



Fix Price announces key operating and financial results for Q3 and 9M 2021

Solid growth of key financial metrics amid effective management of macro headwinds

27 October 2021 – Fix Price (LSE and MOEX: FIXP, the “Company” or the “Group”), one of the leading variety value retailers globally and the largest in Russia, today announces its operating and IFRS financial results based on management accounts for the third quarter (Q3 2021) and nine months (9M 2021) ended 30 September 2021.

Operating and financial summary for Q3 2021

- Revenue grew by 17.8% y-o-y to RUB 57.9 billion on the back of new store openings and LFL sales growth
 - Retail revenue increased by 18.6% y-o-y to RUB 51.2 billion
 - Wholesale revenue was up by 12.4% y-o-y to RUB 6.6 billion
- LFL sales¹ increased by 4.4% y-o-y following abnormally high LFL sales growth of 20.6% in Q3 2020. Compared to the same period of 2019, before the coronavirus pandemic, LFL sales² were up by 25.9%
 - LFL traffic increased by 0.3% y-o-y supported by promotional activities focused on traffic-generating items to offset subdued consumer sentiment. LFL traffic was up by 4.4% compared to Q3 2019, reflecting a continued structural improvement from pre-COVID levels
 - The LFL average ticket was up by 4.1% y-o-y driven by higher average price per item amid gradual repricing of the assortment and the impact of new price points. Compared to Q3 2019, the LFL average ticket grew by 20.6%
 - LFL sales at company-operated stores in Russia grew by 5.4%. Sales at company-operated stores in Kazakhstan and Belarus were heavily impacted by COVID-related restrictions and a challenging macroeconomic environment
- The total number of stores increased by 168 to 4,753 (of which 516 are franchised), in line with guidance for approximately 730 net new openings for the full year 2021. The total selling space of stores operating under the Fix Price brand increased by 38.5 ths. sqm to 1,022.4 ths. sqm
- The total number of registered loyalty card holders increased by 1.5 million to 15.4 million, with transactions using loyalty cards accounting for 46.4% of total sales³. The average ticket for purchases made using a loyalty card remains 1.8x higher than the average ticket for non-loyalty-card purchases
- Gross profit was up by 16.5% y-o-y to RUB 18.4 billion. The gross margin was 31.8%, broadly in line with 32.1% in Q3 2020. The gap versus the previous year is narrowing on a quarterly basis reflecting the flexibility of Fix Price’s business model to adjust to pressure on cost of sales amid a challenging macro environment. Compared to the same period of 2019, the gross margin was down by 24 bps
- SG&A costs (excl. D&A) as a percentage of revenue remained almost flat versus the same periods of 2020 and 2019 at 13.3% thanks to strict cost control amid pressure on LFL sales in Q3 2021

¹ 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 have been operational for at least the 12 full calendar months preceding the reporting date. LFL sales and average ticket calculated based on retail revenue including VAT. LFL numbers exclude stores that were temporarily closed for seven or more consecutive days during the reporting period and the comparable period.

² LFL sales, traffic and average ticket compared to Q3 2019 is calculated according to the following formula: $(1 + \text{LFL Q}) * (1 + \text{LFL Q-1}) - 1$, where LFL Q is current quarter LFL growth and LFL Q-1 is the similar quarter of the previous year LFL growth.

³ The data on loyalty program is calculated for Fix Price stores operating in Russia

- EBITDA⁴ increased by 17.1% to RUB 11.0 billion on the back of gross profit expansion and strong cost control. The EBITDA margin was slightly down by 12 bps y-o-y to 19.0% due to positive operating leverage that partially offset pressure on the gross margin. Compared to pre-COVID levels in Q3 2019 of 19.0%, the EBITDA margin remained flat
- Operating profit grew by 14.2% to RUB 7.9 billion. The operating margin was 13.6%, compared to 14.0% for Q3 2020 and 12.7% for Q3 2019
- Profit for the period increased by 84.2% to RUB 5.1 billion. The net profit margin was 8.8%, versus 5.7% and 10.2% for the same periods of 2020 and 2019, respectively
- The IAS 17-based adjusted net debt to EBITDA ratio remained at a moderate 0.5x, well below the threshold of 1.0x set out in the Group's guidance
- On 28 September 2021 the Company paid an interim dividend in the amount of RUB 9,788 million, or RUB 11.5 per share (gross amount subject to taxes and fees), amounting to 100% of profit under IFRS for the six months ended 30 June 2021

Operating and financial summary for 9M 2021

- Revenue was up by 24.3% y-o-y to RUB 164.0 billion
 - Retail revenue grew by 25.8% y-o-y to RUB 144.2 billion
 - Wholesale revenue increased by 14.2% y-o-y to RUB 19.7 billion
- LFL sales grew by 9.0% (by 9.5% adjusted for an additional trading day in 2020 due to the leap year)
 - LFL traffic increased by 5.8% (by 6.2% adjusted for the leap-year effect)
 - The LFL average ticket was up by 3.1%
- The total number of stores increased by 586, including 495 for company-operated stores and 91 for franchising network. The total selling space of stores operating under the Fix Price brand increased by 132.9 ths. sqm
- Gross profit was up by 20.2% y-o-y to RUB 51.5 billion. The gross margin was 31.4%, compared to 32.5% for 9M 2020 and 31.4% for 9M 2019
- SG&A costs (excl. D&A) as a percentage of revenue improved by 38 bps y-o-y to 13.1%, versus 13.4% for 9M 2020 and 13.7% for 9M 2019
- EBITDA increased by 21.5% to RUB 30.8 billion, with the EBITDA margin remaining solid at 18.8%, compared to the abnormally high level of 19.2% for 9M 2020 and 17.9% for 9M 2019
- Operating profit grew by 21.7% to RUB 22.0 billion. The operating margin was 13.4%, compared to 13.7% for 9M 2020 and 11.6% for 9M 2019
- Profit for the period increased by 26.4% to RUB 14.9 billion. The net profit margin stood at 9.1%, versus 8.9% and 7.7% for the same periods of 2020 and 2019, respectively

Fix Price CEO Dmitry Kirsanov said:

“Fix Price delivered strong results for the first nine months of 2021 despite the unprecedented challenges that all Russian non-food retailers have been facing. As always, our number-one priority is to continue bringing our customers the most attractive pricing proposition in all of the markets where we operate.

“Revenue for Q3 2021 reached RUB 57.9 billion, an increase of 17.8% year-on-year and up by 63.2% on the same period in 2019, due to growth of like-for-likes and expansion of the store

⁴ EBITDA calculated as profit for the respective period adjusted for income tax expense, interest expense, interest income, depreciation and amortisation expense, and foreign exchange gain / (loss), net.

network in line with our guidance. I would also highlight our team's work to support LFL sales growth in Q3, resulting in an increase of 4.4% compared to Q3 2020, which was characterised by unusually strong growth as COVID restrictions were lifted. Compared to the same period of 2019, LFL sales grew by 25.1%. EBITDA for the period was RUB 11.0 billion, an increase of 17.1% year-on-year. Management has worked hard to control costs and maximise operating leverage in order to maintain a robust EBITDA margin of 19.0%, compared to 19.1% and 19.0% in Q3 2020 and Q3 2019, respectively.

"The flexibility of the Fix Price business model meant that we were able to mitigate the impact of external factors on our results by introducing new items at higher price points and making targeted adjustments to our own private-label products, as well as through fast assortment rotation. High levels of demand at our two new price points of RUB 249 and RUB 299 more than vindicated our decision earlier this year to introduce them, as they accounted for more than 8% of sales in September 2021. We plan to introduce two new price points – at RUB 59 and RUB 79 – in the near future, and expect that two other price points RUB 50 and RUB 77 will be gradually squeezed out, which will give us additional tools for managing our product matrix and margin.

Fix Price seeks to be consistently ahead of the curve when it comes to anticipating customer needs and wants, with regular promotions themed around upcoming holidays and key dates in the calendar being a good example. In August, our back-to-school collection provided additional support for demand in non-food, while at the end of September we introduced our Halloween collection. In mid-October we were among the first retailers to start selling goods for New Year in order to give customers enough time to evaluate our attractively priced offering.

"While it is difficult to assess the overall impact of new measures being introduced to contain rising levels of COVID infections in Russia, we expect that the vast majority of our stores will remain open, as has been the case throughout the past 18 months, given that Fix Price is a systemically important retailer selling essential products, including food. We were able to successfully adapt to the restrictions imposed in spring 2020 while continuing to maintain our growth trajectory. Amid the uncertainty, what we know for sure is that we will take all steps necessary to safeguard our employees and our customers.

Finally, we maintain our forecast for approximately 730 net new store openings this year, and despite expected growth in raw materials costs we plan to keep capex low as a percentage of revenue thanks to our standardised store layouts, high levels of business process automation and unified assortment."

LFL dynamics, %

	Q3 2021	Q3 2020	Q3 2019
LFL sales growth	4.4%	20.6%	13.6%
LFL traffic growth	0.3%	4.1%	4.9%
LFL average ticket growth	4.1%	15.9%	8.2%

	9M 2021	9M 2020	9M 2019
LFL sales growth	9.0%	15.9%	16.7%
LFL traffic growth	5.8%	(1.6%)	8.3%
LFL average ticket growth	3.1%	17.8%	7.7%

Store base, geographical coverage and selling space

	30.09.2021	31.12.2020	30.09.2020
Total number of stores	4,753	4,167	3,965
Russia	4,333	3,891	3,737
Belarus	194	152	134
Kazakhstan	154	89	69
Uzbekistan	44	15	9
Latvia	22	14	10
Georgia	4	4	4
Kyrgyzstan	2	2	2
Number of company-operated stores	4,237	3,742	3,575
Russia	3,878	3,507	3,381
Belarus	185	143	125
Kazakhstan	130	77	60
Uzbekistan	44	15	9
Number of franchised stores	516	425	390
Russia	455	384	356
Belarus	9	9	9
Kazakhstan	24	12	9
Latvia	22	14	10
Georgia	4	4	4
Kyrgyzstan	2	2	2
Selling space (sqm)	1,022,442	889,526	844,380
Company-operated stores	908,946	797,352	760,175
Franchised stores	113,497	92,174	84,205

Development of company-operated stores

	Q3 2021	Q3 2020	Change Q3'21 vs Q3'20, %	9M 2021	9M 2020	Change 9M'21 vs 9M'20, %
Gross openings, incl. buy-outs	185	256	(27.7%)	589	611	(3.6%)
Russia	149	174	(14.4%)	461	430	7.2%
Belarus	14	58	(75.9%)	43	125	(65.6%)
Kazakhstan	16	15	6.7%	55	47	17.0%
Uzbekistan	6	9	(33.3%)	30	9	233.3%
Closures	47	44	6.8%	94	108	(13.0%)
Russia	46	44	4.5%	90	108	(16.7%)
Belarus	-	-	-	1	-	-
Kazakhstan	1	-	-	2	-	-
Uzbekistan	-	-	-	1	-	-
Net openings, incl. buy-outs	138	212	(34.9%)	495	503	(1.6%)
Russia	103	130	(20.8%)	371	322	15.2%

	Q3 2021	Q3 2020	Change Q3'21 vs Q3'20, %	9M 2021	9M 2020	Change 9M'21 vs 9M'20, %
Belarus	14	58	(75.9%)	42	125	(66.4%)
Kazakhstan	15	15	0.0%	53	47	12.8%
Uzbekistan	6	9	(33.3%)	29	9	222.2%

Operating results

Store network expansion

- The total number of stores grew 19.9% y-o-y to 4,753, with franchised stores representing 10.9% of the total store count (up 102 bps y-o-y)
- The Company added 168 net new stores in Q3 2021, including 138 company-operated stores and 30 franchised stores, versus 192 net new stores in Q3 2020, including 212 net new company-operated stores and 20 net closures of franchising stores, reflecting 42 stores bought out from franchisee partners in Belarus and Kazakhstan in Q3 2020
- Fix Price closed 47 company-operated stores in Q3 2021 versus 44 stores in Q3 2020, pursuing an active negotiation policy with landlords and replacing profitable stores with sites nearby on superior leasing terms
- Fix Price continued its active expansion across Russia and internationally: 23.2% of net openings in Q3 2021 were in geographies outside of Russia, leading to a 221 bps increase in the share of international geographies from the start of the year to 8.8% of the total store base as of September 30, 2021
- Total selling space grew by 38.5 ths. sqm during Q3 2021, reaching 1,022.4 ths. sqm (21.1% increase y-o-y). The average selling space per Fix Price store was 215 sqm, compared to 213 sqm a year ago
- In Q3 2021 the Company entered 53 new localities and two new regions in its countries of presence

LFL sales growth

- LFL sales grew by 4.4% in Q3 2021, driven by 4.1% LFL average ticket growth and 0.3% LFL traffic growth on the back of the abnormally high comparators in the previous year. In Q3 2020 LFL sales growth reached 20.6% with a peak of 23.3% in July 2020 driven by a rise in non-food sales when shoppers, after stockpiling in Q2 2020, continued to use Fix Price as a one-stop destination to reduce trips
- Compared to the same periods pre-COVID in 2019, LFL sales grew by 23.8% in Q2 2021 and 25.9% in Q3 2021, marking a recovery trend from the monthly trough of 22.0% in June 2021
- In summer 2021, hot weather and a recovery in international travel put incremental pressure on consumer demand, which remained generally subdued amid price inflation across the board. While shoppers needed time to adapt to the new level of prices given high inflation, the Company saw the first signs of recovery in August supported by the back-to-school season and the temporary effect of government stimulus
- The impact of international geographies is becoming more pronounced as Fix Price continues to actively expand outside Russia. In Kazakhstan, LFL traffic was impacted by government restrictions due to COVID – only people with QR-codes confirming their immune status could visit shopping malls, where the majority of Fix Price stores are located. In Belarus, LFL sales were affected by abnormally high inflation amid pressures on real disposable income, while Fix Price had to temporarily reduce the assortment matrix due to state regulation of prices. Excluding the impact of international geographies, LFL sales growth for company-operated stores in Russia stood at 5.4%

Assortment and category mix

- The share of food in the product mix remained relatively high at 27.9% of retail sales in Q3 2021 versus 25.3% for the same period of 2020, slightly down from 28.9% in Q2 2021 as people started to return to impulse non-food purchases during the back-to-school season. In its advertising campaigns Fix Price started adding on-trend seasonal collections and high-impact “wow” items at higher price points along with lower priced and non-discretionary items, which was reflected in double-digit LFL sales growth in food, seasonal items and stationery
- The share in sales of the new RUB 249 and RUB 299 price points continued to grow and reached 7.8% for Q3 2021, while the share of price points above RUB 100 increased to 27.2%, compared to 18.5% for Q3 2020 due to introduction of new products and continued repricing of existing rotated assortment to mitigate COGS pressure
- The average ticket of RUB 282 in Q3 2021 increased by 5.0% y-o-y from RUB 269, reflecting the gradual shift of the assortment to higher price points
- In November, Fix Price plans to introduce two new price points RUB 59 and RUB 79, and to start price mix reshuffling. This is expected to result in a gradual squeeze out of the assortment at RUB 50 and RUB 77, with the goal of providing further support for gross margin and sales growth

Loyalty programme development

- The total number of registered loyalty card holders increased by 1.5 million during Q3 2021 to 15.4 million, on the back of proactive advertising campaigns and promotional activities for loyalty program members, while the share of active members⁵ remained above 50%
- Transactions using loyalty cards accounted for 46.4% of total retail sales for Q3 2021, compared to 36.3% for the same period in 2020
- The average ticket for purchases made using a loyalty card grew to RUB 410 in Q3 2021 from RUB 405 in Q3 2020. The average ticket for non-loyalty-card purchases in Q3 2021 was RUB 228

Financial results for Q3 and 9M 2021

Statement of comprehensive income highlights

RUB million	Q3 2021	Q3 2020	Q3 2019	Change Q3'21 vs Q3'20, %	Change Q3'21 vs Q3'19, %
Revenue	57,850	49,095	35,447	17.8%	63.2%
Retail revenue	51,216	43,192	30,598	18.6%	67.4%
Wholesale revenue	6,634	5,903	4,849	12.4%	36.8%
Cost of sales	(39,464)	(33,313)	(24,096)	18.5%	63.8%
Gross profit	18,386	15,782	11,351	16.5%	62.0%
<i>Gross margin, %</i>	<i>31.8%</i>	<i>32.1%</i>	<i>32.0%</i>	<i>(36 bps)</i>	<i>(24 bps)</i>
SG&A (excl. D&A)	(7,671)	(6,498)	(4,704)	18.1%	63.1%
Other op. income and share of profit of associates	249	81	98	207.4%	154.1%
EBITDA	10,964	9,365	6,742	17.1%	62.6%

⁵ Members of the loyalty program that make at least one purchase per month

RUB million	Q3 2021	Q3 2020	Q3 2019	Change Q3'21 vs Q3'20, %	Change Q3'21 vs Q3'19, %
<i>EBITDA margin, %</i>	19.0%	19.1%	19.0%	(12 bps)	(7 bps)
D&A	(3,084)	(2,467)	(2,255)	25.0%	36.8%
EBIT	7,880	6,898	4,490	14.2%	75.5%
<i>EBIT margin, %</i>	13.6%	14.0%	12.7%	(43 bps)	95 bps
Net finance costs	(370)	(303)	(180)	22.1%	105.6%
FX gain / (loss), net	(14)	(1,098)	121	(98.7%)	n/a
Profit before tax	7,496	5,497	4,431	36.4%	69.2%
Income tax expense	(2,377)	(2,718)	(828)	(12.5%)	187.1%
Profit for the period	5,119	2,779	3,603	84.2%	42.1%
<i>Net profit margin, %</i>	8.8%	5.7%	10.2%	319 bps	(132 bps)

RUB million	9M 2021	9M 2020	9M 2019	Change 9M'21 vs 9M'20, %	Change 9M'21 vs 9M'19, %
Revenue	163,966	131,964	99,535	24.3%	64.7%
Retail revenue	144,242	114,698	86,080	25.8%	67.6%
Wholesale revenue	19,724	17,266	13,455	14.2%	46.6%
Cost of sales	(112,432)	(89,084)	(68,296)	26.2%	64.6%
Gross profit	51,534	42,880	31,239	20.2%	65.0%
<i>Gross margin, %</i>	31.4%	32.5%	31.4%	(106 bps)	4 bps
SG&A (excl. D&A)	(21,412)	(17,736)	(13,672)	20.7%	56.6%
Other op. income and share of profit of associates	670	202	266	231.7%	151.9%
EBITDA	30,792	25,346	17,833	21.5%	72.7%
<i>EBITDA margin, %</i>	18.8%	19.2%	17.9%	(43 bps)	86 bps
D&A	(8,760)	(7,249)	(6,263)	20.8%	39.9%
EBIT	22,032	18,097	11,570	21.7%	90.4%
<i>EBIT margin, %</i>	13.4%	13.7%	11.6%	(28 bps)	181 bps
Net finance costs	(1,017)	(620)	(649)	64.0%	56.7%
FX gain / (loss), net	82	2	(230)	4,000.0%	n/a
Profit before tax	21,097	17,479	10,691	20.7%	97.3%
Income tax expense	(6,190)	(5,686)	(2,979)	8.9%	107.8%
Profit for the period	14,907	11,793	7,712	26.4%	93.3%
<i>Net profit margin, %</i>	9.1%	8.9%	7.7%	15 bps	134 bps

Selling, general and administrative expenses

RUB mln	Q3 2021	Q3 2020	Q3 2019	Change Q3'21 vs Q3'20, %	Change Q3'21 vs Q3'19, %
Staff costs	5,310	4,568	3,274	16.2%	62.2%
<i>% of revenue</i>	9.2%	9.3%	9.2%	(13 bps)	(6 bps)
Depreciation of right-of-use assets	2,378	1,868	1,798	27.3%	32.3%

RUB mln	Q3 2021	Q3 2020	Q3 2019	Change Q3'21 vs Q3'20, %	Change Q3'21 vs Q3'19, %
% of revenue	4.1%	3.8%	5.1%	31 bps	(96 bps)
Other depreciation and amortisation	706	599	457	17.9%	54.5%
<i>% of revenue</i>	1.2%	1.2%	1.3%	0 bps	(7 bps)
Bank charges	646	520	314	24.2%	105.7%
<i>% of revenue</i>	1.1%	1.1%	0.9%	6 bps	23 bps
Rental expense	404	398	211	1.5%	91.7%
<i>% of revenue</i>	0.7%	0.8%	0.6%	(11 bps)	10 bps
Security services	433	328	276	32.0%	56.9%
<i>% of revenue</i>	0.7%	0.7%	0.8%	8 bps	(3 bps)
Advertising costs	199	186	146	7.0%	36.3%
<i>% of revenue</i>	0.3%	0.4%	0.4%	(3 bps)	(7 bps)
Repair and maintenance costs	217	176	63	23.3%	244.4%
<i>% of revenue</i>	0.4%	0.4%	0.2%	2 bps	20 bps
Utilities	175	164	212	6.7%	(17.5%)
<i>% of revenue</i>	0.3%	0.3%	0.6%	(3 bps)	(30 bps)
Other expenses	287	158	208	81.6%	38.0%
<i>% of revenue</i>	0.5%	0.3%	0.6%	17 bps	(9 bps)
SG&A (excl. D&A)	7,671	6,498	4,704	18.1%	63.1%
<i>% of revenue</i>	13.3%	13.2%	13.3%	2 bps	(1 bps)
Total SG&A	10,755	8,965	6,959	20.0%	54.5%
<i>% of revenue</i>	18.6%	18.3%	19.6%	33 bps	(104 bps)

RUB mln	9M 2021	9M 2020	9M 2019	Change 9M'21 vs 9M'20, %	Change 9M'21 vs 9M'19, %
Staff costs	14,871	12,428	9,511	19.7%	56.4%
<i>% of revenue</i>	9.1%	9.4%	9.6%	(35 bps)	(49 bps)
Depreciation of right-of-use assets	6,803	5,585	4,956	21.8%	37.3%
<i>% of revenue</i>	4.1%	4.2%	5.0%	(8 bps)	(83 bps)
Other depreciation and amortisation	1,957	1,664	1,307	17.6%	49.7%
<i>% of revenue</i>	1.2%	1.3%	1.3%	(7 bps)	(12 bps)
Bank charges	1,797	1,383	858	29.9%	109.4%
<i>% of revenue</i>	1.1%	1.0%	0.9%	5 bps	23 bps
Rental expense	1,112	1,131	871	(1.7%)	27.7%
<i>% of revenue</i>	0.7%	0.9%	0.9%	(18 bps)	(20 bps)
Security services	1,177	976	802	20.6%	46.8%
<i>% of revenue</i>	0.7%	0.7%	0.8%	(2 bps)	(9 bps)
Advertising costs	555	460	452	20.7%	22.8%
<i>% of revenue</i>	0.3%	0.3%	0.5%	(1 bps)	(12 bps)
Repair and maintenance costs	619	524	420	18.1%	47.4%
<i>% of revenue</i>	0.4%	0.4%	0.4%	(2 bps)	(4 bps)
Utilities	515	400	354	28.8%	45.4%
<i>% of revenue</i>	0.3%	0.3%	0.4%	1 bps	(4 bps)
Other expenses	766	434	404	76.5%	89.6%

RUB mln	9M 2021	9M 2020	9M 2019	Change 9M'21 vs 9M'20, %	Change 9M'21 vs 9M'19, %
% of revenue	0.5%	0.3%	0.4%	14 bps	6 bps
SG&A (excl. D&A)	21,412	17,736	13,672	20.7%	56.6%
% of revenue	13.1%	13.4%	13.7%	(38 bps)	(68 bps)
Total SG&A	30,172	24,985	19,935	20.8%	51.4%
% of revenue	18.4%	18.9%	20.0%	(53 bps)	(163 bps)

The Group's **revenue** was up by 17.8% to RUB 57.9 billion for Q3 2021, with an 18.6% increase in retail revenue and 12.4% growth in wholesale revenue.

Growth in the Group's **retail revenue** to RUB 51.2 billion was driven primarily by an increase in the average number of stores operated by the Group, supported by a 4.4% increase in like-for-like sales, which were partially offset by a decrease of sales densities in Belarus and Kazakhstan amid unfavourable macro environment and government restrictions. Growth in the Group's **wholesale revenue** to RUB 6.6 billion was due to the expansion of its franchised stores footprint. The share of wholesale revenue in the Company's total revenue decreased by 56 bps to 11.5%, driven primarily by the buyout of 42 franchised stores in international geographies in Q3 2020.

Gross profit increased by 16.5% y-o-y to RUB 18.4 billion for Q3 2021. The **gross margin** was 31.8%, down just 36 bps from 2020, reflecting significantly higher freight costs amid continued dislocations in the international transportation market and commodities price inflation, leading to growth in cost of goods sold, which were largely mitigated by the Group's ability to adjust to the external macro challenges. Introduction of new assortment at higher price points, product reengineering and fast assortment rotation helped gradually absorb the higher cost of goods, whilst higher non-food sales of seasonal assortment further supported our gross margin in Q3 2021.

In comparison with the pre-pandemic environment of Q3 2019, the gross margin for Q3 2021 was down by just 24 bps despite significant macroeconomic headwinds due to freight, commodities and FX pressures.

Transportation costs as a share of revenue remained largely flat year-on-year at 1.7% in Q3 2021 despite an increase in the number of longer trips to international geographies on the back of network expansion, increased tariffs, as well as higher share of retail revenue in the overall revenue mix. In comparison with Q3 2019, transportation costs as percentage of revenue increased by 13 bps.

Inventory write-down due to shrinkage and write-offs to net realisable value in Q3 2021 remained stable year-on-year at 0.8% as a share of revenue, despite a slightly higher share of retail revenue in the overall revenue mix. Shrinkage and write-downs as a percentage of revenue improved by 13 bps compared to Q3 2019.

The Group's **selling, general and administrative expenses** increased as percentage of revenue by 33 bps to 18.6% mainly due to higher share of depreciation of right-of-use assets. SG&A excluding D&A as percentage of revenue was flat at 13.3% driven by improved operating efficiency in staff costs, rental expenses and advertising costs, which offset higher shares of bank charges, security services, repair and maintenance and other expenses.

Staff costs as a percentage of revenue decreased by 13 bps to 9.2% as growth of average wages in line with the market was fully compensated by operating leverage thanks to continued improved efficiency of HQ personnel.

Rental expenses (in accordance with IAS 17) slightly improved by 5 bps y-o-y to 5.0% of revenue, reflecting continued efforts to extend favourable lease terms in the post-COVID environment.

Rental expenses (under IFRS 16) improved by 11 bps y-o-y to 0.7% of revenue. In absolute terms, rental expenses increased by just 1.5% to RUB 404 million due to a reduction in the average lease rate on variable leases, as the new lease contracts bear a lower rate compared to the existing portfolio. A change in structuring of variable lease contracts also contributed to the performance – all the contracts with floating rate include a fixed minimum payment component, that is being capitalised under IFRS 16 accounting standards. This fixed component increased compared to the previous year, when it was at

minimal levels amid COVID-19 environment, resulting into a respective growth of D&A and decrease of rental expenses (under IFRS 16).

Depreciation and amortisation (D&A) expenses grew by 25.0%, driven by a 27.3% increase in depreciation of right-of-use assets due to changes in the structuring of lease contracts and a 17.9% increase in other D&A.

Bank charges increased by 6 bps to 1.1% of revenue, driven by a continued increase in the share of non-cash payments with higher commissions on bank card transactions compared to cash transactions.

Utilities as a share of revenue remained stable y-o-y at 0.3% despite growth of tariffs and the abnormally hot summer of 2021, mitigated by partial passing of utilities costs to landlords under newly signed contracts.

Costs for security services were up by 8 bps to 0.7% of revenue, whilst advertising costs as percentage of revenue decreased by 3 bps to 0.3% due to automation of call centre services and other efficiencies.

Other expenses increased by 17 bps to 0.5% of revenue due to expenses related to the Company's public status, as well as renewed business trips, which were partially offset by income received from a depositary bank in connection with the IPO, with the latter being accrued on a linear basis during the life of the depositary facility.

EBITDA IAS 17 and IFRS 16 reconciliation

RUB mln	Q3 2021	Q3 2020	Q3 2019
EBITDA IFRS 16	10,964	9,365	6,742
Rental expense	(2,511)	(2,098)	(1,882)
Utilities	(38)	(39)	(42)
EBITDA IAS 17	8,415	7,228	4,818

RUB mln	9M 2021	9M 2020	9M 2019
EBITDA IFRS 16	30,792	25,346	17,833
Rental expense	(7,275)	(5,748)	(5,255)
Utilities	(114)	(119)	(116)
EBITDA IAS 17	23,403	19,479	12,462

EBITDA under IFRS 16 was up by 17.1% to RUB 11.0 billion for Q3 2021. The **EBITDA margin** was slightly down by 12 bps y-o-y and stood at 19.0%, with strict SG&A control successfully mitigating pressure on the gross margin and the LFL sales. Compared to pre-COVID Q3 2019, the EBITDA margin also remained flat.

EBITDA under IAS 17 increased by 16.4% to RUB 8.4 billion for Q3 2021, with the IAS 17-based EBITDA margin standing at strong 14.5% versus 14.7% for Q3 2020 and 13.6% for Q3 2019.

Net finance costs in Q3 2021 increased by 22.1% to RUB 370 million, driven by an increase in loans and borrowings year-on-year.

In Q3 2021 the Group recorded an **FX loss** of RUB 14 million, compared to a RUB 1,098 million loss in Q3 2020; the loss in Q3 2020 was attributable primarily to revaluation of trade accounts denominated in foreign currency.

The Group's total **income tax expense** was down by 12.5% to RUB 2.4 billion in Q3 2021. The effective tax rate was 31.7% in the reporting period versus 49.4% in Q3 2020. The abnormally high effective tax rate in Q3 2020 was attributable to withholding tax accrued on intra-group dividends.

Profit for the period increased by 84.2% y-o-y to RUB 5.1 billion. The net profit margin was 8.8% versus 5.7% for Q3 2020.

Statement of financial position highlights

RUB mln	30.09.2021	31.12.2020	30.09.2020
Current loans and borrowings	20,617	15,680	14,696
Current lease liabilities	6,945	6,339	5,910
Non-current lease liabilities	3,923	3,713	3,735
Cash and cash equivalents	(3,797)	(26,375)	(18,521)
Net Debt/(Cash)	27,688	(643)	5,820
Dividends payable	-	23,658	98
Adjusted Net Debt	27,688	23,015	5,918
Adjusted Net Debt/ EBITDA (IFRS 16)	0.7x	0.6x	0.2x
Current lease liabilities	(6,945)	(6,339)	(5,910)
Non-current lease liabilities	(3,923)	(3,713)	(3,735)
IAS 17-Based Net Debt/(Cash)	16,820	12,963	(3,727)
IAS17-based Adjusted Net Debt/ EBITDA (IAS 17)	0.5x	0.5x	(0.1x)

As of 30 September 2021, the Group's total **loans, borrowings and lease liabilities** amounted to RUB 31.5 billion, up RUB 5.8 billion from the start of the year on the back of raising additional financial debt for dividend financing amid seasonality in cash generation.

As of 30 September 2021, adjusted net debt was RUB 27.7 billion, while IAS 17-based adjusted net debt stood at RUB 16.8 billion. The Group's IAS 17-based adjusted net debt to EBITDA ratio remained low at a conservative 0.5x, well below the threshold of 1.0x set in the Group's guidance.

Statement of cash flows highlights

RUB mln	Q3 2021	Q3 2020	Q3 2019
Profit before tax	7,496	5,497	4,431
Cash from operating activities before changes in working capital	11,406	9,751	7,049
Changes in working capital	(306)	(2,269)	(1,203)
Net cash generated from operations	11,100	7,482	5,846
Net interest paid	(411)	(307)	(202)
Income tax paid	(3,320)	(1,754)	(1,176)
Net cash flows from operating activities	7,369	5,421	4,468
Net cash flows used in investing activities	(1,420)	(990)	(879)
Net cash flows used in financing activities	(7,096)	6,178	(1,146)
Effect of exchange rate fluctuations on cash and cash equivalents	(15)	123	72
Net (decrease) / increase in cash and cash equivalents	(1,162)	10,732	2,515

RUB mln	9M 2021	9M 2020	9M 2019
Profit before tax	21,097	17,479	10,691
Cash from operating activities before changes in working capital	32,165	26,333	18,707
Changes in working capital	(6,743)	(3,357)	(3,717)

RUB mln	9M 2021	9M 2020	9M 2019
Net cash generated from operations	25,422	22,976	14,990
Net interest paid	(1,152)	(679)	(685)
Income tax paid	(6,435)	(4,053)	(2,374)
Net cash flows from operating activities	17,835	18,244	11,931
Net cash flows used in investing activities	(5,133)	(3,491)	(3,225)
Net cash flows used in financing activities	(35,335)	(9,525)	153
Effect of exchange rate fluctuations on cash and cash equivalents	55	1,412	(387)
Net (decrease) / increase in cash and cash equivalents	(22,578)	6,640	8,472

As of 30 September 2021, the Group's net trade working capital⁶ stood at RUB 4.6 billion, compared with RUB 2.7 billion as of 30 September 2020, as amid global supply chain disruptions the Company brought forward import purchases to ensure stores remained stocked with the full assortment.

CAPEX for the reporting period amounted to RUB 1.4 billion compared with RUB 1.1 billion for the same period of 2020. The year-on-year increase was driven by higher investments in the distribution centre network and IT in Q3 2021 that was to some extent offset by a smaller increase in company-operated stores, as openings of company-operated stores in Q3 2020 were elevated by franchisees' buy-outs.

About the Company

Fix Price (LSE and MOEX: FIXP), one of the leading variety value retailers globally and the largest in Russia, has helped its customers save money every day since 2007. Fix Price offers its customers a unique and constantly refreshed product assortment of non-food goods, personal care and household products and food items at low fixed price points.

Today there are more than 4,700 Fix Price stores in Russia and neighbouring countries, 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.

In 2020, the Company recorded revenue of RUB 190.1 billion, EBITDA of RUB 36.8 billion and net profit of RUB 17.6 billion, in accordance with IFRS.

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⁶ Net trade working capital is calculated as Inventories *plus* Receivables and other financial assets *minus* Payables and other financial liabilities