

Fix Price announces key operating results for Q4 and FY 2021

24 January 2022 – Fix Price (LSE and MOEX: FIXP, the “Company”), one of the leading variety value retailers globally and the largest in Russia, today announces its operating results based on management accounts for the fourth quarter (Q4 2021) and 12 months (FY 2021) ended 31 December 2021.

Key highlights

- FY revenue up 21.3% y-o-y to RUB 230.5 billion, driven by store network expansion and LFL sales growth
- FY LFL sales¹ for Russian stores unaffected by restrictions up by 9.0%. FY LFL sales for the Group up 7.2% y-o-y, reflecting new restrictions due to COVID as well as impact of international geographies
- FY EBITDA margin is expected to be in 19% area
- 750 net new store openings planned for 2022, following 737 net new stores in 2021, which was ahead of guidance for 730 net new store openings

Dmitry Kirsanov, CEO of Fix Price, said:

Our results for Q4 and FY 2021 once again demonstrate the resilience and flexibility of Fix Price’s business model to deliver strong operational and financial performance in a challenging operating environment. Revenue for the full year increased by 21.3%, driven by the acceleration of our store opening programme, as well as LFL sales growth of 9.0% for Russian stores unaffected by restrictions, and 7.2% for the Group overall.

Amid challenges including high inflation, FX volatility and elevated freight costs, as well as COVID-related restrictions in some regions that directly affected our stores located in shopping malls, our ability to deliver on those things we can control remains superior. Management used a range of tools – including fast assortment rotation, product engineering and the introduction of new price points – to anticipate and respond to external headwinds and maintain margins.

In Q4 2021, our focus on optimisation of price points, as well as delivering the full range of New Year goods proved successful, supporting gross margin growth for the quarter on a year-on-year basis. As a result, we expect EBITDA margin for the full year to be in 19% area.

Looking forward, we aim to maintain the pace of our store network expansion in 2022 to support further operational and financial growth. Following the 737 net new stores we opened in 2021, slightly above our guidance of 730, we plan to open 750 net new stores this year.

I remain confident in Fix Price’s prospects, and look forward to announcing our full IFRS financial results on 28 February 2022.

Q4 2021 operating review

- Revenue increased by 14.5% y-o-y to RUB 66.5 billion driven by new store openings and LFL sales growth:
 - Retail revenue was up by 15.1% y-o-y to RUB 59.1 billion
 - Wholesale revenue increased by 9.6% y-o-y to RUB 7.4 billion

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

- LFL sales were up by 3.2% y-o-y, impacted by new COVID implications in Russia and Kazakhstan:
 - LFL traffic decreased by 3.5% y-o-y on the back of COVID-related restrictions in Russia and continued subdued consumer sentiment
 - LFL average ticket increased by 6.9% y-o-y driven by higher average price per item on the back of assortment rotation and repricing as well as the introduction of new price points
 - LFL sales at company-operated stores in Russia grew by 5.3%, while for stores unaffected by COVID-related restrictions LFL sales were up by 6.5%. The performance of company-operated stores in Kazakhstan and Belarus continued to be heavily impacted by COVID-related restrictions and pressure on real disposable income
- Gross margin in Q4 2021 grew on both an annual and quarterly basis, highlighting the resilience of the Company's business model amid the successful mitigation of cost of sales pressure from high inflation, growth of commodities prices and elevated freight costs
- The total number of stores increased by 151 to 4,904 (536 of which are franchised). The new stores added a total 34.4 ths sqm of selling space, bringing the total selling space of stores operating under the Fix Price brand to 1,057 ths sqm
- The total number of registered loyalty card holders increased by 1.6 million to 17.0 million, with purchases made using a loyalty card accounting for 53.0% of total sales². The average ticket for purchases made using a loyalty card remains 1.8x higher than the average ticket for non-loyalty-card purchases

FY 2021 operating review

- Revenue increased by 21.3% y-o-y to RUB 230.5 billion:
 - Retail revenue was up by 22.5% y-o-y to RUB 203.3 billion
 - Wholesale revenue grew by 12.9% y-o-y to RUB 27.1 billion
- LFL sales grew by 7.2% (by 7.5% adjusted for an additional trading day in 2020 due to the leap year):
 - LFL traffic increased by 3.1% (by 3.4% adjusted for the leap-year effect)
 - The LFL average ticket was up by 4.0%
 - LFL sales at company-operated stores in Russia grew by 8.2% (by 8.5% adjusted for the leap-year effect), while for stores not affected by COVID-related restrictions in November-December and adjusting for the leap-year effect LFL sales were up by 9.0%
- The total number of stores increased by 737, including 626 company-operated stores and 111 franchised stores, slightly above the FY 2021 store opening guidance of approximately 730 net new openings. The new stores added a total 167.3 ths sqm of selling space, bringing the total selling space of stores operating under the Fix Price brand to 1,057 ths sqm.
- The total number of registered loyalty card holders increased by 5.5 million to 17.0 million during FY 2021, with penetration in total sales² reaching 45.9%

² Loyalty program data is calculated for Fix Price stores operating in Russia

LFL dynamics, %

	Q4 2021	Q4 2020	Q4 2019
LFL sales	3.2%	15.7%	12.7%
LFL traffic	(3.5%)	(1.9%)	5.7%
LFL average ticket	6.9%	17.9%	6.6%

	FY 2021	FY 2020	FY 2019
LFL sales	7.2%	15.8%	15.4%
LFL traffic	3.1%	(1.7%)	7.6%
LFL average ticket	4.0%	17.8%	7.3%

Store base, geographical coverage and selling space

	31.12.2021	31.12.2020
Total number of stores	4,904	4,167
Russia	4,445	3,891
Belarus	212	152
Kazakhstan	172	89
Uzbekistan	42	15
Latvia	24	14
Georgia	4	4
Kyrgyzstan	5	2
Number of company-operated stores	4,368	3,742
Russia	3,975	3,507
Belarus	203	143
Kazakhstan	148	77
Uzbekistan	42	15
Number of franchised stores	536	425
Russia	470	384
Belarus	9	9
Kazakhstan	24	12
Latvia	24	14
Georgia	4	4
Kyrgyzstan	5	2
Selling space (sqm)	1,056,840	889,526
Company-operated stores	938,392	797,352
Franchised stores	118,448	92,174

Development of company-operated stores

	Q4 2021	Q4 2020	Change Q4'21 vs Q4'20, %	FY 2021	FY 2020	Change FY'21 vs FY'20, %
Gross openings, incl. buy-outs	160	210	(23.8%)	749	821	(8.8%)
Russia	120	169	(29.0%)	581	599	(3.0%)
Belarus	20	18	11.1%	63	143	(55.9%)
Kazakhstan	18	17	5.9%	73	64	14.1%
Uzbekistan	2	6	(66.7%)	32	15	113.3%
Closures	29	43	(32.6%)	123	151	(18.5%)
Russia	23	43	(46.5%)	113	151	(25.2%)
Belarus	2	-	-	3	-	-
Kazakhstan	-	-	-	2	-	-
Uzbekistan	4	-	-	5	-	-
Net openings, incl. buy-outs	131	167	(21.6%)	626	670	(6.6%)
Russia	97	126	(23.0%)	468	448	4.5%
Belarus	18	18	0.0%	60	143	(58.0%)
Kazakhstan	18	17	5.9%	71	64	10.9%
Uzbekistan	(2)	6	(133.3%)	27	15	80.0%

Operating results

Store network development

- The total number of stores increased by 17.7% y-o-y to 4,904, the share of franchised stores amounted to 10.9% of the total store count (up 73 bps y-o-y)
- During Q4 2021, the Company opened 151 net new stores, including 131 company-operated stores and 20 franchised stores, compared to 202 net new stores in Q4 2020, including 167 company-operated stores and 35 franchised stores
- Fix Price closed 29 company-operated stores in Q4 2021 versus 43 company-operated stores closures in Q4 2020, as the Company continued renegotiating campaign with landlords and replacing profitable stores with sites nearby on better lease terms
- In Q4 2021, Fix Price kept expanding across Russia and internationally: 25.8% of net openings in Q4 2021 were in geographies outside of Russia, resulting in 274 bps increase in the share of international geographies from the beginning of the year to 9.4% of the total store base as of December 31, 2021
- Total selling space increased by 34.4 ths. sqm during Q4 2021 and stood at 1,057 ths. sqm (18.8% increase y-o-y). The average selling space per Fix Price store was 216 sqm, versus 213 sqm in the previous year
- In Q4 2021, the number of cities of presence increased to 41. The Company entered two new regions in its countries of presence. Fix Price now has a presence in 79 of Russia's 85 regions, which cover 98% of the country's population

LFL sales growth

- LFL sales increased by 3.2% in Q4 2021, driven by 6.9% LFL average ticket growth that offset LFL traffic contraction of 3.5% on the back of new COVID-related restrictions

- In October 2021, consumer sentiment in Russia continued to recover, which was reflected in the positive traffic trend on top of positive traffic in the previous year. However, just as in 2020, a rise of COVID cases in November-December led to more cautious consumer sentiment and pressure on the traffic, which this year was further compounded by substantially stricter government restrictions
- During the first week of November, when the non-working week was introduced by the Russian government at the national level, accompanied by additional restrictions at the regional level at the discretion of local authorities, operations of approximately 300 Fix Price stores were limited to click-and-collect and online delivery orders only
- During the course of November and December, several Russian regions introduced various restrictions, including admitting to shopping malls and public places only people with QR-codes confirming their vaccination status (these measures directly affected Fix Price stores located in the shopping malls), self-isolation for elderly people, limiting access to people under 18 years without adults and others. Overall, about 1,000+ Fix Price stores were under various restrictions during November-December for some period of time, and as of the end of December 2021, about 500+ stores were under restrictions. Apart from this direct impact, the rise of COVID cases and another wave of COVID led to more cautious consumer behaviour across the whole country that also impacted footfall
- Excluding the impact of international geographies, LFL sales at company-operated stores in Russia grew by 5.3% in Q4 2021. For stores that were not affected by restrictions in November-December and adjusting for the leap-year effect, LFL sales were up by 6.5% in Q4 2021 and 9.0% for FY2021 despite abnormal market turbulence
- The impact of international geographies has become more visible as Fix Price continues to actively expand outside Russia, while company-operated stores in Kazakhstan and Belarus that were bought out from franchisee partners last year, have come into the LFL base. In Kazakhstan, LFL traffic was impacted by government restrictions due to COVID. 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

Assortment and category mix

- During the New Year season, the product mix shifted more to non-food on a quarter-over-quarter basis, with food accounting for 26.7% of sales in Q4 2021 compared to 27.9% in Q3 2021, while still remaining higher than 24.7% in Q4 2020
- Demand for food and essentials remained elevated with customer behaviour still in recovery mode, reflecting that people have not fully adjusted to high inflationary pressure on real disposable incomes. Food products continue to record double-digit LFL sales growth
- Seasonal ranges led growth among the non-food assortment with 26% LFL sales growth in Q4 2021 followed by personal care and household goods, books, stationery and DIY products. In addition, due to warmer weather demand for seasonal collections picked up only in December 2021 compared to mid-November in 2020
- As a result of assortment expansion, the number of SKUs in Fix Price stores grew to approximately 2,000 compared to 1,800 in the previous years
- The share of the higher RUB 249 and RUB 299 price points in sales continued to increase and reached 12.3% for Q4 2021, while the share of price points above RUB 100 grew to 32.1%, compared to 22.3% for Q4 2020, thanks to new products introductions and the repricing of rotated assortment to offset pressure on cost of sales
- In November 2021, Fix Price launched two new price points RUB 59 and RUB 79 and started to expand respective assortment, while maintaining best value proposition, that helped support margin and sales in Q4 2021. RUB 50 and RUB 77 were completely out of the assortment matrix at the beginning of January 2022, so that the lower end of the range is now represented by the RUB 55, RUB 59, RUB 79 and RUB 99 price points

- The average ticket was up 7.4% to RUB 320 in Q4 2021, driven primarily by the price per item amid assortment repricing and rotation, new product additions and further utilisation of the potential of the higher price points. The average ticket for FY 2021 reached RUB 287, up 4.9% y-o-y

Loyalty programme development

- Fix Price's loyalty program continued to gain popularity among customers in the reporting period. The total number of issued loyalty cards increased by 1.6 million during Q4 2021 to 17.0 million, on the back of proactive advertising and promotional campaigns for loyalty program members, while the share of active users³ increased to 56%
- Transactions using loyalty cards accounted for 53.0% of total retail sales for Q4 2021, compared to 38.6% in Q4 2020
- The average ticket for purchases made using a loyalty card grew by 6.2% in Q4 2021 to RUB 452, which is 1.8 times higher than the average ticket for non-loyalty-card purchases of RUB 248

Revenue dynamics

RUB million	Q4 2021	Q4 2020	Q4 2019	Change Q421 vs Q4'20, %	Change Q4'21 vs Q4'19, %
Revenue	66,507	58,095	43,345	14.5%	53.4%
Retail revenue	59,086	51,327	37,114	15.1%	59.2%
Wholesale revenue	7,421	6,768	6,231	9.6%	19.1%

RUB million	FY 2021	FY 2020	FY 2019	Change FY'21 vs FY'20, %	Change FY'21 vs FY'19, %
Revenue	230,473	190,059	142,880	21.3%	61.3%
Retail revenue	203,328	166,025	123,194	22.5%	65.0%
Wholesale revenue	27,145	24,034	19,686	12.9%	37.9%

The Group's **revenue** increased by 14.5% to RUB 66.5 billion for Q4 2021, driven by 15.1% growth in retail revenue and 9.6% increase in wholesale revenue.

Retail revenue grew to RUB 59.1 billion on the back of expansion of the network of company-operated stores and a 3.2% increase in like-for-like sales, which were partially offset by a decrease in sales densities in Belarus and Kazakhstan amid pressure on real disposable income and government restrictions.

Wholesale revenue increase to RUB 7.4 billion was driven by growth of the franchised network, while the share of wholesale revenue in the Company's total revenue decreased by 49 bps to 11.2% on the back of outpacing growth of sales densities of company-operated stores.

³ Members of the loyalty program who make at least one purchase per month



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 4,900 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.

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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