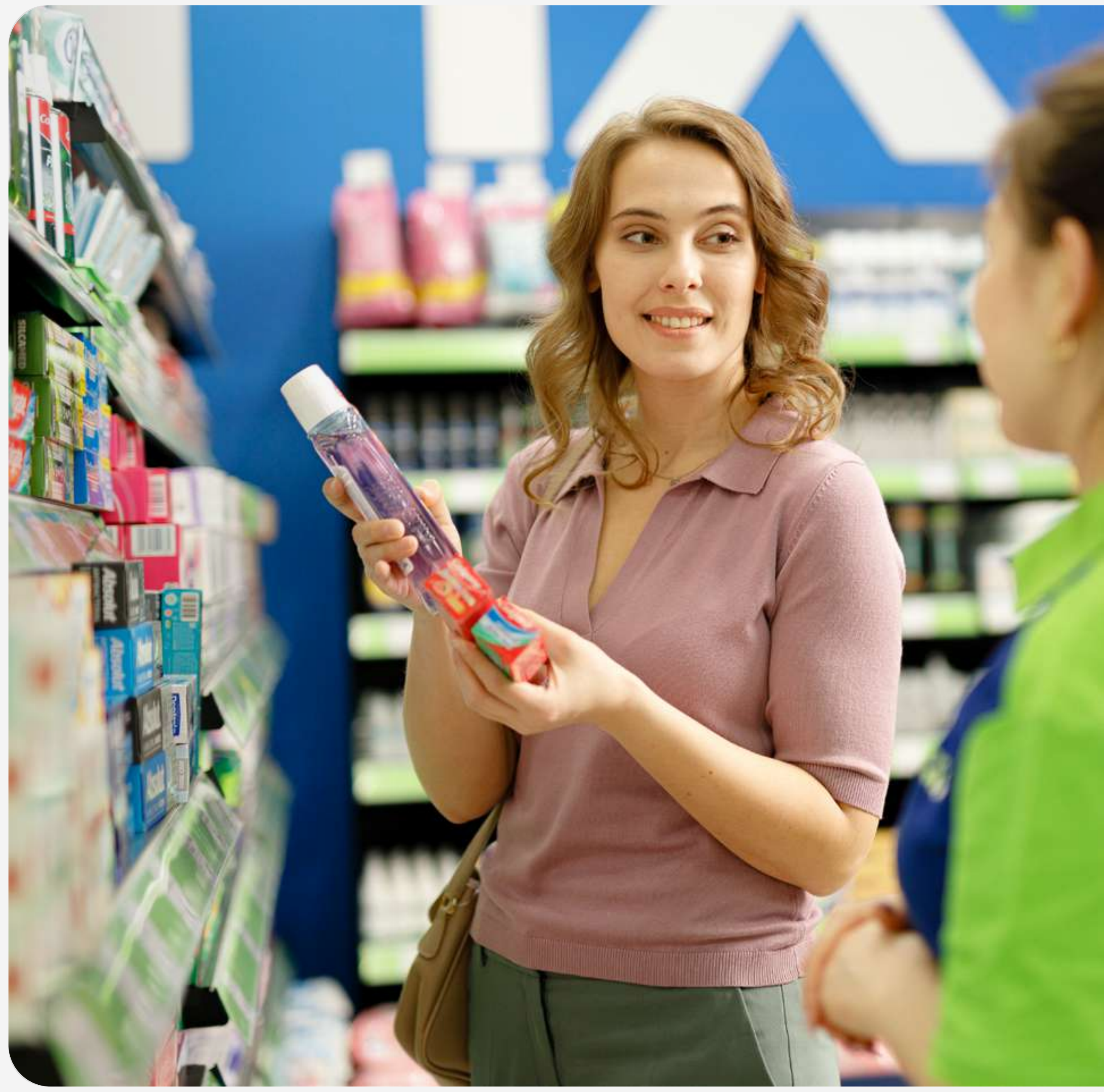
- Implemented IVR [1]-enabled robotised card replacement to reduce the load on our feedback team
- Launched an online button chatbot for the customers to be able to search for answers to frequently asked questions on their own, which also reduced the workload on the team and boosted customer satisfaction
- Optimised scripts and incorporated additional tools into our hotline, resulting in a consistently high level of customer satisfaction (4.2 points) and a 25% rise in the number of processed calls all while keeping headcount unchanged

[1] Interactive Voice Response

Responsible Labelling

In 2023, the Company continued to enhance its proprietary IT solutions designed to interface with government information systems that track the movement of products subject to labelling from manufacturer to end consumer. We also continued to expand our labelling efforts to new product categories.

This enables us to identify and prevent violations, meet regulatory requirements as well as detect and address errors.



Delivering on our 4Ps strategic priorities

Product

Data Privacy and Cybersecurity

Our loyalty programme is an essential tool for boosting customer satisfaction. That is why we make every effort to ensure data privacy when collecting and processing customer information. We also pay close attention to preventing these data from being used for unauthorised purposes or from being disclosed to third parties.

In 2023, we successfully adopted a number of measures to protect data and strengthen security:

- Added a Cloudflare solution to our systems to reinforce protection against various types of attacks and keep data confidential
- Complied with Roskomnadzor requirements by enabling a personal data deletion functionality, including report generation and logging, and text messaging to contractors requesting them to delete personal data
- Opted out of cross-border data transfer to Google Analytics to provide an additional layer of privacy
- Enhanced our acquiring page with digital certificates from the Ministry of Digital Development, Communications, and Mass Media to make online payments even more secure
- Added additional checkboxes for users to give consent to the processing of personal data on our website and in the mobile app to make data collection more transparent
- Tweaked cookie management
- Updated the password display logic and limited the number of password entry attempts allowed

Our cybersecurity efforts are not limited to personal data: to safeguard the Company's IT infrastructure, we regularly audit the security of corporate resources and eliminate detected vulnerabilities.

A range of measures in this area were implemented in 2023:

- Conducted three internal process audits and three external resource security and compliance audits
- Continued developing our anti-fraud system to protect potential customers from fake web pages and websites that mimic our retail network for the purpose of fraud
- Identified and shut down five phishing websites, 1,699 fraudulent web pages, and 155 accounts that were posing as Fix Price
- Shored up our defences against DDoS attacks and deployed a new system for monitoring and responding to internal security threats
- Developed and implemented code analysis tools, standards, and processes to build safe and secure software products

We make every effort to ensure data privacy when collecting and processing customer information

Plans for 2024

In 2024, we plan to continue meeting our customers' needs by offering new products while keeping prices affordable and ensuring high quality of goods.

We also plan to further enhance our quality control system, including by continuing our internal checks and laboratory tests. We plan to update the Quality Control section on our website to provide our customers with up-to-date information on product quality. We also envisage improvements to mechanisms for customer feedback on product quality to boost their satisfaction and loyalty.

Delivering on our 4Ps strategic priorities

People

Our Approach to HR Management

Strategic HR matters are reviewed by the Board of Directors, supported by its Nomination and Remuneration Committee. The Company's HR unit, which reports to the HR Director, is responsible for the practical implementation of the personnel policy.

Fix Price's personnel policy is aligned with the applicable Russian laws and generally recognized principles of international law. We strive to provide a comfortable working environment and fair remuneration to our people. In talent sourcing and recruitment, we respect human rights and freedoms and have zero tolerance for discrimination, whether based on gender, nationality, or religion.

Fix Price's Code of Conduct outlines the principles of equality and ethical behaviour for employees regardless of their position. Should our staff experience discrimination or a violation of our ethical principles, they can contact the Ethics and Compliance Committee or raise their concern on a dedicated web page.

The Ethics and Compliance Committee reviews all the queries received and takes disciplinary measures when necessary. Since 2023, taking training modules on anti-corruption policy and business ethics is obligatory for the Company's employees. The programme includes the Rules of Business Conduct online course, launched in 2022 and available to all employees on the corporate learning platform. The programme details the principles of business communication with customers and co-workers. Store employees learn the rules of business communication with customers through this and other training videos.

In 2023, the Company was recognised with a number of prestigious awards, confirming the effectiveness of its approach to HR management:

Forbes

The Forbes magazine included Fix Price in its Top 50 Best Employers ranking for Russia in 2023

Top 50 Best Employers according to Forbes magazine in 2023

hh

In 2023, Fix Price made it into the Top 5 of HeadHunter's list of the best employers in the retail segment, for the second year in a row

Investigation of corruption-related queries

Item	2022		2023	
	Total	Confirmed	Total	Confirmed
Number of corruption-related queries submitted via the hotline	18	6	19	8
From employees	12	4	15	6
From contractors	6	2	4	2
Employees dismissed upon investigation	10		11	
Incidents when contracts with business partners were terminated or not renewed	-		2	

Core pillars of a welcoming corporate culture at Fix Price

- Creating a comfortable working environment in line with the occupational safety standards
- Developing a fair remuneration and motivation system
- Building an effective employee training and development system that supports further professional and personal growth
- Building open and streamlined team communications to avoid unnecessary bureaucracy
- Encouraging employee feedback at all levels of the corporate structure
- Constant monitoring and assessment of employee satisfaction at all units of the Company
- Supporting diversity and inclusion

Delivering on our 4Ps strategic priorities

People

Workforce Recruitment and Profile

In the context of our continued store network expansion and our growing headcount, we launched an automated recruiting system using RPA [1] speech assistants, which has significantly accelerated the recruitment of linear employees. The RPA assistant analyses about a thousand CVs daily, calls candidates with job offers, automatically records the conversation results, and handles most routine processes. In 2023, the online service processed over 1 million CVs and made over 1 million calls. The virtual recruiter invited an average of 688 people per month for interviews. With the positive performance of the piloted automated recruitment system, we plan to scale it in 2024.

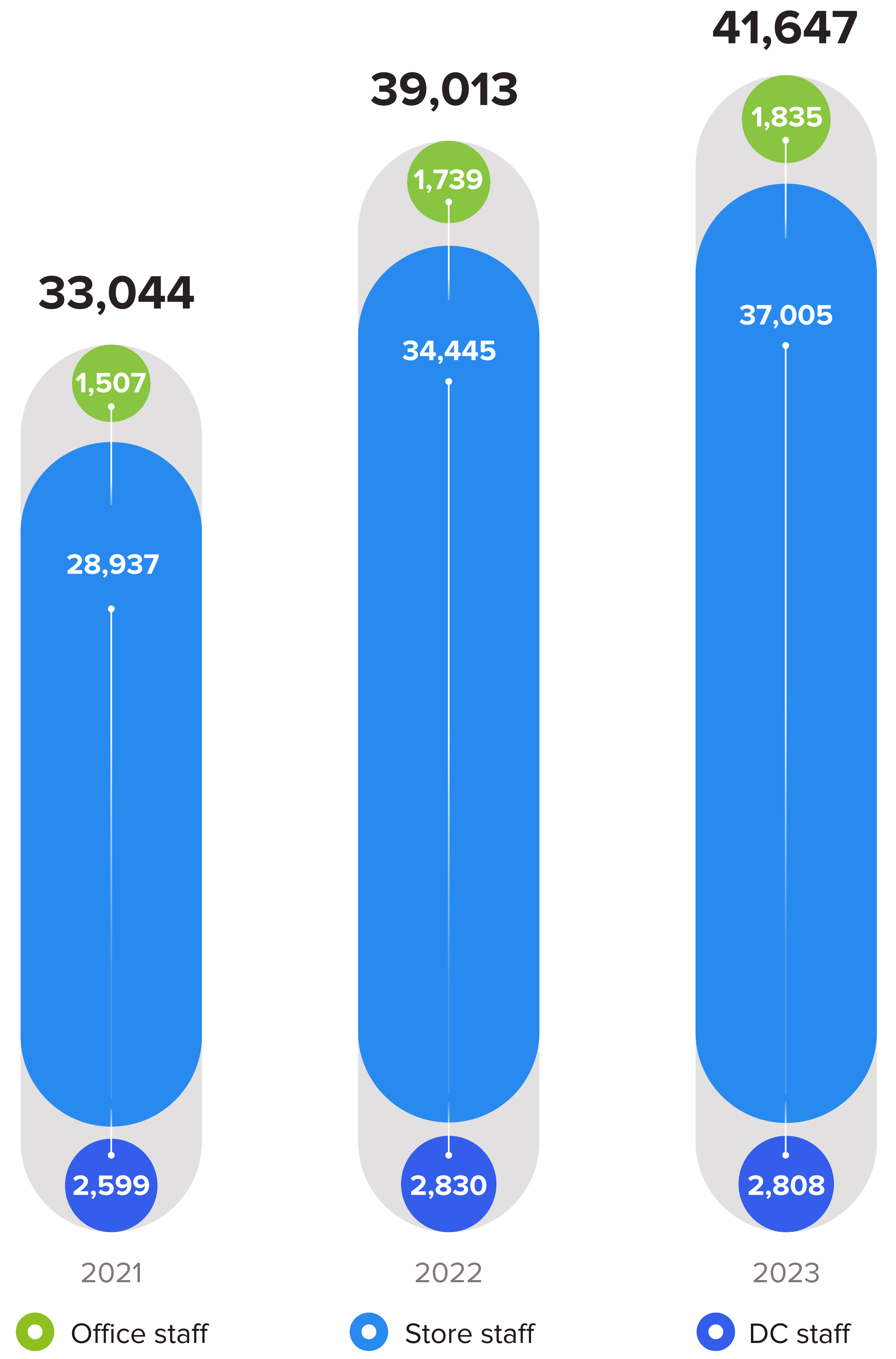
The Group's total average headcount increased by 7% in 2023 due to Fix Price's network expansion and new distribution centre openings.

The proportion of women in the workforce is higher versus men due to our retail business profile and remains stable over time.

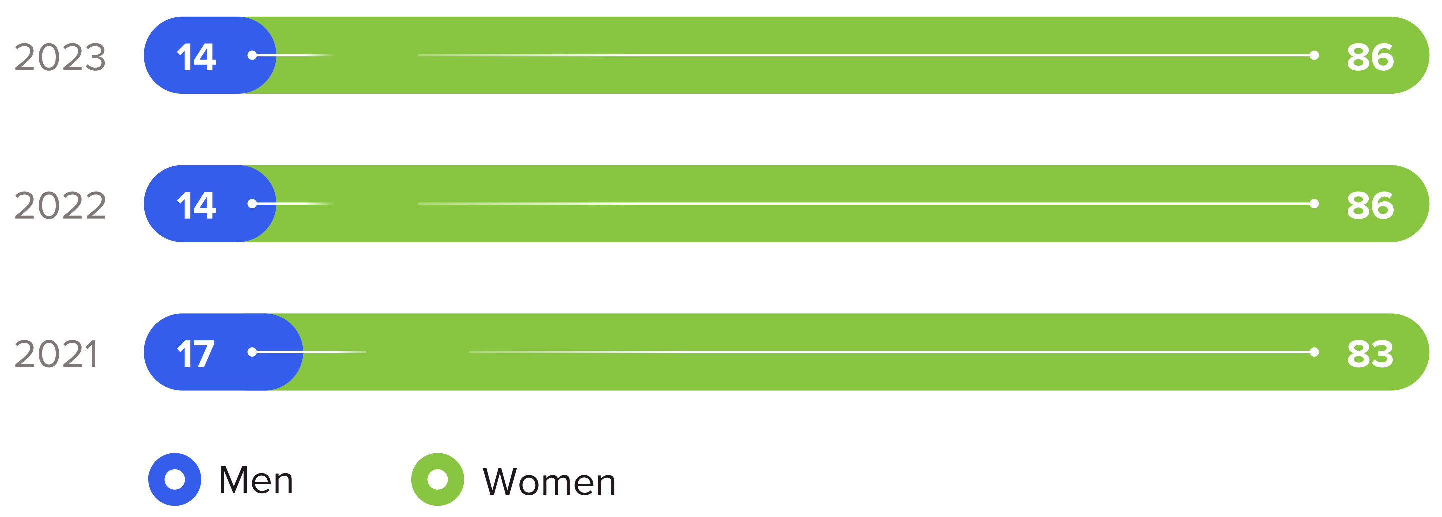
The Company promotes diversity of its workforce and strives to ensure a gender-balanced key executive team. This approach has proven to be effective, driving more informed decision making in challenging market conditions.

Fix Price understands that a combination of personal experiences helps to unleash the team's full potential. We believe that diversity and inclusion are important drivers behind a successful team. This is why the Company strives to balance its workforce in terms of gender and age. In 2023, 64% of employees were aged 30 to 50, and about one third (27%) were under 30.

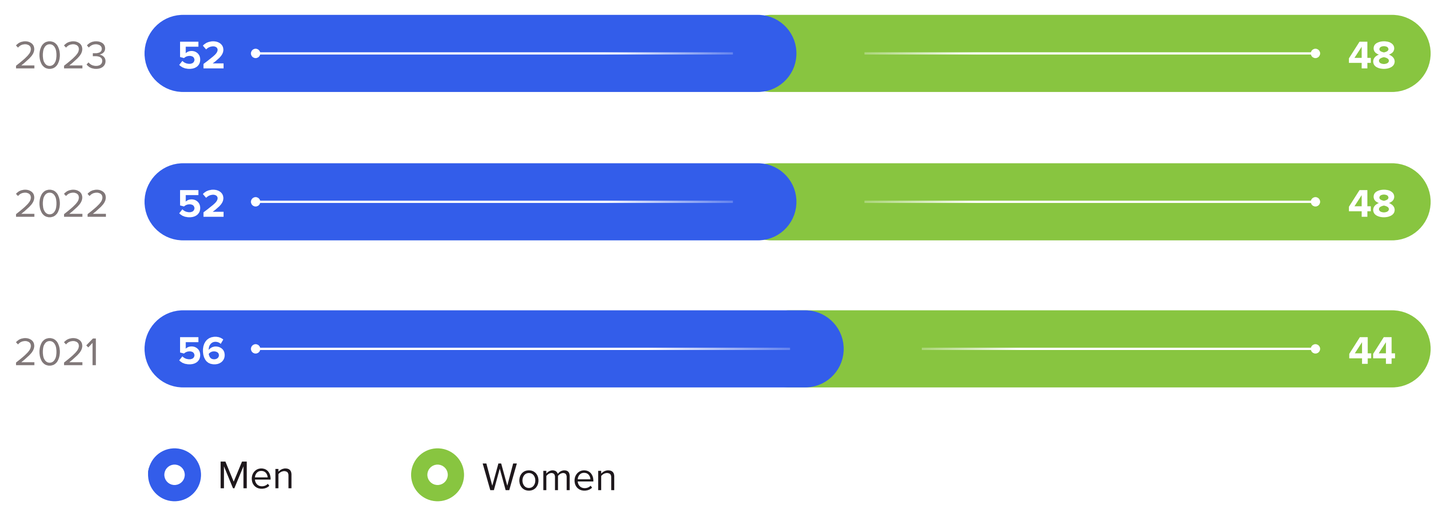
Total average headcount of the Group[2][3], number of employees



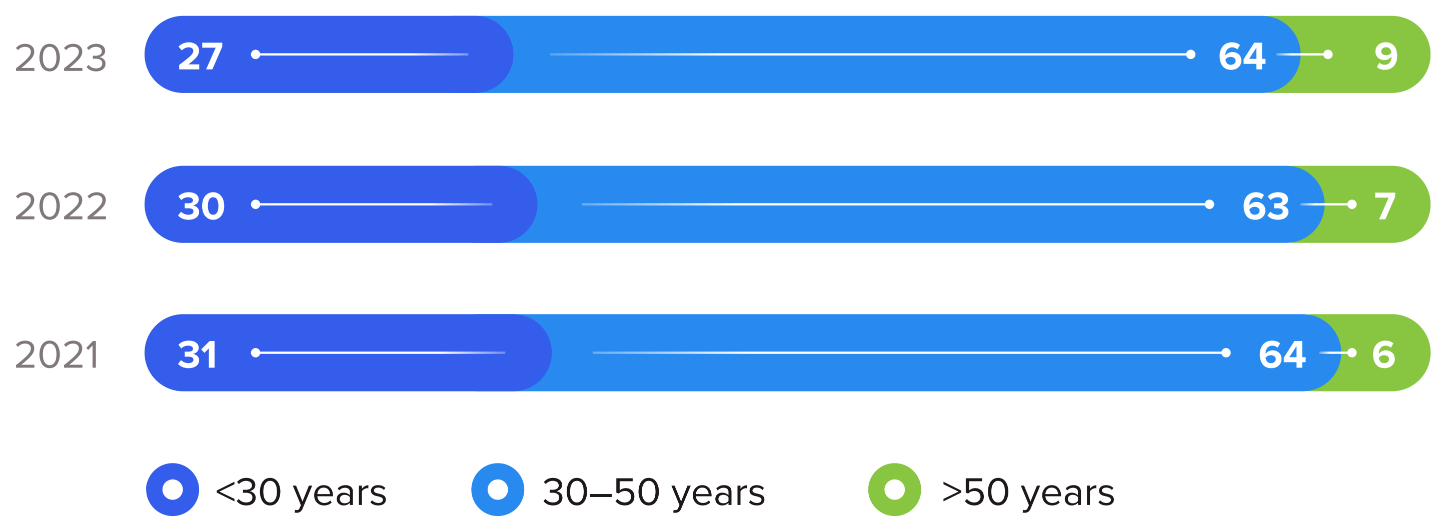
Workforce gender profile in 2021–2023[4], %



Management gender profile in 2021–2023[5], %



Workforce age profile in 2021–2023[6], %



1. RPA – Robotic Process Automation
2. The personnel of Fix Price Group PLC in all countries where it operates, including contractors
3. Total may not equal the sum of the components due to rounding
4. The scope of disclosure in this section of the Annual Report unless stated otherwise: employees of LLC Best Price the Group's core operating company in the Russian Federation (excluding contractors and the Company's personnel in other geographies)
5. The Company's management comprises top, middle, and junior managers
6. Due to rounding, the sum of components in 2021 exceeds 100%

Delivering on our 4Ps strategic priorities

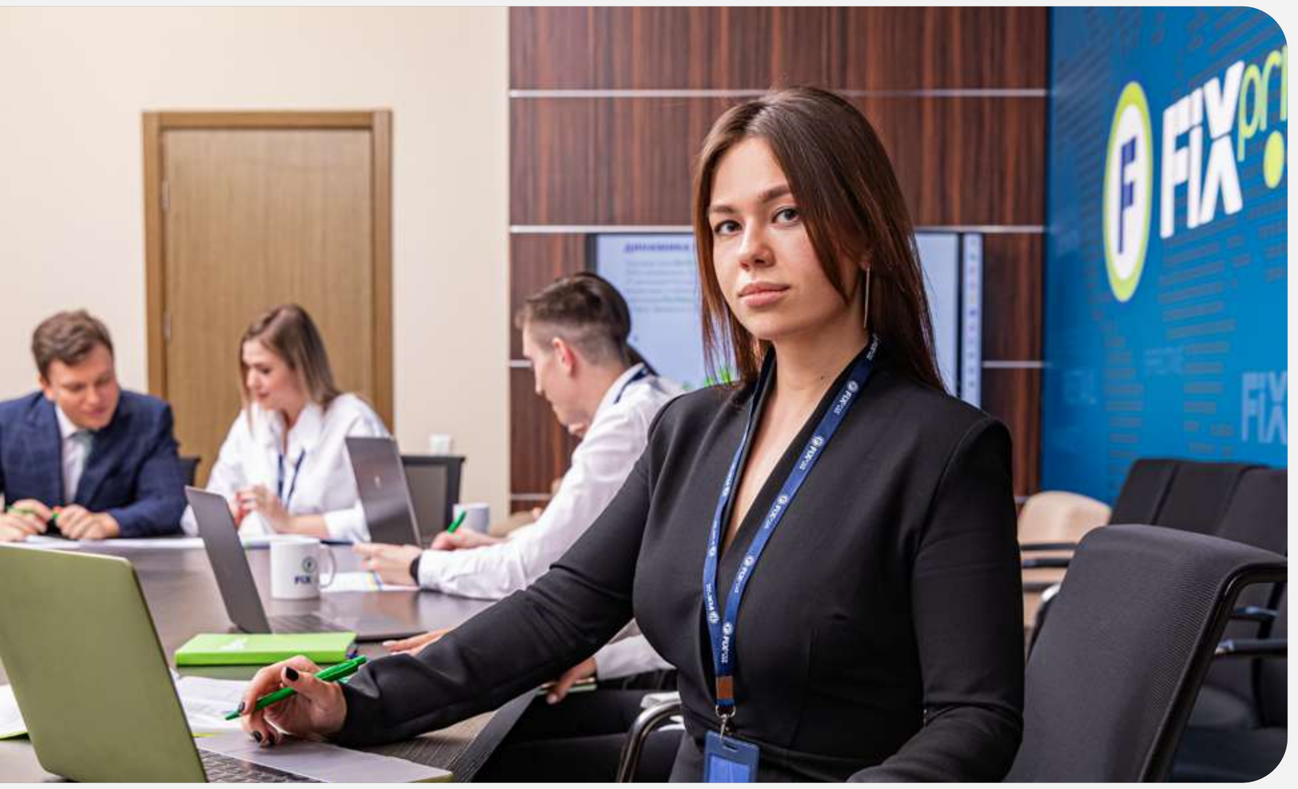
People

Remuneration and Motivation

We believe that the key driver behind the Company's success and stable growth is a highly skilled and motivated team. The Company's motivation system ensures fair remuneration regardless of gender, age, race, nationality or religion.

In 2022, we launched a long-term incentive programme (LTIP) for our key employees. In 2023, the Company made its first performance-based payment under the programme and increased the number of participating employees by 54%. The LTIP is attracting huge interest from our employees, which is not only helping to motivate those already benefitting from it but also provides a growth stimulus for those in the talent pool.

We provide social support to all employees, including part-timers. The only criterion for eligibility is the minimal length of service of employees, which is detailed in the policy regulating the benefit.



48% increase in financial support to employees in 2023

24% growth in the number of employees covered by healthcare programmes

Remuneration ratio of women to men by position

Metric	2021	2022	2023
Ratio of basic salary of women to men at the senior management level (employees responsible for decision making at the Company-wide level), except for C-suite	0.99	1.22	1.59
Ratio of basic salary of women to men at the middle management level (unit heads)	1.27	1.27	1.25
Ratio of basic salary of women to men at the non-management level (linear employees: office staff, store employees, etc.)	0.82	0.82	0.85

Salary gaps between men and women are due to differences in job profiles.

Fix Price's social support system

- **Financial support** for childbirth, employee illness, and death of close relatives
- **Bonuses for employees with continuous 10+ tenure with the Company** and an annual bonus for the top performer in each unit
- **Supplementary payments in the amount up to full salary** in the event of a temporary period of incapacity for work or leave
- **Flexible or remote work schedule,** if applicable
- **Voluntary health insurance:** the list of available clinics can be expanded when reaching a certain length of employment
- **Discounts on partner products and services,** including training, sporting events, travel, and insurance
- **The employee healthcare programme** provides a wide range of digital healthcare services, including online consultations
- **Bonuses for mentoring** new employees for store managers
- **Interest-free** loans to key employees for meaningful purposes, such as education, housing, or medical treatment
- **Professional development at the Company's expense**

Delivering on our 4Ps strategic priorities

People

Training and Development

Our training and development team is focused on helping each employee to grow professionally. Our corporate training programmes are tailored to meet the specific needs of each business unit.

In 2023, the Company continued to improve its employee training system. The reporting year saw about 150 training groups (including external training), more than 20 new training groups, six new full courses, 56 training videos, and a training marathon on four competencies of the future. Three professional development courses were developed, with official upskilling certificates issued to employees upon completion.

In 2023, average training hours per FTE grew by 10% year-on-year. This was as a result of expanding the list of available online courses and improving our training programme, which boosted employee attendance and engagement across Fix Price's extensive regional network. In 2023, a new staff training programme in the business comics format was launched, describing critical customer scenarios on the sales floor and approaches for navigating them. This format is available to employees and management on the corporate intranet portal and in the mobile app.

Training Programmes for Store Personnel

We attach great importance to creating effective educational programmes for Fix Price store personnel to uphold high service standards.

Upon hiring, new store personnel are granted access to the Fix Academy, our corporate distance learning platform. We constantly update and improve our courses to promote the professional, interpersonal, and managerial skills that are particularly important for store personnel.

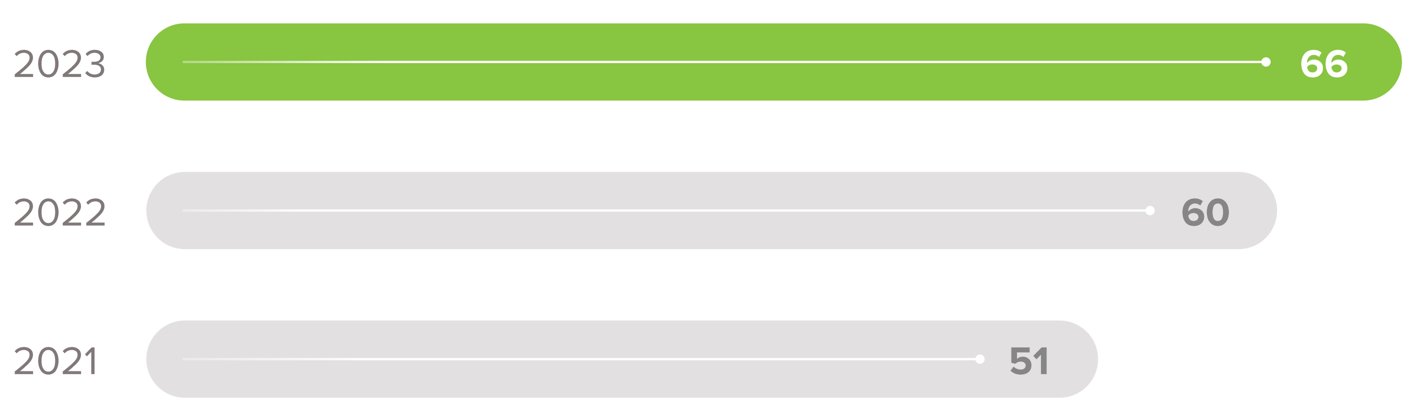
To make training convenient and effective, we developed a mobile app during the reporting year that provides access to the Fix Academy platform from any device, so that our personnel can flexibly fit training into their work schedule.

In addition to traditional training methods, we actively use modern gamification tools, such as badges and avatars, interactive video courses, and a ranking system. We publish educational articles, surveys, and videos on the Training Department's official social media accounts.

~150 training groups were held in 2023

~66 the average number of training hours per FTE

Average annual training hours per FTE [1], 2021–2023



[1] Full-Time Equivalent

Knowledge Marathon

Fix Price ran the Knowledge Marathon campaign for its employees, publishing training videos on personal growth every week for three months. The Marathon focused on developing soft skills, such as critical thinking, creativity, communication, and teamwork. The event culminated in testing, and the top 100 participants were awarded with prizes.

Delivering on our 4Ps strategic priorities

People

All store personnel have access to a digital community, where they can quickly share experiences and discuss work challenges without leaving the workplace. All discussions are monitored by a moderator from the training centre, who guides the dialogue to make it more productive and impactful. In 2023, the digital community grew by 50% to 10,000 people.

Training and certification of our store staff is carried out every six months. Upon completing the programme, employees receive certificates and have their assessment results recorded in their competency matrix. The matrix reflects knowledge in various areas and serves as a method to prioritise which topics are required for further training. After successfully completing their training, employees can apply to be added to the talent pool. The training centre experts run a 360-degree assessment, analyse each employee's KPIs, and report the results to senior management.

In 2023, with more than 45,000 certification tests conducted, over 500 employees joined the talent pool.

In addition to store personnel, the Company plans to add the HR unit to the talent pool programme.

The Company also runs a mentoring programme for store managers. In 2023, all newly hired store managers participated in the mentoring programme. Upon completing the programme, mentors whose mentees have passed the certification receive bonuses. In 2023, more than 600 mentors were recognised with well-deserved awards.

Training Programmes for Distribution Centre Personnel

DC personnel take mandatory induction training and briefing on occupational safety in line with the approved job descriptions.

Training Programmes for Office Employees

The Company runs both offline and online training programmes for office employees, considering operational needs and employee expectations. In 2023, the training centre started to move back to face-to-face trainings.

In late 2023, we launched three professional development programmes with official certificates issued upon completion. We also advanced our condensed training programme which uses short educational videos and enables employees to study a substantial amount of information quickly. In 2023, we released 36 such videos. Fix Price successfully continues to implement the Expert in the Field programme, which was launched in 2021. The programme empowers Company employees to share their expertise, thereby enhancing their own competencies and those of their colleagues.

Training programme for office employees

Training	Number of groups	Number of employees
Mandatory training for office employees	19	254
Mandatory training in document management for office employees	24	803
Additional groups for office employees	74	1,030
External training	32	228

>45,000 store employee **certification tests were conducted in 2023**

>500 employees **joined the talent pool based on the results of certification tests**

People

Occupational Health and Safety (OHS) and Employee Well-Being

At Fix Price, our core values include safeguarding our people's lives and health, as well as those of contractors, and prioritising safety across all business processes.

We enforce strict compliance with the applicable OHS standards and regulations for all individuals working at our facilities, including contractor employees. Our agreements with contractors and suppliers include the guidelines for safe equipment use, as well as incident response procedures.

All workplaces across the Company undergo a special assessment of working conditions. In 2023, we implemented a project to automate the assessment process, optimising its stages and significantly reducing the amount of labour required.

According to the corporate guidelines, any incident related to occupational health and safety must be reported to the OHS Department and the employee's direct supervisor immediately. An investigation commission is stood up to carefully analyse the incident's causes and prevent re-occurrence. In the event of severe accidents, the respective government bodies take part in the investigation.

In 2023, while our headcount grew along with network expansion, we were able to reduce the number of lost time injuries. One severe injury resulted from illegal actions of third parties against a store personnel, and one fatal accident was not related to the employee's job. The number of reported near-miss incidents increased due to the growing headcount and improved monitoring and recording of incidents.

OHS metrics for regular staff and contractors, 2021–2023

Metric	2021	2022	2023
Total number of accidents [1], including:	**31**	**33**	**31**
regular employees	10	14	13
contractor employees	21	19	18
Total number of fatal accidents, including:	**0**	**0**	**4**
regular employees	0	0	1
contractor employees	0	0	3
Total number of severe injuries (no fatalities), including:	**3**	**0**	**1**
regular employees	3	0	1
contractors	0	0	0
Work-related injuries that resulted in a temporary disability (LTI) [2], including:	**28**	**33**	**26**
regular employees	10	14	11
contractors	18	19	15
Near-miss incidents, including:	**19**	**32**	**34**
regular employees	3	12	9
contractors	16	20	25
LTIFR [3] per million man-hours worked:			
regular employees	0.05	0.06	0.04
contractors	0.14	0.14	0.11

1 All accidents except near-miss incidents are included in the total number of accidents
2 Lost Time Injury
3 Lost Time Injury Frequency Rate

To reduce future risks, we have conducted a full review of all incident-related business processes, provided recommendations on how to improve them, and added information about these risks to the training courses for our personnel. Before independent work, all Company personnel must take mandatory OHS training, which includes:

- briefings on occupational health, fire safety, electrical safety, emergency situations, and anti-terrorism measures,
- training in occupational health, first aid techniques and methods, and using personal protective equipment,
- on-the-job training in OHS supervised by the direct supervisor.

In 2023, we also automated some of our OHS processes at stores, enabling:

- quick access to training materials on the Company's training portal via a QR code on the briefing log,
- reduced administrative load on store managers due to automated generation of all the OHS documents,
- full control and accounting for all types of personnel training, including automated tracking of briefing requirements,
- shift to electronic document management to sign the briefings.

All our employees undergo annual medical check-ups. Our DC staff must also have a thorough remote medical check-up before shifts. This helps us to reduce the risk that sophisticated material-handling equipment is operated by someone unfit for work.

The mandatory medical check-up processes have also been aided by automation. This has helped to save time spent on conducting the check-ups, issuing medical records, and tracking the check-up status.

Delivering on our 4Ps strategic priorities

People

Social Projects

We are committed to supporting our local communities and customers across our footprint. In the reporting year, we continued engaging both our employees and customers on the ESG agenda.

We attach great importance to promoting grassroots sports, especially among children and young people, who are the future of our society. We are also convinced in the ability sport has to develop concentration, teamwork, and well-being, both physically and mentally. Fix Price promotes sport for young people by financing the Future Champions League charitable endowment. The endowment aims at promoting football and providing scholarships to young talented football players. In 2023, we spent over RUB 42 million to support the endowment and also raised an additional RUB 4.2 million through customer donation boxes in over 1,900 stores to help young athletes.

In 2023, Fix Price took part in the Direct Dialogue campaign run by the SOS Children's Villages charity. The purpose of the campaign is to draw attention to helping orphans and families in difficult circumstances. During the campaign, run across 69 Fix Price stores in Moscow, St. Petersburg, and Krasnodar, SOS Children's Villages invited customers to make regular donations on its website sos-dd.ru. As a result, more than 15,000 Fix Price customers learned about the opportunity to help, and 279 people set up monthly donations.

In 2023, we conducted an internal review and prioritised three areas for our corporate charity projects to focus on in the coming years:

- Assistance to families in difficult circumstances
- Assistance to the elderly
- Protecting the environment

During the reporting year, we held a series of events that laid a foundation for corporate volunteering. We conducted a survey of office staff that sought to identify their preferences. The results showed their high willingness to contribute to socially beneficial activities, with 76% of respondents being ready to take part in employee volunteering projects.

As a test volunteer initiative, the head office together with Re:Books arranged for a book collection for rural libraries, donating 451 books from Fix Price employees to libraries in the Temgenevo Settlement of the Ryazan Region and the Beltirskoy Settlement of the Republic of Khakassia. We also collected donations for animal shelters through a series of fund-raisers.

Employees and customers took part in the Gifts That Matter charity campaign, which we held in partnership with VK Dobro. During the campaign, customers visiting our website were invited to donate any amount they were comfortable with towards purchasing a gift for a beneficiary supported by one of the three participating charities. The funds raised were used to buy food for seniors living alone, support orphans with major health issues, or cure and rehabilitate rare animals.

To promote the agenda and better understand customer sentiment, we started discussing sustainability on our social media pages.

We published content to support the #notocyberbullying awareness campaign by VK, reaching over 300,000 people.

Going forward, we plan to step up engagement on such topics on our social media to cover various aspects of the sustainability agenda. We are also creating a website to publish ESG information, including event announcements and articles for customers covering a wide range of topics.

RUB **42** million
were spent to support Future Champions League charitable endowment
in 2023

Delivering on our 4Ps strategic priorities

Partners

79%
share of local suppliers
in procurement

12 new
franchisee partners

560
suppliers

0 major breaches
identified in private label supplier audits

Our Approach to Building Win-Win Partnerships

We are committed to business transparency and integrity with full compliance to the current legislation. These principles also apply to all our partners, which include suppliers, contractors, and franchisees as well as online delivery and logistics service providers.

Fix Price has a robust supply chain, which is central to the Company's business model. We monitor all stages of the supply chain to promptly address any emerging risks and enable timely responses to customer needs. For this reason, we are strategically committed to building strong relationships with suppliers.

We prefer engaging with suppliers directly, thus eliminating intermediaries. We expect our suppliers to share our values: integrity and ethical business practices; respect for human rights; and zero tolerance to any form of slavery, human trafficking, corruption, and bribery. We ask each of our partners to sign an anti-corruption clause whereby they agree not to request, provide, or receive cash, perks, benefits, or gifts to / from any employee of the Company or any business partner.

Our core policies [1]

- **Business Ethics Policy (Code of Conduct)**
- **Modern Anti-Slavery and Human Trafficking Policy**
- **Anti-Bribery and Corruption Policy**
- **Environmental, Health & Safety Policy**
- **Quality Assurance Policy**

Partner Engagement

Prior to entering partnerships, we conduct counterparty due diligence using a reliability scoring tool to assess any risks of partnering with the counterparty. Automatic counterparty due diligence is managed by a tool that integrates our accounting system to the data of the counterparty due diligence service. We analyse data from more than 30 official sources such as the Federal Tax Service of Russia, the Arbitration Case Database, and the Single Federal Registry of Insolvencies. Over 80 parameters are considered, with a weight assigned to each metric. The system rates counterparties on a 100-point scale, with the score reflecting their reliability.

The use of the digital scoring tool significantly accelerates the process and increases the depth of counterparty due diligence. This effect is achieved through the analysis of a large number of parameters and rapid identification of drawbacks in a potential partner's activities that may affect the contract's performance.

~2,000
counterparties
have passed the reliability scoring assessment in 2023

[1] For the full texts of the documents, see our website at Corporate documents

Delivering on our 4Ps strategic priorities

Partners

We request that all suppliers fill out a self-assessment form that seeks to verify the following:

- no discrimination in employment
- no use of child labour
- freedom of association and the right to collective bargaining
- living wage salaries
- no excessive working hours
- legally binding employment relationship
- compliance assurance (confirmation they have read and understood the Company's policies and comply with local legislation)

We embrace the principle of full transparency in our business relationships with partners. All our suppliers are aware of our pricing policy and approach to procurement. Our requirements and sample contracts are publicly available on a dedicated website for tender procedures and order placement. All this supports mutual understanding and trust, contributing to long-term productive partnerships.

Fix Price participates in various industry exhibitions where we can source new ideas for expanding our product mix, meet our suppliers, and find new partners.

Supplier Audits

We monitor the manufacturing conditions to guarantee a product's compliance with our quality and safety standards. We conduct audits of the production facilities operated by private label suppliers and foreign producers.

Russian Supplier Audits

We audit Russian private label producers according to the Company's quality assurance regulations. Fix Price's quality control experts are authorised to perform audits prior to or after a supply contract is executed. Regular supplier audits are conducted once every two years or more where necessary.

Audit checklists differ for each product category to reflect its specific characteristics (Food, Drogerie, and Non-food). Each checklist contains over 85 questions across more than 10 sections covering quality management, product safety, conditions of production facilities and transportation, HR management, environmental protection, and much more.

A supplier passes the audit if its production facility receives at least a score of 90%. Should they fail to pass, we create a roadmap of activities for the supplier to deliver and meet the necessary requirements.

Foreign Supplier Audits

When working with foreign suppliers, Fix Price engages local agents who play a key role in establishing and maintaining reliable partnerships with new and existing producers. They search for goods and new production facilities, liaising with the current manufacturers, thoroughly supervising merchandise production and quality, and checking the accompanying documentation.

The agents arrange audits of producers of imported goods, which are carried out by specialist organisations and laboratories accredited in their respective country. The reports they prepare following these inspections contain data on the suppliers, process and quality management, certification, product streams, and more. The audit results are used to assess all necessary aspects and to make a go or no-go decision.

Number of audited suppliers [1]

Metric	2021	2022	2023
Number of audited suppliers	5	10	5 [2]
Number of new suppliers audited	1	1	1

[1] The data related to Russian private label suppliers
[2] The lower number of audits is due to a decline in the number of private-label products

Online Delivery Partners

We strive to make shopping at Fix Price available to all, including online shoppers. Customers may choose from products on our website or in our mobile app. What is more, they can select from either self pick-up at their nearest store or use one of our partner delivery services. In 2023, our customers placed over 1.2 million orders online, including partner deliveries and our own online services. The average ticket for online orders came in at RUB 1,200 while online sales via our own services (Fix Price's web storefront and mobile app) grew 37% year-on-year.

Franchise Programme

We are rapidly expanding our footprint, including in remote areas. In these locations, expansion takes place via our franchise programme, which simultaneously boosts brand recognition and contributes to small and medium-sized enterprise development across our operating regions. As of 2023-end, Fix Price had 150 franchisee partners, up 12 year-on-year. As of 2023-end, we launched franchise projects in two new markets, Armenia and Mongolia.

For the second year running, Forbes named Fix Price the most attractive franchise in its category (for 2022)

Delivering on our 4Ps strategic priorities

Planet

Our Approach to Managing Our Environmental Footprint

We are committed to minimising our carbon footprint and driving efficiency when it comes to our waste management and energy consumption

23%
increase in the amount of waste sent for recycling

98%
of employees were connected to our electronic HR document interchange system

We formalised our approach to reducing our negative environmental impact by developing the **Environmental, Health & Safety Policy**, which outlines our key responsible business principles.

Waste Management

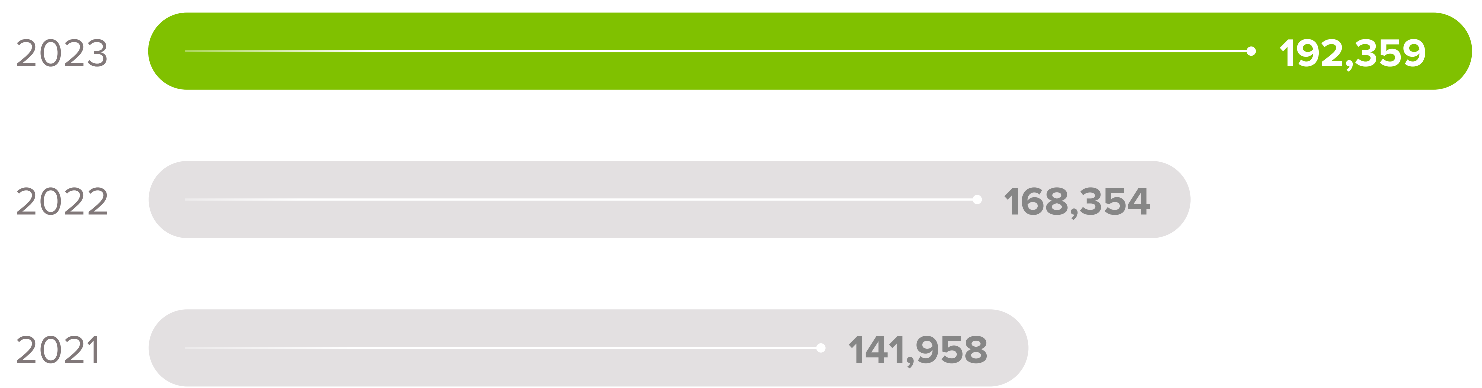
Retail activities such as selling and delivering goods to DCs and stores generate large volumes of waste, with packaging being the main culprit.

Packaging waste at Fix Price stores mostly consists of cardboard and polyethylene film, both of which can be recycled. This waste is sent from stores to distribution centres to be forwarded for further recycling. We are committed to returning as much recyclable waste as possible. All stores have press machinery in place for used packaging. Each of our stores has its own specific target regarding the amount of recyclables to be sent to DCs. If a store underperforms against its targets, we conduct an internal audit.

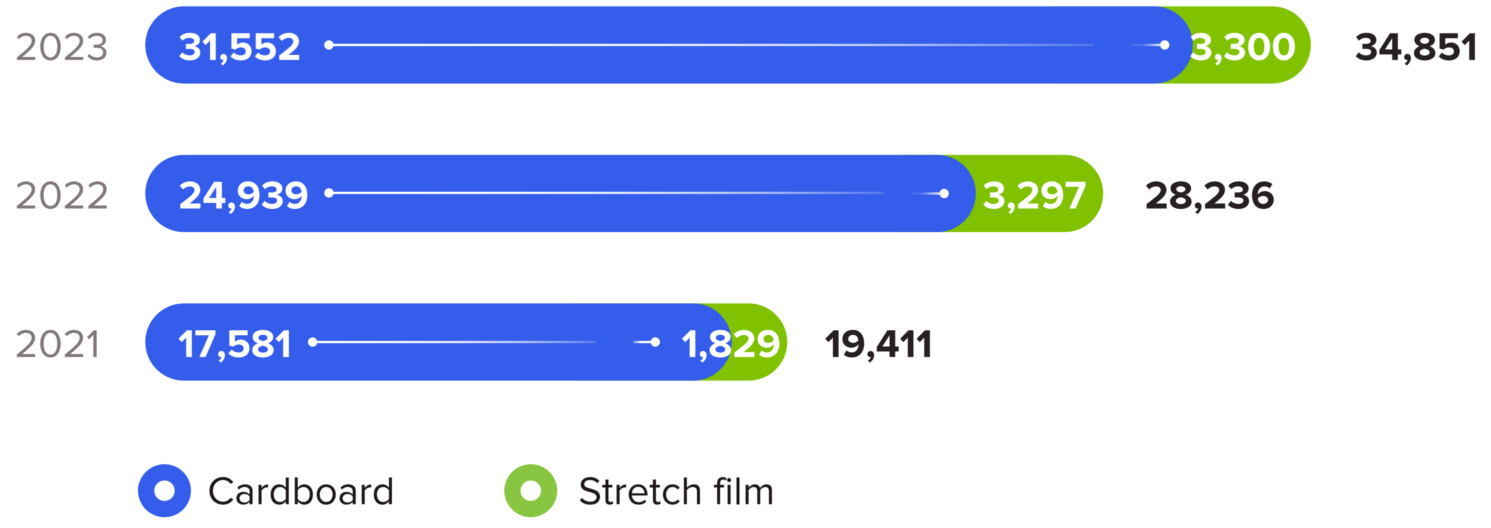
Solid waste volumes generated by the Company are calculated according to the norms set by regional waste disposal operators.

Waste volumes over 2021–2023, tonnes

Total amount of waste



Total waste sent for recycling [1]



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

The Company generates several types of waste:

Solid
(Hazard Classes 4 and 5, low-hazard and non-hazardous waste)

Recyclables
(cardboard and stretch film)

Office equipment
(Hazard Class 4)

Delivering on our 4Ps strategic priorities

Planet

We minimise waste generation at our DCs through the use of returnable packaging. We reuse pallets 4 to 5 times and then repair them to enable further use. We also refurbish batteries after 3–5 years of use or send them for recycling.

We have been using our electronic document interchange (EDI) to reduce the use of non-renewable resources, which enabled Fix Price to significantly decrease the consumption of paper, ink, cartridges, office consumables, and electricity.

In 2023, we also completed the migration to an electronic HR document interchange system, transforming all basic HR processes into paperless workflows and significantly cutting paper consumption in other HR procedures. As a result, the Company has automated its HR processes, reduced employee workload, and boosted process performance.

Our IT team continues refurbishing and reusing user IT equipment to reduce the amount of non-working devices and minimise the number of devices sent to disposal. Over 2023, more than 1,300 pieces of various equipment were refurbished and redeployed, including cash registers, data collection terminals, computers, printers, IP cameras, and audio equipment.

We are actively involved in the development of packaging for our private-label products and seek to minimise the packaging size where possible and appropriate while maximising the use of recyclable materials. We also seek to use mono-materials wherever possible.

In 2023, we started to specify to what packaging element a certain Mobius loop – a special sign that indicates the material of packaging - corresponds to.

EDI Performance in FY 2023

Fix Price has streamlined its document interchange:

- The share of EDI-based and processed documents reached 85%
- 240,304 documents were sent to counterparties, saving over RUB 5 million on paper costs
- Paper consumption significantly reduced
- Instant delivery and processing of documents

The integration of the OpenText electronic document management system and Kontur. Diadoc has been completed:

- One window for all electronic documents, no need to switch between systems
- Signing time reduced from 10 minutes to 30 seconds
- 50% of all documents signed using this technology

In 2023, Fix Price took part in the International Electronic Document Management Forum, which brought together over 1,500 participants, 160 companies, and 120 experts.

EDI was deployed for:

- **100%** of franchisee partners
- **40%** of landlords
- **85%** of counterparties in the non-commercial procurement segment
- **85%** of goods supplies

Results of Transitioning to Electronic HR Document Interchange System

- 98% of employees, or 102,450 users, are connected to the electronic HR document interchange system
- 802,568 documents were signed, with an average of 3 to 5 sheets per document
- HR processes have been fully automated and document delivery by ordinary mail abandoned
- Reduced the time required for processing new hires to one business day
- Cut document storage and processing costs and improved process productivity

During the year, we continued offering products that encourage conscious consumption, e.g. using vacuum flasks, thermal mugs, reusable water bottles, food storage containers, reusable bags for fruit and vegetables, reusable picnic sets, and products that help furniture and homeware last longer.

We are further engaging our customers on digital receipts as part of our efforts to reduce paper waste from operations.

Delivering on our 4Ps strategic priorities

Planet

Climate Aspects of the Company's Activities

We are committed to social and environmental responsibilities, including the climate agenda and product sustainability in order to meet the expectations of our customers, investors, and other stakeholders. We monitor trends and adopt the best industry practices to improve business transparency and the quality of climate-related disclosures.

Climate Management at the Company

The ESG Committee and top management of Fix Price are in charge of addressing climate challenges and ensuring our commitment to sustainability. The senior management is responsible for making ESG-related decisions, overseeing their execution, and alerting the Board of Directors of any substantial changes. The Company's senior management is kept abreast of the current ESG and climate developments, including modifications to the non-financial disclosure standards, such as IFRS S2 [1] and CSRD [2], as well as about the latest GHG accounting mechanisms requirements.

The ESG agenda is particularly relevant for the Company's IR team, as it is responsible for exploring and implementing sustainability practices as well as coordinating processes and collaboration between units to drive sustainability initiatives. In 2023, we set up a sustainability working group, made up of employees from various Company units responsible for executing and overseeing the ESG agenda within their functions.

Fix Price has an Environmental, Health & Safety Policy in place that guides the Company's activities and outlines plans to develop the ESG agenda and implement sustainability practices.

The Company's business model does not include any refrigeration equipment across its distribution centres or vehicle fleet due to the specifics of its product mix. Fix Price also uses virtually no such equipment in its stores, thus significantly reducing energy consumption and minimising GHG emissions.

The Company's core sustainability pillars are its four strategic priorities (the 4Ps [3]). One of them, Planet, comprises environmental aspects, such as climate change issues.

[1] In July 2023, the International Sustainability Standards Board (ISSB) issued its first IFRS Sustainability Disclosure Standards, IFRS S1 and IFRS S2. Companies are required to disclose material and comparable sustainability information that affects their ability to generate cash flows, their access to finance, or cost of capital over the short, medium, or long term, to help investors make better-informed decisions. IFRS S2 sets out specific climate-related disclosures and is designed to be used alongside IFRS S1, which focuses on more general sustainability disclosure requirements

[2] In January 2023, the Corporate Sustainability Reporting Directive (CSRD) entered into force. The CSRD requires assurance of the sustainability information that companies report and will provide a digital taxonomy for sustainability information while also strengthening the rules concerning the social and environmental information that companies have to report. Companies subject to the CSRD will have to report according to European Sustainability Reporting Standards (ESRS), which require, for example, that the disclosure covers the entire value chain, including the company itself, its suppliers, and customers

[3] Product, People, Partners, and Planet

Delivering on our 4Ps strategic priorities

Planet

Striving to mitigate its environmental footprint, the Company is taking the following steps:

- Converting lighting in existing stores to low-energy LED lighting and installing LED lighting in all new stores as a standard
- Seeking the most energy-efficient spaces for opening new stores to reduce heat loss
- Improving route planning and maximising vehicle loads to reduce fuel consumption
- Minimising goods packaging sizes where applicable
- Planning regular publication of educational materials and articles to raise sustainability awareness among employees and customers
- Regularly calculating GHG emissions to gauge its carbon footprint and subsequently plan mitigation initiatives

Calculation results GHG emissions, see page 91

For more details on the Company's waste management processes, see page 85

Climate Risks and Strategy

CURRENT ESG AND CLIMATE RISK ASSESSMENT

Currently, Fix Price does not assess its climate risks on a regular basis. However, recognising the growing importance of the climate change agenda, the Company is laying the groundwork for a future qualitative assessment of climate risks and climate risk scenario analysis.

Fix Price's risk management system (RMS) is governed by its Risk Management Policy. The policy and other internal risk management documents are guided by the international standards on risk management, such as ISO 31000, FERMA, and COSO ERM. The RMS improves decision making, helps drive sustainable and profitable business growth, and accelerates the achievement of the Group's goals in an uncertain environment.

The Company introduced risk data sheets for heads of units. In 2023, the supply chain management data sheet was expanded to include "environmental pollution from business activities". The Company is also exploring its options to embed sustainability risk considerations into its financial and economic model and approve metrics to gauge such risks as well as measures to mitigate them.

In 2024, we plan to update the the risk registry in our four key areas (supply chain management, marketing, sales, and assortment management) and provide more detailed sustainability and climate change disclosures.

Activities of these functions and their engagement in climate action may impact both the anthropogenic footprint of the business and the Company's resilience to potential risks.

In addition, the Company intends to hold sessions at least once every six months to review the CEO's risk data sheet, highlighting ESG and climate risks and monitoring the effectiveness of measures to mitigate such risks.

Fix Price intends to add a climate risk assessment to its overall RMS. To do this, we set up the Risk Environment Club, which holds quarterly meetings of risk coordinators from business units and other interested participants. The meetings discuss current sustainability matters in relation to the impact of uncertainties towards the Company's goals. After each meeting, all participants receive a newsletter with the agenda and materials discussed. This initiative is aimed at analysing the climate component and facilitating a more comprehensive approach to the Group's risk assessment and management.

For more details on the existing RMS, see page 98

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In its future climate risk assessments, Fix Price plans to follow the TCFD recommendations and consider the following climate scenarios highlighted in the IPCC Sixth Assessment Report (AR6) and the International Energy Agency's (IEA) annual World Energy Outlooks:

1.5°C Scenario (SSP1–2.6)
A scenario that assumes a 1.5°C rise in global average temperature by 2100, with greenhouse gas (GHG) emissions halved by 2050 and peaking in 2020.

2.0°C Scenario (SSP2–4.5)
This is a moderate scenario, based on the assumption that GHG emissions will increase slowly to peak in 2040–2050, declining afterwards. In this scenario, the global average temperature rises by 2°C by 2100.

4.0°C Scenario (SSP5–8.5)
This business-as-usual scenario assumes a fast global average temperature increase by more than 4°C by 2100 due to a steady growth in GHG emissions through 2100.

For more details on the scenarios, see pages 80–81 of our 2022 Annual Report

Fix Price is planning to conduct a qualitative assessment of climate risks: short-term (to 2025), medium-term (to 2030), and long-term (to 2050), in line with international frameworks and principles. The Company has decided to particularly focus on impacts on its operations under the 2.0°C scenario (SSP2–4.5) as the most probable one.

We strive to monitor changes in international and Russian climate laws and take into account identified additional transition and physical risk factors as recommended by the TCFD. Such risks are used in subsequent analysis and may impact our operations.

We maintain track of developments in national GHG abatement laws, although applicable laws presently do not impact Fix Price's operations.

We are taking steps to prepare for legislative changes in advance as they may incur additional expenditures. As such, we intend on improving our data collection and recording system in order to adapt to potential legislative changes as promptly as possible. Fix Price recognises the importance of annual emissions monitoring and plans to assess the feasibility of other activities that can be carried out to further reduce emissions from its operations.

Below, we are describing potential climate-related transition risks that are relevant to Fix Price.

TRANSITION RISKS

According to the TCFD recommendations, transition risks include risks related to the transition to a low-carbon economy. This transition may entail significant changes in international and national regulatory frameworks, as well as technological advances, and increasing market demands to address mitigation and adaptation requirements related to global climate change. A preliminary high-level review of climate risks found that transition risks represent the most significant risks for the Company.

Regulatory Risks

1. The Federal Law on Limiting Greenhouse Gas Emissions and the Risk of Direct GHG Emission Charges

Federal Law No. 296-FZ On Limiting Greenhouse Gas Emissions published in 2021 requires the mandatory disclosure of GHG emissions for companies whose direct emissions are equivalent to or exceed 50,000 tonnes of carbon dioxide per year, starting 1 January 2024. Over the past few years, this federal law has been followed up by a string of laws and directives to support its implementation. As a framework document, the law is regularly supplemented by new augmentations that clarify or tighten the provisions and requirements previously set out.

For example, in 2023, Federal Law No. 218-FZ On Amendments to the Code of Administrative Offences of the Russian Federation was adopted, which introduces liability for non-disclosure of GHG emissions. The law takes effect on 1 July 2025.

The trend towards increased regulation in this area is also reflected in the publication of a draft implementation roadmap for the Strategy of Socio-Economic Development of Russia until 2050, which includes the provision for launching a system for charging companies for GHG emissions starting in 2028. The Company also sharpened its focus on the ESG agenda following the publication of an updated Climate Doctrine of the Russian Federation in 2023, outlining the key principles of implementing the single public policy on climate change and its impacts.

2. Rules on Climate-Related Non-financial Disclosures

In 2021, the Financial Conduct Authority of the UK (FCA) introduced requirements for issuers to disclose climate-related information in accordance with the TCFD recommendations or to explain the reasons for omission.

In 2023, the International Sustainability Standards Board issued its inaugural standards – IFRS S1 and IFRS S2 [1]. The standards require companies to systematically assess and disclose climate-related and other sustainability-related risks in their financial statements, making their sustainability-related financial disclosures more transparent. While the standards are not yet mandatory, they may be recognised as such in the foreseeable future.

Changes in Stakeholder Behaviour

Growing consumer demand for low-carbon-footprint products may require us to adjust our product mix, which will drive the associated costs up. We regularly monitor consumer preferences, which allows us to promptly take appropriate measures should the likelihood of this risk increase significantly.

As a drive towards sustainability ramps up, investors are paying more attention to climate-related disclosures. A low level of transparency of the Company's non-financial reporting may reduce investor appetite. While the likelihood of this risk occurring is limited due to current macroeconomic situation, the Company continues to focus on improving the quality of its disclosures and monitor the level of this risk.

[1] Effective 1 January 2024

Delivering on our 4Ps strategic priorities

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The rise of green finance may prompt the Bank of Russia to impose requirements for other banks to disclose the extent to which such finance influences the national climate agenda. If such requirements are escalated to a legislative level, corporate banking clients may be legally obligated to report their climate-related disclosures. The list of proposed recommendations included integrating climate risks into the banks' risk management system as well as measures to identify, analyse, assess, record, manage, and control these risks.

Recommendations from the Bank of Russia, which may become mandatory in the future, will lead banks to reorient their portfolios towards clients with lower exposure to climate risks. Some banks are already starting to introduce ESG screening, targeting companies that are embedding ESG considerations into their operations. Recognising the importance of this trend, Fix Price strives to focus more on disclosing non-financial information in its reporting.

PHYSICAL RISKS

The TCFD recommendations also specify physical risks, which can be caused both by one-off unpredictable weather and climate-related events and by long-term shifts in basic climate patterns.

Changes in Extreme High Temperatures

The peak summertime temperatures across Fix Price's operating regions are trending upwards. With more extreme weather events in Russia, extraordinarily hot days (with temperatures above +35°C) and heat waves (prolonged periods of high temperatures) are becoming more frequent. We are aware that this risk may potentially increase our spending on climatic equipment (refrigerators and air conditioners) to adapt to new weather conditions, so we intend to thoroughly monitor the resource efficiency of our cooling systems to explore opportunities for improvements and to account for potential financial losses from product categories vulnerable to temperature changes (ice cream, chocolate, gummy candies).

Following the provisions of the Kigali Amendment, Fix Price is exploring the use of low-GWP refrigerants to maintain optimal workplace temperatures.

With extreme temperatures rising and lasting longer, the risks of adverse impact on employee health increase. We recognise the need for more accurate risk assessments since a high level of risk demands better budgeting of spending on workplace climate control and protection of employee health.

Changes in Precipitation Regime

The risk lies in changes in the volume and intensity of precipitation typical for each region: an increase in wintertime precipitation and the subsequent melting of snow accumulated during this season, which can cause more pronounced spring flood peaks.

Increased precipitation during the cold season can cause supply chain disruptions due to the limited availability of transport routes. We understand the importance of addressing this risk, so in the future we will conduct a qualitative assessment of the impact of this risk on the business to develop measures to monitor and manage it.

Risk of Extreme Weather Events

Climate change drives an increase in the number of extreme and particularly dangerous weather and climate events, such as fires, floods, etc. This can also have a negative impact on supply chain continuity and asset integrity.

Delivering on our 4Ps strategic priorities

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Metrics

The Company recognises the importance of the information and data collected to measure GHG emissions and energy efficiency, as these metrics unlock a more detailed understanding of the extent and nature of the Company's climate impact. The aforementioned data aid in the formulation and implementation of an action plan for a robust strategy to manage this impact.

In 2023, the Company measured and calculated its GHG emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition) methodology [1]. The calculations included emissions from facilities operated by Fix Price (stores, distribution centres, online store warehouse and offices) in Russia. Franchise stores were not included.

ENERGY CONSUMPTION AND EFFICIENCY

The Company is taking steps to improve its energy efficiency and optimise its resource consumption by installing energy-saving equipment at new facilities and carrying out scheduled equipment upgrades at existing ones.

Electricity consumption[2], kWh

	2021	2022	2023
Purchased electricity	121,492,384	131,654,296	142,039,806
Generated electricity	48,138	102,655	90,356

Heat consumption, GCal

	2021	2022	2023
Purchased heat	179,462	212,266	224,822
Generated heat	1,220	1,589	3,013

GHG EMISSIONS (SCOPE 1, 2, AND 3)

The Company continued to measure its GHG emissions in 2023, expanding the amount of historical data to assess changes in emissions and strengthening the foundation for further improvement of our climate impact management efforts going forward.

GHG emissions (Scope 1, 2, and 3), tonnes of CO_2 equivalent [3]

	2021 [4]	2022 [4]	2023
Total GHG emissions (Scope 1 and 2)	**109,907**	**120,503**	**127,085**
Total GHG emissions (Scope 1, 2, and 3)	**2,866,129**	**3,006,433**	**3,269,481**
Direct GHG emissions (Scope 1)	3,299	2,606	1,670
Indirect GHG emissions (Scope 2)	106,608	117,896	125,415
Other indirect GHG emissions (Scope 3)	2,756,222	2,885,930	3,142,396

In 2023, total GHG emissions (Scope 1 and Scope 2) grew by 5% driven by higher indirect emissions amid business expansion and a comparable increase in energy consumption. At the same time, the volume of direct emissions decreased by 36% due to the sale of Company-owned vehicles in 2023.

Other indirect emissions (Scope 3) were up by 9% on the back of growth in the volume of goods purchased for sale in new stores and the related effects associated with higher sales volumes (e.g. for Category 5).

The Company continues to gradually improve its climate-related data collection and recording. Fix Price continuously works to enhance energy efficiency by introducing energy-saving practices and regularly exploring opportunities to further optimise resource usage at both new and existing facilities.

GHG emissions (Scope 3) by category, tonnes of CO_2 equivalent [3] [5]

	2021 [4]	2022 [4]	2023
GHG emissions (Scope 3)	**2,756,222**	**2,885,930**	**3,142,396**
Category 1: Purchased Goods and Services	1,595,823	1,706,378	1,622,601
Category 2: Property, Plant and Equipment	38,146	44,223	54,294
Category 3: Fuel- and Energy-Related Activities	23,605	25,760	26,102
Category 4: Upstream Transportation and Distribution	68,369	61,013	59,795
Category 5: Waste Generated in Operations	57,648	66,043	82,699
Category 6: Business Travel	1,189	1,032	1,377
Category 7: Employee Commuting	13,711	17,946	18,159
Category 9: Downstream Transportation and Distribution	199	606	784
Category 11: Use of Sold Products	848,733	840,657	1,158,050
Category 12: End-of-Life Treatment of Sold Products	108,798	122,274	118,535

1. The GHG Protocol Corporate Accounting and Reporting Standard
2. Here and below, purchased and generated electricity and heat
3. The calculation for 2022 has been updated using current coefficients for the period
4. GHG emissions for 2021 and 2022 were recalculated due to refinement of the data calculation methodology
5. The breakdown only covers Scope 3 categories included in the calculation. Other categories were excluded from the calculation as immaterial or non-relevant for the Company

CORPORATE GOVERNANCE

Fix Price Group PLC continues to improve its corporate governance framework in line with the international best practices and maintain a high level of information transparency whilst focusing on protecting the rights of investors and all stakeholders

In 2023, Fix Price GDRs were admitted to trading on the AIX, in addition to listing on LSE and MOEX. The Group decided to redomicile to the Republic of Kazakhstan

Regulations

In February 2022, our Board of Directors decided to change the Company's jurisdiction of incorporation from the British Virgin Islands to the Republic of Cyprus, and later at the EGM the shareholders approved the redomiciliation.

On 11 May 2022, the Company was permanently registered with the Registrar of Companies of the Republic of Cyprus.

Following the redomiciliation, the Company merged with its Cyprus subsidiary, Kolmaz Holdings Ltd ("Kolmaz"), with the Company as the surviving entity. The redomiciliation as well as the merger with its subsidiary Kolmaz was carried out to simplify the Group's legal structure.

The corporate governance of Fix Price Group PLC is regulated by the Memorandum and Articles of Association (the "M&AA") and by the requirements of the Cyprus Companies Law (Cap. 113).

On 9 November 2023, Fix Price's Extraordinary General Meetings of Shareholders approved the decision to redomicile the Company from Cyprus to Kazakhstan and the replacement of the existing Memorandum and Articles of Association with new ones in compliance with Kazakhstan laws.

Our Global Depositary Receipts (GDRs) are admitted to the Official List of the London Stock Exchange, but the Company is not subject to the UK Corporate Governance Code.

Under Russian law and the Listing Rules of the Moscow Exchange, admission of Company`s GDRs to trading on the MOEX does not impose any additional corporate governance requirements, as its GDRs are listed on the LSE.

We will retain our listing of the Group's GDRs on the LSE and MOEX following redomiciliation to Kazakhstan.

In October 2023, the Group's GDRs were admitted to trading on the Astana International Exchange (AIX) under the ticker FIXP.Y. No new securities were issued along with the listing on the AIX.

The Company's activities, including those of the Board of Directors, are governed by the M&AA. Board committees are governed by the Terms of Reference approved by the Board of Directors.

The key policies governing Group activities

Inside Information and Disclosure Policy

Ensures that the Group complies with all applicable rules and regulations (including the MAR and the Russian Insider Information Law) in relation to the identification, control, and disclosure of inside information

Environmental, Health & Safety Policy

Ensures the health and safety of personnel and consumers and is designed to minimise the impact of the Company's business on the environment. The Group seeks opportunities to implement, where practically applicable, energy efficiency and carbon and waste reduction initiatives while improving, where appropriate and applicable, existing mechanisms for recyclable waste collection, and monitoring the health and safety of employees and contractors

Business Ethics Policy (Code of Conduct)

Ensures that the Group's business is conducted in a consistently legal and ethical manner and promotes compliance with the applicable governmental laws, rules, and regulations. It establishes a framework for ensuring diversity and zero tolerance to discrimination, commits to acting in accordance with international human and labour rights standards. It also ensures that the information in relation to the Group published in public communications is complete, fair, accurate, timely, and comprehensive

Share Dealing Policy

Establishes the principles, systems, and controls for prevention of Trading based on Insider Information by Insiders and / or PCAs (each as defined in Article 2 of the Policy) in order to ensure compliance with the applicable regulatory rules and to protect the public image of the Company

Anti-Money Laundering Policy

Ensures that the Group has systems and procedures to prevent money laundering, including by setting relevant guidelines to raise awareness internally, implementing transaction monitoring programmes, and promoting a zero-tolerance culture towards illegal activities

Anti-Bribery and Corruption Policy

Ensures that Group employees comply with all applicable anti-corruption laws, rules, and regulations. In accordance with this Policy, the Group is committed to the ethical business code of conduct. In addition, the Group has developed, and adheres to, principles aimed at minimising bribery and corruption risks

Modern Anti-Slavery and Human Trafficking Policy

Establishes monitoring to ensure that slavery, including forced and child labour, and human trafficking are excluded from the Group's operations and supply chain. It requires suppliers to comply with this Policy, which is periodically evaluated. The Policy also ensures that suppliers do not engage in any manufacturing, marketing, or selling of counterfeit products to the Group

Corporate Governance Structure

Fix Price Group PLC has built a corporate governance framework that complies with the requirements of the UK Financial Conduct Authority and Cyprus law as well as the international best practices. The Group continuously enhances its corporate governance practices.

The highest corporate body of Fix Price Group PLC is the General Meeting of Shareholders.

The Board of Directors is elected by, and accountable to, the shareholders. The Board delivers strategic direction to the Group and oversees management activities.

The Group's executive team, led by the CEO, manages the day-to-day operations of the Group and implements tasks assigned by the shareholders and the Board of Directors.

Fix Price continuously enhances its corporate governance practices

General Meeting of Shareholders

All Annual General Meetings of Shareholders are conducted in accordance with Cyprus law. Shareholders in a General Meeting of Shareholders are entitled to appoint and remove directors of the Company.

For more details on agendas of General Meetings of Shareholders, see: General Meetings of Shareholders

The key capabilities of the General Meeting of Shareholders include:

- Alteration of the Memorandum and Articles of Association
- Mergers, consolidations, arrangements, amalgamations, and schemes of reconstruction
- Redomiciliation of the Company
- Issuance of an additional class of shares and varying rights attached to classes of shares
- Acquisition by the Company of its own shares under certain conditions specified in the law or the M&AA
- Reduction of share capital and any share premium account of the Company in any way; extinguishment or reduction of the liability on any of the Company's shares in respect of share capital not paid up; cancelation of any paid-up share capital which is lost or unrepresented by available assets; and payment of any paid-up share capital which is in excess of the Company's requirements subject to the court decision confirming the reduction
- Windning up of the Company
- Approval by a special resolution of assignment of office made under any agreement entered into between any person and the Company for empowering a director or manager of the Company to assign their office to another person
- Consideration of, inter alia, the financial statements, approval of dividend payments (provided such dividend payments are proposed by the directors), and appointment and remuneration of auditors
- Other matters prescribed by the Cyprus Companies Law (Cap. 113) and the M&AA.

The 2023 Annual General Meeting of Shareholders was held on 31 July. During the meeting, shareholders reviewed the Company's 2022 accounts, re-elected existing directors as Board members, approved the Company's auditor, and amended the Company's Memorandum of Association.

Two Extraordinary General Meetings of Shareholders took place on 9 November 2023, with their agenda formed by matters related to the Company's redomiciliation.

Board of Directors

The Board of Directors supervises and controls the management and operations of the Company and may exercise all powers of the Company in doing so, except to the extent that any such power is required or reserved by the Cyprus Companies Law (Cap. 113) or the M&AA to be exercised by the shareholders.

The Board of Directors has an Audit Committee, a Nomination and Remuneration Committee, a Strategy Committee, and an ESG Committee.

>40 matters were reviewed by the Board of Directors in 2023

In 2023, the Board of Directors reviewed matters related to the following areas:

- Audit
- Matters relating to General Meetings of Shareholders
- Dividend payout
- Amendments to internal documents
- Securities' listing
- Operational and financial results
- Organisation of the Board of Directors' activities
- Redomiciliation
- Financial statements and annual reports
- Sustainable development
- Nomination and remuneration
- Other

Board Committees

Audit Committee

The Audit Committee assists the Board of Directors with the review of the Group's internal and external audit activities: internal control systems, compliance with financial reporting requirements, and the scope, results, and cost effectiveness of the external audit.

Strategy Committee

The Strategy Committee assists the Board of Directors with the analysis and monitoring of the strategic management matters and large investment projects, including the consideration of M&A opportunities.

ESG Committee

The ESG Committee assists the Board in supervising sustainability matters. The Committee is in charge of managing ESG factors at a strategic level. It oversees the implementation of Fix Price's sustainability agenda and its integration into the Company's business processes.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee makes recommendations to the Board of Directors regarding the appointment of new directors, helps to identify, interview, and select suitable candidates, and assesses the independence of such candidates. The Committee also reviews senior management appointments, Company-wide succession planning, and other HR-related matters.

It also assists the Board of Directors in relation to remuneration, including revising the Group's overall compensation policy and making proposals to the Board of Directors as to the remuneration of the directors of the Company and of the Group's senior management.

Management

Fix Price's management team is highly skilled and has vast experience in the retail industry. When making decisions, management also considers the interests of shareholders, customers, and a broad range of stakeholders.

Internal Control

Integration of the Process Management, Internal Control, and Risk Management System

The Company continues its Processes Help project by building a Company-wide, integrated approach to business process management covering both risks and controls.

Steps taken to this end in 2023 included developing functionalities to manage the Company's operational risks within a single Company-wide knowledge base about business processes, including configuring risk identification, assessment, and accounting as well as reflecting corrective and preventive measures. By analysing and optimising business processes with these tools, the Company can gauge the potential impact of risks on its business performance and develop appropriate response measures.

We also developed and implemented the control tools to update the regulatory framework for business processes, risk management, and internal control. We are currently exploring digital solutions that promise to improve and accelerate control procedures and subsequently notify responsible persons of any shortcomings.

To keep employees informed about process management, risk management, and internal control, we have published educational videos and articles on our corporate media channels.

We have noted an uptick in interest among our employees for a single environment that can drive change and improvements across our business, confirming that Fix Price is on the right track integrating its business process management, risk management, and internal control system as well as that the project's objectives listed below remain relevant:

revise

the architecture of business processes in line with the Russian and international best practices

improve

the integrated platform that manages all initiatives related to modifying the Company's activities, primarily to foster interaction between business processes within a single system

build

an up-to-date regulatory framework for business processes, risk management, and internal control

develop

a tool to accumulate knowledge on maintaining and improving business processes

implement

regular audits of business processes to identify pinch points and areas for development

launch

ongoing analysis and testing of control procedures, including risks and deviations in business process metrics

External Audit

AO Business Solutions and Technologies (TIN 7703097990), registered office: 5 Lesnaya St., Moscow, 125047, Russia, a member of the Self-regulatory Organization of the Auditors Association “the Commonwealth” (AAC SRO). AO Business Solutions and Technologies is included in the control copy of the registry of auditors and audit organisations, registered under No. ORNZ 12006020384, and approved as the auditor of the Company’s consolidated IFRS financial statements. AO Business Solutions and Technologies was registered with the Moscow Registration Chamber under Russian laws on 30 October 1992.

The Board of Directors approved the Company’s external auditor to provide

- an independent audit of the consolidated IFRS financial statements of the Group for the year ending 31 December 2023
- an independent review of the interim condensed consolidated financials of the Group for the six months ending 30 June 2023

Remuneration paid in 2023 to AO Business Solutions and Technologies and its affiliates totalled RUB 17 million for audit of financial statements and RUB 7 million for other assurance and audit related services.

Risk Management

Risk management system

Board of Directors

Audit Committee

- Determines the underlying principles and approaches that drive the risk management system and evaluates its effectiveness

CEO, heads of key functions

- Assign powers, duties, and responsibilities among functional heads for specific risk management procedures
- Review and address key risks
- Foster a risk management culture

Risk Management Department

- Implements the Risk Management Policy
- Prepares a consolidated risk map
- Provides methodological support to line managers for the development of risk control measures

Functions, project teams, business units

- Identify risks and conduct an initial risk assessment
- Take measures to mitigate the identified risks

Fix Price’s risk management system conforms to ISO 31000:2018 (localised as GOST R ISO 31000-2019). The COSO principles of Enterprise Risk Management – Integrating with Strategy and Performance – 2017 apply as well. Risk management practices based on these international standards have proven to be highly effective thanks to the integration of risk management and internal control processes into the overall corporate governance system.

Risk Management

Enhancing the Risk Management

In 2023, the management began implementing the recommendations of the 2022 independent audit on development of risk management function. In particular, we defined risk appetite for priority risk categories.

The risk registry was substantially updated in 2023. Irrelevant criteria were removed from the registry, with its structure optimised by almost 40% as a result. We took the data from the new risk data sheet structure supplemented with extended description and assessment criteria. The updated registry calculates the risk rating based on targets and an assessment of business processes required to deliver on them.

We have expanded our programme for promoting a risk-oriented corporate culture by designing a mandatory training risk management and assessment programme. As part of these efforts, we hold workshops forming part of the Expert in the Field initiative and publish dedicated information materials for employees on our intranet portal and on social media.

Risk appetite value

Risk category	Category description	Risk appetite					
		averse		cautious		open	
Strategic risks	Risks arising from strategic changes in the business environment and poor strategic business decisions affecting anticipated earnings and capital				✓	✓	
Operational risks	Risks arising from inconsistencies or deficiencies in internal processes, people, and systems, or external events affecting ongoing operational and financial performance and capital			✓	✓		
Financial risks	Risks associated with financial losses arising from uncertainties / decisions affecting the financial structure, cash flows, and financial instruments of the business, including capital and tax structure and insurance, which may reduce Fix Price's ability to deliver expected levels of earnings		✓	✓			
Compliance risks	Risks arising from non-compliance with applicable local and / or international laws and regulations, internal policies and procedures, ethical behaviour, compliance culture, including legal and regulatory risks that may result in criminal liability	✓					

Plans for 2024

In 2024, we will focus our risk management system activities on three priority areas

- Strengthening stakeholder engagement through regular Risk Environment Club meetings to share risk management expertise and experience
- Adapting the risk appetite assessment guidelines to the current maturity of the function and developing an effective implementation process
- Methodology formation for identifying and consistently monitoring key red flags

Risk Management

Map of Key Risks

Impact	Unlikely	Possible	Likely	Highly likely	Almost inevitable
Critical					O42 ↔
High			O86 ↔		
Medium			C19 ↔ O44 ↔ O71 ↔ O72 ↔	O17 ↔ F54 ↔ F58 ↔	
Low					O15 ↔
Minimal					

Probability

- S ↔ Strategic
- O ↔ Operational
- F ↔ Financial
- C ↔ Compliance risks

Risk Management

Type	Risk	Level / Change	Risk factors	Impact	Risk control and management measures
O42	**Risk of staff shortage**	High / stable	Employee turnover amid a rise in other business metrics Recruitment strategy focused on investing in the development and training of employees with minimal experience Competitive environment Demographics	Increase in the cost of recruitment and workforce shortages outpacing payroll fund growth	1. Revising store staffing levels 2. Developing an incentive scheme for each employee category 3. Adding store employees in loyalty programmes 4. Implementing a corporate training programme rewarded with externally approved certifications 5. Remuneration to reflect employee's length of service
O17	**Risk of supply chain disruptions**	Medium / stable	Lack of space at seaports for collecting and shipping imports Rapid and large-scale shift of demand between different transportation modes (sea, rail, road) or between different loading / unloading points	Longer, more expensive, more complicated travel routes and maintenance needs	1. Expanding the share of locally produced goods in the sales mix. Searching for alternatives / substitutes from among Russian suppliers 2. Finding alternative ways for shipping imported goods (sea, rail, road)
F54	**Risks of restrictions on foreign currency payments**	Medium / stable	Possible restrictions on Russian banks and companies Refusal to accept or limits placed by banks with respect to payments denominated in certain foreign currencies Refusal of banks in countries of presence, or their branches, to accept payments from certain Russian banks Payment restrictions concerning suppliers, use of transfer pricing methods	More complex (longer) supply chains required to enable parties to meet their contractual financial obligations	1. Expanding the list of foreign currencies used for payments 2. Search and rotation of alternative payment routes to foreign counterparties, taking into account restrictive legislation and compliance measures in banks
F58	**Currency risk**	Medium / stable	Exchange rate fluctuations Use of exotic currencies and related conversion issues	Financial losses due to exchange rate fluctuations	1. Where necessary, changing currency of contracts with foreign suppliers 2. Hedging demand for foreign currency in line with the adopted rule or decision
O15	**Increase in procurement price levels more than once a year**	Medium / stable	Real increase in the cost of raw materials and supplier production cycles. Increase in the energy component in the cost of sales	Pressure on gross margin and related metrics	1. Expanding the Russian supplier base (ensure a backup contract with a second Russian supplier for each item to ensure supply in case of an emergency assortment rotation) 2. Effective management of production costs and product rotation to smoothen out procurement price growth cycles

Risk Management

Type	Risk	Level / Change	Risk factors	Impact	Risk control and management measures
O86	**Risks associated with expanding into a new unique geography**	Medium / stable	Unfamiliar business processes and practices; regulatory affairs, taxation, and fiscal regulation Cautious attitude towards entrepreneurs and business initiatives from foreign countries	Slower-than-expected business development, the need for further analysis of the market, partners, and legislation. Some cases requiring in-depth revision or a complete U-turn in approach	1. Providing a detailed and clear description of project objectives with an acceptable variance range 2. Developing a sufficiently detailed activity progress chart structured by task area and milestone for each phase 3. Backing up resources (time, budget, workforce) for critical areas 4. Documenting any / all deviations of project deliverables from quality and scope targets with fully disclosed reasoning 5. Holding regular joint meetings with departments, suppliers, and counterparties actively involved in the Company's expansion into new markets
C19	**Changes in the local legislation related to product range change or pricing restrictions**	Medium / stable	Initiatives and regulations confirming the intention of regulators and supervisory bodies to thoroughly and comprehensively scrutinise business activities Use of lobbyism and protectionism as anti-competitive tools; declaration of import substitutions and protection of local producers and entrepreneurs	Increase in the number of regulations, limits, rules, and restrictions. Significant penalties for non-compliance or violations. Potential threat imposed by turnover-based fine by supervisory authorities	1. Local sourcing 2. Supplier rotation 3. Negotiating engagement terms 4. Bringing technology in line with local regulations while maximising compliance with the Company's strategy and margin targets
O44	**Risks of losing control over personal data**	Medium / stable	Higher headcount Growing attention of regulators to personal data security to be ensured by operators Risk of customer, counterparty, and partner data breaches		1. Determining requirements for the collection, processing, and storage of personal data across categories such as employees, customers, and counterparties 2. Delegating powers and responsibilities between the Company's own contributors – employees of the Company, and outside contractors
O71	**Risks of partial or complete hardware malfunction in the corporate information system (CIS) as a result of any type of failure**	Medium / stable	Emergencies, accidents, natural disasters, or violation of safety or operating conditions	Risk of partial or complete loss of CIS hardware performance for a long period of time (longer than one hour)	1. Developing and implementing internal business continuity regulations 2. Dynamic workload allocation between systems 3. Monitoring increases in workload and forecasting potential adverse situations complete with a response plan 4. Formulating a pool of reserve resources with a clear roadmap for their use
O72	**Risks of performance degradation or complete malfunction of CIS software**	Medium / stable	Failure stemming from any source, software errors, patch flaws, third-party interference	Problems with software response, threat to CIS uninterrupted operation	1. Developing and implementing internal business continuity regulations 2. Limited testing of patches in the test environment and phased deployment of patches into productive operation 3. Launching tests and updates in fault tolerance scenarios 4. Preparing backup scenarios for each / any update or upgrade 5. Data backup

Risk Management

Risk Materialisation in the Reporting Period

Event	Response measures
Staff shortage **Difficulties in finding candidates for vacancies** **Increase in employee turnover**	HR units review employment terms and conditions as well as adjust the incentive programmes designed to retain employees Supply chain management units improve working conditions, including shift work organisation, devise optimal routes for employee transportation to distribution centres, and increase the capacity of buses. In addition, opportunities are being explored to increase incentive bonuses for continuous service The store management department maintains a compensation package at or above the market average
Changes in delivery times and routes	Supply chain management units submit container transportation booking requests at least 1.5 months prior to the planned cargo pickup. Also, new transportation routes as well as cargo handling methods are being tested
Exit from the market by a number of manufacturers of loading equipment needed to renew the fleet and ensure sufficient supply to new distribution centres	We find alternative equipment suppliers that meet the stated requirements
Increased competition for real estate assets **Reduced exposure time of attractive property**	Real estate search teams prepare all necessary documentation as soon as possible to ensure its quick delivery to the investment committee for review Parameters for site selection are adjusted
Competition among chains with a partially overlapping product mix and similar target audience	The category management department adjusts the product mix to differentiate against nationwide chains' products so as to create a unique selling proposition. This extends to pricing, volume, packaging, and usage, with a focus on unique non-food products. The department also tests price points, maintains fast-paced product rotation, and explores new ways to enhance the customer experience
Restrictions on foreign currency payments	Changing currency of contracts to facilitate payment process
Increase in fees for acquiring services	Signing agreements with service providers to fix current rates

Sustainability Risks

We do not conduct special assessments of ESG risks. Our consolidated risk registry contains separate entries that, to varying degrees, disclose the impact of climate change on the Company's operations. Additionally, the registry contains risks affecting sustainability aspects across the following areas:

- Personnel management
- Employee training and development
- Occupational health and safety
- Product quality
- Compliance
- Internal control management
- Information security
- Anti-corruption efforts

Ethics and Anti-Corruption

We at Fix Price Group PLC are strongly committed to acting ethically and with integrity in all our business relationships. The Company's Anti-Bribery and Corruption Policy provides a consistent set of principles, procedures, and specific measures to prevent and eliminate corrupt practices, minimise potential for corruption, and foster anti-corruption mindsets and zero tolerance for any form of corruption.

The Company's CEO is responsible for the implementation of anti-corruption measures.

Fix Price runs anti-corruption webinars for employees and provides access to anti-corruption video resources.

All employees are required to abide by the Group's anti-corruption policy, while all contracts signed with our suppliers, contractors, and partners contain an anti-corruption clause.

To combat corruption, the Group is focused on the following activities:

- Safeguarding against corruption, including by identifying and addressing causes of corruption, and training Group employees
- Detecting, preventing, and deterring corruption-related offences, and exposing and investigating these offences in accordance with the Company's policy and other regulations
- Minimising and / or eliminating the consequences of corruption-related offences for the Group

The ethics and corruption hotline can be found at **Business ethics**

19 complaints about suspected corruption were received via hotline in 2023

Business Ethics Policy can be found at **Company Documents**

Complaints about ethical issues, conflicts of interest, suspected corruption, and other suspicious activities can be emailed to Fix Price's Ethics and Compliance Committee at _kommitet_po_etike@fix-price.ru

Highlights of the Year

Fix Price continued to develop its compliance function in 2023.

In early 2023, the Company updated its Business Ethics Policy (Code of Conduct) to fully align it with its mission, values, and principles of doing business. The Business Ethics Policy is publicly available on the Company's website.

We publish monthly ethics and compliance round-ups for Company employees on our intranet portal. We also regularly report on the hotline's performance, any identified violations, and actions taken in response. As part of efforts to enhance our corporate culture in 2023, Fix Price approved the rules of corporate business correspondence.

Throughout 2023, we continued delivering ethics and compliance training to office and store employees.

Over 300 sales managers took the Business Communication course, covering matters such as professional communication with subordinate store employees, difficulties in task setting, giving feedback, and resolving conflicts.

All new office employees also complete a mandatory training programme, which was launched in 2022 and includes modules on anti-corruption and business ethics.

Store employees are expected to take the Rules of Business Conduct course, which was launched earlier on the FP Academy platform to provide a deep dive into business communication with customers and colleagues. We also analysed customer feedback to produce training videos on the rules of business communication with customers.

Ethics and Anti-Corruption

Total number of confirmed incidents of corruption and actions taken

Item	2022		2023	
	Total	Confirmed	Total	Confirmed
Number of corruption-related queries submitted via the hotline	18	6	19	8
From employees	12	4	15	6
From contractors	6	2	4	2
Employees dismissed upon investigation	10		11	
Incidents when contracts with business partners were terminated or not renewed	-		2	

In future, we plan to improve the feedback form on the Company website and reduce violations by boosting the profile of the Ethics and Compliance Committee across the Company.

Long-Term Employee Incentive Programme

In 2022, our Board of Directors approved a long-term employee incentive programme (LTIP) for 2022–2024. Under the programme, our senior executives and key employees are eligible to receive up to an aggregate of 1% in the Company's share capital as remuneration as long as the programme operates.

Annual remuneration depends on performance against qualitative and quantitative KPIs, both group-wide and personal.

KPI examples include delivering on annual store rollout targets; achieving the EBITDA guidance level in line with the Company's budget; or achieving the ROIC target.

To meet its obligations under the programme, Fix Price may use treasury GDRs or GDR buyback on the open market. At the Company's discretion, remuneration may be paid in cash.

Information Disclosure

We leverage our official corporate website as a key disclosure channel. Our website contains an investor calendar and a press releases page while also disclosing our dividend history, key performance indicators, contact details, and other useful information. The materials that have been published on the website include:

- **Memorandum and Articles of Association of Fix Price Group PLC**
- **internal policies**
- **other necessary information**

Corporate disclosures are also available

on the London Stock Exchange website

on the Interfax information disclosure server

as well as on the Astana International Exchange website

Shareholder and Investor Engagement

Investor Calendar

2023

26 January
Q4 and FY 2022 operating results

27 February
Q4 and FY 2022 financial results

27 April
Q1 2023 operating and financial results

7 September
Q2 and H1 2023 operating and financial results

31 October
Q3 and 9M 2023 operating and financial results

2024

28 February
FY 2023 operating and financial results

26 April
Q1 2024 operating and financial results

Investor Engagement

We are committed to maintaining a high level of information transparency. We openly disclose information about the Company and its operations and make every effort to earn and maintain the trust of our investors and shareholders.

Fix Price expands opportunities for shareholders. In October 2023, the Company's GDRs were listed on the Astana International Exchange (AIX). That said, the Group intends to remain listed on the London and Moscow stock exchanges. We cater for the best interests of all shareholders and investors and are taking steps to make our GDRs more liquid.

In line with our information policy, we maintain an open dialogue with investors and other market players.

We always stay in touch with our investors through a variety of channels, including public materials, personal engagements, mailings, conference calls, and other online and offline opportunities.

Our investor calendar and financial and operating results are readily available on our [Corporate website]

Free float amounts to

27.5%

of our share capital

Dividends

On 10 January 2024, the Company announced that LLC Best Price (Fix Price Group PLC's Russian subsidiary) received approval from the subcommission of the Government Commission on Monitoring Foreign Investment in the Russian Federation to pay RUB 9.8 billion (including applicable taxes) to the Company as dividend.

On 15 January 2024, the Board of Directors approved the payment of interim dividends for 2023 and 2024 to a total of RUB 8.4 billion, or RUB 9.84 per GDR/share (including applicable taxes and charges). The amount was calculated based on the abovementioned approval, net of 15% withholding tax.

Share Capital

Fix Price Group PLC GDRs are listed on the London Stock Exchange and Moscow Exchange under the FIXP ticker. They are also traded on the Astana International Exchange under the FIXP.Y ticker. Each GDR corresponds to one ordinary share. The Company's share capital is made up of 850,000,000 ordinary shares.

In December 2023, Artem Khachatryan, one of Fix Price's shareholders, sold his stake in the Company and resigned from Fix Price's Board of Directors due to personal reasons.

He sold a total of 299 million shares, or 35.2% of the Company's share capital. Fix Price CEO, Dmitry Kirsanov, bought 1% of the share capital, or 8.5 million shares. The remaining 34.2%, or 290.5 million shares, was acquired by Sergey Lomakin, the Company's other majority shareholder.

Share Capital structure [1], %

- Free-float
- Treasury shares
- Management
- Entities controlled by the founder

[1] Share capital structure as of 31 December 2023. Due to rounding, the sum may not equal 100%

APPENDICES

Statement of management's responsibilities

for the preparation and approval of the consolidated financial statements for the year ended 31 December 2023

Management is responsible for the preparation of the consolidated financial statements of Fix Price Group PLC (hereinafter, the "Company") and its subsidiaries (hereinafter, the "Group") that present fairly the consolidated financial position of the Group as at 31 December 2023 and the consolidated results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards (hereinafter, "IFRS") as issued by the International Accounting Standards Board ("IASB").

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific IFRS requirements is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the Group's consolidated financial statements complies with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards of jurisdictions in which the Group operates;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by management of the Company on behalf of the Board of Directors of the Company on 27 February 2024.

On behalf of management:

Dmitry Kirsanov
Chief Executive Officer

Independent auditor’s report

To the Shareholders and the Board of Directors
of Fix Price Group PLC:

Opinion

We have audited the consolidated financial statements of Fix Price Group PLC and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Auditor’s Independence Rules and the Auditor’s Professional Ethics Code, that are relevant to our audit of the financial statements in the Russian Federation together with the ethical requirements of the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (the “IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

WHY THE MATTER WAS DETERMINED TO BE A KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
EXISTENCE AND COMPLETENESS OF INVENTORIES As at 31 December 2023, the inventories held by the Group comprise RUB 47,957 million. The Group’s inventories consist of merchandise purchased and held for resale and are carried at the lower of cost and net realisable value. Existence and completeness of inventories were determined to be a key audit matter due to the significance of the inventories’ balance, the high number of locations and sites where inventories are held at, variability of title transfer terms in purchase agreements, and estimates, such as shrinkage allowance, made by management in determining the carrying amount of inventories at reporting date. The Group’s accounting policies are disclosed in Note 2, the key assumptions related to inventory measurement are disclosed in Note 3, the inventories are disclosed in Note 15 and write-offs of merchandise inventories relating to shrinkage and write-down to net realisable value are disclosed in Note 6.	Our audit procedures related to existence and completeness of inventories included the following, among others: - Obtaining understanding, evaluating design and implementation and, where deemed appropriate, testing the operating effectiveness of relevant controls relating to the inventories, including controls over the Group’s inventory stock count procedure; - Observing the inventory count process for a sample of stores and distribution centers during the year and performing independent test counts for a sample of stock keeping units; - Vouching inventory movements between stock count dates and reporting period end to supporting documents for a sample of stock-keeping units; - Challenging appropriateness of management’s estimate of shrinkage allowance, including developing an independent estimate and assessing historical accuracy of management’s estimates; - For inventories purchased close to year-end which are still on their way to the Group’s warehouses (“goods in transit”) verifying that it was appropriate to recognise inventories at the reporting date and testing completeness of inventory purchases booked close to year-end.

Independent auditor's report

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information presented by the Annual Report when they become available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent auditor's report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Vladimir Kozyrev
(ORNZ Nº 21906101406);
Engagement partner;
Acting based on the power of attorney issued by the General Director on 15 August 2022 authorising to sign off the audit report on behalf of AO "Business Solutions and Technologies" (ORNZ Nº 12006020384)

27 February 2024
Moscow, Russia

Consolidated Financial Statements

Consolidated statement of comprehensive income for the year ended 31 December 2023

(in millions of Russian roubles, except earnings per share)	Notes	2023	2022
Revenue	5	291,865	277,644
Cost of sales	6	(192,693)	(185,650)
Gross profit		**99,172**	**91,994**
Selling, general and administrative expenses	7	(61,888)	(52,287)
Other operating income		586	1,295
Share of profit of associates		57	58
Operating profit		**37,927**	**41,060**
Interest income		2,512	328
Interest expense		(2,951)	(3,329)
Foreign exchange gain/(loss), net		550	(234)
Profit before tax		**38,038**	**37,825**
Income tax expense	9	(2,331)	(16,414)
Profit for the year		**35,707**	**21,411**

(in millions of Russian roubles, except earnings per share)	Notes	2023	2022
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		(59)	84
Other comprehensive (loss)/income for the year		**(59)**	**84**
Total comprehensive income for the year		**35,648**	**21,495**
EARNINGS PER SHARE			
Weighted average number of ordinary shares outstanding	18	849,528,693	849,581,739
Basic earnings per share (in Russian roubles per share)		42.03	25.20
Diluted earnings per share (in Russian roubles per share)		41.93	25.20

The accompanying notes on pages 116-142 form an integral part of these consolidated financial statements

Consolidated Financial Statements

Consolidated statement of financial position as at 31 December 2023

(in millions of Russian roubles)	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	10	29,317	19,692
Goodwill		232	179
Intangible assets	11	2,177	1,721
Capital advances	12	329	7,272
Right-of-use assets	13	12,586	11,598
Investment property	14	343	—
Investments in associates		61	70
Total non-current assets		**45,045**	**40,532**
Current assets			
Inventories	15	47,957	41,020
Right-of-use assets	13	2,033	1,790
Receivables and other current assets	16	2,750	2,531
Prepayments		1,444	2,093
Income tax prepaid	9	8	—
Value-added tax receivable		1,126	1,476
Cash and cash equivalents	17	37,343	23,584
Total current assets		**92,661**	**72,494**
Total assets		**137,706**	**113,026**

(in millions of Russian roubles)	Note	31 December 2023	31 December 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	18	1	1
Additional paid-in capital	18	154	154
Retained earnings	18	65,352	29,241
Treasury shares	18	(207)	(207)
Currency translation reserve	18	19	78
Total equity		**65,319**	**29,267**
Non-current liabilities			
Loans and borrowings	20	4,675	4,352
Lease liabilities	21	4,974	4,615
Deferred tax liabilities	9	418	421
Total non-current liabilities		**10,067**	**9,388**
Current liabilities			
Loans and borrowings	20	10,024	17,576
Lease liabilities	21	8,800	7,997
Payables and other financial liabilities	22	36,220	34,476
Advances received		716	792
Income tax payable	9	—	6,005
Tax liabilities, other than income taxes		4,590	5,523
Accrued expenses	23	1,970	2,002
Total current liabilities		**62,320**	**74,371**
Total liabilities		**72,387**	**83,759**
Total equity and liabilities		**137,706**	**113,026**

The accompanying notes on pages 116-142 form an integral part of these consolidated financial statements

Consolidated Financial Statements

Consolidated statement of cash flows for the year ended 31 December 2023

(in millions of Russian roubles)	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**38,038**	**37,825**
Adjustments for:			
Depreciation and amortisation	10,11,13,14	15,138	13,138
Write-offs of merchandise inventories relating to shrinkage and write-down to net realisable value	6, 15	1,996	2,730
Change in allowance for expected credit losses		8	19
Share of profit of associates		(57)	(58)
Interest income		(2,512)	(328)
Interest expense		2,951	3,329
Foreign exchange (gain)/loss, net		(550)	234
Accruals for long-term incentive programme	19	404	—
Operating cash flows before changes in working capital		**55,416**	**56,889**
Increase in inventories		(8,464)	(3,363)
Increase in receivables and other current assets		(231)	(747)
Decrease/(Increase) in prepayments		666	(287)
Decrease/(Increase) in VAT receivable		350	(1,058)
Increase in payables and other financial liabilities		1,289	12
(Decrease)/Increase in advances received		(75)	190
(Decrease)/Increase in tax liabilities, other than income tax		(961)	3,158
(Decrease)/Increase in accrued expenses		(50)	407
Net cash flows generated from operations		**47,940**	**55,201**

(in millions of Russian roubles)	Note	2023	2022
Interest paid		(3,006)	(3,154)
Interest received		2,513	302
Income tax paid		(8,331)	(15,567)
Net cash flows from operating activities		**39,116**	**36,782**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5,689)	(11,210)
Purchase of intangible assets		(869)	(805)
Proceeds from sale of property, plant and equipment		14	90
Dividends received from associates		65	45
Net cash flows used in investing activities		**(6,479)**	**(11,880)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans and borrowings	20	30,800	30,260
Repayment of loans and borrowings	20	(38,390)	(30,150)
Lease payments		(11,441)	(9,903)
Acquisition of treasury shares		—	(207)
Net cash flows used in financing activities		**(19,031)**	**(10,000)**
Total cash from operating, investing and financing activities		**13,606**	**14,902**
Effect of exchange rate fluctuations on cash and cash equivalents		153	(97)
Net increase in cash and cash equivalents		**13,759**	**14,805**
Cash and cash equivalents at the beginning of the year	17	**23,584**	**8,779**
Cash and cash equivalents at the end of the year	17	**37,343**	**23,584**

The accompanying notes on pages 116-142 form an integral part of these consolidated financial statements

Consolidated Financial Statements

Consolidated statement of changes in equity for the year ended 31 December 2023

(in millions of Russian roubles)	Note	Share capital	Additional paid-in capital	Retained earnings	Treasury shares	Currency translation reserve	Total equity
At 1 January 2022		**1**	**154**	**7,830**	**—**	**(6)**	**7,979**
Profit for the year		—	—	21,411	—	—	21,411
Other comprehensive income for the year		—	—	—	—	84	84
Total comprehensive income for the year, net of tax		**—**	**—**	**21,411**	**—**	**84**	**21,495**
Dividends	18	—	—	(5,800)	—	—	(5,800)
Cancelation of dividends	18	—	—	5,800	—	—	5,800
Acquisition of treasury shares	18	—	—	—	(207)	—	(207)
At 31 December 2022		**1**	**154**	**29,241**	**(207)**	**78**	**29,267**

(in millions of Russian roubles)	Note	Share capital	Additional paid-in capital	Retained earnings	Treasury shares	Currency translation reserve	Total equity
At 1 January 2023		**1**	**154**	**29,241**	**(207)**	**78**	**29,267**
Profit for the year		—	—	35,707	—	—	35,707
Other comprehensive loss for the year		—	—	—	—	(59)	(59)
Total comprehensive income for the year, net of tax		**—**	**—**	**35,707**	**—**	**(59)**	**35,648**
Long-term incentive programme	19	—	—	1,052	—	—	1,052
Reclassification of the long-term incentive programme	19	—	—	(648)	—	—	(648)
At 31 December 2023		**1**	**154**	**65,352**	**(207)**	**19**	**65,319**

The accompanying notes on pages 116-142 form an integral part of these consolidated financial statements

Consolidated Financial Statements

Notes to the consolidated financial statements

1. General information

Fix Price Group Ltd (the “Company”) was incorporated in May 2008 in accordance with the Business Companies Act of the British Virgin Islands. On 11 May 2022 the Company changed its jurisdiction of incorporation from the British Virgin Islands to the Republic of Cyprus, with its registered address at 155 Archiepiskopou Makariou III, Proteas House, 3026, Limassol, Cyprus. With effect from 11 May 2022, the name of the Company has changed from Fix Price Group Ltd to Fix Price Group PLC.

Fix Price Group PLC has global depositary receipts (“GDR”), which represent its ordinary shares, listed on the London Stock Exchange, Astana International Exchange and Moscow Exchange.

Fix Price Group PLC together with its subsidiaries (the “Group”) is one of the leading variety value retailers globally and the largest variety value retailer in Russia; it operates under the trademark Fix Price. The Group’s retail operations are conducted through a chain of convenience stores located in the Russian Federation, Belarus and Kazakhstan. The Group is also engaged in wholesale operations by servicing a number of franchisees that operate in distant regions of the Russian Federation, as well as in a number of international geographies.

Fix Price Group PLC is the holding entity of the Group and there is no consolidation that takes place above the level of this Company.

As at 31 December 2023, the ultimate controlling party and beneficiary owner of the Group was Sergey Lomakin. As at 31 December 2022 the Group had neither an ultimate controlling party nor an ultimate controlling beneficiary owner.

The ownership interest of the Group and the proportion of its voting power in its major operating subsidiaries was as follows as at the end of each period:

Company name	Country of incorporation	Principal activity	Ownership interest 31 December 2023	Ownership interest 31 December 2022
Best Price LLC	Russia	Retail and wholesale operations	100%	100%
Best Price Export LLC	Russia	Wholesale operations	100%	100%
Best Price Kazakhstan TOO	Kazakhstan	Retail operations	100%	100%
Fix Price Zapad LLC	Belarus	Retail operations	100%	100%
FIXPRICEASIA LLC	Uzbekistan	Retail operations	100%	100%

These consolidated financial statements were authorised for issue by management of the Company on behalf of the Company’s Board of Directors on 27 February 2024.

Notes to the consolidated financial statements

2. Basis of preparation and summary of significant accounting policies

Basis of preparation

(A) STATEMENT OF COMPLIANCE
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") as issued by the International Accounting Standards Board (hereinafter, "IASB").

(B) HISTORICAL COST BASIS
The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets and financial liabilities at fair value through profit or loss.

The accounting policies applied by the Group are set out below and have been applied consistently throughout the consolidated financial statements.

Going concern

As a variety value retailer, the Group is well placed to withstand volatility within the economic environment. After conducting a thorough analysis, including considering the Group's financial position and access to financial resources, and preparing cash flow forecasts for at least 12 months from the reporting date of these consolidated financial statements, management has a reasonable expectation that the Group has adequate resources to continue its operations in the foreseeable future. The restrictive measures imposed since February 2022 by the European Union, the United States of America, the United Kingdom and other countries have not had a material adverse impact on this assessment, with the Group's stores remaining open and able to continue to trade profitably. Therefore, management of the Group continues to adopt the going concern basis of accounting in preparing these consolidated financial statements.

Basis of consolidation

(A) SUBSIDIARIES
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. The Group controls an entity where the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and deconsolidated from the date that control ceases. Inter-company transactions, balances and unrealised gain and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(B) ASSOCIATES
Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Changes resulting from the profit or loss generated by the associate are reported in share of profits of associates. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(C) EQUITY METHOD
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss.

Business combinations

The acquisition method of accounting is used to account for all business combinations, except for business combinations under common control.
The consideration transferred for the acquisition of a subsidiary comprises the: (i) fair values of the assets transferred, (ii) liabilities incurred to the former owners of the acquired business, (iii) equity interests issued by the Group. Acquisition-related costs are expensed as incurred.

The book-value method of accounting is used for business combinations under common control. The method measures assets and liabilities received in the combination at their existing book values.

Goodwill is measured as the excess of the consideration transferred, the amount of any non-controlling interests in the acquired entity and the acquisition fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net acquisition-date value of identifiable assets acquired exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised in profit or loss as a bargain purchase gain. Goodwill tested annually for impairment, or more frequently if events or changes in circumstances indicate that the asset might be impaired.

Consolidated Financial Statements

Notes to the consolidated financial statements

Segment information

Operating segments are identified based on the internal reporting of financial information to the Chief Operating Decision Maker (hereinafter, "CODM").

The Group operates retail stores in several geographies. The Group's CODM reviews the Group's performance primarily on a store-by-store basis. The Group has assessed the economic characteristics of individual stores in various geographies and determined that the stores have similar business operations, similar products, similar classes of customer and a centralised distribution network. Therefore, the Group believes that it has only one reportable segment under IFRS 8, Operating segments ("IFRS 8").

The Group's customer base is diversified; therefore, transactions with a single external customer do not exceed 10% of the Group's revenue.

Foreign currency translation

(A) FUNCTIONAL AND PRESENTATION CURRENCY

The functional currencies of the Company and its subsidiaries are as follows:

Company name	Functional currency
Fix Price Group PLC	Russian rouble ("RUB")
Best Price LLC	Russian rouble ("RUB")
Best Price Export LLC	Russian rouble ("RUB")
Best Price Kazakhstan TOO	Kazakhstan tenge ("KZT")
Fix Price Zapad LLC	Belarussian rouble ("BYN")
FIXPRICEASIA LLC	Uzbekistan sum ("UZS")

The presentation currency of the Group is Russian rouble ("RUB"). All values are rounded to the nearest million, except where otherwise indicated.

(B) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income on a net basis.

(C) GROUP COMPANIES

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- Income and expenses for each statement of comprehensive income are translated at average exchange rates
- All resulting exchange differences are recognised in other comprehensive income.
- Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The following exchange rates were used for translation of the financial statements of Best Price Kazakhstan TOO, Fix Price Zapad LLC and FIXPRICEASIA LLC from their functional currencies to the presentation currency:

	Closing rate on 31 December	Closing rate on 31 December	Average rate for the year	
Currency	2023	2022	2023	2022
KZT	0.1977	0.1526	0.1868	0.1486
BYN	28.2261	25.7044	28.2507	25.9463
UZS	0.0073	0.0063	0.0073	0.0062

Revenue recognition

The revenue is recognised by the Group in such a way to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. A five-step recognition model is applied: (1) identify the contract(s) with the customer; (2) identify the separate performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to separate performance obligations; and (5) recognise revenue when (or as) each performance obligation is satisfied.

(A) RETAIL REVENUE

Store retail revenue is recognised at the initial point of sale of goods to customers, when the control over the goods have been transferred to the buyer.

(B) CUSTOMER LOYALTY PROGRAMME

The Group has a customer loyalty programme which allows customers to earn bonus points for each purchase made, which can be used to obtain discounts on subsequent purchases. Such bonus points entitle customers to obtain a discount that they would not be able to obtain without preliminary purchases of goods (i.e. material right). Thus, the promised discount represents a separate performance obligation. Deferred revenue with respect to bonus points is recognised upon the initial sale. Revenue from the loyalty programme is recognised upon the exchange of bonus points by customers. Revenue from bonus points that are not expected to be exchanged is recognised in proportion to the pattern of rights exercised by the customer.

(C) WHOLESALE REVENUE

Wholesale revenue includes: (1) Sales of goods to franchisees, which is recognised at the moment of transfer of goods to franchisees at the warehouse; (2) Revenue, stemming from franchise agreements, such as sales-based royalties. Revenue from sales-based royalties is earned when a franchisee sells goods in its retail stores and is recognised as and when those sales occur.

Consolidated Financial Statements

Notes to the consolidated financial statements

Selling, general and administrative expenses

Selling, general and administrative expenses include all running costs of the business, except those relating to inventory, tax, interest, foreign exchange gain or loss, share of profit or loss of associates and other comprehensive income.

Property, plant and equipment

Property, plant and equipment is carried at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes all expenditures directly attributable to the acquisition of the items. Unless significant or incurred as part of a refit programme, subsequent expenditure will normally be treated as repairs or maintenance and expensed to the consolidated statement of comprehensive income as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the statement of comprehensive income.

Leasehold improvements are capitalised when it is probable that future economic benefits associated with the improvements will flow to the Group and the cost can be measured reliably. Capitalised leasehold improvements are depreciated over their useful life.

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

	Useful lives in years
Buildings	50
Leasehold improvements	10
Equipment and other assets	2-20

Freehold land is not depreciated.

Residual values and useful lives are reviewed annually and adjusted prospectively, if appropriate.

Intangible assets

Intangible assets acquired separately, including computer software, are stated at historical cost, comprising expenditures that is directly attributable to the acquisition of the items. Following initial recognition, assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when an asset is available for use and is calculated on a straight-line basis to allocate the cost of the asset over its estimated useful life ranging from 2 to 10 years.

Impairment of property, plant and equipment and intangible assets excluding goodwill

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for shrinkage, obsolete and slow-moving items. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of inventories. Supplier bonuses and volume discounts that do not represent reimbursement of specific, incremental and identifiable costs incurred to promote a supplier's goods are also included in cost of inventories (as a reduction of it). Cost of inventory is determined on the weighted average basis.

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Taxation

(A) CURRENT INCOME TAX

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax regulations used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Tax is recognised in profit or loss of the consolidated statement of comprehensive income.

(B) DEFERRED TAX

Deferred tax is provided on tax loss carry forwards and temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial assets

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss of the consolidated statement of comprehensive income.

(A) CLASSIFICATION

The Group classifies its financial assets in the following specified categories: (i) those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss); and (ii) those to be measured at amortised cost. The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

(B) RECOGNITION AND DERECOGNITION

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(C) MEASUREMENT

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

DEBT INSTRUMENTS

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

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Notes to the consolidated financial statements

The major part of the Group's debt instruments is presented by trade accounts and are measured at amortised cost applying the effective interest rate as these instruments are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statement of comprehensive income.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances, cash deposits and highly liquid investments with original maturities, from the date of acquisition, of three months or less, that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(D) IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost (represented by cash and cash equivalents, trade and other receivables). The amount of expected credit losses ("ECL") is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition.

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if: (i) the financial instrument has a low risk of default; (ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due. The carrying value of the financial asset is reduced by the impairment loss through the use of allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities

(A) CLASSIFICATION AS DEBT OR EQUITY

Debt and equity instruments issued by the Group's entities are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(B) EQUITY INSTRUMENT

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as the proceeds received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(C) MEASUREMENT OF THE FINANCIAL LIABILITIES

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVPL. Financial liabilities are classified as at FVPL when the financial liability is (i) a contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVPL. Otherwise, financial liabilities are measured subsequently at amortised cost using the effective interest method. With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9, Financial Instruments ("IFRS 9") requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

(D) DERECOGNITION OF FINANCIAL LIABILITIES

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

Consolidated Financial Statements

Notes to the consolidated financial statements

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Fair value of financial instruments

Fair value of financial instruments which are traded in the active market is estimated at each reporting date on the basis of market quotations or dealer quotes without any deduction for transaction costs. For financial instruments which are not traded in the active market, fair value of the instrument is estimated using valuation techniques that include use of data on market transactions; data on current fair value of other similar instruments; discounted cash flow analyses or other valuation techniques.

The Group uses the following hierarchy to determine and disclose methods of fair value measurement of financial instruments: (i) Level 1: quoted prices for identical assets and liabilities determined in active markets (unadjusted); (ii) Level 2: techniques where all used inputs that significantly affect the fair value are observable directly or indirectly; (iii) Level 3: techniques where used inputs that significantly affect the fair value are not based on observable market data.

Derivative financial instruments

The Group uses derivative financial instruments (forward currency contracts) to reduce its foreign currency exposure. Derivative financial instruments are recognised at fair value. The fair value is derived using updated bank quotations.

The Group does not use hedge accounting for these derivatives. As a result, such derivative financial instruments are treated as financial assets and liabilities at fair value through profit or loss. Gains and losses recognised for the changes in fair value of forward contracts are presented as the foreign exchange gain or loss in the consolidated statement of comprehensive income.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Value added tax

The Russian tax legislation permits settlement of value added tax (“VAT”) on a net basis. VAT is payable upon invoicing and delivery of goods, performing work or rendering services, as well as upon collection of prepayments from customers. VAT on purchases, even if they have not been settled at the reporting date, is deducted from the amount of VAT payable. Where allowance has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT.

Equity

Equity comprises the following: (i) share capital represents the nominal value of ordinary shares; (ii) additional paid-in capital represents contributions to the property of the Group in cash or other assets made by shareholders; (iii) retained earnings represents retained profits, (iv) treasury shares.

(A) DIVIDENDS

Dividends and the related taxes are recognised as a liability and deducted from equity when they are declared before or on the reporting date. Dividends are disclosed in the consolidated financial statements when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

(B) EARNINGS PER SHARE BASIC AND DILUTED

Basic earnings per share is calculated by dividing: (i) the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares by (ii) the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account: (i) the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and (ii) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(C) TREASURY SHARES

If the Group reacquires its own equity instruments, those instruments are deducted from equity at cost, being the consideration paid to reacquire the shares. No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Such treasury shares may be acquired and held by the Company or by the subsidiaries of the Company. Any difference between the carrying amount and the consideration, if reissued, is recognised in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated.

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Notes to the consolidated financial statements

Share-based payments

Equity-settled share-based payments to employees providing similar services are measured at the fair value of the equity instruments at the grant date. All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to retained earnings. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the year.

State pension plan

The Group's companies contribute to the state pension, medical and social insurance funds on behalf of all its current employees. Any related expenses are recognised in profit or loss of the consolidated statement of comprehensive income as incurred.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Leases

(A) ASSESSMENT

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for leases of low value assets (such as small items of furniture and equipment). For these leases, the Group recognises the lease payments on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in Selling, general and administrative expenses.

As a practical expedient, IFRS 16, Leases ("IFRS 16") permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

(B) LEASE LIABILITY

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate of the Group. Lease payments included in the measurement of the lease liability comprise: (i) fixed lease payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; (iii) the amount expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and (v) payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever: (i) the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate (ii) the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used) (iii) a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(C) RIGHT-OF-USE ASSET

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"). To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lessee transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36, Impairment of Assets ("IAS 36") to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Investment property

Investment property is held by the Group to earn rentals or for capital appreciation or both. Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives, which are 50 years. Freehold land is not depreciated.

The Group transfers a property to, or from, investment property when there is a change in use. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred, and they do not change the cost of that property for measurement or disclosure purposes.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognised.

3. Critical judgements and key sources of estimation uncertainty

In application of the accounting policies adopted by the Group, the management is required to make certain judgements, estimates and assumptions. Those judgements, estimates and assumptions are continually evaluated and are based on management's experience and other factors including expectations of future events that are believed to be reasonable when the financial information was prepared. Existing circumstances and assumptions about the future developments, however, may change due to circumstances beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Critical accounting judgements

The following are the critical judgements that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

LEASE TERM OF CONTRACTS

In determining the lease term, the Group considers various factors including but not limited to the extension options that are reasonably certain to be executed and termination options that are reasonably certain not to be executed. When considering those factors, management takes into account amongst other things, the Group's investment strategy, relevant investment decisions, the residual useful life of the related major leasehold improvements and costs directly or indirectly relating to the extension or termination of the lease.

Sources of estimation uncertainty

The key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(A) INVENTORIES OF GOODS FOR RESALE ALLOWANCE

The Group provides for estimated inventory shrinkage on the basis of historical shrinkage as a percentage of cost of sales. This allowance is adjusted at the end of each reporting period to reflect the historical trend of the actual physical inventory count results (Note 6, 15).

(B) TAX LEGISLATION

The Group operates in various jurisdictions, including the Russian Federation, the Republic of Kazakhstan, the Republic of Belarus, the Republic of Uzbekistan and the Republic of Cyprus. The tax, currency and customs legislation of those jurisdictions is subject to varying interpretations, and tax authorities may challenge interpretations of tax legislation taken by the Group. At each reporting date, the Group performs an assessment of its uncertain tax positions. Due to the inherent uncertainty associated with such assessment, there is a possibility that the final outcome may vary. Income tax provisions accrued by the Group are disclosed in Note 9. The Group's contingent liabilities with regards to taxation are disclosed in Note 24.

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4. New and revised international financial reporting standards

Adoption of new standards and interpretations

The following amendments and interpretations, effective for the period starting on or after 1 January 2023, were adopted but did not have an impact on the Group's consolidated financial statements:

(A) IFRS 17 (INCLUDING AMENDMENTS) INSURANCE CONTRACTS

IFRS 17 requires that insurance liabilities be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, Insurance Contracts, as of 1 January 2023. The Group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

(B) DISCLOSURE OF ACCOUNTING POLICIES (AMENDMENTS TO IAS 1 AND IFRS PRACTICE STATEMENT 2)

The amendments require that an entity disclose its material accounting policies instead of its significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements. The amendments also provide guidance under what circumstance the accounting policy information is likely to be considered material and therefore requiring disclosure.

(C) DEFINITION OF ACCOUNTING ESTIMATES (AMENDMENTS TO IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require that items in financial statements be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

(D) DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION (AMENDMENTS TO IAS 12)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. Following the amendments to IAS 12, the Group is required to disclose the related deferred tax assets and liabilities for the current and comparative years; however, the amendments do not have an impact on the Group's consolidated statement of financial position or consolidated statement of comprehensive income.

(E) INTERNATIONAL TAX REFORM—PILLAR TWO MODEL RULES (AMENDMENTS TO IAS 12)

The Group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the Group has not adopted the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current;
- Amendments to IAS 1 Non-current Liabilities with Covenants;
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback;
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements;
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendments to IAS 21 Lack of Exchangeability.

The adoption of the new and revised IFRS Standards listed above is not expected to have a material impact on the consolidated financial statements of the Group in future periods.

5. Revenue

Revenue for the years ended 31 December 2023 and 31 December 2022 consisted of the following:

	2023	2022
Retail revenue	258,967	246,212
Wholesale revenue	32,898	31,432
	291,865	**277,644**

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6. Cost of sales

Cost of sales for the years ended 31 December 2023 and 31 December 2022 consisted of the following:

	2023	2022
Cost of goods sold	185,891	178,506
Transportation and handling costs	4,806	4,414
Write-offs of merchandise inventories relating to shrinkage and write-down to net realisable value	1,996	2,730
	192,693	**185,650**

7. Selling, general and administrative expenses

Selling, general and administrative expenses for the years ended 31 December 2023 and 31 December 2022 consisted of the following:

	2023	2022
Staff costs	34,834	28,195
Depreciation of right-of-use assets	11,527	10,009
Other depreciation and amortisation	3,611	3,129
Bank charges	3,554	2,799
Security services	2,052	1,897
Rental expense	1,873	2,289
Repair and maintenance costs	1,065	1,121
Advertising costs	941	719
Utilities	911	835
Other expenses	1,520	1,294
	61,888	**52,287**

Staff costs for the years ended 31 December 2023 and 31 December 2022 consisted of the following:

	2023	2022
Wages and salaries	28,240	23,688
Statutory social security and pension contributions	5,447	4,507
Long-term incentive programme (Note 19)	1,147	—
	34,834	**28,195**

Rental expense mainly relates to leases of low-value items for which the recognition exemption is applied and to variable lease costs that are expensed as incurred.

8. Key management remuneration

During the year ended 31 December 2023, the total compensation relating to the Group's key management personnel amounted to RUB 3,568 million, including RUB 2,700 million in short-term employee benefits and RUB 867 million in long-term share-based compensation. During the year ended 31 December 2022, the total compensation relating to the Group's key management personnel amounted to RUB 1,629 million in short-term employee benefits. The amount of compensation includes all applicable taxes and contributions.

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9. Income tax expense

	2023	2022
Current tax expense	2,334	16,526
Deferred tax benefit	(3)	(112)
Income tax expense	**2,331**	**16,414**

Profit before tax for financial reporting purposes is reconciled to tax expense as follows:

	2023	2022
Profit before tax	38,038	37,825
Theoretical tax expense at 20%, being the statutory rate in Russia	**(7,608)**	**(7,565)**
Income subject to income tax at rates different from 20%	750	209
Non-deductible items	(219)	(203)
(a) Withholding tax on intra-group dividends	(489)	(381)
(b) Deferred tax liability on the undistributed retained earnings of the Group's subsidiaries	—	107
(c) Windfall tax	(991)	—
(d) Income tax provision	6,226	(8,581)
Income tax expense	**(2,331)**	**(16,414)**

(A) WITHHOLDING TAX ON INTRA-GROUP DIVIDENDS

Withholding tax is applied to dividends distributed by the Group's operating subsidiaries, such tax is withheld at the source by the respective subsidiary and is paid to the relevant tax authorities at the same time, when the payment of dividend is effected.

(B) DEFERRED TAX LIABILITY ON THE UNDISTRIBUTED RETAINED EARNINGS OF THE GROUP'S SUBSIDIARIES

No deferred tax liability was recognised during the year ended 31 December 2023. During the year ended 31 December 2022, the Group derecognised a deferred tax liability on the undistributed retained earnings of the Group's subsidiaries, following the suspension of the Group's dividend policy on 17 September 2022.

(C) WINDFALL TAX

On 4 August 2023, a tax on excess profits (the "windfall tax") was introduced for certain entities registered in the Russian Federation whose average income tax base for 2022 and 2021 exceeded RUB 1 billion. The tax rate is set at 10% and applies to the amount of excess profits, determined as an excess of the arithmetic average income tax base for 2022 and 2021 over the same indicator for 2019 and 2018. The tax should be paid no later than 28 January 2024. A taxpayer has the right to reduce the amount of the windfall tax by half by paying a security deposit by 30 November 2023. The Group chose to reduce the windfall tax and paid the security deposit amounting to RUB 991 million prior to the relevant deadline.

(D) INCOME TAX PROVISION

Income tax provision for the year ended 31 December 2022 was accrued as a result of a reassessment by the Group management of tax risks relating to certain historical intra-group transactions that had previously been disclosed as contingent liabilities. During the year ended 31 December 2023, the Group reassessed the relevant uncertainties resulting in a favourable revaluation of the Group's tax exposure (Note 24).

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Movements in the deferred tax assets and liabilities for the year ended 31 December 2023 were as follows:

	31 December 2022 (1)	Charged to profit or loss	31 December 2023
TAX EFFECTS OF DEDUCTIBLE TEMPORARY DIFFERENCES			
Trade and other payables	69	206	275
Accrued expenses	230	125	355
Other	114	17	131
Deferred tax assets	**413**	**348**	**761**
TAX EFFECTS OF TAXABLE TEMPORARY DIFFERENCES			
Inventories	(29)	(132)	(161)
Property, plant and equipment	(655)	(173)	(828)
Right-of-use assets and Lease Liabilities	(13)	(67)	(80)
Investments in associates	(14)	1	(13)
Intangible assets	(123)	26	(97)
Deferred tax liabilities	**(834)**	**(345)**	**(1,179)**
Net deferred tax liabilities	**(421)**	**3**	**(418)**

Movements in the deferred tax assets and liabilities for the year ended 31 December 2022 were as follows:

	31 December 2021 (1)	Charged to profit or loss (1)	31 December 2022 (1)
TAX EFFECTS OF DEDUCTIBLE TEMPORARY DIFFERENCES			
Trade and other payables	95	(26)	69
Accrued expenses	214	16	230
Other	71	43	114
Deferred tax assets	**380**	**33**	**413**
TAX EFFECTS OF TAXABLE TEMPORARY DIFFERENCES			
Investment in subsidiaries	(107)	107	—
Inventories	(68)	39	(29)
Property, plant and equipment	(586)	(69)	(655)
Right-of-use assets and Lease Liabilities	40	(53)	(13)
Investments in associates	(12)	(2)	(14)
Trade and other receivables	(31)	31	—
Intangible assets	(149)	26	(123)
Deferred tax liabilities	**(913)**	**79**	**(834)**
Net deferred tax liabilities	**(533)**	**112**	**(421)**

(1) The comparative information was revised following the amendments to IAS 12 (Note 4 (d)). The amendments did not have an impact on the net deferred tax position and on profit or loss of the period

10. Property, plant and equipment

Movements in the carrying amount of property, plant and equipment during the years ended 31 December 2023 and 31 December 2022 were as follows:

	Land and buildings	Trade and other equipment	Leasehold improvements	Other	Assets under construction and uninstalled equipment	Total
COST						
At 1 January 2022	**7,168**	**12,300**	**8,303**	**269**	**35**	**28,075**
Additions	371	2,742	1,238	115	172	4,638
Disposals	—	(482)	(211)	(4)	—	(697)
Effect of translation to presentation currency	—	(59)	(46)	(13)	(8)	(126)
At 31 December 2022	**7,539**	**14,501**	**9,284**	**367**	**199**	**31,890**
Additions	8,345	2,933	1,182	108	—	12,568
Disposals	—	(313)	(216)	(4)	—	(533)
Effect of translation to presentation currency	—	94	107	68	—	269
At 31 December 2023	**15,884**	**17,215**	**10,357**	**539**	**199**	**44,194**

Buildings primarily represent distribution centers owned by the Group.

Borrowing costs included in the cost of qualifying assets during the year ended 31 December 2023 amounted to RUB 416 million. Borrowing costs included in the cost of qualifying assets during the year ended 31 December 2022 amounted to RUB 228 million.

As at 31 December 2023 and as at 31 December 2022, no assets were pledged as security.

	Land and buildings	Trade and other equipment	Leasehold improvements	Other	Assets under construction and uninstalled equipment	Total
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2022	**276**	**6,010**	**3,553**	**94**	**—**	**9,933**
Depreciation charge	135	1,681	803	38	—	2,657
Disposals	—	(320)	(70)	(2)	—	(392)
Effect of translation to presentation currency	—	—	—	—	—	—
At 31 December 2022	**411**	**7,371**	**4,286**	**130**	**—**	**12,198**
Depreciation charge	178	1,926	874	63	—	3,041
Disposals	—	(269)	(91)	(2)	—	(362)
Effect of translation to presentation currency	—	—	—	—	—	—
At 31 December 2023	**589**	**9,028**	**5,069**	**191**	**—**	**14,877**
NET BOOK VALUE						
At 1 January 2022	**6,892**	**6,290**	**4,750**	**175**	**35**	**18,142**
At 31 December 2022	**7,128**	**7,130**	**4,998**	**237**	**199**	**19,692**
At 31 December 2023	**15,295**	**8,187**	**5,288**	**348**	**199**	**29,317**

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11. Intangible assets

Movements in the carrying amount of intangible assets during the years ended 31 December 2023 and 31 December 2022 were as follows:

	Software	Other	Total
COST			
At 1 January 2022	**1,569**	**209**	**1,778**
Additions	775	30	805
At 31 December 2022	**2,344**	**239**	**2,583**
Additions	783	86	869
At 31 December 2023	**3,127**	**325**	**3,452**
ACCUMULATED AMORTISATION AND IMPAIRMENT			
At 1 January 2022	**416**	**141**	**557**
Amortisation charge	258	47	305
At 31 December 2022	**674**	**188**	**862**
Amortisation charge	325	88	413
At 31 December 2023	**999**	**276**	**1,275**
CARRYING AMOUNT			
At 1 January 2022	**1,153**	**68**	**1,221**
At 31 December 2022	**1,670**	**51**	**1,721**
At 31 December 2023	**2,128**	**49**	**2,177**

12. Capital advances

As at 31 December 2023, the Group's capital advances mainly consist of advances for equipment. As at 31 December 2022, the Group's capital advances mainly consist of advances for construction of warehouse premises in Domodedovo and Ekaterinburg and the purchase of an office building in Moscow.

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13. Right-of-use assets

The Group leases retail premises, offices and warehouses (hereinafter “leased premises and buildings”) with lease terms within the range of 1 to 8 years. Movements in the carrying amount of right-of-use assets were as follows:

	Leased premises and buildings for the year ended	
	31 December 2023	31 December 2022
COST		
At 1 January 2023/ 1 January 2022	**45,491**	**34,050**
New lease contracts and modification of existing lease contracts	12,505	12,228
Lease prepayments	70	121
Disposals	(560)	(555)
Effect of translation to presentation currency	596	(353)
At 31 December 2023/ 31 December 2022	**58,102**	**45,491**

	Leased premises and buildings for the year ended	
	31 December 2023	31 December 2022
ACCUMULATED DEPRECIATION AND IMPAIRMENT		
At 1 January 2023/ 1 January 2022	**(32,103)**	**(22,696)**
Depreciation expense	(11,577)	(10,099)
Disposals	560	555
Effect of translation to presentation currency	(363)	137
At 31 December 2023/ 31 December 2022	**(43,483)**	**(32,103)**

	Leased premises and buildings for the year ended	
	31 December 2023	31 December 2022
CARRYING AMOUNT		
At 1 January 2023/ 1 January 2022	**13,388**	**11,354**
At 31 December 2023/ 31 December 2022	**14,619**	**13,388**

	For the year ended	
	31 December 2023	31 December 2022
AMOUNTS RECOGNISED IN PROFIT AND LOSS		
Depreciation expense of right-of-use assets	11,527	10,009
Interest expense on lease liabilities	1,413	1,271
Foreign exchange gain, net	-	(77)
Expenses relating to variable lease payments not included in the measurement of the lease liabilities	1,856	2,260

Some of the property leases in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from leased retail stores. Variable payment terms are used to link rental payments to store cash flows and reduce fixed cost. The variable payments depend on sales of particular stores and consequently on the overall economic development over the next few years. Such payments are recognised in profit or loss as incurred.

The total cash outflow for leases accounted for under IFRS 16 in the consolidated financial statements amount to RUB 14,721 million for the year ended 31 December 2023 (RUB 13,459 million for the year ended 31 December 2022).

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14. Investment property

The Group's investment property as at 31 December 2023 consists of land and buildings amounting to RUB 343 million.

During the year ended 31 December 2023, there was no significant rental income or direct operating expenses from investment property.

The fair value of investment property as at 31 December 2023 was approximately equal to its cost; it was estimated using the market approach, with key inputs being the market value of comparable assets. The measurement is classified at level 3 of the fair value hierarchy.

15. Inventories

The Group inventories balance is comprised of merchandise inventories. Inventories write-offs due to shrinkage and write-down to net realisable value for the years ended 31 December 2023 and 31 December 2022 are disclosed in Note 6.

16. Receivables and other current assets

	31 December 2023	31 December 2022
Trade receivables from franchisees, net of allowance for expected credit losses	1,364	1,163
Settlements with customs	1,002	1,132
Other receivables, net of allowance for expected credit losses	384	236
	2,750	**2,531**

The following table summarises the changes in the allowance for expected credit losses on trade and other receivables:

	2023	2022
At 1 January	**(38)**	**(22)**
Additional allowance recognised on trade and other receivables	(6)	(16)
At 31 December	**(44)**	**(38)**

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17. Cash and cash equivalents

	31 December 2023	31 December 2022
Bank current accounts – RUB, KZT, BYN, UZS	3,256	3,270
Bank current accounts – USD, EUR, CNY, GBP	135	3,740
Cash in transit – RUB, KZT, BYN	1,897	2,308
Cash in hand – RUB, KZT, BYN	1,126	381
Deposits – EUR, USD	5,319	2,082
Deposits – RUB, KZT, BYN	25,610	11,803
	37,343	**23,584**

Cash in transit represents cash collected by banks from the Group's stores and not yet deposited in bank accounts as at 31 December 2023 and 31 December 2022.

As at 31 December 2023, RUB-, KZT-, BYN-, EUR- and USD-denominated deposit bank accounts with balances amounting to RUB 30,929 million had interest rates of 2.40%-16.52% and a maturity period of 1-305 days (deposits over 90 days are recallable on demand).

As at 31 December 2022 RUB-, KZT-, BYN- and USD-denominated deposit bank accounts with balances amounting to RUB 13,885 million had interest rates of 1.25%-15.25% and a maturity period of 2-91 days (deposits over 90 days are recallable on demand).

Cash balances in current bank accounts are normally interest-free.

18. Equity

Ordinary shares

As at 31 December 2023 and 31 December 2022, the Group's ordinary and treasury shares were as follows:

	Outstanding ordinary shares	Issued ordinary shares
At 1 January 2022	**850,000,000**	**850,000,000**
Acquisition of treasury shares	(471,307)	—
At 31 December 2022	**849,528,693**	**850,000,000**
At 1 January 2023	**849,528,693**	**850,000,000**
At 31 December 2023	**849,528,693**	**850,000,000**

In July 2023, the shareholders of the Group approved the new par value of the Company's ordinary shares at EUR 0.0000374 per share. As at 31 December 2023 the Company had the authorised share capital of 10,000,000,000 ordinary shares with a par value of EUR 0.0000374 per share.

As at 31 December 2022 the Company had the authorised share capital of 10,000,000,000 ordinary shares with a par value of EUR 0.001 per share.

Additional paid-in capital

No equity contributions were made by Group shareholders during the years ended 31 December 2023 or 31 December 2022.

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Dividends

No dividends were announced for 2023 or 2022 during the year ended 31 December 2023.

Final dividends for 2021 of RUB 6.82 per share, amounting to total final dividends of RUB 5,800 million, were announced in February 2022. On 17 September 2022, the Group's Board of Directors cancelled the final dividend for 2021.

Treasury shares

On 24 January 2022, the Company announced a GDR buyback programme, which concluded on 25 April 2022. During this period the Group acquired 471,307 of the Company's GDRs for a total consideration of RUB 207 million. As at 31 December 2023 the Group had 471,307 treasury shares with a total value of RUB 207 million.

19. Long-term incentive programme

On 23 November 2022, the Group's Board of Directors approved long-term incentive programmes for its top management and key employees (the "Programme"). The Programme is designed to provide long-term incentives for its participants to deliver long-term shareholder returns, and to retain talent for the Group.

Under the Programme, participants in continuing employment, if certain performance conditions are met, are entitled to a certain number of Company GDRs, their cash equivalent or a combination thereof at Group's discretion, that is to be granted in three annual tranches in 2022, 2023 and 2024 with an additional subsequent one-year service period required for each tranche. Employee participation in the Programme is at the Board of Directors' discretion. GDRs are granted under the Programme for no consideration, should this option be selected by the Group.

The annual award is calculated in accordance with a performance-based formula. The formula rewards employees to the extent of the Group's and the individual's achievement judged against both qualitative and quantitative targets, including but not limited to the respective store's annual expansion plan, achievement of the Group's budgeted EBITDA and targeted return on investment capital.

The Group initially accounted for the Program as an equity-settled share-based payment transaction under IFRS 2, Share-based Payment, as the Group had no present obligation to settle in cash. In December 2023, the Group opted to settle the first tranche of the Programme in cash and reclassified the equity-settled share-based payment arrangement relating to the first tranche to a liability-settled share-based payment, which was recognised as a debit entry to equity within retained earnings. The first tranche was fully settled in cash in December 2023.

The fair value of each annual tranche of the Programme is determined using the market price of GDRs on the relevant stock exchange at the respective grant date. The grant date for the first and second tranches of the Programme was determined as 28 December 2022, which is also the date when the service period of the tranches started. The fair value of the first and second tranches at the grant date was assessed at RUB 1,494 million (based on 336.50 Russian roubles per GDR), representing approximately 4.4 million awards. In December 2023, 1.9 million awards relating to the first tranche were exercised and fully settled in cash, amounting to RUB 743 million, including taxes (based on 344.53 Russian roubles per GDR). The remaining awards are expected to vest based on the Group's estimate of future forfeitures. The grant date for the third tranche was determined as 1 January 2024, which is also the date when the service period of the tranches started. The fair value of the third tranche was assessed at RUB 1,131 million (based on 291.9 Russian roubles per GDR), representing approximately 3.9 million awards that are expected to vest based on the Group's estimate of future forfeitures. As at 31 December 2023, 2.7 million awards were outstanding. The weighted average remaining contractual life for the awards was 336 days as of 31 December 2023.

Expenses arising from share-based transactions

Total expenses arising from the long-term incentive programme recognised during the year ended 31 December 2023 amounted to RUB 1,147 million.

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20. Loans and borrowings

Terms and conditions in respect of loans and borrowings as at 31 December 2023 are detailed below:

Source of financing	Currency	Maturity date	Interest rate as at 31 December 2023	31 December 2023
Short-term loans and borrowings (unsecured)	RUB	2024	10.47-17.89%	10,024
Long-term loans and borrowings (unsecured)	RUB	2025	9.00%	4,675
				14,699

Terms and conditions in respect of loans and borrowings as at 31 December 2022 are detailed below:

Source of financing	Currency	Maturity date	Interest rate as at 31 December 2022	31 December 2022
Short-term loans and borrowings (unsecured)	RUB	2023	8.80%-9.20%	17,576
Long-term loans and borrowings (unsecured)	RUB	2025	9.00%	4,352
				21,928

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes for the year ended 31 December 2023. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2023	Financing cash flows (i)	Other changes (ii)	31 December 2023
Loans and borrowings	21,928	(7,590)	361	14,699
	21,928	**(7,590)**	**361**	**14,699**

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes for the year ended 31 December 2022. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2022	Financing cash flows (i)	Other changes (ii)	31 December 2022
Loans and borrowings	21,523	110	295	21,928
	21,523	**110**	**295**	**21,928**

(i) The cash flows from loans and borrowings and dividends payable make up the net amount of proceeds from and repayments of loans and borrowings and dividends paid in the consolidated statement of cash flows.
(ii) Other changes include interest accrued and paid and the amounts of dividends declared, foreign exchange gains and losses and fair value adjustments.
(iii) In 2022, other changes include accrual of RUB 5,800 million of dividends declared and RUB 5,800 million of dividends canceled.

The Group's loan agreements contain certain restrictive covenants, including requirements to comply with specified financial ratios. The Group's failure to comply with restrictive covenants may result in a claim for immediate repayment of the corresponding debt. As at 31 December 2023 and 31 December 2022, the Group was in compliance with all financial and non-financial covenants stipulated by its loan agreements.

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21. Lease liabilities

As at 31 December 2023 and 31 December 2022 lease liabilities comprised the following:

	31 December 2023	31 December 2022
GROSS LEASE PAYMENTS, INCLUDING:		
Current portion (less than 1 year)	9,889	8,889
From 1 to 5 years	5,225	4,661
Over 5 years	701	881
Total gross lease payments	**15,815**	**14,431**
Less unearned interest	(2,041)	(1,819)
ANALYSED AS:		
Current portion		
Less than 1 year	8,800	7,997
Non-current portion		
From 1 to 5 years	4,382	3,890
Over 5 years	592	725
Total lease liability	**13,774**	**12,612**

The following table summarises the changes in the lease liabilities:

	2023	2022
Balance as at 1 January	**12,612**	**10,736**
Interest expense on lease liabilities	1,413	1,271
Lease payments	(12,865)	(11,199)
New lease contracts and modification of existing lease contracts	12,388	12,093
Foreign exchange gain	—	(95)
Currency translation reserve	226	(194)
Balance as at 31 December	**13,774**	**12,612**

The Group's lease contracts include typical restrictions and covenants common for local business practice such as the Group's responsibility for regular maintenance and repair of the lease assets and insurance for the assets, the redesign and completion of permanent improvements only with the consent of the lessor, and the use of the leased asset in accordance with current legislation.

The weighted average incremental borrowing rate at 31 December 2023 was 12.86% per annum; at 31 December 2022 it was 8.99% per annum.

The Group does not face a significant liquidity risk with regard to its lease liabilities.

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22. Payables and other financial liabilities

Payables as at 31 December 2023 and 2022 consisted of the following:

	31 December 2023	31 December 2022
Trade payables	34,214	32,600
Deferred revenue	1,627	1,656
Other payables	379	220
	36,220	**34,476**

Trade payables are normally settled no later than their 120 days term.

Deferred revenue comprises the compensation received from the depositary in connection with the establishment, administration and maintenance of its Regulation S and Rule 144A depositary receipt facilities, for which revenue is recognised over time and included within the “Other operating income” in the consolidated statement of comprehensive income, and the Group’s contract liability with regards to the unredeemed customer loyalty points.

On the back of prevailing uncertainties over developments in the western regulatory framework, the Group has suspended revenue recognition from the depositary starting from 1 January 2023.

As at 31 December 2023 and 31 December 2022 all payables were unsecured.

23. Accrued expenses

Accrued expenses as at 31 December 2023 and 2022 consisted of the following:

	31 December 2023	31 December 2022
Accrued salaries and wages	1,964	1,992
Other accrued expenses	6	10
	1,970	**2,002**

24. Contingencies, commitments and operating risks

Operating environment of the Group

The Group sells products that are sensitive to changes in general economic conditions that impact consumer spending. Future economic conditions and other factors, including an outbreak of coronavirus infection, the imposition of sanctions, consumer confidence, employment levels, interest rates, consumer debt levels and the availability of consumer credit, could reduce consumer spending or change consumer purchasing habits. A general slowdown in the Russian economy or in the global economy, or an uncertain economic outlook, could adversely affect consumer spending habits and the Group’s operating results.

Russia continues to implement economic reforms and to develop its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Since February 2022, the European Union, the United States of America, Switzerland, the United Kingdom and other countries have imposed a series of restrictive measures against the Russian Federation, various companies and certain individuals. The sanctions imposed include an asset freeze, a prohibition on making funds available to sanctioned individuals and entities, and travel bans applicable to sanctioned individuals that prevent them from entering or transiting through the relevant territories. As part of the measures imposed, the London Stock Exchange has suspended trading in the securities of a number of companies with ties to Russia, including Fix Price Group PLC.

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The sanctions led to a significant change in the operating environment for the Russian economy, resulting in a considerable increase in the Russian rouble exchange rate and limiting opportunities for Russia to use its foreign currency and gold reserves. In response to these challenges, the Russian government implemented a series of legislative and economic measures aimed at easing pressure on the Russian rouble that included regular changes to the key interest rate and restrictions on certain cross-border currency operations.

The adopted measures, together with governmental support, have led to the gradual stabilisation of the economy. However, the broader economy in general and the retail sector in particular are still negatively impacted by the volatility of the Russian rouble, sanctions and countermeasures, and uncertainty over the future key interest rate. As of 31 December 2023, the Group faced certain restrictions in respect of transferring funds from its Russian subsidiaries in the form of loans, advances, or cash dividends due to recently enacted Russian capital control and protection measures, including but not limited to an obligation to receive permissions from the government.

The combination of negative factors affecting the Russian economy resulted in reduced access to capital, a higher cost of capital and uncertainty regarding economic growth, which could negatively affect the Group's future financial position, the results of its operations and its business prospects.

Management believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Contractual commitments

The Group has contractual capital commitments not provided within its consolidated financial statements. As at 31 December 2023 the Group had contractual capital commitments in the amount of RUB 444 million. These commitments relate to the acquisition of land under the new distribution centre. As at 31 December 2022 the Group had contractual capital commitments in the amount of RUB 2,268 million, VAT inclusive. These commitments relate to the acquisition of the new distribution centres and office building.

Legal proceedings

In the ordinary course of business, the Group may be a party to various legal and tax proceedings and be subject to claims. In the opinion of management, the Group's liability, if any, in all pending litigation, other legal proceedings or other matters will not have a material effect on the financial position, results of operations or liquidity of the Group.

Taxation

The Group's main subsidiary, from which the Group's income is derived, operates in Russia. Russian tax, currency and customs legislation can be interpreted in different ways and is susceptible to frequent changes. Management's interpretation of the legislation in question as applied to the Group's operations and activities may be challenged by the relevant regional or federal authorities.

In addition, certain amendments to tax legislation went into effect in 2015 that were aimed at combating tax evasion through the use of low-tax jurisdictions and aggressive tax planning structures. In particular, those amendments included definitions of the concepts of beneficial ownership and tax residence of legal entities at their actual place of business, and an approach to the taxation of controlled foreign companies.

These changes, as well as recent events within the Russian Federation suggest that the tax authorities may be taking a more assertive position in their interpretation of the legislation and assessments, and it is possible that transactions and activities that were not challenged in the past may be challenged as not having been in compliance with the Russian tax laws applicable at the relevant time. In particular, the Supreme Court issued guidance to lower courts on reviewing tax cases that provides a systematic roadmap for anti-avoidance claims, and it is possible that this will significantly increase the level and frequency of scrutiny on the part of the tax authorities. As a result, significant additional taxes, penalties and interest may be levied on the Group.

As at 31 December 2023, management believed that its interpretation of the relevant legislation was appropriate and that the Group's tax, currency and customs positions would be sustained. Management estimates that the Group's possible exposure in relation to the aforementioned tax risks will not exceed 1% of the Group's total assets as at 31 December 2023.

25. Financial risk management

The Group uses various financial instruments, including bank loans, cash, derivatives and various items, such as trade receivables and trade payables that arise directly from its operations. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. The Group reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk encompasses three types of risk: currency risk, interest rate risk and commodity price risk. Commodity price risk is not considered material to the business as the Group's sensitivity to commodity prices is insignificant.

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Currency risk

The Group is exposed to transaction foreign exchange risk arising from exchange rate fluctuations on its purchases from overseas suppliers. In relation to currency transaction risk, approximately a quarter of the cost of goods sold is sourced from overseas suppliers, with the relevant trade accounts payable being owed in foreign currency and having maturity of up to 120 days. A proportion of the Group's purchases are priced in Chinese yuan and the Group enters into forward foreign currency contracts in order to manage its exposure to currency risk. No transactions in derivatives are undertaken of a speculative nature. As at 31 December 2023 and 31 December 2022, the Group had no forward foreign exchange contracts.

During the year ended 31 December 2023, the Group had no gain or loss from forward foreign exchange contracts. During the year ended 31 December 2022, the gain from forward foreign exchange contracts amounted to RUB 339 million and was included in the Foreign exchange gain/loss, net line in the consolidated statement of comprehensive income.

During the year ended 31 December 2023 and the year ended 31 December 2022, 92% of the Group's sales to retail and wholesale customers were priced in Russian roubles; therefore, there is immaterial currency exposure in this respect. Other sales related to retail sales of Best Price Kazakhstan TOO and Fix Price Zapad LLC are priced in local currencies.

Foreign currency sensitivity

The carrying amount of the Group's foreign currency-denominated monetary assets and liabilities as at 31 December 2023 and 31 December 2022 was as follows:

	Assets		Liabilities	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
USD	3,892	2,194	—	—
CNY	25	3,637	9,717	6,163
EUR	1,537	24	—	15

The impact on the Group's profit before tax is largely due to changes in the fair value revaluation of creditors held on account with our Chinese yuan suppliers.

The following table demonstrates the sensitivity of net profit and equity to a reasonably possible change in the Chinese yuan period-end exchange rates with all other variables held constant.

	31 December 2023		31 December 2022	
Depreciation in RUB/CNY	+15%	(1,454)	+15%	(379)
Appreciation in RUB/CNY	-15%	1,454	-15%	379

The following table demonstrates the sensitivity of net profit and equity to a reasonably possible change in the USD period-end exchange rates with all other variables held constant.

	31 December 2023		31 December 2022	
Depreciation in RUB/USD	+15%	584	+15%	329
Appreciation in RUB/USD	-15%	(584)	-15%	(329)

The following table demonstrates the sensitivity of net profit and equity to a reasonably possible change in the Euro period-end exchange rates with all other variables held constant.

	31 December 2023		31 December 2022	
Depreciation in RUB/EUR	+15%	231	+15%	1
Appreciation in RUB/EUR	-15%	(231)	-15%	(1)

These calculations were performed by taking the year-end exchange rate used for the accounts and applying the change noted above. The balance sheet valuations were then calculated directly.

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Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at 31 December 2023 the Group had floating rate interest-bearing short-term liabilities amounting to RUB 2,400 million (as at 31 December 2022: RUB 7,550 million). As at 31 December 2023, if interest rates at that date had been 850 basis points higher with all other variables held constant, the profit before tax for the year ended 31 December 2023 would have been RUB 57 million lower, mainly as a result of higher interest expense on borrowings. If interest rates had been 850 basis points lower with all other variables held constant, the profit before tax for the year ended 31 December 2023 would have been RUB 57 million higher, mainly as a result of lower interest expense on borrowings. The Group's exposure to interest rate risk as at 31 December 2022 was insignificant.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's principal financial assets are cash and cash equivalents and trade receivables. Credit risk is further limited by the fact that all of retail sales transactions are made through store registers, direct from the customer at the point of purchase, leading to a zero trade receivables balance from retail sales.

Therefore, the principal credit risk on trade receivables arises from the Group's trade receivables from its wholesale revenue stream. In order to manage credit risk, the Group sets limits for wholesale customers (franchisees) based on their payment history. New wholesale customers typically pay in advance. Credit limits are reviewed by franchisee managers on a regular basis in conjunction with debt ageing and collection history. Allowance for expected credit losses is provided where appropriate.

The credit risk on cash and cash equivalents is managed by the Group's treasury and is limited, as the counterparties are financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

The table below shows the balances that the Group had with its major banks as at the balance sheet date:

Bank	Country of incorporation	Rating	Carrying amount as at 31 December 2023
Credit Bank of Moscow	Russia	ruA+	20,157
Sberbank of Russia	Russia	AAA (RU)	7,584
LGT	Switzerland	Aa1	3,920
CQUR Bank	Qatar	n/a	1,648
Bereke Bank	Kazakhstan	Ba1	211
Alfa Bank	Russia, Belarus	ruAA+	183
VTB	Russia, Belarus	ruAAA	177
Kaspi Bank	Kazakhstan	Ba1	129
Raiffeisenbank	Russia	ruAAA	92
Other			219
Total			**34,320**

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The table below shows the balances that the Group had with its major banks as at 31 December 2022:

Bank	Country of incorporation	Rating	Carrying amount as at 31 December 2022
Credit Bank of Moscow	Russia	ruA+	10,183
Bank of China	Russia	A1	2,564
LGT	Switzerland	Aa1	2,110
Sberbank of Russia	Russia	AAA (RU)	2,029
Halyk Bank of Kazakhstan	Kazakhstan	Baa2	1,907
Raiffeisenbank	Russia	ruAAA	1,258
Alfa Bank	Russia, Belarus	ruAA+	556
Other			288
Total			**20,895**

Liquidity risk

Any impact on available cash and cash equivalents and therefore the liquidity of the Group could have a material effect on the business as a result.

The Group's borrowings are subject to quarterly banking covenants against which the Group has had significant headroom to date with no anticipated issues based upon forecasts made. Short-term flexibility is achieved via the Group's rolling credit facility.

The following table shows the maturity of financial liabilities based on their remaining period at the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows:

	On demand or less than 1 year	1 to 5 years	Over 5 years	Total [1]	Carrying amount
As at 31 December 2023					
Loans and borrowings [1]	10,525	5,128	—	15,653	14,699
Payables and other liabilities	34,593	—	—	34,593	34,593
Lease liabilities [1]	9,889	5,225	701	15,815	13,774
	55,007	**10,353**	**701**	**66,061**	**63,066**
As at 31 December 2022					
Loans and borrowings [1]	18,032	5,175	—	23,207	21,928
Payables and other liabilities	32,820	—	—	32,820	32,820
Lease liabilities [1]	8,889	4,661	881	14,431	12,612
	59,741	**9,836**	**881**	**70,458**	**67,360**

Fair value

Fair values of cash and cash equivalents, trade and other receivables and trade and other payables approximate their carrying amounts due to their short maturity.

In determining the fair value of lease liabilities, Group management relied on the assumption that the carrying amount of lease liabilities approximated their fair value as at 31 December 2023 and 31 December 2022, as it reflects changes in market conditions and takes into account the risk premium and the time value of money.

[1] Amounts related to loans and borrowings and lease liabilities include future interest

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26. Related party transactions

In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties may enter into transactions that unrelated parties might not, and transactions between related parties may not be effected on the same terms and conditions or for the same amounts as transactions between unrelated parties. Management considers that the Group has appropriate procedures in place to identify, account for and properly disclose transaction with related parties.

Related parties include immediate and ultimate shareholders of the Group; associates, which are franchisees where the Group has a non-controlling ownership stake; key management personnel; as well as other related parties.

Transactions with related parties for the years ended 31 December 2023 and 31 December 2022 were as follows:

	2023	2022
ASSOCIATES:		
Sales of goods	2,522	2,657
Royalty fees	104	108
OTHER [1]:		
Dividends declared	—	(4,193)
Dividends canceled	—	4,193
Receipt of loans payable	—	4,060
Redemption of loans payable	(40)	—
Interest expense accrued on loans payable	363	292

As at 31 December 2023 and as at 31 December 2022, the outstanding balances with related parties were as follows:

	31 December 2023	31 December 2022
ASSOCIATES:		
Trade and other receivables	13	13
Advances from customers	(92)	(128)
OTHER [1]:		
Loans payable	(2,322)	(4,352)

For details on the remuneration of key management personnel, please refer to Note 8.

27. Capital management

The Group's objectives when managing capital are (i) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and (ii) to maintain an optimal capital structure to reduce the cost of capital.

While the Group has not established any formal policies with regard to debt to equity proportions, the Group reviews its capital needs on a regular basis to determine actions to balance its overall capital structure via (i) new share issue, (ii) return of capital to shareholders, (iii) securing a new debt or (iv) redemption of existing debt.

28. Post-balance sheet events

On 15 January 2024, the Board of Directors of the Group approved the interim dividend for 2023 and 2024 in the combined amount of RUB 8.4 billion or RUB 9.84 per share.

[1] Other related parties comprise immediate and indirect shareholders of the Company

Disclaimer

This Annual Report contains forward-looking statements that reflect the expectations of the Company's management. Forward-looking statements are not based on actual circumstances and include all statements concerning the Company's intentions, opinions, or current expectations regarding its performance, financial position, liquidity, growth prospects, strategy, and the industry in which Fix Price Group PLC operates. By their nature, such forward-looking statements are characterised by risks and uncertainties since they relate to events and depend on circumstances that may not occur in the future.

Such terms as “assume,” “believe”, “expect”, “predict”, “intend”, “plan”, “project”, “consider” and “could” along with other similar expressions as well as those used in the negative usually indicate the predictive nature of the statement. These assumptions contain risks and uncertainties that are foreseen or not foreseen by the Company. Thus, future performance may differ from the current expectations. Therefore, the recipients of the information presented in the Annual Report should not base their assumptions solely on it.

In addition to official information on the activities of Fix Price Group PLC, this Annual Report contains information obtained from third parties and from sources which Fix Price Group PLC finds to be reliable. However, the Company does not guarantee the accuracy of this information, as it may be abridged or incomplete.

Fix Price Group PLC offers no guarantees that the actual results, scope, or indicators of its performance or the industry in which the Company operates will correspond to the results, scope, or performance indicators clearly expressed or implied in any forward-looking statements contained in this Annual Report or elsewhere. Fix Price Group PLC is not liable for any losses that any person may incur due to the fact that the abovementioned person relied on forward-looking statements. Except as expressly envisaged by applicable law, the Company assumes no obligation to distribute or publish any updates or changes to forward-looking statements reflecting any changes in expectations or new information as well as subsequent events, conditions, or circumstances.

Management Statement of Responsibility

I hereby confirm that:

- the financial statements prepared in accordance with the International Financial Reporting Standards represent an accurate and fair reflection of the Company's assets, liabilities, financial position, profits, and losses as well as those of its consolidated subsidiaries as a whole; and
- the management report includes a fair description of the development and performance of business operations and the Company's position as well as that of its consolidated subsidiaries as a whole along with a description of the main risks and uncertainties they face.

Dmitry Kirsanov

Member of the Board of Directors
and CEO of Fix Price Group PLC

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