

## X5 GROUP Q3 2021 NET SALES INCREASE 11.6% DIGITAL BUSINESS NET SALES UP 156.9%

- ✓ Total sales increased by 11.6% year-on-year (y-o-y) in roubles (RUB), driven by a 10.3 ppt contribution to sales growth from offline sales and a 1.3 ppt contribution from digital businesses in Q3 2021.
- ✓ Pyaterochka offline net sales increased by 11.6% y-o-y, driven by 7.7% selling space expansion and LFL<sup>(1)</sup> sales growth of 5.0%.
- ✓ Perekrestok offline net sales increased by 10.2% y-o-y, driven by 10.5% selling space expansion and LFL sales growth of 4.5%.
- ✓ X5 added 353 net new stores in Q3 2021; in addition, 133 proximity stores and 10 supermarkets were refurbished to the new concepts, which continue to show positive customer response.
- ✓ As part of the hypermarket format transformation programme, Karusel continued downsizing. Its selling space declined by 40.9% y-o-y and LFL performance remained negative as many stores continue to prepare for planned closures.
- ✓ Revenue growth from digital businesses accelerated to 156.9% and totalled RUB 10.7 bln in Q3 2021. In Moscow and the Moscow region, the share of digital sales for Q3 2021 reached 3.6%, compared with an average 2% contribution to the total sales for X5 Group.
- ✓ Total GMV of e-grocery businesses reached RUB 11.6 bln in Q3 2021, up 2.5 times y-o-y (RUB 35.2 bln in 9M 2021, up 2.7 times y-o-y).

**Amsterdam, 15 October 2021** – X5 Retail Group N.V. (“X5” or the “Company”, LSE and MOEX ticker: “FIVE”), a leading Russian food retailer that operates the Pyaterochka, Perekrestok, and Karusel retail chains, today announces its preliminary consolidated net retail sales and operational results for the third quarter (Q3) and nine months (9M) ended 30 September 2021<sup>(2)</sup>.

### Net Sales Performance

#### Sales of offline and digital businesses<sup>(3)</sup>

RUB mln	Q3 2021	Q3 2020	change y-o-y, %	9M 2021	9M 2020	change y-o-y, %
Pyaterochka	445,169	398,890	11.6	1,293,117	1,173,237	10.2
Perekrestok	78,856	71,555	10.2	243,531	219,820	10.8
Karusel	6,541	11,207	(41.6)	24,735	42,844	(42.3)
<b>Offline net sales<sup>(4)</sup></b>	<b>531,289</b>	<b>481,653</b>	<b>10.3</b>	<b>1,562,470</b>	<b>1,435,901</b>	<b>8.8</b>
Vprok.ru Perekrestok	4,188	2,822	48.4	12,885	8,501	51.6
Express delivery	5,571	1,166	5x	16,707	2,744	6x
5Post (e-comm last mile)	601	161	4x	1,504	312	5x
Mnogo Lososya	301	-	n/a	602	-	n/a
<b>Digital businesses net sales</b>	<b>10,660</b>	<b>4,149</b>	<b>156.9</b>	<b>31,699</b>	<b>11,557</b>	<b>174.3</b>
<b>Total net sales</b>	<b>541,950</b>	<b>485,802</b>	<b>11.6</b>	<b>1,594,169</b>	<b>1,447,458</b>	<b>10.1</b>

(1) LFL comparisons of retail sales between two periods are comparisons of retail sales in local currency (including VAT) generated by the relevant stores. The stores that are included in LFL comparisons are those that have operated for at least 12 full months. Their sales are included in LFL calculation starting from the day of the store’s opening. We include all stores that fit our LFL criteria in each reporting period.

(2) Numbers in this press release are preliminary and have not been reviewed or audited by the Company’s auditor.

(3) In the tables and text of this press release, immaterial deviations in calculation of % change, subtotals and totals are due to rounding.

(4) Including Chizhik

**Net retail sales<sup>(5)</sup> by format (including express delivery, Chizhik and Mnogo Lososya, but excluding Vprok.ru Perekrestok and 5Post sales)**

RUB mln	Q3 2021	Q3 2020	change y-o-y, %	9M 2021	9M 2020	change y-o-y, %
Pyaterochka	448,065	399,776	12.1	1,302,386	1,175,615	10.8
Perekrestok (excl. Vprok.ru Perekrestok)	81,526	71,835	13.5	250,955	220,186	14.0
Karusel	6,546	11,207	(41.6)	24,750	42,844	(42.2)
<b>Net retail sales</b>	<b>537,161</b>	<b>482,819</b>	<b>11.3</b>	<b>1,579,779</b>	<b>1,438,645</b>	<b>9.8</b>

**Q3 & 9M 2021 LFL store performance by format, % change y-o-y<sup>(6)</sup>**

	Q3 2021			9M 2021		
	Sales	Traffic	Basket	Sales	Traffic	Basket
Pyaterochka	5.0	(0.0)	5.0	4.1	1.3	2.7
Perekrestok	4.5	2.0	2.4	2.9	4.2	(1.2)
Karusel	(4.3)	(8.7)	4.8	(8.6)	(8.0)	(0.6)
<b>X5 Group</b>	<b>4.8</b>	<b>0.1</b>	<b>4.7</b>	<b>3.7</b>	<b>1.5</b>	<b>2.1</b>

**Q3 2021 monthly net RUB sales by format, % change y-o-y**

	July 2021	August 2021	September 2021
Pyaterochka	10.7	11.5	12.7
Perekrestok	13.4	9.1	8.2
Karusel	(40.6)	(42.5)	(41.9)
<b>Offline business total</b>	<b>9.9</b>	<b>10.0</b>	<b>11.0</b>
Vprok.ru Perekrestok	49.9	50.2	45.5
Express delivery	5x	5x	5x
5Post (e-comm last mile)	5x	4x	3x
<b>Digital businesses total</b>	<b>149.1</b>	<b>80.2</b>	<b>134.3</b>
<b>Total</b>	<b>11.1</b>	<b>10.8</b>	<b>12.2</b>

**Average Ticket and Number of Customer Visits<sup>(6)</sup>**

**Q3 & 9M 2021 average ticket and customer visits by offline format**

	Q3 2021	Q3 2020	change y-o-y, %	9M 2021	9M 2020	change y-o-y, %
<b>Average Ticket, RUB</b>						
Pyaterochka	387.8	369.4	5.0	399.1	388.8	2.6
Perekrestok	577.3	565.2	2.1	606.1	614.9	(1.4)
Karusel	1,018.2	888.2	14.6	974.4	927.1	5.1
<b>X5 Group</b>	<b>410.7</b>	<b>395.0</b>	<b>4.0</b>	<b>426.2</b>	<b>419.6</b>	<b>1.6</b>
<b># of Customers, mln</b>						
Pyaterochka	1,325.4	1,241.8	6.7	3,744.1	3,471.5	7.9
Perekrestok	161.4	145.0	11.3	472.7	408.9	15.6
Karusel	7.4	14.5	(48.7)	29.2	53.1	(44.9)
<b>X5 Group</b>	<b>1,496.6</b>	<b>1,401.2</b>	<b>6.8</b>	<b>4,248.6</b>	<b>3,933.4</b>	<b>8.0</b>

(5) Net retail sales represent revenue from operations of X5-managed stores net of VAT. This number differs from revenue, which also includes proceeds from direct franchisees (royalty payments) and other revenue, which will be reported as part of X5's Q3 and 9M 2021 financial results.

(6) Excluding Vprok.ru Perekrestok

**Q3 2021 average monthly ticket and customer visits by offline format, % change y-o-y**

	July 2021	August 2021	September 2021
<b>Average Ticket</b>			
Pyaterochka	2.3	3.9	9.1
Perekrestok	(1.7)	1.9	6.2
Karusel	11.3	13.8	19.5
<b>X5 Group</b>	<b>2.3</b>	<b>3.9</b>	<b>9.0</b>
<b># of Customer Visits</b>			
Pyaterochka	8.2	7.7	4.3
Perekrestok	18.8	10.6	5.2
Karusel	(46.5)	(48.5)	(51.1)
<b>X5 Group</b>	<b>8.7</b>	<b>7.5</b>	<b>4.0</b>

**Expansion Dynamics**
**Selling space and # of stores by format**

	As at 30-Sep-21	As at 31-Dec-20	change vs 31-Dec-20, %	As at 30-Sep-20	change vs 30-Sep-20, %
<b>Selling Space, square meters (sq. m.)</b>					
Pyaterochka	6,909,602	6,541,622	5.6	6,414,939	7.7
Perekrestok	1,080,711	1,013,860	6.6	978,007	10.5
Karusel	133,071	222,119	(40.1)	225,334	(40.9)
<b>X5 Group<sup>(7)</sup></b>	<b>8,212,057</b>	<b>7,840,055</b>	<b>4.7</b>	<b>7,679,755</b>	<b>6.9</b>
<b># of Stores</b>					
Pyaterochka	17,600	16,709	5.3	16,385	7.4
Perekrestok	980	933	5.0	905	8.3
Karusel	34	56	(39.3)	57	(40.4)
<b>X5 Group<sup>(7)</sup></b>	<b>18,648</b>	<b>17,707</b>	<b>5.3</b>	<b>17,352</b>	<b>7.5</b>

**Selling space and # of stores added by format**

	Net Added Q3 2021	Net Added Q3 2020	change, y-o-y, %	Net Added 9M 2021	Net Added 9M 2020	change, y-o-y, %
<b>Selling Space, square meters (sq. m.)</b>						
Pyaterochka	126,643	124,977	1.3	367,980	439,792	(16.3)
Perekrestok	22,179	66,373	(66.6)	66,852	99,251	(32.6)
Karusel	(27,852)	(21,856)	27.4	(89,048)	(138,743)	(35.8)
<b>X5 Group<sup>(7)</sup></b>	<b>149,154</b>	<b>169,494</b>	<b>(12.0)</b>	<b>372,002</b>	<b>440,638</b>	<b>(15.6)</b>
<b>Net # of Stores</b>						
Pyaterochka	332	289	14.9	891	1,031	(13.6)
Perekrestok	12	43	(72.1)	47	57	(17.5)
Karusel	(6)	(5)	20.0	(22)	(34)	(35.3)
<b>X5 Group<sup>(7)</sup></b>	<b>353</b>	<b>327</b>	<b>8.0</b>	<b>941</b>	<b>1,055</b>	<b>(10.8)</b>

(7) Including Vprok.ru Perekrestok dark stores and Chizhik stores

## Digital Businesses Performance

	Q3 2021	Q3 2020	change y-o-y, %	9M 2021	9M 2020	change y-o-y, %
<b>Vprok.ru Perekrestok</b>						
GMV*, RUB mln	4,932	3,317	48.7	15,249	9,947	53.3
Number of orders, ths	1,058	846	25.1	3,229	2,323	39.0
Average ticket, RUB	4,513	3,791	19.1	4,569	4,154	10.0
<b>Express Delivery</b>						
GMV*, RUB mln	6,703	1,347	5x	19,997	3,139	6x
Number of orders, ths	4,423	855	5x	12,765	1,824	7x
Average ticket, RUB	1,445	1,540	(6.2)	1,496	1,699	(12.0)
<b>5Post</b>						
Net sales, RUB mln	601	161	4x	1,504	312	5x
Number of parcels, ths	6,133	1,600	4x	14,791	3,107	5x

\*GMV is the value of delivered orders at their final prices (incl. VAT), gross of promo-codes and bonuses applied.

## Key Drivers for Q3 2021 Results

### External environment

- Food inflation in Q3 2021 accelerated to 8.1% (peaking at 9.2% in September) compared to 7.3% in Q2 2021. The acceleration of inflation occurred on the back of budget payments to the population totalling approximately RUB 0.5 trn (0.4% of Russian GDP) and supply constraints. The effect of seasonal deflation in the fruits and vegetables category was less than usual.
- Prices for milk, meat and meat products, pasta and bakery products continued to grow at a rate higher than inflation on the back of rising prices for raw materials.
- Imbalances in the labour market, reflected in the growth of wages, led to a shortage of workforce in the transportation and logistics sectors, as well as at some large food processing enterprises (including poultry farms).
- Growth in real wages in August amounted to 8.8% amid high demand for labour. The employment growth rate exceeds the labour force growth rate. The unemployment rate dropped to a minimum of 4.3% during the period. In addition to long-term demographic trends reflected in declining population, labour supply continues to be influenced by high mortality rates among the Russian population and only partial recovery in migrant workforce supply.
- The Bank of Russia continued its cycle of key rate increases. In Q3 2021, the key rate rose by 1.25 ppt to 6.75%. The regulator gave clear signals of further rate hikes. Two more rate hikes by the end of the year are very possible considering current inflation levels.

### Loyalty programmes

- X5 continued to develop its loyalty card programmes. In total, X5's three retail formats had 61.6 million active<sup>(8)</sup> loyalty card users in Q3 2021, up 1.0% y-o-y despite the negative impact of the Karusel downsizing. Loyalty cards penetration in sales in September reached 81% at Pyaterochka, 85% at Perekrestok and 89% at Karusel. The average ticket of customers with a loyalty card was over two times higher than the average ticket of customers without a loyalty card in Pyaterochka in Q3 2021.

(8) Customer who made at least one purchase during the last quarter

## **Offline business development**

- Pyaterochka's offline net sales increased by 11.6% y-o-y, with LFL sales growth at 5.0% in Q3 2021, supported by LFL performance in the format's 4,051 new concept stores that is 4 ppt higher compared with old concept stores. LFL traffic remained flat y-o-y while LFL basket increased by 5.0% y-o-y, reflecting normalised customer behaviour. The network continued to expand, with 372 new stores (on a gross basis) in Q3 2021, in line with its plan to open c. 1,400 stores on a gross basis in 2021. The number of closures remained at a low level of 40 in Q3 2021, which reflects the increased quality of new openings.
- Perekrestok's offline net sales increased by 10.2% in Q3 2021. LFL sales growth was positive in Q3 2021 at 4.5%, driven by a continued recovery at stores located in shopping malls, as approximately half of Perekrestok supermarkets are located in shopping malls, which were closed during the first wave of COVID in Q2 2020. The format's 189 refurbished Perekrestok stores demonstrated 8 ppt higher LFL performance compared with the old concept stores. Perekrestok continued its selling space expansion and converted 21 Karusel stores to Perekrestok during the 12 months ended 30 September 2021, which was the main driver of its 10.5% y-o-y selling space growth.
- In Q3 2021, Karusel's offline net sales decreased by 41.6%, driven by downsizing as part of the format's transformation programme, with LFL sales down by 4.3% due to activities in some of the remaining Karusel stores preparing for their closures.

## **Digital businesses development**

- In Q3 2021, the total MAU of X5 digital services was 17.3 million, an increase of 37% y-o-y.
- The external environment in the e-grocery segment continued to be very competitive, with many technology players promoting their services with significant marketing budgets. This allowed for faster underlying segment growth and contributed to a structural shift towards fast/express delivery services for consumers.
- The combined GMV of Vprok.ru Perekrestok and express delivery services in Q3 2021 reached RUB 11.6 billion, up 149% y-o-y, including VAT and gross of promo-codes and bonuses. Expansion of express delivery services contributed 77% of this growth, with 23% coming from the online hypermarket Vprok.ru Perekrestok.
- Total digital business revenue (including Vprok.ru Perekrestok, express delivery, 5Post and Mnogo Lososya) grew 156.9% y-o-y in Q3 2021 and contributed 1.3 ppt to the consolidated quarterly revenue growth rate of 11.6%. Vprok.ru Perekrestok and express delivery successfully fulfilled more than 78 thousand orders per day during peak periods in September.
- Digital business net sales as a share of X5's consolidated net sales saw the fastest growth in Moscow and the Moscow region, where the share of digital sales for Q3 2021 reached 3.6%, compared with an average 2% contribution to the total sales for X5 Group.
- X5 continues the rapid expansion of express delivery services from Pyaterochka proximity stores and Perekrestok supermarkets. In Q3 2021, total revenue of express delivery services increased by 4.8 times y-o-y. As of 30 September 2021, express delivery service was available from 1,350 stores (771 Pyaterochka stores, 576 Perekrestok supermarkets and 3 Karusel hypermarkets) in 38 regions, compared with 473 stores and seven regions a year ago. In addition, ready-to-eat food delivery was available from almost 600 restaurants via the Okolo aggregator app. In Q3 2021, the number of orders for express delivery was 48.1 thousand per day (including Okolo), with a delivery time of 50-60 min and an average ticket of RUB 1,340 in Pyaterochka and RUB 1,624 in Perekrestok, 10% and 5% down y-o-y respectively on the back of increasing penetration in the regions. The daily number of fulfilled orders during Q3 2021 peaked in September at 64 thousand orders on the busiest days.

- Vprok.ru Perekrestok continued to expand based on its infrastructure of 5 dark stores (3 in Moscow, 1 in St Petersburg, 1 in Nizhny Novgorod). In Q3 2021, Vprok.ru Perekrestok revenue increased by 48.4% y-o-y. The total number of Vprok.ru Perekrestok orders increased by 25% y-o-y and reached 1.06 million in Q3 2021. The average number of daily orders in Q3 2021 reached 11.5 thousand. The average Vprok.ru Perekrestok basket in Q3 2021 increased by 19.1% y-o-y, reflecting further expansion in the assortment to 72 thousand SKUs.
- In Q3 2021, Vprok.ru Perekrestok opened a new darkstore in Moscow (37 ths. sq. m including mezzanine area).
- In Q3 2021, 5Post e-commerce delivery service revenue increased by 3.7 times y-o-y. Orders fulfilled by 5Post reached 6.1 million in Q3 2021, with over 22 thousand pickup points in operation, including over 5 thousand multi-parcel lockers. Additional LFL traffic generated by parcel lockers and pick-up points in stores is up to 2-3%.
- The Mnogo Lososya ready-to-eat digital service, which became part of X5 Group in late March 2021, continued expanding. As of the end of September it operated 42 dark kitchens (including 2 franchisees), vs 30 dark kitchens at the end of June. In Q3 2021, net sales of Mnogo Lososya reached RUB 301 mln, up 29.2% q-o-q.

### ***Expansion and retail portfolio improvement***

- 133 Pyaterochka stores were refurbished into the new concept in Q3 2021, in addition to 359 gross new concept stores opened. The total number of stores operating under the new concept reached 4,051 or 23% of the Pyaterochka store base as of 30 September 2021. The new concept stores continue to demonstrate significantly higher LFL sales growth as well as 1.4 times higher NPS compared to Pyaterochka average.
- 10 Perekrestok supermarkets were opened following refurbishment and two Karusel hypermarkets were transformed into Perekrestok supermarkets in Q3 2021. As of 30 September 2021, 189 supermarkets, or 19% of the Perekrestok store base, were operating under the new concept.
- In Q3 2021, as part of the Company's ongoing rationalisation programme, X5 closed 40 proximity stores, four supermarkets, six hypermarkets (of which 2 were transferred to Perekrestok).
- In Q3 2021, X5 opened one new distribution centre in Sverdlovsk region (9 ths sq. m) and closed one in Orel region (15 ths sq. m), both serving the proximity format.

**Note to Editors:**

X5 Retail Group N.V. (LSE and MOEX: FIVE, Fitch – ‘BB+’, Moody’s – ‘Ba1’, S&P – ‘BB+’, RAEX – ‘ruAA+’) is a leading Russian food retailer. The Company operates proximity stores under the Pyaterochka brand, Perekrestok supermarkets and Karusel hypermarkets. X5 is also a leader in e-commerce and is developing digital businesses such as Vprok.ru Perekrestok, 5Post, express delivery services and the Okolo hyperlocal delivery aggregator.

As of 30 September 2021, X5 had 18,648 Company-operated stores. It has the leading market position in both Moscow and St Petersburg and a significant presence in the European part of Russia. Its store base includes 17,600 Pyaterochka proximity stores, 980 Perekrestok supermarkets and 34 Karusel hypermarkets. The Company operates 43 DCs and 4,178 Company-owned trucks across the Russian Federation.

X5 is one of the largest employers in Russia. The Company employs over 339 thousand people.

For the full year 2020, revenue totalled RUB 1,978,026 mln (USD 27,417 mln), EBITDA pre-IFRS 16 reached RUB 145,137 mln (USD 2,012 mln), and net profit pre-IFRS 16 for the period amounted to RUB 39,180 mln (USD 543 mln). In H1 2021, revenue totalled RUB 1,053,703 mln (USD 14,186 mln), adjusted EBITDA pre-IFRS 16 reached RUB 80,899 mln (USD 1,089 mln), and net profit pre-IFRS 16 amounted to RUB 25,296 mln (USD 341 mln).

X5’s Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.10%, treasury shares – 0.01%, Shareholders with less than 3% – 40.60%.

**Forward looking statements:**

*This announcement includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the fact that they do not only relate to historical or current events. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “expected”, “plan”, “goal”, “believe”, or other words of similar meaning.*

*By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond X5 Retail Group N.V.’s control. As a result, actual future results may differ materially from the plans, goals and expectations set out in these forward-looking statements.*

*Any forward-looking statements made by or on behalf of X5 Retail Group N.V. speak only as of the date of this announcement. Save as required by any applicable laws or regulations, X5 Retail Group N.V. undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.*

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