

# Unique Customer Value Proposition

## Strong Value across a Diverse Product Offering

~2,000 SKUs

across 20 different categories

Fix Price sells a broad range of products, offering approximately 2,000 SKUs across 20 different categories, including household goods, cosmetics and hygiene, stationery and books, clothing, toys, household chemicals, as well as shelf-stable food and drinks. We maintain a variety of private labels, major brands and no-name products which accounted for approximately 28%, 38% and 34% of 2022 retail sales, respectively.

Fix Price continues to promote treasure-hunt shopping experiences. Thanks to our scale, expertise and involvement into the production process we find ways to offer much more attractive prices on comparable products that provokes "WOW!" effect and prompts traffic and excitement.

28%

private label products

38%

major brands

34%

no-name brands

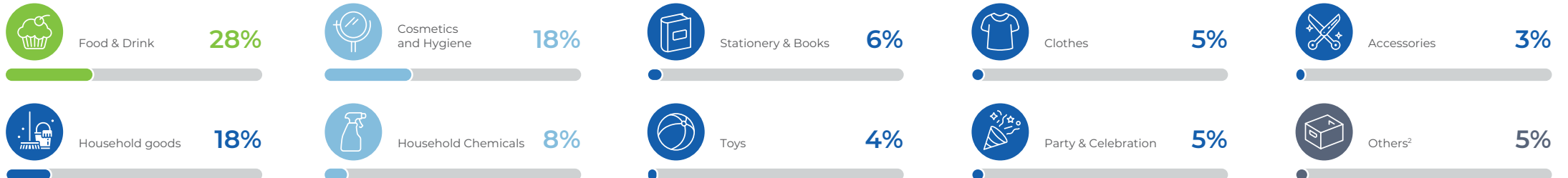
Consumables and regular products make up around a third of retail sales at Fix Price, while the remaining two-thirds of retail sales come from general merchandise and new products. Fix Price strives to be the price leader across all product categories and SKUs, encompassed by our Company strategy.

We aim to provide our customers with remarkable savings vs competitors' prices. A basket filled with products from Fix Price is generally cheaper than the same basket filled with comparable goods at other Russian food and non-food brick-and-mortar retailers and e-grocers. We do all we can to offer outstanding value across our nine highly competitive anchor price points, which as at 2022-end all sat under RUB 350.

Fix Price maintains strong value across a diverse product offering for its customers, which is supplemented by a relentless focus on EDLP,<sup>1</sup> a constantly changing assortment, a balanced product portfolio and a well-diversified mix. Our loyalty card programme adds further value thanks to a number of attractive benefits

<sup>1</sup> Everyday low prices

● Food ● Non-food ● Drogerie



<sup>2</sup> Others refer to electronics, healthy lifestyle, car accessories, pet supplies and other general merchandise

## Our product mix is driven by frequent SKU rotation

We offer approximately

**50**

new products every week, with roughly

**67%**

of the retail sales generated by the assortment refreshed up to six times a year

The remaining

**33%**

of the retail sales are generated by regular products such as toilet tissue, aluminium foil, rubbish sacks, etc., which we are unlikely to change as customers buy them regularly



## Product Range

The Company typically launches eight seasonal product collections per year dedicated to Russian holidays such as the New Year, Christmas, Halloween, Valentine's Day, 1st of September (back-to-school period), 23rd of February (Defender of the Fatherland Day), 8th of March (International Women's Day) and Easter, as well as gardening supplies. By keeping Fix Price stores fresh and exciting and introducing a treasure hunt element to our CVP, we aim to surprise customers and encourage them to make repeat visits.

Fix Price primarily offers non-perishable food: products that do not require refrigeration and, hence, have a longer shelf life. This approach allows us to operate at one temperature zone across all of our distribution centres, resulting in lower capital expenditure requirements. Perishable food products that require special storage conditions (such as ice cream) are delivered by vendors directly to our stores.

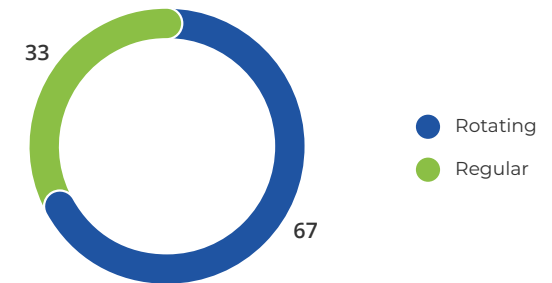
The Company's product range is built on a rigorous SKU count intended to satisfy customer demands while at the same time optimising inventory turnover and minimising slow-moving stock. We have a robust "test-to-shelf" process for new SKUs, based on a rapid decision-making process and implemented by a highly competent procurement team. Our product range is regularly reviewed based on market developments, customer behaviour, information from suppliers, etc.

In 2022, we also continued to explore sourcing opportunities with some local producers, as well as with foreign ones (e.g. from Turkey), to expand our product offering in the most popular categories and mitigate risks associated with suppliers changing their strategy regarding our markets of operation.

## Product Categories

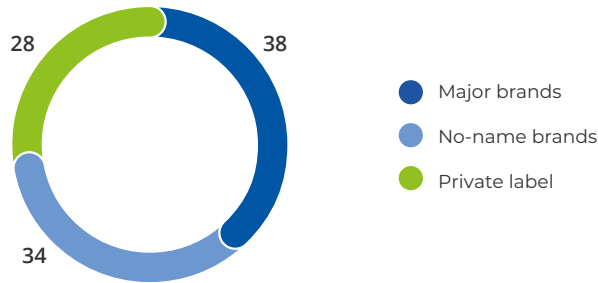
The consumables / regular category covers products available year-round on our shelves. First and foremost, it consists of food, groceries, confectionary, drinks and snacks, household goods, household chemicals, and cosmetics and hygiene products. The general merchandise / changing products category includes non-food products, such as toys, stationery and books, clothing, party and celebration supplies, as well as accessories.

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



Our product assortment management approach looks to drive both store traffic and margin growth. Products in the consumables / regular category have historically been key traffic drivers, given that they are products that people tend to need on a regular basis. On the other hand, products in the general merchandise / changing products category have been key margin drivers, typically comprising non-food categories with higher unit prices and higher gross margins across the assortment.

## Fix Price's product portfolio by category in 2022, %



Products of major brands represent about 38% of our product range (as a percentage of retail sales), with no-name branded and private-label products accounting for c. 34% and c. 28%, respectively.

### Major brands

Thanks to its outstanding market position and purchasing power, Fix Price is able to negotiate custom features for third-party branded products with our suppliers, including packaging, size, design, taste, weight, and much more. Customisation and scale allow us to offer more attractive prices to our customers. Major branded products continue to play an important role in our offering and occupy a sizeable section of the product mix, especially for food, cosmetics and hygiene products.

### No-name brands

Lesser known brands and no-name products are the most appropriate category for testing and rotation given that there are typically no ongoing obligations to continue production with suppliers. By offering such products, we also enjoy additional flexibility to respond to consumer trends and needs as we can rapidly launch new products.

### Private labels

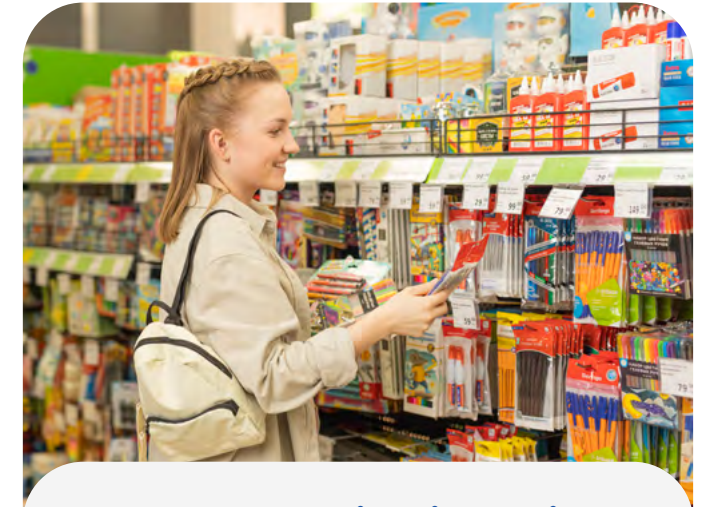
Private labels are integral to the Company's business strategy as they allow us to provide a broad product offering in each consumer category and stand out from the competition. In terms of quality and appearance, our private labels are on par with third-party branded products widely available in the market.

We focus on securing an exceptional pricing proposition for our private-label brands as a result of our efficient supply chain management and strong relations with our key suppliers.

Fix Price has a dedicated specialist private label team that works in our category management department to determine the best private label product mix and in our marketing team to determine the optimum private label advertising strategy.

We extensively promote our private labels using a number of marketing tools. In particular, the Company has registered several domain names dedicated specifically to our private labels and actively promotes them on their respective websites. The Company may occasionally rebrand particular private labels to give well-known products a new lease of life.

Fix Price primarily sources private label products from foreign, mainly Chinese, suppliers.



## As at 2022 end, Fix Price's private label portfolio encompassed approximately 60 brands

Our most popular private-label brands include:



**Cotte, O'Kitchen, Flarx, Homestar, and Manfort** (consumables / regular assortment)



**Play the Game and Kid's Fantasy** (toys within the general merchandise / changing assortment)



**Greenart, With Love, and Snezhnoye Kruzhevo** (party and celebration supplies within the general merchandise / changing assortment)

Each of these private labels has its own development strategy, including the specific product mix and target customer group.

## Pricing

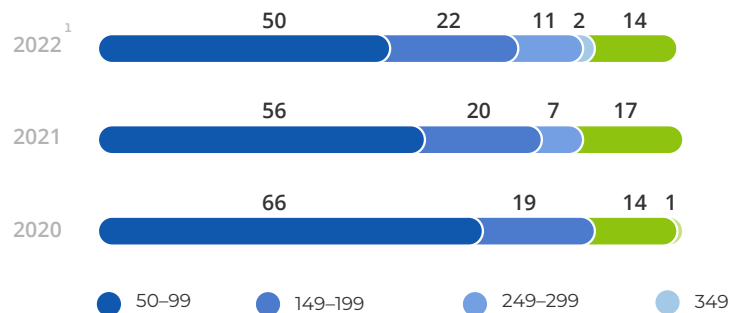
We offer our products at several fixed, low price points that resonate with our target demographic and other value-oriented customers. In 2022, approximately 87% of our product range was priced RUB 99 or less, including fractional prices. Products offered at higher price points (RUB 249, RUB 299 and RUB 349) are often referred to as “WOW” products and encompass, for example, toys and home decor items. The WOW products are aimed at making our customers say to themselves: “It can’t be that cheap!”, as similar products are usually more expensive at other retail chains and online.

~87%

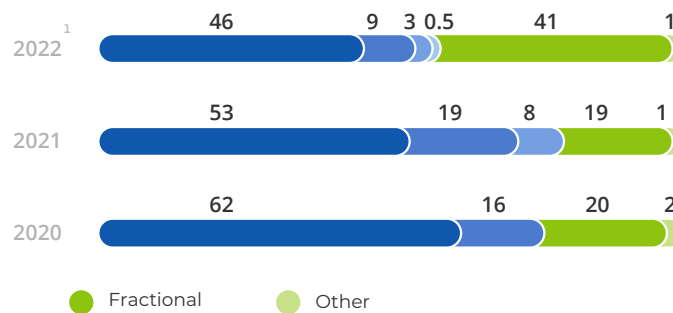
of our product range is priced under RUB 99

We aim to ensure that customers have a strong sense of the low prices and affordable products available at our stores at nine principal price points. The Company continuously monitors prices for similar products offered by other retail chains to guarantee that we have the most attractive pricing proposition to customers.

### Fix Price’s price points as % of retail sales in 2020–2022



### Fix Price’s price points as % of SKUs in 2020–2022



<sup>1</sup> Due to rounding, the sum of price points as % of retail sales and SKUs may not be equal to 100%

Multiple price points allow us to be more flexible in responding to the changing market environment by introducing new SKUs at higher price points or by optimising the cost base. 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 characteristics without compromising on quality. We have fostered strong expertise in how to use these tools efficiently to maintain quick inventory turnover and continuous assortment rotation.

Our assortment decisions are based on an in-depth analysis of historical data and forecasting. When setting prices for products, we consider market developments and customer behaviour. Fix Price has also been able to achieve significant cost efficiencies to support our pricing as a result of our effective use of logistics infrastructure.

## Convenient Shopping Experience and Customer Satisfaction

We aim to open stores in locations where we can benefit from convenient access and high footfall. We strive for a carefully tailored, engaging and pleasant in-store atmosphere which enhances the shopping experience and reinforces our price image.

According to a Vector Study conducted in 2022, Fix Price enjoys a high Net Promoter Score (“NPS”, a metric that measures the willingness of customers to recommend products or services of a company to others) of 60%. We have some of the industry’s leading NPS scores, with our customers expressing high levels of satisfaction with Fix Price stores in terms of in-store experience (service, cleanliness, etc.), and 89% of respondents satisfied with our store format in general.

60%

Net Promoter Score

89%

of respondents were satisfied with our store format





## Fast-growing Loyalty Programme with Highly Attractive Benefits

Fix Price has a popular and effective customer loyalty programme with around 21.9 million registered cardholders. In 2022, the total number of registered programme members increased by 4.9 million (or 29%), with transactions using loyalty cards accounting for 56% of retail sales,<sup>1</sup> on the back of advertising and promotional campaigns for the members. The share of active users<sup>2</sup> was 54%, creating a win-win scenario for customers and the Company.

**~22 million**

registered cardholders

The average ticket of loyalty cardholders was approximately 1.8x higher than the average ticket of non-cardholders in 2022, while loyalty programme members visited our stores on average 15% more often than other customers. According to the Vector Study, Fix Price loyalty cardholders visit our stores four times a month on average. The benefits that the loyalty programme offers also translate to high levels of Fix Price brand recognition among our clients.

We offer our customers to buy cards at checkout 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 bonus points, which they can store and spend to obtain an up to 50% discount on their next purchases. Each Fix Price store sells approximately four loyalty cards per day.

Cardholders are also put in the running for exclusive offers. The programme enables cardholders to participate in various promotions and partner offers as well as to take advantage of tailored offers, including extra bonus points on their favourite products and one-off bonus points from various Fix Price events.

We regularly communicate with our loyalty programme members via e-mail, text message and push notification, and we also run surveys for new products, pricing and much more. The purchase history of cardholders offers the Company valuable insights, and we use it to identify spending patterns, receive instant feedback and make data-driven marketing strategy decisions aimed at further increasing customer satisfaction and driving sales growth.

**Loyalty cardholders' average ticket is 1.8x higher than the average ticket of non-holders**

<sup>1</sup> Loyalty programme data are calculated for Fix Price stores operating in Russia  
<sup>2</sup> Loyalty programme members who make at least one purchase per month

