

Financial Review¹

In 2022, which was an extremely challenging year in all respects, Fix Price was able to deliver strong financial results. We increased revenue by 20.5%, achieved EBITDA growth of 22.7% and posted a record EBITDA margin of 19.5%, exceeding the guidance we gave during our 2021 IPO. At the same time, the Company managed to further improve its historically strong financial position.

+20.5%

revenue increase y-o-y

+22.7%

EBITDA growth achieved in 2022

Key financial indicators over 2020–2022, RUB billion

	2022	2021	2020	Change y-o-y, 2022 / 2021
Revenue	277.6	230.5	190.1	20.5%
Gross profit	92.0	73.4	61.5	25.3%
Gross profit margin, %	33.1	31.8	32.4	129 bps
SG&A	(52.3)	(42.0)	(34.9)	24.5%
As % of revenue	18.8	18.2	18.4	61 bps
EBITDA	54.2	44.2	36.8	22.7%
EBITDA margin, %	19.5	19.2	19.4	36 bps
Net profit	21.4	21.4	17.6	0.1%
Net profit margin, %	7.7	9.3	9.2	(157) bps
Adjusted net debt	11.0	23.5	23.0	(53.3)%
Adjusted net debt/EBITDA	0.2x	0.5x	0.6x	(0.3)x
CAPEX	12.0	6.3	6.2	91.4%
As % of revenue	4.3	2.7	3.2	160 bps



¹ All financial data in this section are presented in accordance with IFRS 16, unless otherwise indicated. The Company has been using this standard since 2019. At the same time, the Company in some cases may indicate the IAS 17 standard for comparison with historical data. All inaccuracies in the calculations are due to rounding

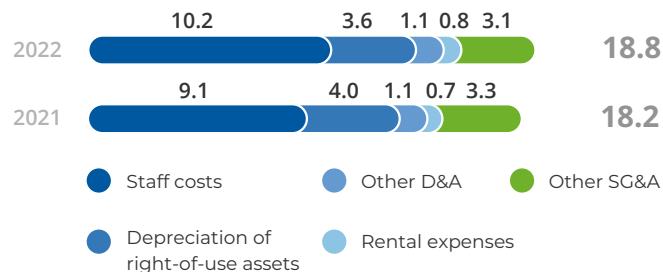


P&L Highlights

In 2022, Fix Price's **revenue** rose by 20.5% to RUB 277.6 billion on the back of growth both in retail revenue (+21.1% year-on-year) and in wholesale revenue (+15.8% year-on-year). Retail revenue totalled RUB 246.2 billion, driven by organic growth in Company-operated stores (+671 new stores) and LFL sales growth (+10.1% year-on-year). Wholesale revenue reached RUB 31.4 billion and was supported by new franchise stores (+88 new stores). The share of wholesale revenue in the Company's total revenue for 2022 slightly decreased to 11.3% from 11.8% in 2021.

The Company's **gross profit** rose by 25.3% to RUB 92.0 billion in 2022 with a **gross margin** increase of 129 bps to 33.1%, compared to 31.8% in 2021, reflecting the efficient management of the assortment and price point mix. The gross margin growth was also supported by favourable foreign exchange rates and stabilised import shipping costs versus 2021 levels. This achievement was partially offset by the lower share of non-food goods in the retail sales mix.

SG&A breakdown in 2021–2022, % of revenue



In 2022, **selling, general and administrative expenses (SG&A)** increased by 24.5% to RUB 52.3 billion, compared to RUB 42.0 billion in 2021. The overall growth of operating expenses was mainly attributable to a rise in staff costs — associated with the expansion of our network — alongside an increase in rental and utilities expenses, depreciation and amortisation (D&A), bank charges, and security and maintenance costs.

SG&A expenses as a percentage of revenue increased by 61 bps to 18.8% in 2022 due to the higher share of staff costs and rental expenses, which was partially offset by the decrease in all other components of SG&A as a percentage of revenue.

Staff costs were up 109 bps to 10.2% of revenue as a result of the continued salary indexation process throughout 2022, which was aimed at improving Fix Price's competitive position in the labour market in our countries of operation, as well as other incentives.

In 2022, **rental expenses** under IFRS 16 increased by 10 bps to 0.8% of revenue (0.7% in 2021), as the share of floating-rate contracts increased to 65%, compared to 57% in 2021. We strive to be flexible in all areas of our business and continue to opt for variable as opposed to fixed lease contracts. This was reflected in the growing share of variable lease contracts as a percentage of total lease contracts.

At the same time, rental expenses under IAS 17 improved by 32 bps to 5.3% of retail revenue, in line with our IPO guidance, reflecting the Company's efforts to improve lease terms.

D&A expenses were down by 40 bps to 4.7% of revenue in 2022, compared to 5.1% in 2021.

Depreciation of right-of-use assets decreased by 39 bps to 3.6% of revenue due to a decrease in the amount

of right-of-use assets on the back of higher discount rates in 2022 compared to the previous year. The share of **other depreciation and amortisation expenses** slightly slipped by 1 bps.

Bank charges decreased by 9 bps to 1.0% of revenue, reflecting lower commissions on bank card transactions while a Central Bank of Russia resolution to cut acquiring commissions for businesses selling socially-important products and services remained in force from March to August 2022. This was partially offset by continued growth in the share of non-cash payments.

Advertising costs were down 7 bps to 0.3% of revenue due to cost optimisation and a positive operating leverage effect. Costs for security services, repair and maintenance, utilities, and other expenses remained almost flat year-on-year at 0.7%, 0.4%, 0.3%, and 0.5% of revenue, respectively.

Other operating income and the share of profit of associates increased by 9 bps from 0.4% to 0.5% of revenue, mainly due to higher proceeds from the sale of waste such as cardboard and stretch film for recycling, as well as income received from the depositary bank in connection with the IPO, which is accrued on a linear basis during the life of the depositary facility.

As a result, **EBITDA** rose by 22.7% to RUB 54.2 billion in 2022 as compared to RUB 44.2 billion in the previous year. **EBITDA margin** increased by 36 bps to a record high of 19.5%, well above our IPO guidance.

19.5% +36 bps y-o-y

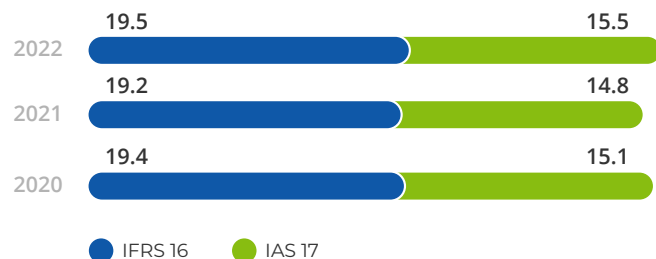
Record high EBITDA margin
outstripping IPO guidance



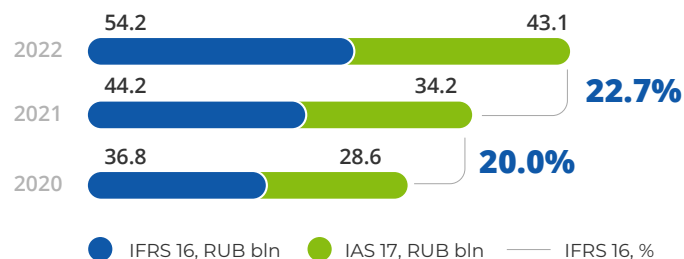
Gross margin over 2020–2022, %



EBITDA margin over 2020–2022, %



EBITDA growth over 2020–2022



Net finance costs in 2022 grew by 82.2% to RUB 3.0 billion, compared to RUB 1.6 billion in 2021. The increase was mainly driven by higher average loan rates, as well as by greater interest expense on lease liabilities. This growth was partially offset by an increase in interest income from bank deposits.

In 2022, we recorded an **FX loss** of RUB 0.2 billion, compared to a RUB 0.1 billion FX loss in the previous year. The FY 2022 loss was primarily attributable to the high FX volatility in 1H 2022, the loss on the revaluation of the Group's foreign currency-denominated bank accounts, the loss on the revaluation of rouble-denominated intra-group accounts payable of the Group's international entities, and the loss on forward contracts. This was mainly offset in 2H 2022, when the Company posted gains amid the weakening of the rouble, which led to a gain on the revaluation of the Group's foreign currency-denominated bank accounts, deposits and forward contracts, and rouble-denominated liabilities of the Group's international entities.

The Group's total **income tax expense** stood at RUB 16.4 billion versus RUB 9.2 billion for 2021.

As a result, Fix Price's **net profit** stood at RUB 21.4 billion in 2022, with a net profit margin of 7.7%.



Financial Position and Cash Flow Highlights

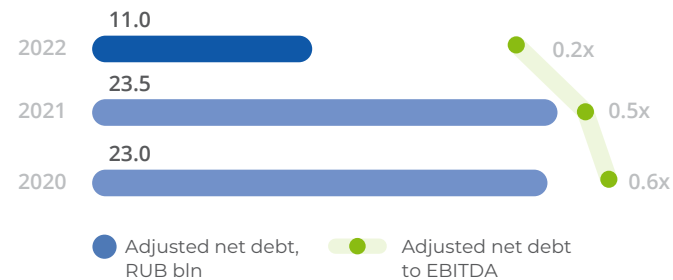
The Company's balance sheet remained strong in 2022, reflecting Fix Price's conservative financing policy.

Current loans and borrowings decreased by RUB 3.9 billion from the beginning of the year to RUB 17.6 billion, as the Company reduced its current debt in response to an elevated interest rate environment.

Total loans and borrowings remained stable at RUB 21.9 billion as at 31 December 2022. Lease liabilities grew to RUB 12.6 billion from RUB 10.7 billion at the start of the year, driven by hikes in market interest rates and an increase in the number of lease contracts on the back of store network expansion. In the first half of the year the Company raised long-term debt that amounted to RUB 4.4 billion as of the year-end. As a result, Fix Price's **total loans, borrowings and lease liabilities** amounted to RUB 34.5 billion, up by 7.1% from the start of the year.

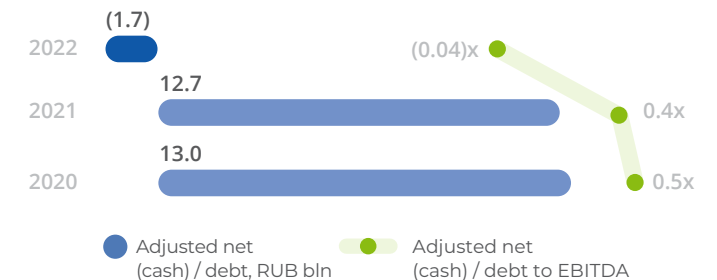
As at the end of the reporting period, the Company's **IAS 17-based adjusted net cash position** was RUB 1.7 billion, versus RUB 12.7 billion adjusted net debt at the start of the year, on the back of accumulated cash reserves. The Company's **IAS 17-based adjusted net cash to EBITDA ratio** improved to 0.04x, compared to an IAS 17-based adjusted net debt to EBITDA ratio of 0.4x as at 31 December 2021.

Adjusted net debt and adjusted net debt to EBITDA under IFRS 16 in 2020–2022



The Group's **net trade working capital** improved to RUB 9.1 billion as at 31 December 2022, down from a peak of RUB 18.0 billion as at 30 June 2022, but slightly up from RUB 7.9 billion as at 2021 end. The Company continued to pursue a diligent approach towards ordering assortment in advance to ensure the availability of goods on store shelves in case of supply chain disruptions. Continued normalisation of payment terms with suppliers contributed to improve this metric throughout the year.

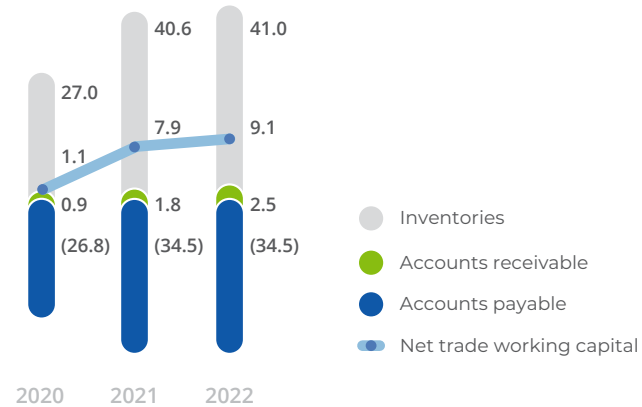
Adjusted net (cash) / debt and adjusted net (cash) / debt to EBITDA under IAS 17 in 2020–2022



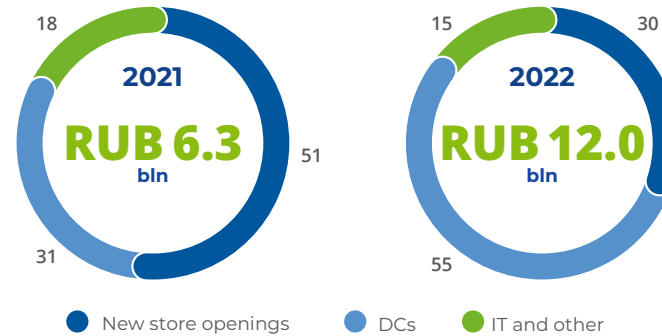
CAPEX for 2022 amounted to RUB 12.0 billion, up from RUB 6.3 billion in 2021, driven by the active construction of two DCs slated for launch in 2023. CAPEX as a percentage of revenue grew to 4.3% from 2.7% a year before.



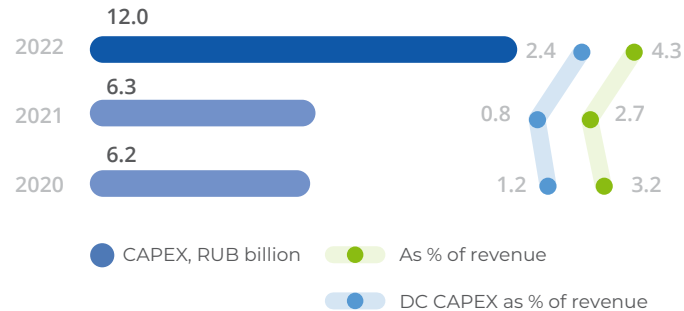
Net trading working capital¹ over 2020–2022, RUB billion



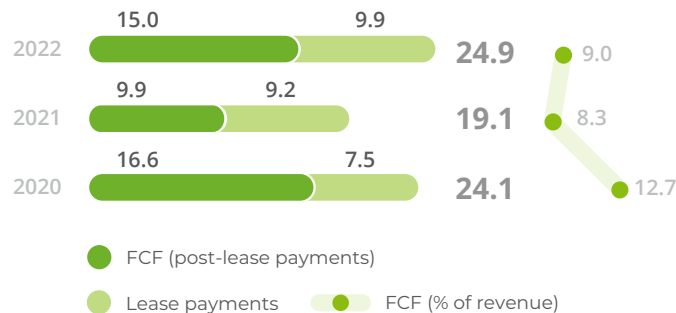
CAPEX² composition over 2021–2022, %



CAPEX over 2021–2022, RUB billion



FCF³ over 2020–2022, RUB billion



¹ Net trade working capital calculated as inventories plus receivables and other financial assets less payables and other financial liabilities

² Capital expenditure is calculated as cash flow related to the acquisition of property, plant and equipment and intangible assets for the relevant period

³ FCF calculated as Net cash flows generated from operating activities less Net capital expenditures (calculated as Purchase of property, plant and equipment plus Purchase of intangibles less Proceeds from sale of property, plant and equipment)

