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15 February 2021

Fix Price announces intention to publish registration document and potential intention to float on the Main Market of the London Stock Exchange

Fix Price, one of the leading variety value retailers globally and the largest in Russia, announces that it intends to publish a registration document (the "Registration Document") today and that it is considering proceeding with a potential initial public offering of global depository receipts representing its ordinary shares (the "GDRs") (the "IPO" or the "Offer"), subject to market conditions. The Company is considering applying for admission of the GDRs to the standard listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities and on Moscow Exchange (together, "Admission").

Dmitry Kirsanov, CEO of Fix Price, said:

"Today's announcement represents a landmark that testifies both to the impressive size and scale that Fix Price has already achieved and to our strong belief that the Company will continue its robust growth trajectory. We pioneered variety value retail in Russia when we opened the first Fix Price store in 2007 with a vision to create the dominant retailer in this highly promising segment of the market. Today, Fix Price is far more than simply the largest variety value retail chain in the country, with over 4,200 stores – for our customers, Fix Price quite simply is the embodiment of everything they love about this retail format.

"Fix Price is a systemically important retailer that generated revenue in 2020 of more than RUB 190 billion (ca. US\$ 2.6 billion), and with double-digit EBITDA margins that make us one of the most profitable retailers among publicly traded variety value retailers globally. All of this has been made possible thanks to the skill and dedication of our employees and the visionary leadership displayed by our experienced and long-established shareholders and management team.

"Our highly resilient business model has made Fix Price, we believe, the fastest growing retailer when compared to publicly listed variety value retailers globally. And it remains robust in the current environment, having delivered 16 consecutive quarters of double-digit LFL sales growth through the end of 2020. With a presence in 78 of Russia's 85 regions, as well as neighbouring countries, and a strong track record of results in our home market, Fix Price is well positioned to pursue expansion both inside and outside of Russia."



Fix Price highlights

- Fix Price is one of the leading variety value retailers globally and the largest in Russia, with more than 4,200 stores. Fix Price has grown rapidly in recent years, with revenue of RUB 190.1 billion, RUB 142.9 billion and RUB 108.7 billion for 2020, 2019 and 2018, respectively. Adjusted EBITDA for the same years was RUB 36.8 billion, RUB 27.2 billion and RUB 14.2 billion, respectively. Net income was RUB 17.6 billion, RUB 13.2 billion and RUB 9.1 billion, respectively, for the same years.
- Fix Price occupies a separate niche to traditional discounters. Fix Price's stores provide an affordable shopping destination, offering customers a broad range of essential and unique products at multiple fixed price points, all under RUB 250 (ca. US\$3.40).
- Fix Price's pricing policy capitalises on a structural shift towards value among consumers worldwide, which Fix Price believes allows it to benefit in almost any economic environment, most recently during the COVID-19 pandemic. In 2020, Fix Price reported double-digit quarterly like-for-like sales growth every quarter and FY like-for-like sales growth of 15.8%.
- The variety value retail market is one of the fastest-growing segments in Russian retail and is expected to triple in size by 2027 with a CAGR of 16.9% for 2019-2027, according to an independent industry consultant report. The market has more than doubled its size over the past five years, albeit still at a low base compared to other countries, suggesting further significant potential for growth.
- In the Russian variety value retail market, Fix Price is the leader both by number of stores and revenue. According to an independent industry consultant report, Fix Price was estimated to account for 93% of the Russian variety value retail market by revenue in 2019, and had by far the largest number of stores among Russian variety value retailers.
- Today there are more than 4,200 Fix Price stores primarily in Russia, as well as in neighbouring countries (Belarus, Kazakhstan, Uzbekistan, Kyrgyzstan, Latvia and Georgia), all of them stocking approximately 1,800 SKUs across around 20 product categories. As well as its own private brands, Fix Price sells products from leading global names and smaller local suppliers. Fix Price's wholesale operations service a number of franchisees operating in Russia, Belarus, Georgia, Kazakhstan, Kyrgyzstan and Latvia.
- Fix Price has an efficient and easily scalable business model, which is underpinned by the following key pillars: data-driven procurement, supplemented by streamlined centralised logistics, an efficient store management model, and a highly experienced management team. State-of-the art IT solutions enable Fix Price to achieve a high degree of automation across its operations.

Potential Offer highlights

Should Fix Price proceed with the Offer, the current expectation is that:

- The Offer would consist of an offering of GDRs by certain existing shareholders of the Company (together, the "Selling Shareholders"). The Selling Shareholders comprise (i) Luncor Overseas S.A. (an investment vehicle owned by one of the Company's founders, Artem Khachatryan) ("Luncor"); (ii) LF Group DMCC (an investment vehicle owned by one of the Company's founders, Sergey Lomakin); (iii) Samonico Holdings Ltd (an investment vehicle of Marathon Group); and (iv) GLQ International Holdings Ltd (an indirect wholly owned subsidiary of The Goldman Sachs Group, Inc.). In addition, Luncor intends to sell certain GDRs



on behalf of certain members of the Company's senior management and other minority shareholders, to allow such persons to monetise some of their shareholding. The founding shareholders will retain a significant interest in the Company post-IPO.

- The Offer would comprise an offering to institutional investors outside the United States pursuant to Regulation S and to Qualified Institutional Buyers in the United States pursuant to Rule 144A under the United States Securities Act of 1933 (the "Securities Act").
- The GDRs would be admitted to the standard listing segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange, with a secondary listing on Moscow Exchange.
- BofA Securities, Citigroup, J.P. Morgan, Morgan Stanley and VTB Capital (each as defined below) have been engaged by the Company to act as Joint Global Coordinators and Joint Bookrunners, in the event the Offer proceeds.

A copy of the Registration Document will be submitted to the National Storage Mechanism and will be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> once approved by the FCA. A copy of the Registration Document will also be available on Fix Price's website at <https://ir.fix-price.com/>, subject to certain access restrictions.

Access to supplemental information for bona-fide unconnected research analysts: presentation materials and related information will be made available to bona fide unconnected research analysts from 07:00 a.m. London time today. Please email ir@fix-price.com to register your interest in accessing such information and please provide your name, the name of the institution you represent, the jurisdiction in which you are located, as well as a recent biography.

Investment highlights

Fix Price benefits from a combination of competitive advantages that it believes have contributed to its success and will continue to support its competitive position and business strategy going forward. These competitive advantages include:

Leading market position in a highly attractive, large and growing market

- Fix Price was estimated to account for 93% of variety value retail sales in Russia in 2019, according to an independent industry consultant report, making it 13 times larger than other players on the Russian variety value retail market combined, and had by far the largest number of stores among Russian variety value retailers.
- Fix Price believes that it pioneered and scaled the variety value retail concept in Russia, and therefore has a first-mover advantage, as a result of which it currently operates in a market that is characterised by significant barriers to entry to new competitors.
- Fix Price's leading market position enables it to drive the development of the variety value retail market in Russia and neighbouring countries, drawing upon a globally proven concept which has demonstrated significant growth over the past decade.
- The Fix Price business proposition addresses a material and fast-growing market, which is underpinned by a sizeable population of over 249 million (in Russia, other CIS countries, Georgia and Latvia — the geographies comprising Fix Price's expansion focus).



- On the back of structural shift in consumer behaviour towards value, in 2017-2020, the Russian variety value retail market, measured by sales, grew at a CAGR of 23%. Fix Price sees substantial further upside supported by the significant level of under-penetration today.

A unique customer value proposition

- Fix Price offers its customers deep value across a diverse, unique and constantly renewed product assortment, satisfying their needs for everyday essentials while providing an engaging “treasure hunt” experience. Fix Price’s loyalty card programme brings additional value to customers through a number of attractive benefits.
- The elements of this unique customer value proposition include:
 - *Deep value across a diverse product offering.* Fix Price strives to offer outstanding value via an uncompromising “every day low price” strategy across several highly competitive anchor price points, all under RUB 250 (c. US\$ 3.40). As of 31 December 2020, c.80% of the Company’s product assortment was priced under RUB 100 (c. US\$ 1.3). Fix Price sells a broad range of products across approximately 1,800 SKUs in approximately 20 different categories, including household goods, cosmetics and hygiene, stationery and books, clothes, toys, household chemicals, as well as shelf-stable food and drinks. Fix Price maintains a diversified mix of own private brands, branded and non-branded (no-name) products.
 - *Constant newness and rapid time to market.* A continuously refreshed product offering is at the core of Fix Price’s assortment strategy. Fix Price launches 40 to 60 products every week, many of which are driven by seasonal occasions and latest retail trends, with approximately 60% of assortment in SKU terms being rotated up to six times per year. Fix Price’s own private brands are developed in-house by dedicated procurement and design teams that continuously monitor the market for best-selling goods, collaborating closely with Fix Price’s suppliers to deliver quality products at the right time, at strategic price points and with target profitability.
 - *Convenient shopping experience and an exciting “treasure hunt”.* Fix Price seeks to open its stores in locations it believes benefit from convenience of access and high traffic. Fix Price constantly renews its assortment to create an element of discovery and “treasure hunt” experience for its customers. This encourages repeat visits fuelled by the search for exciting novelties. According to a study by Marketing Agency Vector, a marketing consultancy, Fix Price enjoys a high Net Promoter Score of 60%.
 - *Fast-growing loyalty programme with highly attractive benefits.* Fix Price’s “Bonus Card” loyalty programme has approximately 12 million registered card holders. Approximately 36% of Fix Price’s retail sales in 2020 were generated from sales of products to Fix Price’s loyalty programme card holders, creating a “win-win” for the customers and Fix Price.

Operational excellence: standardisation, tech-enabled automation and agile sourcing

- Fix Price believes that its efficient operational model driven by lean decision making and nimble management approach greatly benefits from standardisation of its store network, highly automated operations, centralised logistics and efficient procurement as follows:
 - *Fully standardised leased store portfolio driving outstanding unit economics.* Fix Price has standardised its entire network of stores in terms of pricing, product assortment,



product layout, equipment and marketing. Fix Price believes that the standardisation of its stores drives value, convenience and a great experience for Fix Price customers. At the same time, standardisation reduces the complexities of running Fix Price's vast store portfolio, allows it to make efficient purchasing decisions and contributes to the efficiency of its operations.

- *Agile sourcing model and long-standing relationships with suppliers.* Fix Price's efficient, agile and streamlined sourcing model translates into the ability to offer a constantly changing and carefully crafted product assortment, delivering deep value to its customers and strong margins to the business. Fix Price has developed long-standing, direct and collaborative relationships with over 600 local and international suppliers. Fix Price's procurement team works closely with these suppliers to continuously create new and on-trend products to meet the evolving tastes and needs of its customers. Fix Price believes that the sheer scale of its business and purchasing volumes make it a highly relevant partner to its suppliers.
- *State-of-the-art IT infrastructure, translating into better decision-making and decreased costs.* Since the inception of Fix Price, its IT infrastructure has been designed for scale, and today supports all key facets of decision-making within its business. The high degree of tech-enabled automation of store-level processes allows Fix Price to effectively run the entire network as a single store and to further scale it without significant expansion of HQ personnel or significant additional investments in IT infrastructure.
- *Logistics infrastructure scaled for growth.* The design of Fix Price's logistics infrastructure is highly strategic in supporting a portfolio of more than 4,000 stores. Operating across 78 out of 85 regions in the world's largest country by land size, Fix Price's logistical infrastructure is critical to the success of its business model. As of 31 December 2020, Fix Price had eight distribution centres. Fix Price's logistics infrastructure is nearly 100% centralised.

Leading financial KPIs among best-in-class peers

- Fix Price believes it enjoys leading revenue growth, profitability and ROIC levels among publicly traded variety value retailers globally (namely, Dollar General, Dollar Tree, Five Below, Ollie's, Grocery Outlet, Dollarama, B&M and Dino), based on their publicly reported financial information.
- Fix Price's outstanding revenue growth at a CAGR of 32.2% in the three years ended 31 December 2020 is driven by both rapid network expansion, with more than 1,690 increase in store count over the period of three years since 31 December 2017 and robust like-for-like sales growth averaging 19.0% for the last 16 quarters ending 31 December 2020.
- A combination of high sales densities, low operating expenses and asset-light business model enables Fix Price to achieve superior returns on capital, with a market leading ROIC among publicly traded variety value retailers listed above of 98% in 2020 (estimated by reference to their publicly reported financial information).

Visionary management team – experienced, dedicated and incentivised

- Fix Price's visionary founders, Sergey Lomakin and Artem Khachatryan, who will also be on the Board of Directors at the time of Admission, launched Fix Price in 2007 in order to create the



largest retailer in the variety value retail market. Having the benefit of substantial prior experience in discount and non-food retailers, they channelled their passion of bringing the variety value retail concept to the Russian consumer to drive the rapid growth of Fix Price over the past 13 years.

- The overwhelming majority of Fix Price's top executives started working together with Sergey Lomakin and Artem Khachatryan at the initial stage of Fix Price's development in 2007-2009. The Fix Price management team, led by the CEO, Dmitry Kirsanov, has multi-year experience in retail across a broad range of disciplines, including merchandising, marketing, real estate, finance, store operations, supply chain management and information technology.

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