

FIX PRICE OPERATING AND FINANCIAL HIGHLIGHTS FOR Q3 2022

Revenue
+21.2%

70.1
RUB billion

Adj. LFL
sales

12.9%

Gross margin
+64 bps

32.4%

Operating margin
+39 bps

14.0%

FIX PRICE ANNOUNCES KEY OPERATING AND FINANCIAL RESULTS FOR Q3 AND 9M 2022

Sustained growth momentum through operational excellence

27 October 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 operating and IFRS financial results based on management accounts for the third quarter (Q3 2022) and nine months (9M 2022) ended 30 September 2022.

OPERATING AND FINANCIAL SUMMARY FOR Q3 2022

- Revenue was up 21.2% y-o-y to RUB 70.1 billion, driven by store network expansion and LFL sales growth
 - Retail revenue grew by 21.4% y-o-y to RUB 62.2 billion
 - Wholesale revenue increased by 19.5% y-o-y to RUB 7.9 billion
- LFL sales¹ adjusted for the rouble appreciation effect² increased by 12.9% y-o-y (by 11.1% before the adjustment)
 - LFL average ticket adjusted for the rouble appreciation effect was up 18.1% y-o-y (16.2% before the adjustment), reflecting the Company’s ability to provide a relevant assortment at the best prices and adjust to ever-changing customer needs as well as the impact of the gradual increase in the share of higher price points in retail sales
 - LFL traffic decreased by 4.4% as the turbulent macroeconomic situation put pressure on consumer sentiment
 - LFL sales at Company-operated stores in Russia grew by 13.5%. Rouble appreciation put pressure on LFL sales at Company-operated stores in Kazakhstan and Belarus
 - The category mix remained skewed towards essential goods, driven by strong LFL sales of drogerie and food in stores in Russia that cumulatively increased by 22.7% y-o-y
- The Company added 195 stores in Q3 2022 on a net basis (29 of which are franchised), bringing the total number of stores to 5,462, in line with the previously announced guidance for 2022 of 750 net openings

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

² Here and hereinafter, LFL sales and average ticket adjusted for the rouble appreciation effect are calculated using monthly LFL sales in foreign countries converted into roubles at the average exchange rates for each comparable month of 2021

- The total selling space of stores operating under the Fix Price brand increased by 43.5 thous. sqm to 1,180.7 thous. sqm
- The total number of registered loyalty card holders grew by 1.3 million and amounted to 20.4³ million as of the end of the quarter (+32.4% y-o-y), with loyalty card transactions accounting for 56.4% of retail sales. The average ticket for purchases with a loyalty card was 1.8x higher than the average ticket for non-loyalty-card purchases
- Gross profit increased by 23.6% y-o-y to RUB 22.7 billion. Gross margin improved by 64 bps y-o-y to 32.4% on the back of proactive work with the assortment and the positive impact of rouble appreciation on the cost of sales of imported goods, which was partially offset by softer margins of international Company-operated stores amid the weakness of national currencies versus the Russian rouble
- SG&A costs (excl. D&A) were up 87 bps to 14.1% of revenue on the back of higher staff costs and rental expenses as a percentage of revenue, which was partially mitigated by efficiencies in other SG&A expenses
- EBITDA⁴ grew by 19.8% to RUB 13.1 billion. EBITDA margin was down slightly by 21 bps y-o-y to 18.7% as gross margin growth was offset by the increase in SG&A expenses (excl. D&A), while IAS 17-based EBITDA margin was up 25 bps to 14.8%. The difference in the dynamics between the indicators was driven purely by the specifics of rental expense accounting under the IFRS 16 standards, in accordance with which the Company reports its results
- Operating profit increased by 24.6% to RUB 9.8 billion. Operating margin was up 39 bps y-o-y to 14.0%
- Profit for the period was up 36.7% to RUB 7.0 billion. Net profit margin increased to 10.0%, versus 8.8% a year earlier
- The IAS 17-based net debt to EBITDA ratio was 0.2x, well below the threshold of 1.0x set out in the Group's guidance

OPERATING AND FINANCIAL SUMMARY FOR 9M 2022

- Revenue grew by 23.1% y-o-y to RUB 201.9 billion
 - Retail revenue was up 24.0% y-o-y to RUB 178.9 billion
 - Wholesale revenue increased by 16.7% y-o-y to RUB 23.0 billion
- LFL sales adjusted for the rouble appreciation effect grew by 13.4% y-o-y (by 12.6% before the adjustment)
 - LFL average ticket adjusted for the rouble appreciation effect was up 15.7% (14.9% before the adjustment)

³ Here and below data on the loyalty programme is calculated for the Fix Price stores operating in Russia

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

- LFL traffic decreased by 2.0%
- The total number of stores increased by 558, including 487 Company-operated stores and 71 franchised outlets
- The total selling space of Fix Price stores increased by 123.8 thous. sqm
- Gross profit grew by 28.5% y-o-y to RUB 66.2 billion. Gross margin was up 136 bps y-o-y to 32.8%
- SG&A costs (excl. D&A) as a percentage of revenue grew by 87 bps y-o-y to 13.9%, versus 13.1% for 9M 2021
- EBITDA increased by 27.1% to RUB 39.1 billion. EBITDA margin was up 60 bps y-o-y to 19.4% on the back of solid gross margin improvement, which was partially offset by SG&A growth
- Operating profit grew by 33.6% to RUB 29.4 billion. Operating margin was up to 14.6%, compared with 13.4% for 9M 2021
- Profit for the period amounted to RUB 12.1 billion

"In the third quarter, we continued developing our business in a turbulent and rapidly changing environment. The flexibility of our business model enabled us to respond quickly to external changes, to continue to grow and, as before, to meet our commitments, in full and on time, to a wide range of stakeholders. Like-for-like sales grew by double digits for the third quarter in a row, revenue increased by 21.2% year-on-year, and operating profit margin improved by 39 bps to 14.0%, which remains one of the best results in the sector. We demonstrated strong growth in the third quarter, which was the result of the hard work of our staff, and it is also proof of the unfailing trust of our customers.

"In such an unstable macroeconomic environment, we reiterate our guidance for the opening of 750 stores on a net basis in 2022. We also continue to invest in the development of our logistics infrastructure in order to maintain the pace of our network expansion. Notably, we resumed operations at our distribution centre in Novosibirsk, which has an area of 23 thousand square metres, and signed a contract for the construction of a new warehouse in Yekaterinburg, of 68 thousand square metres, which is to open in 2023.

"Understanding people and their needs is a fundamental element of our business and philosophy. In order to bring ourselves even closer to our customers, we are constantly improving and expanding our loyalty programme, which in the third quarter surpassed the important milestone of 20 million participants. It is rewarding for us that, despite the rapid increase in the number of users, the percentage of active loyalty card holders has consistently exceeded 50%, and the average ticket with a loyalty card is 1.8x higher than the average ticket without a card. In the current environment, where our customers are trying to save money, this is more evidence of the appeal of our regularly updated product range and prices.

"Regular communication with suppliers is another priority, which has enabled us to improve our range and quickly switch to alternative production capacities when facing challenges in supply chains and business processes. It is important for us to guarantee our customers a wide assortment of products, which is possible thanks to careful procurement planning and flexible payment terms with suppliers.

"On a daily basis, we create jobs in every region where we operate, begin collaborating with local suppliers and make the Fix Price format more affordable for more people. I want to thank all Fix Price employees for their efforts and contribution to the development of not only our Company but also the entire retail industry."

Dmitry Kirsanov, Fix Price CEO

LFL dynamics adjusted for the rouble appreciation effect, %

	Q3 2022	Q3 2021	9M 2022	9M 2021
LFL sales	12.9%	4.4%	13.4%	9.0%
LFL traffic	(4.4%)	0.3%	(2.0%)	5.8%
LFL average ticket	18.1%	4.1%	15.7%	3.1%

LFL dynamics before the adjustment for the rouble appreciation effect, %

	Q3 2022	Q3 2021	9M 2022	9M 2021
LFL sales	11.1%	4.4%	12.6%	9.0%
LFL traffic	(4.4%)	0.3%	(2.0%)	5.8%
LFL average ticket	16.2%	4.1%	14.9%	3.1%

Store base, geographical coverage and selling space

	30 Sep 2022	31 Dec 2021	30 Sep 2021
Total number of stores	5,462	4,904	4,753
Russia	4,932	4,445	4,333
Belarus	247	212	194
Kazakhstan	221	172	154
Uzbekistan	19	42	44
Latvia	32	24	22
Georgia	5	4	4
Kyrgyzstan	6	5	2
Number of Company-operated stores	4,855	4,368	4,237
Russia	4,421	3,975	3,878
Belarus	237	203	185
Kazakhstan	197	148	130
Uzbekistan	-	42	44
Number of franchised stores	607	536	516
Russia	511	470	455
Belarus	10	9	9
Kazakhstan	24	24	24
Latvia	32	24	22
Georgia	5	4	4
Kyrgyzstan	6	5	2
Uzbekistan	19	-	-

	30 Sep 2022	31 Dec 2021	30 Sep 2021
Selling space (sqm)	1,180,683	1,056,840	1,022,442
Company-operated stores	1,046,287	938,392	908,946
Franchised stores	134,396	118,448	113,497

Development of Company-operated stores

	Q3 2022	Q3 2021	9M 2022	9M 2021
Gross openings	193	185	581	589
Russia	167	149	497	461
Belarus	10	14	34	43
Kazakhstan	16	16	50	55
Uzbekistan	-	6	-	30
Closures	27	47	94	94
Russia	17	46	51	90
Belarus	-	-	-	1
Kazakhstan	-	1	1	2
Uzbekistan	10	-	42	1
Net openings	166	138	487	495
Russia	150	103	446	371
Belarus	10	14	34	42
Kazakhstan	16	15	49	53
Uzbekistan	(10)	6	(42)	29

OPERATING RESULTS

Store network expansion

- As of 30 September 2022, the total store base was 5,462 (14.9% growth y-o-y), with franchised stores representing 11.1% of the total store count (up 26 bps y-o-y)
- The Company added 195 stores on a net basis in Q3 2022, including 166 Company-operated stores and 29 franchised stores, versus 168 net new stores in Q3 2021, including 138 net new Company-operated stores and 30 openings of franchised stores
- 27 Company-operated stores were closed in Q3 2022, versus 47 stores in Q3 2021. The majority of closures were aimed at improving the lease terms
- Fix Price continued its expansion across Russia and internationally: 17.9% of net openings in Q3 2022 were in geographies outside of Russia. The

share of international geographies grew to 9.7% of the total store base from 8.8% as of 30 September 2021

- Total selling space increased by 43.5 thous. sqm during Q3 2022 and reached 1,180.7 thous. sqm (a 15.5% increase y-o-y). The average Fix Price store selling space was 216 sqm, compared to 215 sqm a year earlier
- In Q3 2022, the Company entered 34 new localities in its countries of operations

LFL sales growth

- LFL sales, adjusted for the rouble appreciation effect, increased by 12.9% y-o-y (by 11.1% before the adjustment) in Q3 2022 due to 18.1% LFL average ticket growth, adjusted for the rouble appreciation effect (16.2% before the adjustment), which was partially offset by a 4.4% decrease in LFL traffic. A fast assortment rotation, the ability to adjust to changing customer expectations and to ensure the availability of goods at the best prices on the market as well as a higher share of upper-range price points in retail sales helped drive double-digit LFL ticket growth, while economic uncertainty further subdued consumer sentiment and led to a decrease in LFL traffic
- Customer interest in Fix Price's attractive value proposition drove strong LFL sales growth in Q3 2022, while monthly trends were uneven, with a peak in July and more normalised dynamics in August and September. Hot weather in August favoured travelling and led to the late start of back-to-school shopping; at the same time, August and September 2021 LFL sales enjoyed the positive effect of government stimulus payments to pensioners and families with schoolchildren
- In Russia LFL sales grew by 13.5% in Q3 2022. LFL sales in Kazakhstan and Belarus were affected by the currency conversion effect on the back of rouble appreciation. However, despite macroeconomic headwinds, which continued to put pressure on real disposable income in both countries, monthly LFL sales dynamics in Q3 2022 demonstrated signs of recovery in national currencies. In Belarus the Company normalised its assortment matrix after it had temporarily reduced it due to state regulations. Kazakhstan's LFL performance was supported by the low base of Q3 2021 due to the introduction of strict COVID-related restrictions in July 2021. Moreover, in both countries Fix Price maintained an attractive value proposition amid inflationary pressure

Assortment and category mix⁵

- The category mix in the reporting period, as in previous quarters, was skewed towards essential goods, as consumers were cautious in their buying patterns amid growing macroeconomic uncertainty, while Fix Price succeeded in sourcing compelling products at attractive prices. The share of food in the product mix started to moderate and stood at 27.2% of retail

⁵ Unless stated otherwise, the data in this section refers to Company-operated stores in Russia

sales in Q3 2022, versus 27.9% in Q3 2021 and 30.9% in Q2 2022. The share of drogerie (household chemicals and hygiene products) remained high, at 28.3% in Q3 2022, compared to 23.1% a year earlier, reflecting the Company's strong assortment and value proposition in this category

- LFL sales of drogerie and food combined increased by 22.7%; LFL sales of pet products, kitchenware and seasonal goods also demonstrated double-digit growth. The Company saw positive LFL sales in books and stationery, household goods, DIY, clothes and party products, marking the first signs of demand recovery for discretionary non-food items
- The Company continues switching to local producers in a number of non-food categories, which is helping optimise production and delivery costs. As a result, the share of import in retail sales for Russian Company-operated stores continued to decline from 25.7% in Q3 2021 to 22.0% in the reporting period
- The share of price points above RUB 200 in retail sales reached 15.1%, up from 7.8% in Q3 2021, while the share of price points above RUB 100 in retail sales stood at 38.0%, versus 23.3% in Q3 2021
- The average ticket for all Company-operated Fix Price stores grew by 16.3% to RUB 328 in Q3 2022, driven by the increasing share of higher price points in the retail sales mix

Loyalty programme development

- During Q3 2022, the total number of registered loyalty card holders reached 20.4 million, an increase of 32.4% y-o-y. The quarterly increase of 1.3 million new cardholders was driven by advertising campaigns and perks provided to loyalty programme members. The share of active members⁶ of the loyalty programme in the total number of loyalty card holders remained strong, above 50%
- Purchases with loyalty cards continued to increase and accounted for 56.4% of total retail sales in Q3 2022, compared to 46.4% in Q3 2021
- The average ticket for a loyalty card purchase grew to RUB 469 in Q3 2022 from RUB 410 in Q3 2021. It was 1.8 times higher than the average ticket for non-loyalty-card purchases, which stood at RUB 255 in Q3 2022

⁶ Members of the loyalty programme that make at least one purchase per month

FINANCIAL RESULTS FOR Q3 AND 9M 2022

Statement of comprehensive income highlights

RUB million	Q3 2022	Q3 2021	Change	9M 2022	9M 2021	Change
Revenue	70,099	57,850	21.2%	201,887	163,966	23.1%
Retail revenue	62,173	51,216	21.4%	178,861	144,242	24.0%
Wholesale revenue	7,926	6,634	19.5%	23,026	19,724	16.7%
Cost of sales	(47,371)	(39,464)	20.0%	(135,682)	(112,432)	20.7%
Gross profit	22,728	18,386	23.6%	66,205	51,534	28.5%
<i>Gross margin, %</i>	<i>32.4%</i>	<i>31.8%</i>	<i>64 bps</i>	<i>32.8%</i>	<i>31.4%</i>	<i>136 bps</i>
SG&A (excl. D&A)	(9,907)	(7,671)	29.1%	(28,126)	(21,412)	31.4%
Other op. income and share of profit of associates	315	249	26.5%	1,048	670	56.4%
EBITDA	13,136	10,964	19.8%	39,127	30,792	27.1%
<i>EBITDA margin, %</i>	<i>18.7%</i>	<i>19.0%</i>	<i>(21 bps)</i>	<i>19.4%</i>	<i>18.8%</i>	<i>60 bps</i>
D&A	(3,317)	(3,084)	7.6%	(9,690)	(8,760)	10.6%
Operating profit	9,819	7,880	24.6%	29,437	22,032	33.6%
<i>Operating profit margin, %</i>	<i>14.0%</i>	<i>13.6%</i>	<i>39 bps</i>	<i>14.6%</i>	<i>13.4%</i>	<i>114 bps</i>
Net finance costs	(811)	(370)	119.2%	(2,437)	(1,017)	139.6%
FX gain / (loss), net	434	(14)	n/a	(1,454)	82	n/a
Profit before tax	9,442	7,496	26.0%	25,546	21,097	21.1%
Income tax expense	(2,444)	(2,377)	2.8%	(13,453)	(6,190)	117.3%
Profit for the period	6,998	5,119	36.7%	12,093	14,907	(18.9%)
<i>Net profit margin, %</i>	<i>10.0%</i>	<i>8.8%</i>	<i>113 bps</i>	<i>6.0%</i>	<i>9.1%</i>	<i>(310 bps)</i>

Selling, general and administrative expenses

RUB million	Q3 2022	Q3 2021	Change	9M 2022	9M 2021	Change
Staff costs	7,302	5,310	37.5%	20,302	14,871	36.5%
<i>% of revenue</i>	<i>10.4%</i>	<i>9.2%</i>	<i>124 bps</i>	<i>10.1%</i>	<i>9.1%</i>	<i>99 bps</i>
Depreciation of right-of-use assets	2,552	2,378	7.3%	7,374	6,803	8.4%
<i>% of revenue</i>	<i>3.6%</i>	<i>4.1%</i>	<i>(47 bps)</i>	<i>3.7%</i>	<i>4.1%</i>	<i>(50 bps)</i>
Other depreciation and amortisation	765	706	8.4%	2,316	1,957	18.3%
<i>% of revenue</i>	<i>1.1%</i>	<i>1.2%</i>	<i>(13 bps)</i>	<i>1.1%</i>	<i>1.2%</i>	<i>(5 bps)</i>
Bank charges	595	646	(7.9%)	1,904	1,797	6.0%
<i>% of revenue</i>	<i>0.8%</i>	<i>1.1%</i>	<i>(27 bps)</i>	<i>0.9%</i>	<i>1.1%</i>	<i>(15 bps)</i>
Rental expense	584	404	44.6%	1,639	1,112	47.4%
<i>% of revenue</i>	<i>0.8%</i>	<i>0.7%</i>	<i>13 bps</i>	<i>0.8%</i>	<i>0.7%</i>	<i>13 bps</i>

RUB million	Q3 2022	Q3 2021	Change	9M 2022	9M 2021	Change
Security services	491	433	13.4%	1,348	1,177	14.5%
% of revenue	0.7%	0.7%	(5 bps)	0.7%	0.7%	(5 bps)
Advertising costs	173	199	(13.1%)	551	555	(0.7%)
% of revenue	0.2%	0.3%	(10 bps)	0.3%	0.3%	(7 bps)
Repair and maintenance costs	227	217	4.6%	825	619	33.3%
% of revenue	0.3%	0.4%	(5 bps)	0.4%	0.4%	3 bps
Utilities	194	175	10.9%	619	515	20.2%
% of revenue	0.3%	0.3%	(3 bps)	0.3%	0.3%	(1 bps)
Other expenses	341	287	18.8%	938	766	22.5%
% of revenue	0.5%	0.5%	(1 bps)	0.5%	0.5%	-
SG&A (excl. D&A)	9,907	7,671	29.1%	28,126	21,412	31.4%
% of revenue	14.1%	13.3%	87 bps	13.9%	13.1%	87 bps
Total SG&A	13,224	10,755	23.0%	37,816	30,172	25.3%
% of revenue	18.9%	18.6%	27 bps	18.7%	18.4%	33 bps

The Group's **revenue** was up 21.2% to RUB 70.1 billion for Q3 2022, with 21.4% growth in retail revenue and a 19.5% increase in wholesale revenue.

Retail revenue increased to RUB 62.2 billion on the back of the expansion of the Company-operated store portfolio and double-digit LFL sales growth, which were partially offset by slower revenue dynamics of Company-operated stores in Belarus and Kazakhstan as a result of rouble appreciation and the tough macroeconomic environment. **Wholesale revenue** growth to RUB 7.9 billion was attributable to the opening of new franchised stores and higher revenue per franchised store. The share of wholesale revenue in the Company's total revenue was down 16 bps y-o-y to 11.3% as a result of faster growth of retail revenue.

Gross profit was up 23.6% y-o-y to RUB 22.7 billion for Q3 2022. **Gross margin** improved by 64 bps y-o-y to 32.4%, reflecting the Group's proactive work with the assortment and rotation within price points as well as the positive impact of rouble appreciation on the cost of sales of imported goods. Gross margin growth was suppressed by the results of Company-operated stores in international geographies. Stores in Belarus and Kazakhstan saw softer margins compared to the Russian stores on the back of rouble appreciation, as they purchase some of their assortment in roubles, while maintaining a competitive value proposition despite inflationary pressure.

Transportation costs decreased by 13 bps y-o-y to 1.6% of revenue in Q3 2022 due to the positive operating leverage effect.

Inventory write-downs grew by 19 bps y-o-y to 1.0% of revenue in Q3 2022, as the share of retail revenue in the overall revenue mix was higher y-o-y and given that this year the Company applied higher accruals versus 2021, based on the year-end inventory count.

Selling, general and administrative expenses (SG&A) excluding D&A were up 87 bps y-o-y to 14.1% of revenue due to the increase in the shares of staff costs and rental expenses, which was partially mitigated by efficiencies gained in other SG&A expenses. The Group's **total SG&A** expenses were up only 27 bps y-o-y to 18.9% of revenue, driven by a 60 bps decrease in the share of D&A expenses.

Staff costs grew by 124 bps y-o-y to 10.4% of revenue, driven by salary indexation started back in H2 2021 to improve Fix Price's competitive position in the labour market as well as by the application of higher accruals for compensation for FY 2022.

Rental expense (under IFRS 16) was up 13 bps y-o-y to 0.8% of revenue (up 15 bps to 0.9% of retail revenue), reflecting the increase in the variable component under floating rate contracts due to the Company's solid LFL performance as well as the growing share of floating rate contracts, which was 61% in Q3 2022, versus 57% a year earlier.

Rental expense (under IAS 17) improved by 33 bps y-o-y to 4.7% of revenue (down 39 bps to 5.3% of retail revenue), despite the increase in the variable component under floating rate contracts amid double-digit LFL sales growth, reflecting the Company's efforts to improve lease terms.

Depreciation and amortisation (D&A) expenses decreased by 60 bps y-o-y to 4.7% of revenue, driven by a 47 bps decrease in the depreciation of right-of-use assets due to the growing variable component under floating rate contracts and a higher share of floating rate contracts in the total contract base as well as a 13 bps contraction in the share of other depreciation and amortisation expenses, as revenue grew faster than other D&A.

Bank charges decreased by 27 bps y-o-y to 0.8% of revenue, reflecting lower commissions on bank card transactions due to a resolution of the Central Bank of Russia to cut acquiring commissions for businesses selling socially important products and services. This temporary measure remained in force until 31 August 2022.

Advertising costs were down 10 bps y-o-y to 0.2% of revenue due to cost optimisation and a positive operating leverage effect.

Costs for **security services** and **repair and maintenance costs** were down 5 bps each to 0.7% and 0.3% of revenue respectively due to the operating leverage effect. The decrease in repair and maintenance costs was also attributable to lower spending on consumable materials due to the Company's proactive efforts to promote a switch to electronic tickets. As a result, in Q3 2022 we recorded a contraction in paper ticket use, as our customers were very supportive of this initiative.

Utilities and **other expenses** were stable y-o-y at 0.3% and 0.5% of revenue respectively.

Other operating income and the share of profit of associates also remained flat y-o-y at 0.4% of revenue.

EBITDA IFRS 16 and IAS 17 reconciliation

RUB million	Q3 2022	Q3 2021	Change	9M 2022	9M 2021	Change
EBITDA IFRS 16	13,136	10,964	19.8%	39,127	30,792	27.1%
<i>EBITDA margin (IFRS 16)</i>	<i>18.7%</i>	<i>19.0%</i>	<i>(21 bps)</i>	<i>19.4%</i>	<i>18.8%</i>	<i>60 bps</i>
Rental expense	(2,715)	(2,511)	8.1%	(8,009)	(7,275)	10.1%
Utilities	(51)	(38)	34.2%	(134)	(114)	17.5%
EBITDA IAS 17	10,370	8,415	23.2%	30,984	23,403	32.4%
<i>EBITDA margin (IAS 17)</i>	<i>14.8%</i>	<i>14.5%</i>	<i>25 bps</i>	<i>15.3%</i>	<i>14.3%</i>	<i>107 bps</i>

EBITDA under IAS 17 increased by 23.2% y-o-y to RUB 10.4 billion for Q3 2022. The IAS 17-based EBITDA margin increased 25 bps y-o-y to 14.8%.

EBITDA under IFRS 16 was up 19.8% y-o-y to RUB 13.1 billion for Q3 2022. The **EBITDA margin** was down slightly, by 21 bps, y-o-y and stood at 18.7%, as gross margin growth was offset by the increase in SG&A expenses (excl. D&A). The difference from IAS 17-based EBITDA margin dynamics was driven by purely accounting factors, as the growing share of lease contracts with a variable component led to higher rental expense under IFRS 16.

Net finance costs in Q3 2022 were up 119.2% y-o-y to RUB 811 million due to the higher average amount of loans and borrowings and average loan rates versus Q3 2021 as well as the increase in IFRS 16-related finance costs, reflecting higher interest on lease liabilities and the opening of a new rented DC in Samara in Q3 2022.

In Q3 2022, the Group recorded an **FX gain** of RUB 434 million, compared to a RUB 14 million loss in Q3 2021. This was attributable to rouble depreciation, which led to a gain on the revaluation of the Group's bank accounts, deposits, forward contracts denominated in foreign currencies and rouble-denominated liabilities of the Group's international entities. This gain was partially offset by the loss on the revaluation of trade accounts payable.

The Group's total **income tax expense** was almost flat y-o-y at RUB 2.4 billion in Q3 2022.

Profit for the period increased by 36.7% y-o-y to RUB 7.0 billion. Net profit margin was 10.0%, versus 8.8% for Q3 2021.

Statement of financial position highlights

RUB million	30 Sep 2022	31 Dec 2021	30 Sep 2021
Current loans and borrowings	16,514	21,523	20,617
Non-current loans and borrowings	4,260	-	-
Current lease liabilities	7,588	6,971	6,945
Non-current lease liabilities	4,427	3,765	3,923

RUB million	30 Sep 2022	31 Dec 2021	30 Sep 2021
Cash and cash equivalents	(11,021)	(8,779)	(3,797)
Net debt	21,768	23,480	27,688
Net debt / EBITDA (IFRS 16)	0.4x	0.5x	0.7x
Current lease liabilities	(7,588)	(6,971)	(6,945)
Non-current lease liabilities	(4,427)	(3,765)	(3,923)
IAS 17-based net debt	9,753	12,744	16,820
IAS 17-based net debt / EBITDA	0.2x	0.4x	0.5x

In an environment of elevated interest rates, Fix Price continued repaying its short-term debt – current loans and borrowings decreased by RUB 5.0 billion from the start of the year to RUB 16.5 billion. Thus, together with RUB 4.3 billion in long-term debt raised in H1 2022, total **loans and borrowings** stood at RUB 20.8 billion as of 30 September 2022, down slightly from RUB 21.5 billion as of 31 December 2021. **Lease liabilities** grew to RUB 12.0 billion from RUB 10.7 billion at the start of the year, driven by increases in market interest rates and 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 32.8 billion, up slightly, by 1.6%, from the start of the year.

As of the end of the reporting period, net debt was RUB 21.8 billion, while IAS 17-based net debt stood at RUB 9.8 billion, down from RUB 12.7 billion at the start of the year. The Group's **IAS 17-based net debt to EBITDA ratio** decreased to 0.2x, versus 0.4x as of 31 December 2021, well below the threshold of 1.0x set out in the Group's guidance.

Statement of cash flows highlights

RUB million	Q3 2022	Q3 2021	9M 2022	9M 2021
Profit before tax	9,442	7,496	25,546	21,097
Cash from operating activities before changes in working capital	13,694	11,406	41,009	32,165
Changes in working capital	5,110	(306)	(6,655)	(6,743)
Net cash generated from operations	18,804	11,100	34,354	25,422
Net interest paid	(725)	(411)	(2,267)	(1,152)
Income tax paid	(8,452)	(3,320)	(14,093)	(6,435)
Net cash flows from operating activities	9,627	7,369	17,994	17,835
Net cash flows used in investing activities	(1,729)	(1,420)	(6,512)	(5,133)
Net cash flows used in financing activities	(4,571)	(7,096)	(8,489)	(35,335)
Effect of exchange rate fluctuations on cash and cash equivalents	(6)	(15)	(751)	55
Net (decrease) / increase in cash and cash equivalents	3,321	(1,162)	2,242	(22,578)

Fix Price maintained a diligent approach in terms of ensuring sufficient stock levels amid possible supply chain and production disruptions and ordered products well in advance, which led to an increase in inventories y-o-y. In order to guarantee the timely production and purchase of its assortment at the best value, Fix Price applied more flexible terms in its contracts with new and existing suppliers. Moreover, the Company switched to local producers in a number of product categories, while the payment grace period with Russian counterparties is generally shorter than with international ones. As a result of these initiatives, which supported double-digit LFL sales growth, the Group's **net trade working capital**⁷ stood at RUB 15.3 billion as of 30 September 2022, up from RUB 4.6 billion as of 30 September 2021, and improved from the level of RUB 18.0 billion as of 30 June 2022.

CAPEX for Q3 2022 amounted to RUB 1.8 billion, compared to RUB 1.4 billion for the same period of 2021. The year-on-year growth reflected higher investments in the construction of new distribution centres, which was partially offset by optimised investments in IT and store refurbishments.

Update on the Group's restructuring

At the end of September 2022, the Fix Price Group PLC finalised its restructuring, which was aimed at simplifying the corporate setup, and merged with its subsidiary Kolmaz Holdings Ltd. ("Kolmaz"). As a result of the merger, Kolmaz ceased to exist, and Fix Price Group PLC became its successor.

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 September 2022, Fix Price was operating 5,462 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 30 September 2022, the Company was operating 10 DCs covering 80 regions of Russia and 6 other 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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⁷ Net trade working capital is calculated as inventories *plus* receivables and other financial assets *minus* payables and other financial liabilities