

~90%
share in the variety value
retail market in Russia¹

STRATEGIC REPORT

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 operation¹. 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%.

¹ Source: INFOLine
² Excluding store closures

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

Leadership in the Variety Value Retail Market

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

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

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

9 countries
of operation in 2023

13
modern DCs

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

6,414
stores

CEO's Statement

Enhancing the Customer Experience and Streamlining Operating Processes

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

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

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

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

In 2023, we rolled out a major update to our WMS Logistic software system, which is specifically tailored to managing our warehouse operations in real time. After migrating to the new unified version, the system enabled us to streamline fine-tuning procedures, accelerate the implementation of new features, and ensure that all distribution centres are operating smoothly.

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

Focus on Corporate Governance in the Best Interests of Stakeholders

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

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

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

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

Contributing to Overall Well-Being

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

Outlook

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

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

Dmitry Kirsanov,
CEO

Market Overview

Russian Macroeconomic Situation and Retail Market¹

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.

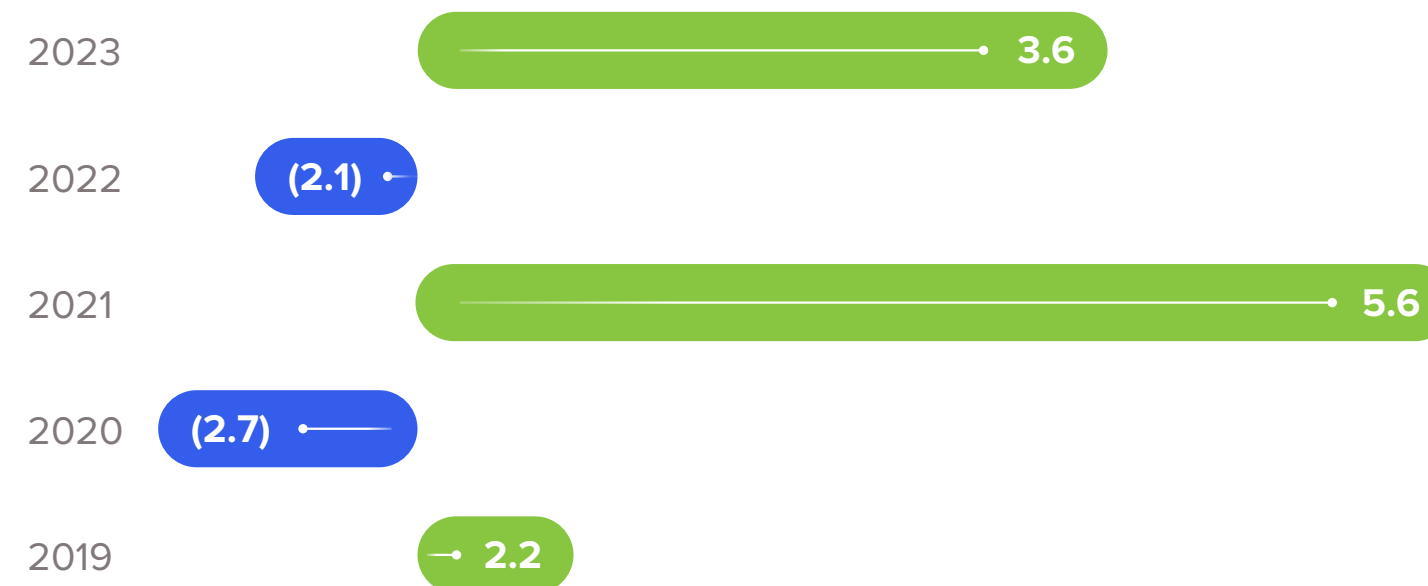
¹ All figures in this section are based on Russian official data published by the Federal State Statistics Service (Rosstat) as at the date of this Report, unless otherwise noted

² Consumer Price Index, average for the year

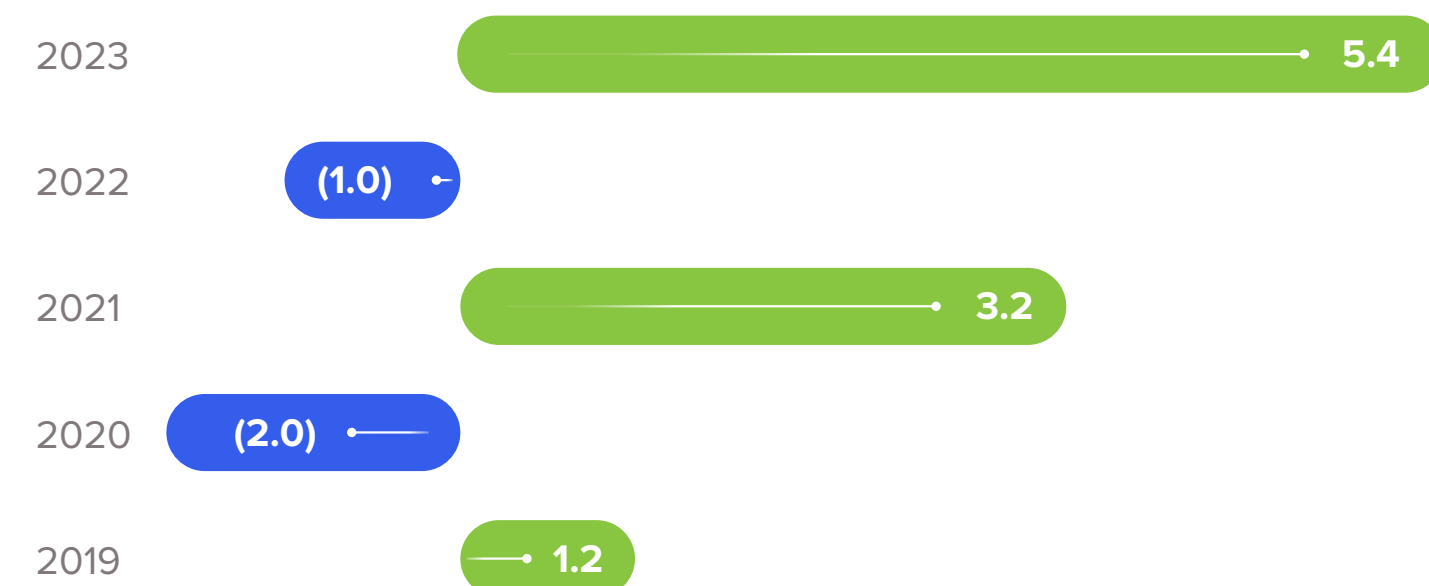
³ Source: INFOLine, 2023

Fix Price's key strategic pillars are its leading position in the Russian variety value retail (VVR) market, top team with strong industry expertise, unique customer value proposition, operational excellence, robust logistics and direct imports as well as substantial growth potential and high profitability.

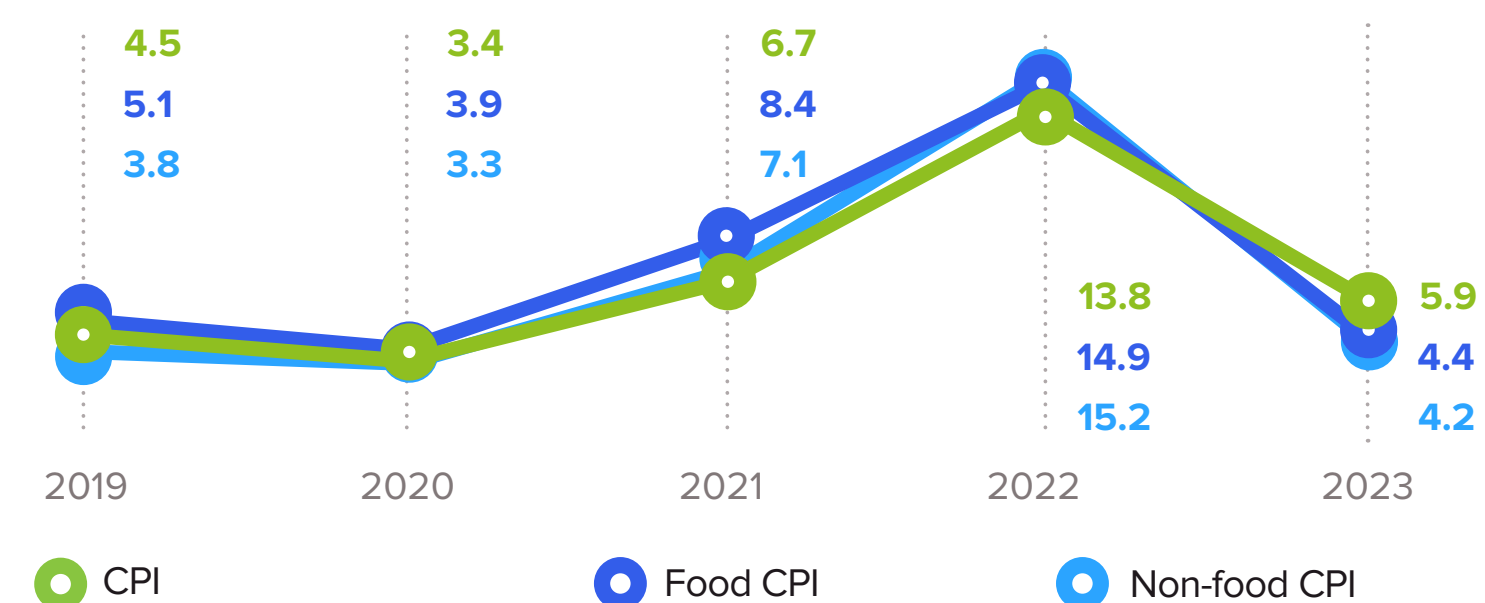
Dynamics of Russia's real GDP, %



Dynamics of real disposable income in Russia, %



Consumer Price Index (CPI) change in Russia in 2019-2023², %



~90% market share, making Fix Price the undisputed leader in the Russian VVR segment³

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.

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

+11.3%

retail sales growth
in nominal terms
in 2023

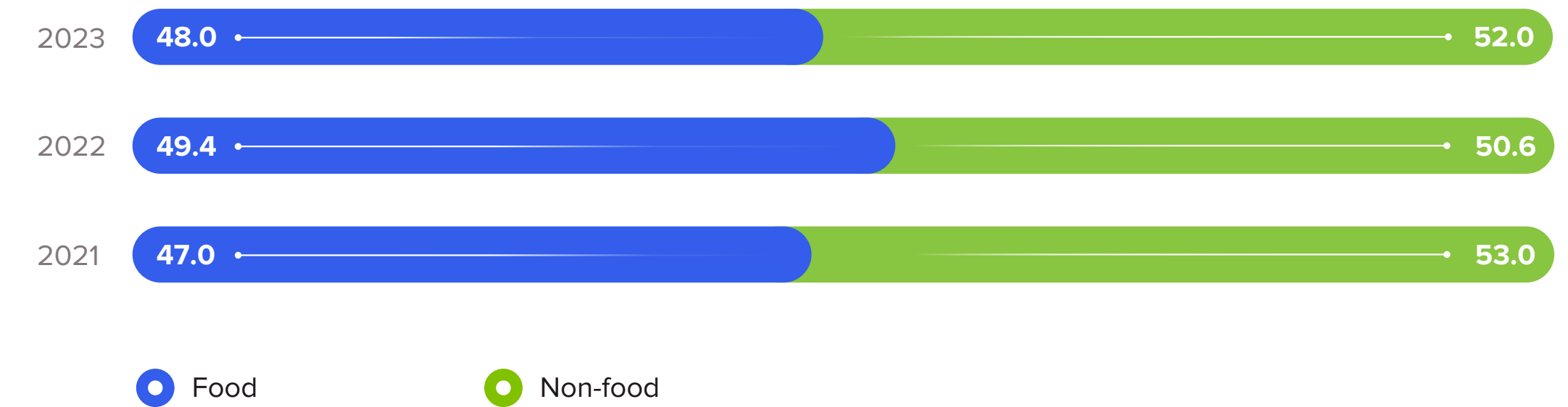
Furthermore, e-commerce has shown significant growth, with a CAGR of 42.4% from 2019 to 2023 amid the rise of express delivery services and marketplaces.

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

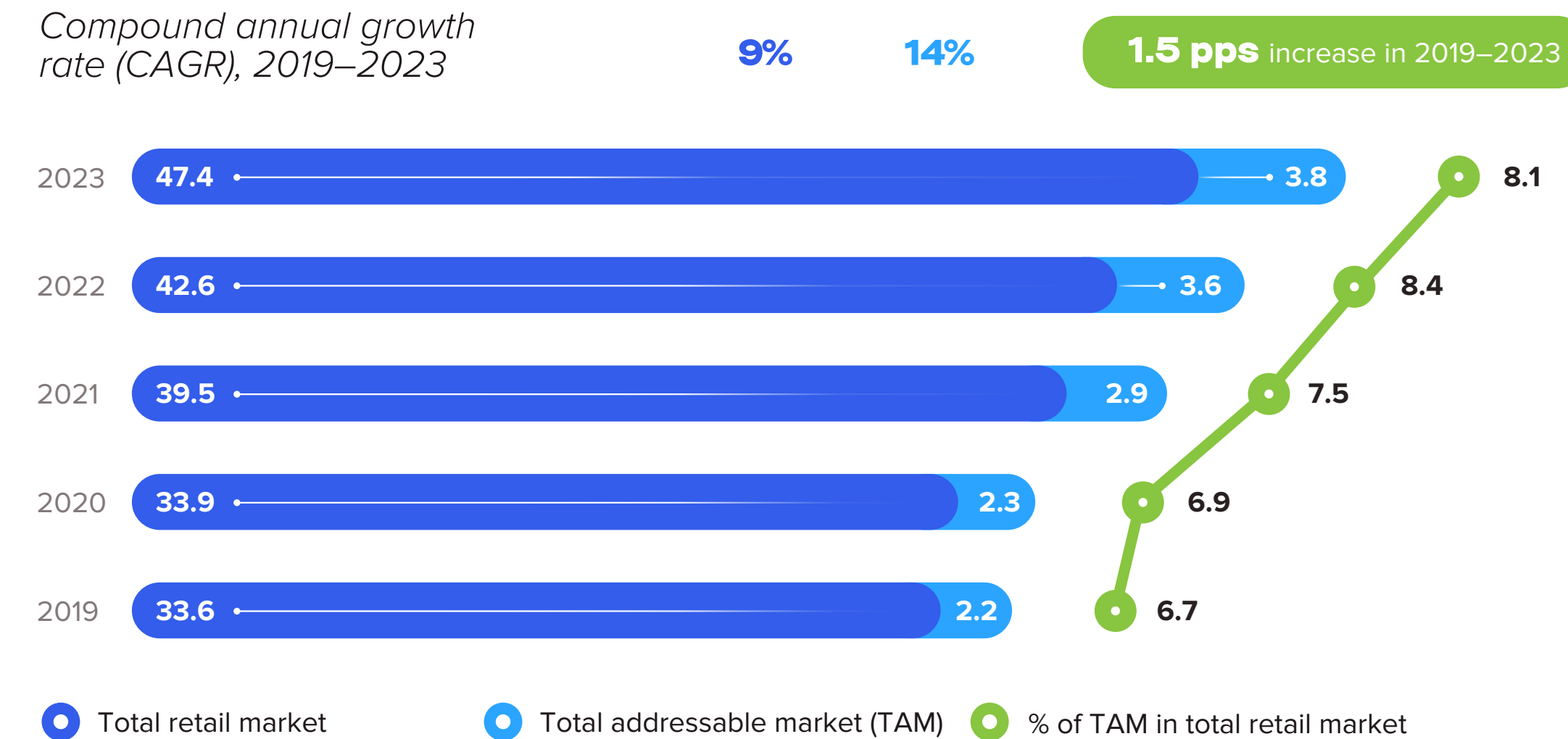
81.3%

+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



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.

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

² Including VAT

Diligent approach to TAM estimation for 2023²

1

Total retail market

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

2

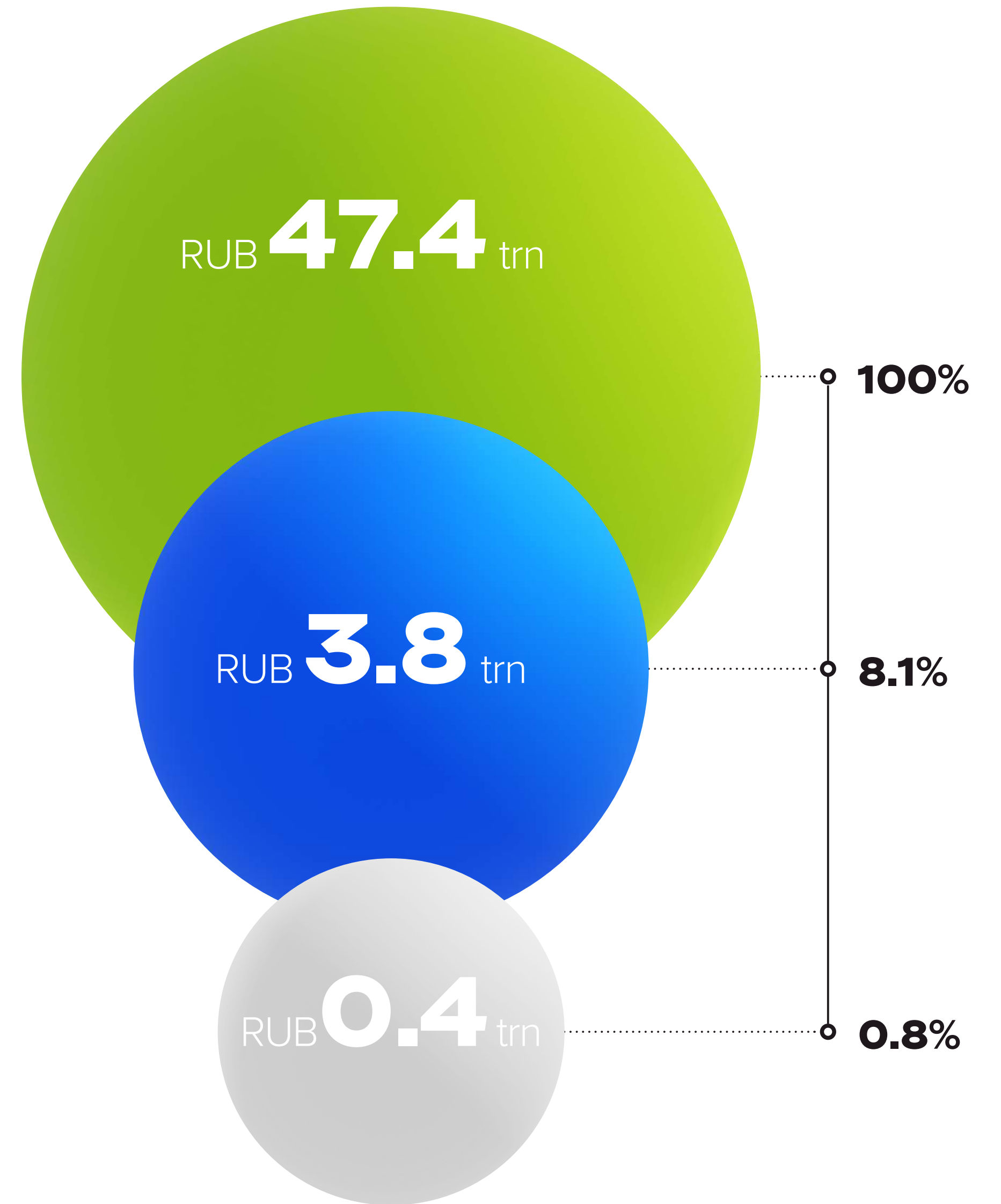
Total addressable market

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



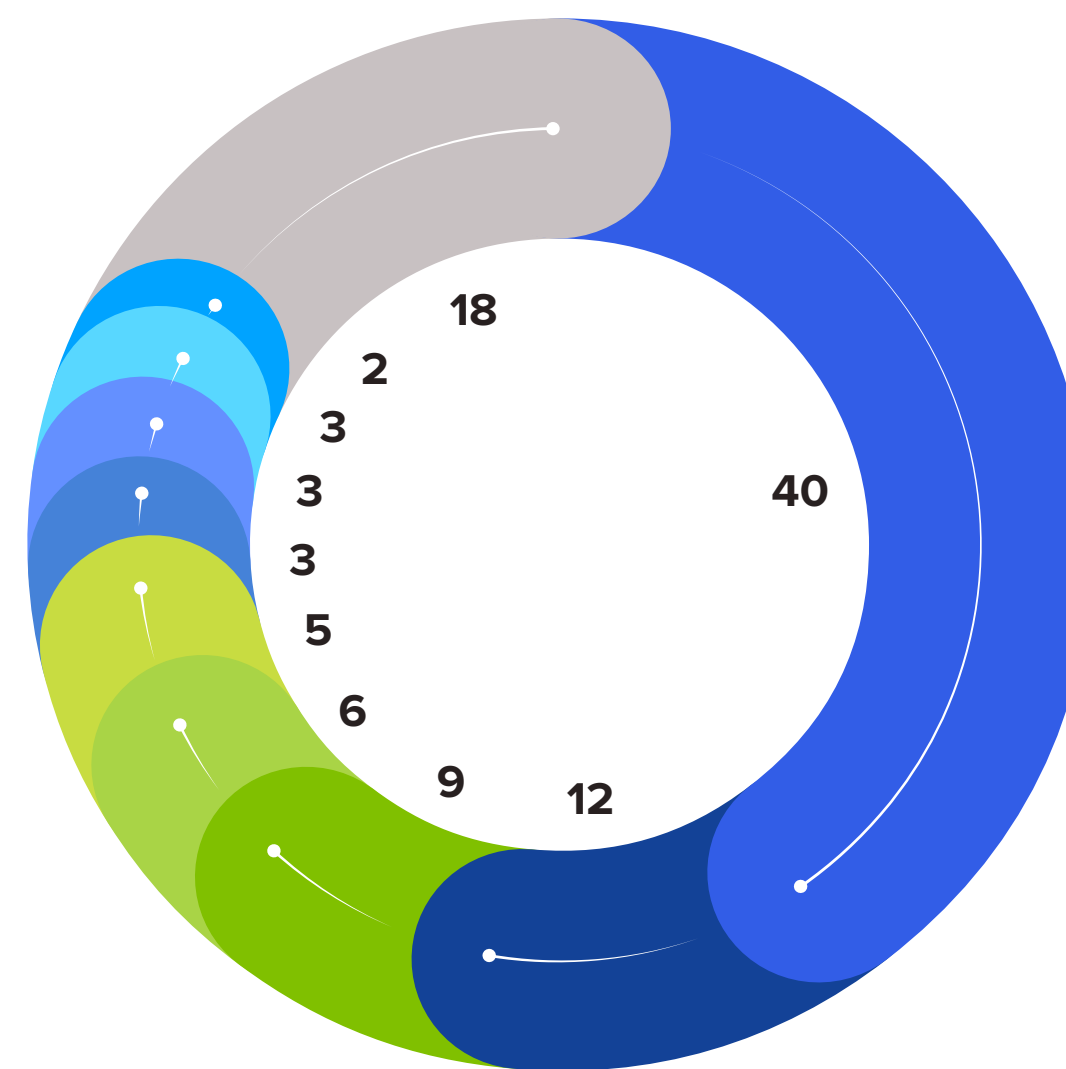
Market Overview

TAM relevant products across categories, % per category

TAM product category in total retail market category ¹, %

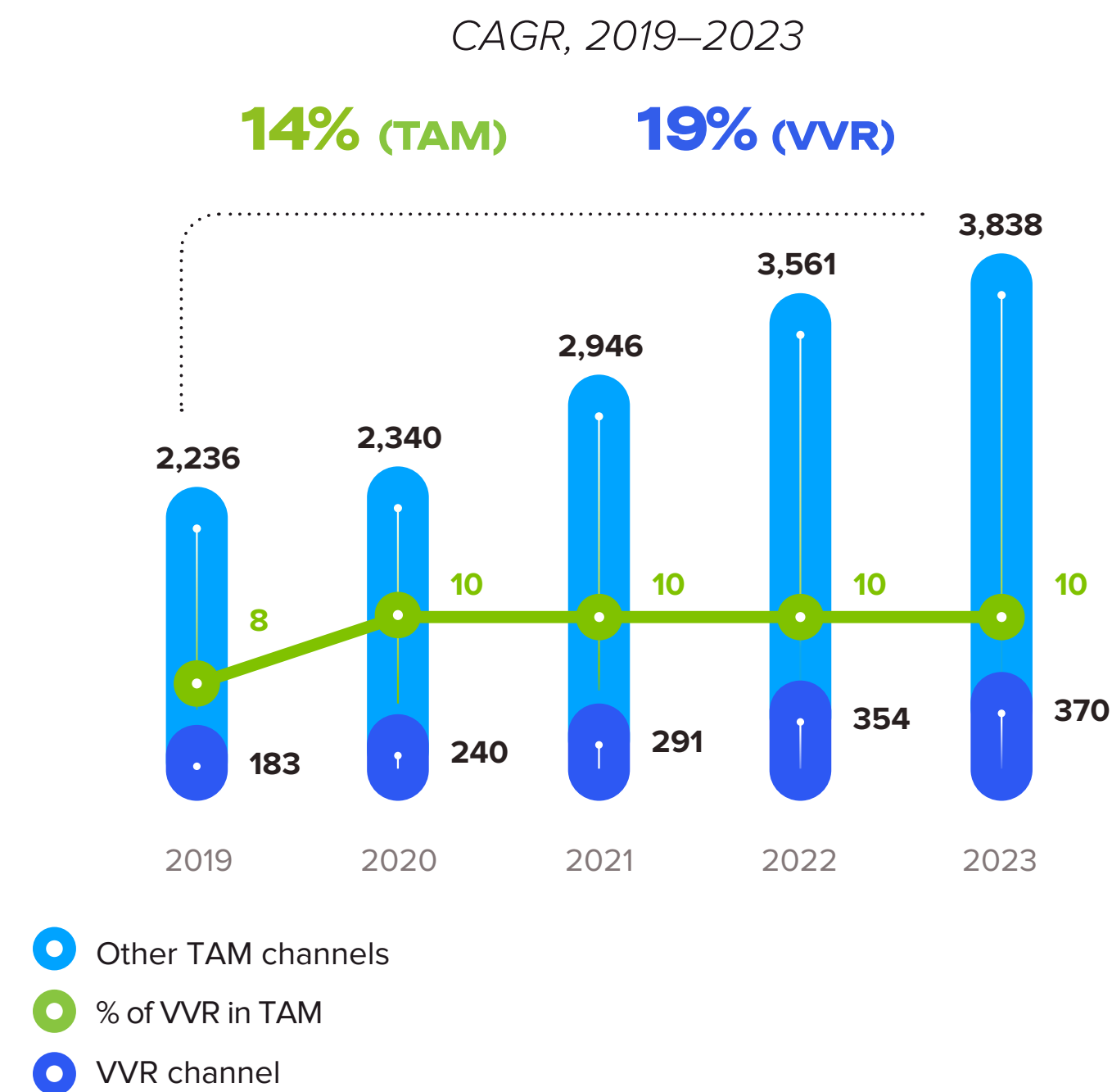


Structure of TAM ², %



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

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

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				2013 / 2021
ХОЗЯЮШКА	22				2010 / 2019
еврошоп МАГАЗИН С ОДНОЙ ЦЕНОЙ	27				2015 / 2018
ОХАПКА	50				2012 / 2018

Closed

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.

Potential of VVR stores in Russia and neighbouring countries¹

6,414

Number of Fix Price stores as at 2023-end²

5,756³

Russia

572³

Belarus
Kazakhstan

86

Armenia
Georgia
Latvia
Kyrgyzstan
Mongolia
Uzbekistan

18,600

7,373

Number of stores as at 2023-end⁴

Volga Federal District

Central Federal District

Northwestern Federal District and Southern Federal District

Other regions⁵

Other countries⁶

Potential for further store roll-out

Total market store potential⁷

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)

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.

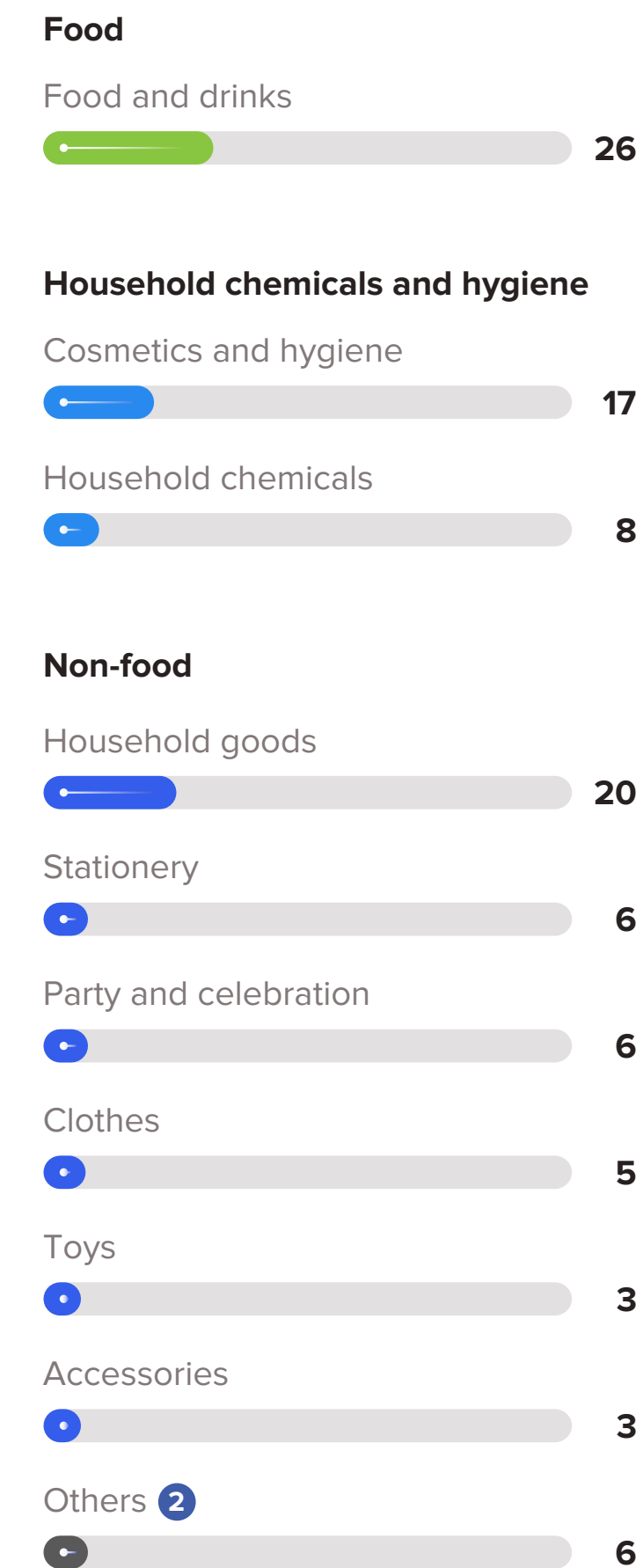
Fix Price is famously known for its treasure-hunt shopping experience



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.

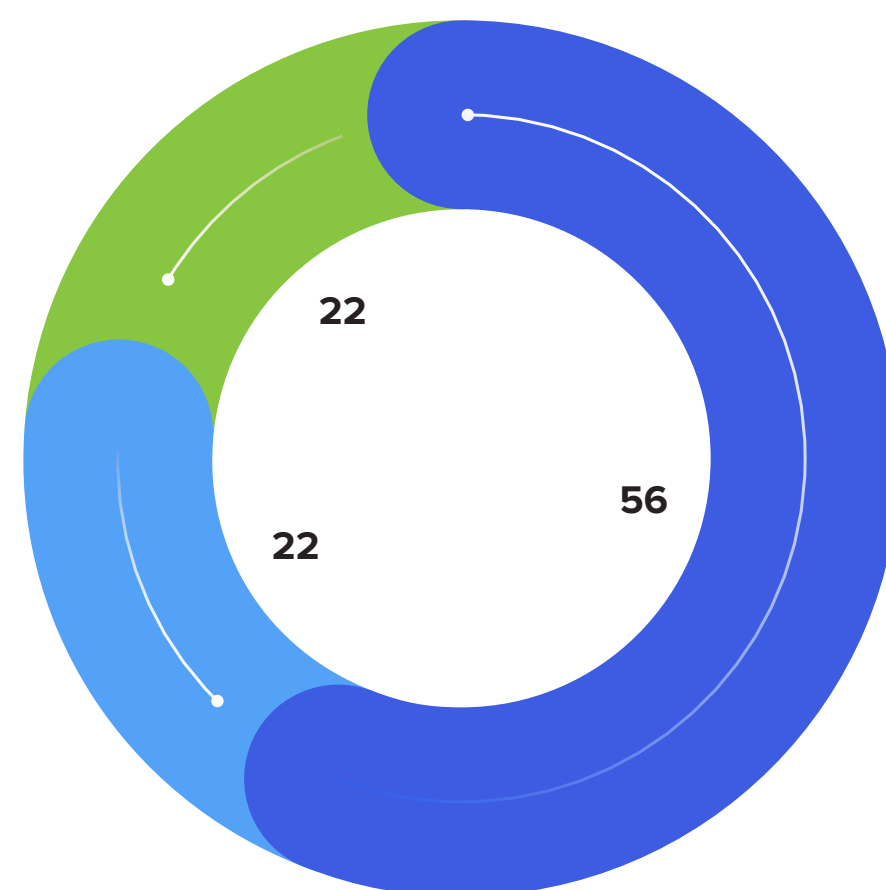
¹ Everyday Low Prices

Category mix in 2023, % of retail sales



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

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



● no-name brands
 ● private-label products
 ● major brands

~2,000 SKUs across 20 different categories



Unique Customer Value Proposition

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.

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



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, %

Rotating assortment **71%** Regular assortment **29%**

Stationery and books

Clothing

Party and celebration

Toys

Accessories

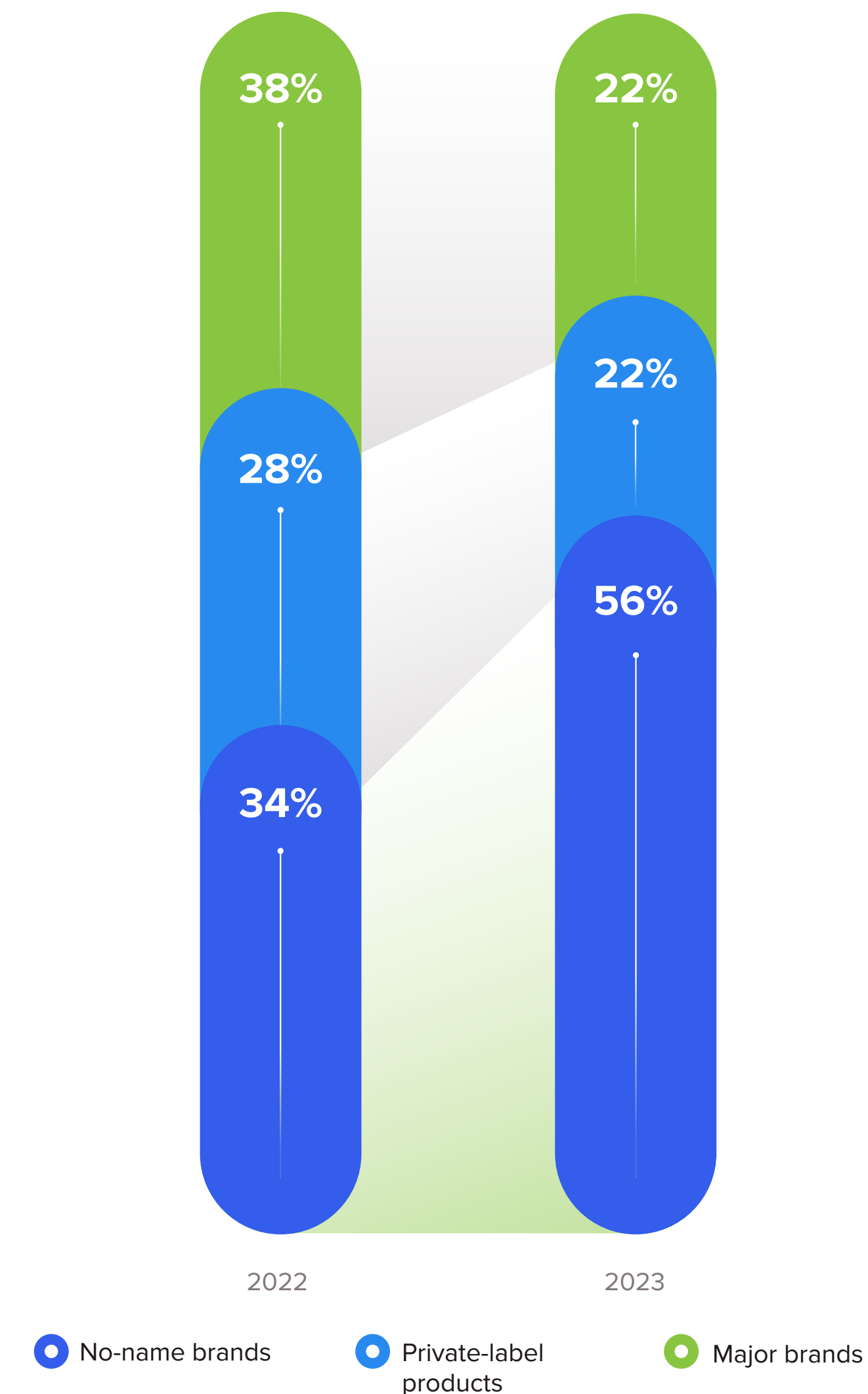
Household goods

Food products
(including non-perishable foods, confectionery, drinks and snacks)

Cosmetics and hygiene products

Household chemicals

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.

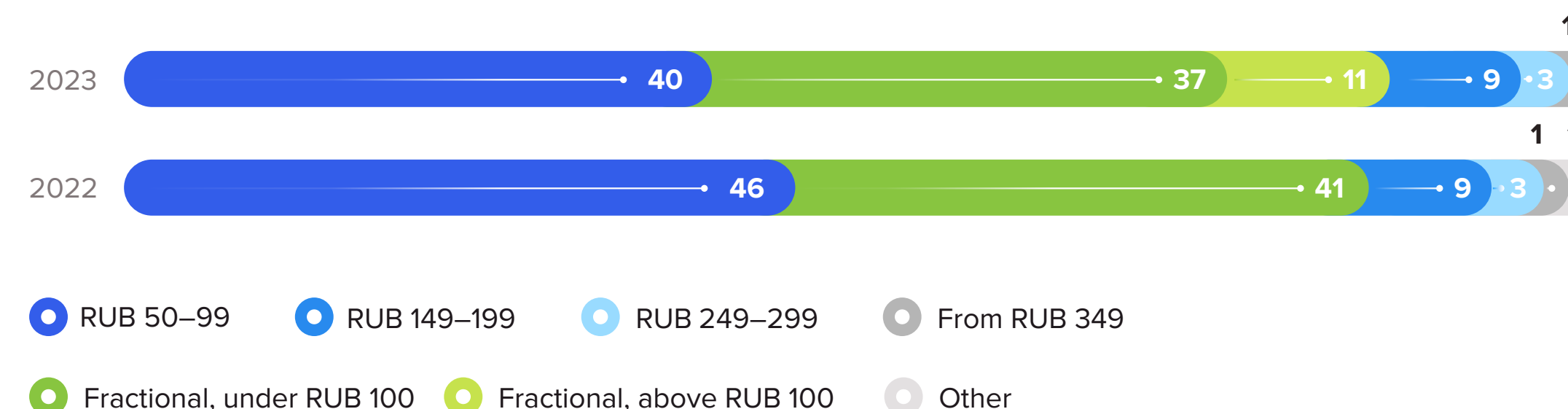
We leverage a number of effective solutions that help us maintain our margins while still offering good value to our customers. Our diverse price mix enables Fix Price to quickly respond to market trends by expanding the range of price points, moving products between price points, or optimising costs.

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.

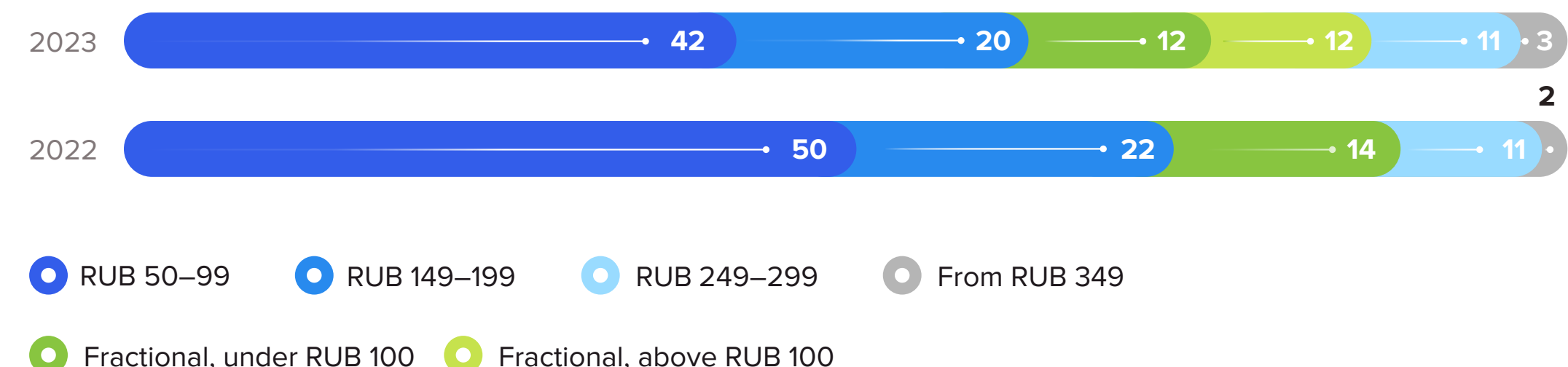
The assortment policy is driven by statistical data from the Company’s entire history

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).

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

>27 million
registered cardholders in our countries of operation

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



Fix Price customers by gender in 2023

66%
women

34%
men

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

Customers by occupation in 2023

56%

White-collar workers

31%

Blue-collar workers

10%

Middle managers

3%

Business owners

Focus on Customers

Mass consumer behaviour patterns³

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 discounts¹. In particular, nine of ten Russians continue to be frugal amid the economic difficulties². The NielsenIQ 2023 study³ 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 2023³

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.



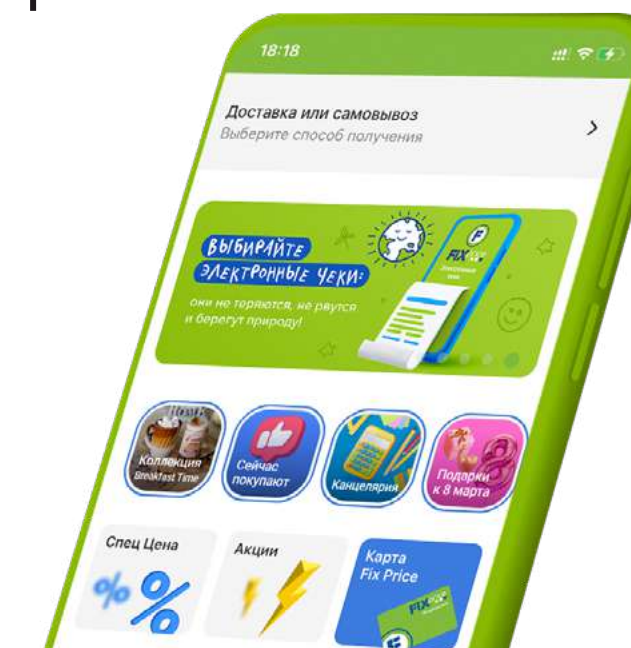
See more about in "[Product](#)" on page 69

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

RUB 299

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

RUB 59

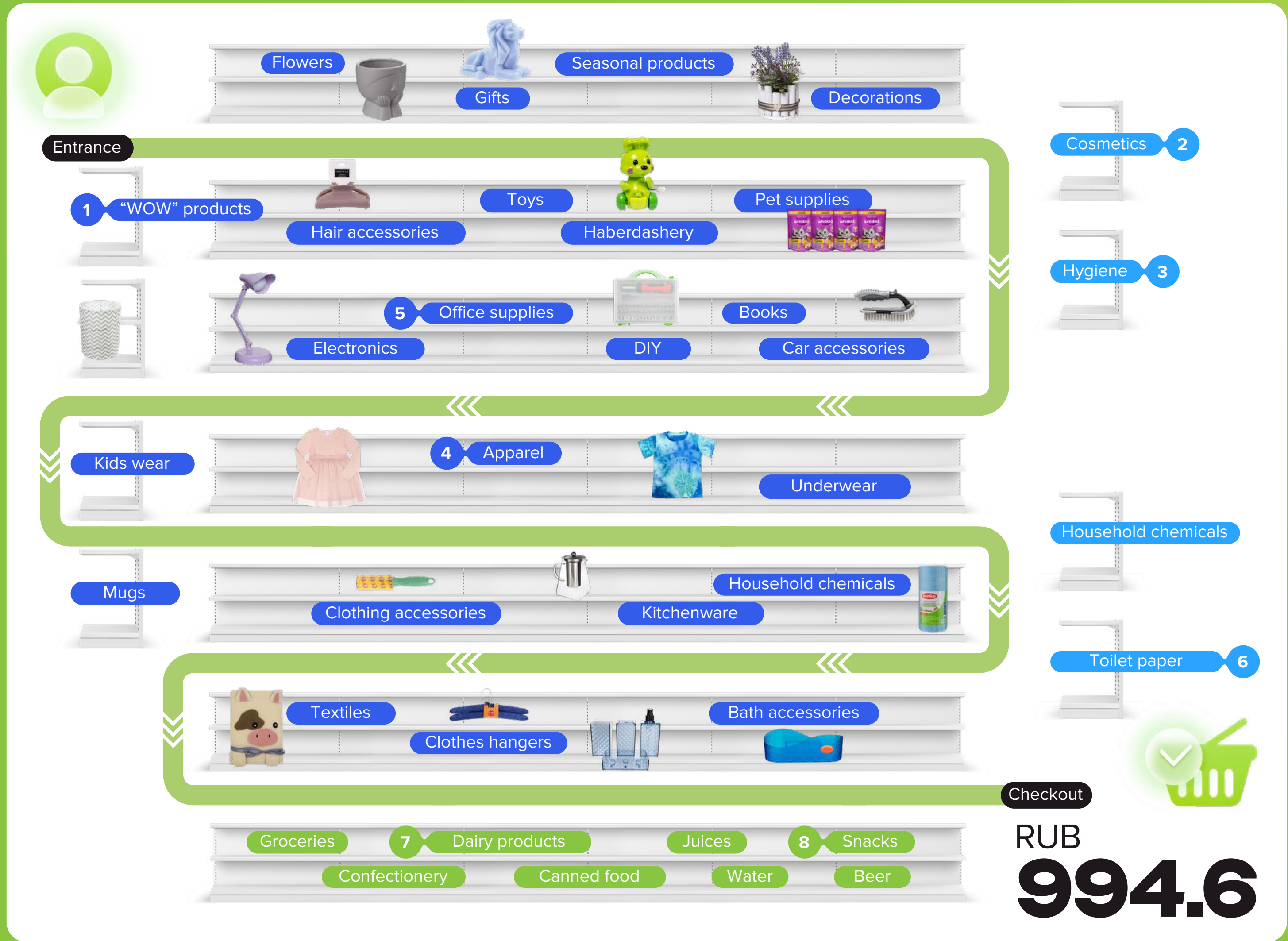
"I just needed to get a shampoo..."

RUB 79

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

RUB 299

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



RUB 69

"This is a great bargain!"

RUB 101.5

"Better stock up on soap and toilet paper!"

RUB 79

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

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.

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.

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



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

