FIX PRICE ANNOUNCES FINANCIAL RESULTS FOR H1 2022

Revenue +24%	Gross Margin +175 bps	EBITDA Margin +104 bps	LFL Sales
132 RUB billion	33.0%	19.7%	13.5%

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Flexible business model enables growth and rapid adaptation to new market environment

19 September 2022, Limassol, Cyprus – 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 auditor-reviewed IFRS financial results for the six months ended 30 June 2022 (H1 2022).

KEY HIGHLIGHTS

- H1 2022 revenue was up 24.2% y-o-y to RUB 131.8 billion, driven by store network expansion and LFL sales growth
- H1 2022 LFL sales[1] for Russian stores were up 15.8% y-o-y. H1 2022 LFL sales for the Group increased by 13.5%, driven by 14.3% growth in the LFL average ticket, which fully offset a slight contraction in LFL traffic of 0.7%
- H1 2022 gross margin reached 33.0% vs 31.2% in H1 2021. Gross margin was up 175 bps y-o-y thanks to an evolving assortment proposition and cost of sales optimisation
- H1 2022 EBITDA margin grew by 104 bps y-o-y to 19.7% on the back of gross margin improvement, which was partially offset by an increase in staff costs, as the Company continued to invest in human capital
- Operating profit margin was up 155 bps to 14.9%, supported primarily by the growth in EBITDA margin, as well as a contraction in the share of D&A in revenue
- Profit for the period amounted to RUB 5.1 billion
- The IAS 17–based adjusted net debt to EBITDA ratio was 0.5x, well below the threshold of 1.0x set out in the Group's guidance

[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 were open for at least 12 full calendar months preceding the reporting date. LFL sales and average ticket are 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/or comparable periods

"At a time of heightened economic uncertainty, we are more aware than ever of Fix Price's role and responsibility in society. It is crucial that, regardless of one's personal or financial circumstances, people are able to buy essentials at affordable prices. I believe that our efforts support Fix Price's customers and employees, as well as our numerous partners.

"We have continued to expand the Fix Price network, creating new jobs and helping develop the economy across our extensive geography of operations. We opened 363 new stores in the first half of the year, and remain committed to our plans for 750 net store openings in 2022. In August, we opened a new distribution centre in Samara with an area of 40 thousand square metres. We are also planning to open a second warehouse in Novosibirsk in 2022 and a distribution centre in Domodedovo in the first quarter of 2023 to support store rollout.

"In terms of business processes, our priorities in the new economic environment were to rebuild supply chains, establish new partnerships and ensure the smooth functioning of our business processes across the Company's vast geography. Notably, when international container shipping companies ceased activities in Russia, we promptly switched from sea freight to railway transportation. We also adjusted our approach to inventory management. To that end, we purchased goods in advance and offered our suppliers more flexible payment terms in order to guarantee the best prices for our customers and ensure the availability of in-demand goods on store shelves. In addition, we set up partnerships with new local suppliers of everyday necessities which we continue to expand. The new high-quality assortment at affordable prices has been met with solid feedback from our customers.

"In response to ongoing restrictions, the Fix Price Board of Directors suspended the Company's existing dividend policy and cancelled the planned payout of final dividends for 2021 in the amount of RUB 5.8 billion. This is a necessary and temporary measure resulting from external factors. The Company intends to begin paying dividends again as the situation stabilises. We will provide updates to the market in due course.

"In conclusion, I would like to thank all our employees for their diligence and commitment, which enabled us to quickly respond to changes in the market environment. Our robust financial performance in the first half of 2022 indicates that we are rapidly adapting our business processes and, of course, our offer to meet current consumer demands. In the first half of 2022, revenue increased by 24.2% to RUB 131.8 billion, and EBITDA increased by a third to RUB 26.0 billion. I am confident that our team's experience, expertise and ability to adapt to different business cycles will remain a key advantage to the Company and will provide a solid foundation for our further sustainable growth."

Dmitry Kirsanov, CEO of Fix Price

FINANCIAL RESULTS FOR H1 2022

Statement of comprehensive income highlights

RUB million	H1 2022	H1 2021	Change
Revenue	**131,788**	**106,116**	**24.2%**
Retail revenue	116,688	93,026	25.4%
Wholesale revenue	15,100	13,090	15.4%
Cost of sales	(88,311)	(72,968)	21.0%
Gross profit	**43,477**	**33,148**	**31.2%**
Gross margin, %	*33.0%*	*31.2%*	*175 bps*
SG&A (excl. D&A)	(18,219)	(13,741)	32.6%
Other op. income and share of profit of associates	733	421	74.1%
EBITDA	**25,991**	**19,828**	**31.1%**
EBITDA margin, %	*19.7%*	*18.7%*	*104 bps*
D&A	(6,373)	(5,676)	12.3%
Operating profit	**19,618**	**14,152**	**38.6%**
Operating profit margin, %	*14.9%*	*13.3%*	*155 bps*
Net finance costs	(1,626)	(647)	151.3%
FX (loss) / gain, net	(1,888)	96	n/a
Profit before tax	**16,104**	**13,601**	**18.4%**
Income tax expense	(11,009)	(3,813)	188.7%
Profit for the period	**5,095**	**9,788**	**(47.9%)**
Net profit margin, %	*3.9%*	*9.2%*	*(536 bps)*

LFL dynamics, %

	H1 2022	H1 2021
LFL sales	13.5%	11.9%
LFL traffic	(0.7%)	9.0%
LFL average ticket	14.3%	2.6%

Store selling space

	30 Jun 2022	30 Jun 2021	Change
Selling space (sqm)	**1,137,140**	**983,919**	**15.6%**
Company-operated stores	1,009,087	877,518	15.0%
Franchised stores	128,053	106,401	20.3%

The Group's **revenue** was up 24.2% y-o-y to RUB 131.8 billion for H1 2022, driven by a 25.4% growth in retail revenue and a 15.4% increase in wholesale revenue.

Retail revenue reached RUB 116.7 billion on the back of network expansion and a 13.5% increase in like-for-like sales.

LFL sales were up 13.5% y-o-y in H1 2022, driven by a 14.3% increase in the LFL average ticket, which offset a slight 0.7% decrease in LFL traffic. LFL sales were led by Russia, which saw an increase of 15.8% y-o-y in H1 2022.

Wholesale revenue grew to RUB 15.1 billion, driven by the opening of new franchised stores, while the share of wholesale revenue in the Company's total revenue decreased by 88 bps to 11.5%.

Please refer to our Q2 and H1 2022 operating results press release for more details on revenue drivers.

Gross profit increased by 31.2% y-o-y to RUB 43.5 billion in H1 2022. **Gross margin** grew by 175 bps y-o-y to 33.0% thanks to our ongoing efforts to improve the assortment, which offset the pressure of increased cost of sales due to higher raw material costs, among other factors. Despite a higher share of food and drogerie (household chemicals and hygiene products) in the sales mix, gross margin was supported by product rotation and redesign, as well as an evolving price point architecture that retains the Group's highly attractive value proposition.

The overall positive impact of **transportation costs** and **inventory write-downs** on revenue was 9 bps. **Transportation costs** as a percentage of revenue decreased by 22 bps y-o-y to 1.6% thanks to the positive effect of operating leverage, while **inventory write-downs** increased by 13 bps y-o-y to 1.0% of revenue, due to a higher share of retail revenue in the overall revenue mix, as well as the application of higher accruals compared to the previous year based on the results of the FY 2021 factual inventory count.

Selling, general and administrative expenses

RUB million	H1 2022	H1 2021	Change
Staff costs	13,000	9,561	36.0%
% of revenue	*9.9%*	*9.0%*	*85 bps*
Depreciation of right-of-use assets	4,822	4,425	9.0%
% of revenue	*3.7%*	*4.2%*	*(51 bps)*
Bank charges	1,309	1,151	13.7%
% of revenue	*1.0%*	*1.1%*	*(9 bps)*
Other depreciation and amortisation	1,551	1,251	24.0%
% of revenue	*1.2%*	*1.2%*	-
Rental expense	1,055	708	49.0%
% of revenue	*0.8%*	*0.7%*	*13 bps*

RUB million	H1 2022	H1 2021	Change
Security services	857	744	15.2%
% of revenue	*0.7%*	*0.7%*	*(5 bps)*
Repair and maintenance costs	598	402	48.8%
% of revenue	*0.5%*	*0.4%*	*7 bps*
Utilities	425	340	25.0%
% of revenue	*0.3%*	*0.3%*	-
Advertising costs	378	356	6.2%
% of revenue	*0.3%*	*0.3%*	*(5 bps)*
Other expenses	597	479	24.6%
% of revenue	*0.5%*	*0.5%*	-
SG&A (excl. D&A)	**18,219**	**13,741**	**32.6%**
% of revenue	***13.8%***	***12.9%***	***88 bps***
Total SG&A	**24,592**	**19,417**	**26.7%**
% of revenue	***18.7%***	***18.3%***	***36 bps***

Selling, general and administrative expenses (SG&A) excluding D&A as a percentage of revenue were up 88 bps to 13.8%, driven by the growth in the share of staff costs, rental expenses, and repair and maintenance services, which was partially mitigated by the decreased share of bank charges, security services and advertising costs. The Group's **total SG&A** as a percentage of revenue grew by only 36 bps to 18.7% on the back of a 51 bps y-o-y contraction in the share of depreciation of right-of-use assets.

Staff costs as a percentage of revenue grew by 85 bps to 9.9% due to the base effect on the back of the salary indexation conducted in H2 2021 driven by wage inflation and competition for talent, as well as higher accruals made for compensation for FY 2022.

Rental expense (under IFRS 16) increased by 13 bps y-o-y to 0.8% of revenue (up 14 bps to 0.9% of retail revenue) mainly due to the higher variable component under variable lease contracts on the back of the Group's strong LFL sales. This increase was also caused by the growing share of variable lease contracts in the total contract base, which stood at 56% compared to 51% for the same period of the previous year.

Rental expense (under IAS 17) was down 34 bps y-o-y to 4.8% of revenue (down 44 bps to 5.4% of retail revenue) despite the growing share of variable component in total leases amid solid trading performance, which reflects the Group's efforts over the last few years to improve lease terms.

Depreciation and amortisation (D&A) expenses as a percentage of revenue decreased by 51 bps to 4.8%, driven by a reduction in the share of depreciation of right-of-use assets on the back of the higher variable component under variable lease contracts and the growing share of variable lease contracts in the total lease contract base.

Bank charges decreased by 9 bps to 1.0% of revenue due to a reduction in commissions on bank card transactions following the Central Bank of Russia's resolution dated 18 March 2022 to temporarily limit banks' acquiring commissions for businesses selling products and services of social importance.

Costs for security services and **advertising costs** decreased by 5 bps each to 0.7% and 0.3% of revenue respectively due to the optimisation of business processes and the effect of operating leverage.

Repair and maintenance costs rose 7 bps to 0.5% of revenue due to price inflation for consumable materials.

Utilities as a share of revenue remained flat y-o-y at 0.3% thanks to efficient store management and successful negotiations with landlords, which helped mitigate tariff growth**.**

Other expenses also remained flat y-o-y at 0.5% of revenue.

Other operating income and the share of profit of associates grew by 16 bps to 0.6% of revenue on the back of higher proceeds from the sale of waste such as cardboard and stretch film for recycling, as well as income received from a depositary bank in connection with the IPO, which is accrued on a linear basis during the life of the depositary facility.

EBITDA IFRS 16 and IAS 17 reconciliation

RUB million	H1 2022	H1 2021	Change
EBITDA IFRS 16	**25,991**	**19,828**	**31.1%**
EBITDA margin (IFRS 16)	*19.7%*	*18.7%*	*104 bps*
Rental expense	(5,294)	(4,764)	
Utilities	(83)	(76)	
EBITDA IAS 17	**20,614**	**14,988**	**37.5%**
EBITDA margin (IAS 17)	*15.6%*	*14.1%*	*152 bps*

EBITDA (**under IFRS 16)** was up 31.1% to RUB 26.0 billion for H1 2022. The **EBITDA margin** increased by 104 bps y-o-y and stood at 19.7% thanks to gross margin growth, which was partially offset by the increase in SG&A expenses (excl. D&A).

EBITDA (**under IAS 17)** grew by 37.5% to RUB 20.6 billion for H1 2022. **EBITDA margin (under IAS 17)** was 15.6%, compared to 14.1% for H1 2021.

Net finance costs in H1 2022 grew by 151.3% y-o-y to RUB 1.6 billion, driven by an increase in loans and borrowings on a year-on-year basis and higher average loan rates, as well as by the growth of the interest expense on lease liabilities. This reflects higher market interest rates and store portfolio growth, which were partially mitigated by an increase in interest income on the Group's deposits.

In H1 2022, the Group recorded an **FX loss** of RUB 1,888 million, compared to the RUB 96 million gain in H1 2021, due to the following factors on the back of the rouble appreciation: the loss on the revaluation of the Group's bank accounts denominated in foreign currencies, the loss on the revaluation of rouble-denominated intra-group accounts payable of the Group's international entities, and the loss on forward contracts, which were partially offset by the gain on the revaluation of trade accounts payable.

The Group's total **income tax expense** increased to RUB 11.0 billion in H1 2022, versus RUB 3.8 billion in H1 2021, due to the one-off effect of provisions made in H1 2022.

Profit for the period decreased by 47.9% y-o-y to RUB 5.1 billion due to FX loss and higher tax expense. The net profit margin for the period was 3.9%.

Statement of financial position highlights

RUB million	30 Jun 2022	31 Dec 2021	30 Jun 2021
Current loans and borrowings	18,296	21,523	15,613
Non-current loans and borrowings	4,168	-	-
Current lease liabilities	7,285	6,971	6,707
Non-current lease liabilities	4,355	3,765	4,103
Cash and cash equivalents	(7,700)	(8,779)	(4,959)
Net debt	**26,404**	**23,480**	**21,464**
Dividends payable	5,800	-	-
Adjusted net debt	**32,204**	**23,480**	**21,464**
Adjusted net debt / EBITDA (IFRS 16)	**0.6x**	**0.5x**	**0.5x**
Current lease liabilities	(7,285)	(6,971)	(6,707)
Non-current lease liabilities	(4,355)	(3,765)	(4,103)
IAS 17-based adjusted net debt	**20,564**	**12,744**	**10,654**
IAS 17-based adjusted net debt / EBITDA	**0.5x**	**0.4x**	**0.4x**

In H1 2022 the Group raised RUB 4.2 billion in long-term debt, while current bank loans and borrowings decreased by RUB 3.2 billion from the start of the year. As a result, total **loans and borrowings** stood at RUB 22.5 billion as of 30 June 2022, versus RUB 21.5 billion as of 31 December 2021. The growth of **lease liabilities** to RUB 11.6 billion from RUB 10.7 billion at the start of the year was driven by higher market interest rates and an increase in the number of lease contracts on the back of store network growth. As a result, the Group's total **loans, borrowings and lease liabilities** amounted to RUB 34.1 billion, up RUB 1.8 billion from the start of the year.

As of 30 June 2022, adjusted net debt amounted to RUB 32.2 billion, while IAS 17-based adjusted net debt was RUB 20.6 billion. The Group's **IAS 17-based adjusted net debt to EBITDA ratio** remained at a conservative 0.5x, well below the threshold of 1.0x set out in the Group's guidance.

Statement of cash flows highlights

RUB million	H1 2022	H1 2021
Profit before tax	16,104	13,601
Cash from operating activities before changes in working capital	27,315	20,759
Changes in working capital	(11,765)	(6,437)
Net cash generated from operations	**15,550**	**14,322**
Net interest paid	(1,542)	(741)
Income tax paid	(5,641)	(3,115)
Net cash from operating activities	**8,367**	**10,466**
Net cash used in investing activities	**(4,783)**	**(3,713)**
Net cash used in financing activities	**(3,918)**	**(28,239)**
Effect of exchange rate fluctuations on cash and equivalents	(745)	70
Net (decrease) / increase in cash and equivalents	**(1,079)**	**(21,416)**

The Group bought more safety stock as it had to fully restructure the transportation of imported goods and switch from sea freight to railway transportation after international container shipping companies ceased operations in Russia in H1 2022. Furthermore, following the limitation of Russian operations by a number of large FMCG producers, Fix Price succeeded in finding and contracting new local suppliers to manufacture goods of similar or better quality and in retaining the consumer appeal of its merchandise. By offering more flexible payment terms to its suppliers, the Company was able to ensure that in turbulent market conditions its customers could get everything they need at the best value. These proactive measures aimed at supporting the availability of a constantly rotated assortment amid supply chain disruptions positively affected sales, while the Group's **net trade working capital**[2] stood at RUB 18.0 billion, compared to RUB 4.4 billion as of 30 June 2021.

[2] Net trade working capital is calculated as Inventories *plus* Receivables and other current assets *minus* Payables and other financial liabilities

CAPEX was RUB 3.7 billion, generally in line with the same period of 2021 when it amounted to RUB 3.8 billion, as inflation in store and DC opening capex was offset by lower investment in refurbishments and IT.

Update on dividends

The Company today announces that the Board of Directors has temporarily suspended the Group's dividend policy and cancelled the planned final dividend payout for 2021 in the amount of RUB 5.8 billion. The Company stresses its commitment to paying dividends once the situation with restrictions stabilises. The Company will provide an update to the market on future dividend payouts in due course.

Long-term employee incentive programme

The Company is exploring the possibility of introducing a long-term employee incentive programme (the "Programme") that may also include a buyback of its Global Depositary Receipts. The time frame and parameters of the Programme will be communicated in due course.

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.

As of 30 June 2022, Fix Price operated 5,267 Fix Price stores in Russia and neighbouring countries, all of them stocking approximately 2,000 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. As of June 2022, the Company operated 8 DCs covering 80 regions of Russia and 6 countries.

In 2021, the Company recorded revenue of RUB 230.5 billion, EBITDA of RUB 44.2 billion and net profit of RUB 21.4 billion, in accordance with IFRS.

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