

CEO Statement



The year of 2022 was one of the most challenging years in Fix Price's history, but despite this, we pushed forward with our corporate strategy, delivering sound operating and financial results. We achieved a solid revenue growth, while the EBITDA margin exceeded our 2021 IPO guidance. We further reduced our historically low net debt and fortified the Company's financial position.

First, I would like to thank all my colleagues for their unwavering commitment to serving our customers, effectively responding to the changing environment throughout the year, and creating a strong alignment between our value-driven assortment and consumer demand. Moreover, I am grateful to all our customers for the confidence they continued to show in our Company over the year. Our successful efforts to offer the best value across the entire product range enabled us to increase our number of loyal customers by 29% year-on-year to 22 million.





Overcoming Challenges to Become a Stronger Company

In the past year, Fix Price put tremendous work into ensuring the smooth operation of our logistics and supply chain. For instance, in 2022, we secured shipments of priority goods through stable transportation routes and started to cooperate more closely with freight forwarders and small and medium carriers to test new sea routes. We also continued to explore sourcing opportunities with new local and foreign producers to stay flexible in case of possible changes of the suppliers' strategy regarding the Company's target markets.

The efficiency and speed of our geographical expansion, our low pricing model and the quick rotation of our product range are driven by our sourcing capabilities and distribution platform. In 2022, we increased the total number of distribution centres (DCs) from eight to ten as we launched our own DC in Novosibirsk with a total area of 23,387 square metres, in addition to leasing a DC in the Samara Region with a total area of 37,162 square metres. The total space of our modern distribution centres reached approximately 343,000 square metres.

10
modern DCs

~343,000 sq.m.
total DC space

+2
DCs in 2022

+60,549 sq.m.
of total DC space in 2022

Moreover, we continued to actively expand our retail network and deliver on the targets for net store openings announced during the Company's IPO. In 2022, we opened 671 Company-operated stores (+15.4% year-on-year) and 88 franchise stores (+16.4% year-on-year). Thus, the total number of stores grew by 759, exceeding our full-year net opening guidance of 750 new stores. At the same time, the total selling space of Fix Price stores grew by 168,520 square metres (+15.9% year-on-year). We carried this momentum into 2023 by opening our first stores in Mongolia in January, boosting our international presence to eight countries.

7

countries
of presence
in 2022

+759

stores (net) in 2022
exceeding the IPO
guidance

5,663

total number
of stores

All Fix Price stores prioritise the use of locally produced equipment, while our IT solutions are supported in-house. This has enabled us to successfully expand our store network and mitigate disruptions to the supply chain. Furthermore, in 2022, despite challenges in sourcing construction materials and price hikes, the store opening CAPEX growth remained below non-food inflation. We were able to keep lead times for new store openings unchanged thanks to improved project documentation and our strong negotiating power with landlords.

Solid Performance Driven by a Resilient Business Model

Throughout 2022, we grew our like-for-like (LFL) sales by 10.1%, in line with our 2021 IPO projections, once again demonstrating the success of our business model despite the adverse external environment. We also recorded a 12.9% increase in the LFL average ticket, with a cumulative growth rate of 22.8% in LFL sales of food and drogerie (household chemicals, cosmetics and hygiene) across stores in Russia. However, LFL traffic dipped by 2.5% amid cautious consumer sentiment and a decline in real disposable income in 2022.

Revenue in 2022 increased by 20.5% to RUB 277.6 billion, driven by the expansion of our store network and growth in LFL sales. We were able to achieve this by being proactive with our inventory and delivering an attractive value proposition to our customers.

At the same time, EBITDA grew by 22.7% to RUB 54.2 billion. The EBITDA margin increased by 36 bps to a record high of 19.5% (above the IPO guidance), driven by a significant improvement in gross margin, partly offset by higher selling and administrative expenses. Meanwhile, net profit was flat year-on-year at RUB 21.4 billion.



Maintaining Transparency for Investors and Shareholders

As always, we remained committed to transparency, making every effort to maintain the trust of our stakeholders. Although the year was challenging on almost every industry, we continued to follow best practices in information disclosure, publishing our financial and operating results on a regular basis, in line with our standard practice.

Due to market turbulence and regulatory changes during the reporting period, the Board of Directors temporarily suspended the Group's dividend policy in September 2022. At the same time, we intend to continue paying dividends in the future and will announce the updates on this matter in due course.

Well-Established Corporate Governance and Management Systems

Over the reporting period, we continued to build a robust governance system in line with best practices to safeguard the rights of shareholders and other stakeholders. An important milestone was the decision to change the Company's jurisdiction of incorporation from the British Virgin Islands to the Republic of Cyprus in order to simplify the holding structure. Following the redomiciliation, which was completed in May 2022, the Company merged with its Cyprus subsidiary Kolmaz Holdings Ltd to become a single successor entity.

Another highlight in our corporate governance was the adoption of a new approach to managing business processes and their interfaces with internal control and risk management systems, as we seek to boost our business performance amid a rapidly changing external environment. In 2022, we launched the Processes Help project, which aims to optimise our business processes and bolster productivity while maintaining our high standards of quality and leveraging costs.

Delivering on ESG

Fix Price is committed to making ESG an integral part of the Company's day-to-day operations. In 2022, we continued to deliver on our key strategic priorities, the 4Ps – Product, People, Partners, and Planet.

We initiated the process of disclosing information guided by the TCFD¹ framework and continued tracking our greenhouse gas (GHG) emissions.

In 2022, we also introduced eco-friendly bags containing 40% recycled polyethylene, which became extremely popular with our customers, and continued funding the Future Champions League charitable endowment supporting young football players.

Ready for Future Growth

Despite the challenges stemming from the current geopolitical and economic turbulence, we are determined to take our social responsibility even further and will continue to care about our customers. We intend to provide them with relevant and exciting new products at the best prices and continue to fully meet their preferences and needs. We believe that we can help our customers live better lives every day, and are confident that this approach will also benefit our shareholders and other stakeholders.

I would like to thank the Board of Directors for their strategic vision, and all the members of the Fix Price team for their contribution to delivering such superb results during these challenging times. I believe that these achievements give us reason to be optimistic about the future of our business as we continue to move from strength to strength.

¹ Task Force on Climate-related Financial Disclosures (TCFD)