



NEW RETAIL STARTS NOW

> X5 RETAIL GROUP

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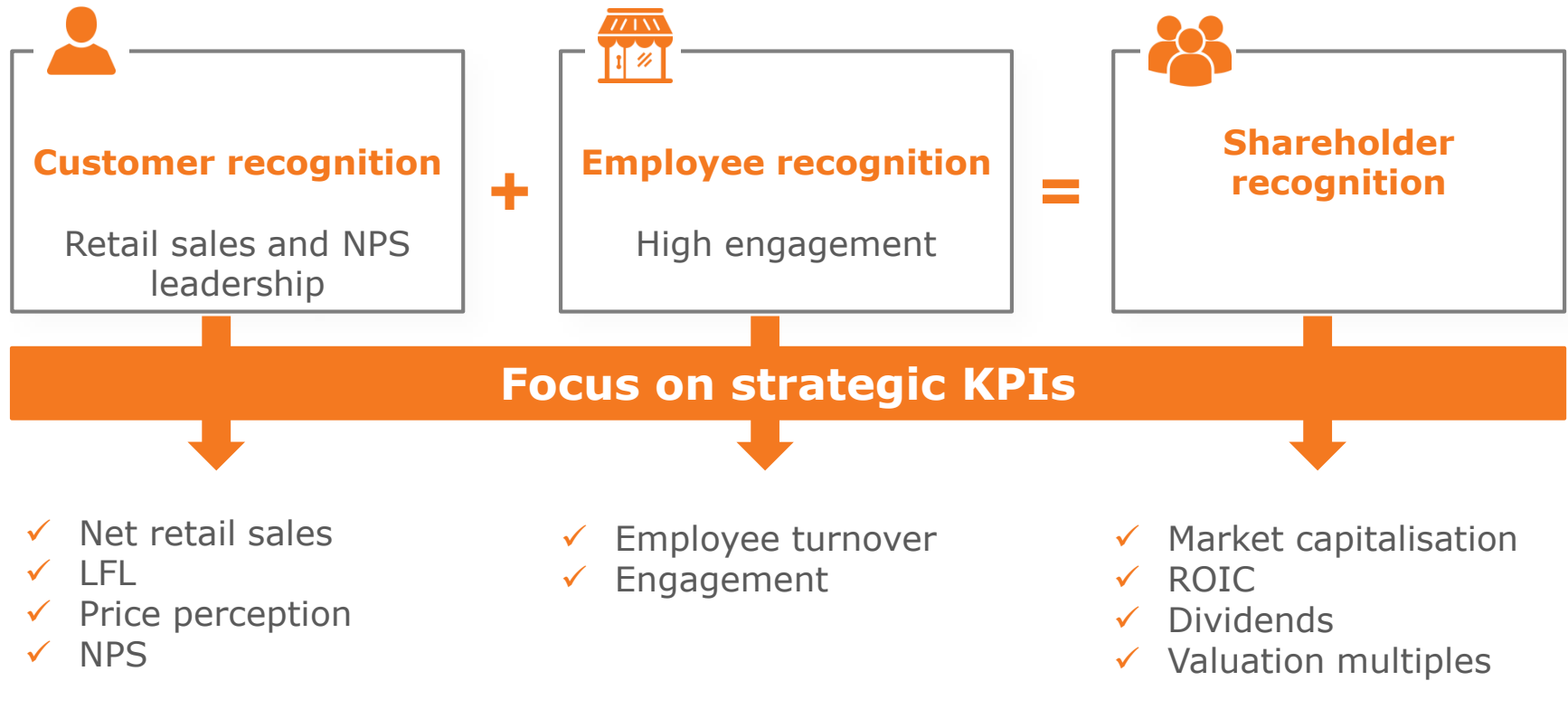




I. HIGHLIGHTS

OUR MISSION AND GOALS

To become the most valuable company in the eyes of customers, employees, and shareholders, which means:



STRATEGIC HIGHLIGHTS



- **Market leader** in Russian food retail, **12.6% market share in 12M 2020**
- **Strategy is aimed at maintaining leadership**



- X5 is a **multi-format** retailer with focus on two largest segments of the Russian food retail - proximity and supermarkets
- **Balanced approach to expansion**
- **Fast growth of online supermarket**; express delivery in pilot stage



- Constant adaptation of **value proposition** to Russian consumers' changing needs and current macro environment, including expansion of fresh assortment, widening local assortment, development of loyalty programmes



- Significant **investments in logistics and transport**: in the last 3 years X5 opened **12 DCs** and currently operates **43 DCs**
- adding new links in the value chain and operating a fleet of **4,178 owned trucks** as of 30 September 2021



- Development and implementation of the **Big Data** strategy based on loyalty cards information
- Focus on **innovation, digitalization and automation** of business processes



- **Dividend policy** since September 2017
- 2020 dividend **RUB 50.0 bln / RUB 184.13 per GDR**, which represents **127.6% of net profit under IAS 17**

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KEY RESULTS Q3 2021



- **11.7%** revenue growth in Q3 2021 (11.4% net retail sales growth in Q3 2021)



- **7.5%** YoY selling space growth in Q3 2021 (**+353** new stores added, net)



- **4.8%** LFL sales growth in Q3 2021



- **23%** of X5 stores operate in new concept as of Q3 2021 (new CVP launched in 2019)



- **12.9%** adj. EBITDA margin in Q3 2021



- **+1.0%** YoY loyal customers; **61.6 mln** active loyalty card users as of 30 September 2021, across formats

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- **1.5x** Net debt / EBITDA as of 30 September 2021



- **96%** of net store additions in Q3 2021 was **organic growth**
- **97%** of net store additions **in lease**

4



- **59.6 thousand daily online** orders in Q3 2021, **up 3.2 times** YoY

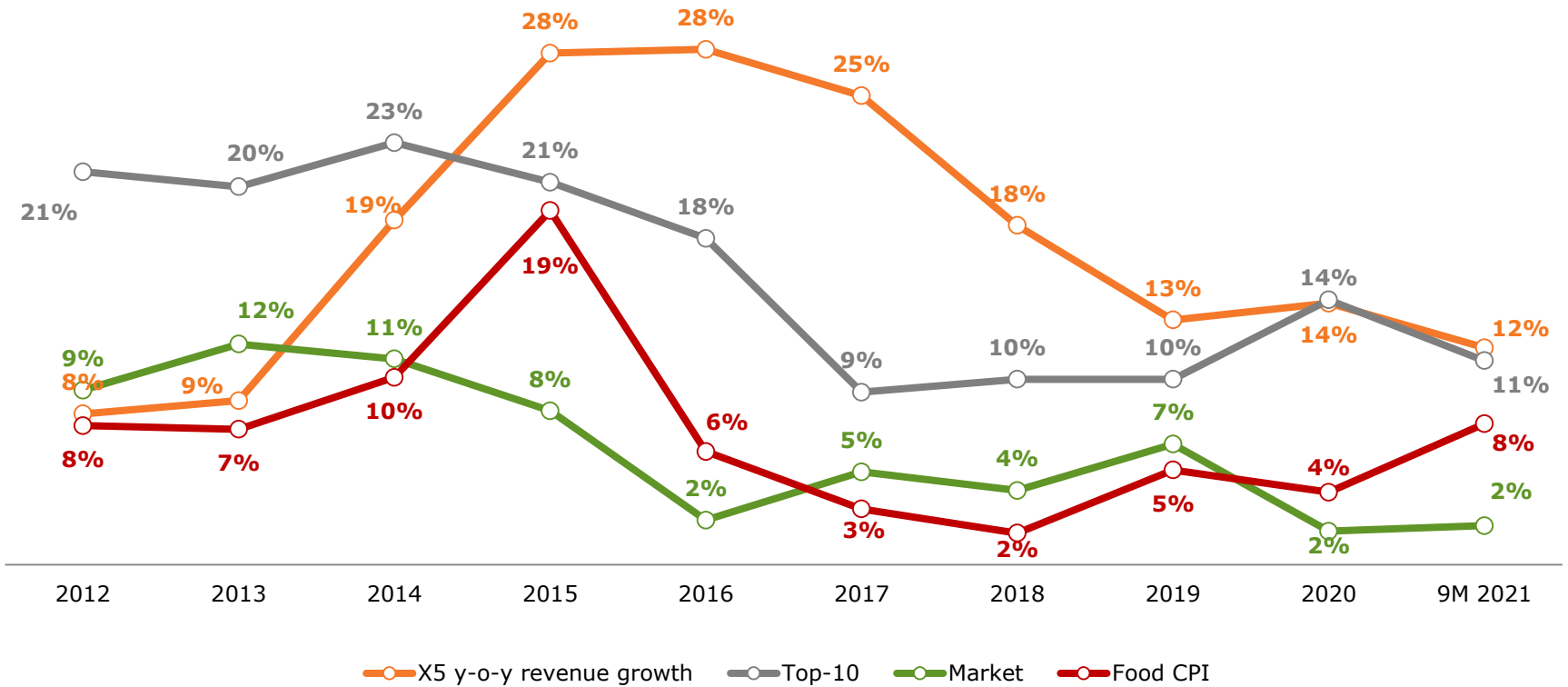


- **+156.9%** digital sales in Q3 2021, contributed 1.3 p.p. to sales growth rate

X5

*Customers who made at least one purchase during the last quarter
Source: X5 data

X5 VS. RUSSIAN FOOD RETAIL IN TOP-LINE GROWTH



Source: Infoline, X5 analysis

Starting from 2015, X5 has constantly outperformed the market and competition



OUR COMPETITIVE ADVANTAGES



1

Strong brands

2

Effective omni-channel operating model

3

Growing loyalty programme

4

Developed backbone infrastructure

5

Strong leadership team

6

Strong corporate governance and ESG



X5 MULTI-FORMAT OFFER



Pyaterochka

Format: Proximity store

Price segment: [Low] – [Mid]

Assortment: Medium choice of food products, ready-to-eat food

Sales channels: Offline (physical) stores, express delivery



Perekrestok

Format: Supermarket

Price segment: [Mid] – [Mid+]

Assortment: Wide choice of food products, wide range of ready-to-eat food

Sales channels: Offline (physical) stores, click & collect, express delivery



Chizhik

Format: Hard discounter

Price segment: [Low] – [Mid-]

Assortment: Primary food offer

Sales channels: Offline (physical) stores, express delivery



Perekrestok Vprok

Format: FMCG marketplace

Price segment: [Mid-] – [Mid]

Assortment: Hypermarket assortment: the widest choice of food and non-food products

Sales channels: Online stock up delivery



Online express delivery



ОКОЛО

KEY BENEFITS OF FOOD RETAIL MARKET LEADERSHIP



- Market leaders tend to have significant impact on how the market develops, and other players follow



- Leaders often set the predominant market pricing strategy, which serves as the benchmark for other players to adapt to



- Strong position to influence consumer behavior and shopping habits



- Leaders enjoy better financing and vendor supply terms relative to competition



- Overall competitive advantages support higher profitability and ROI

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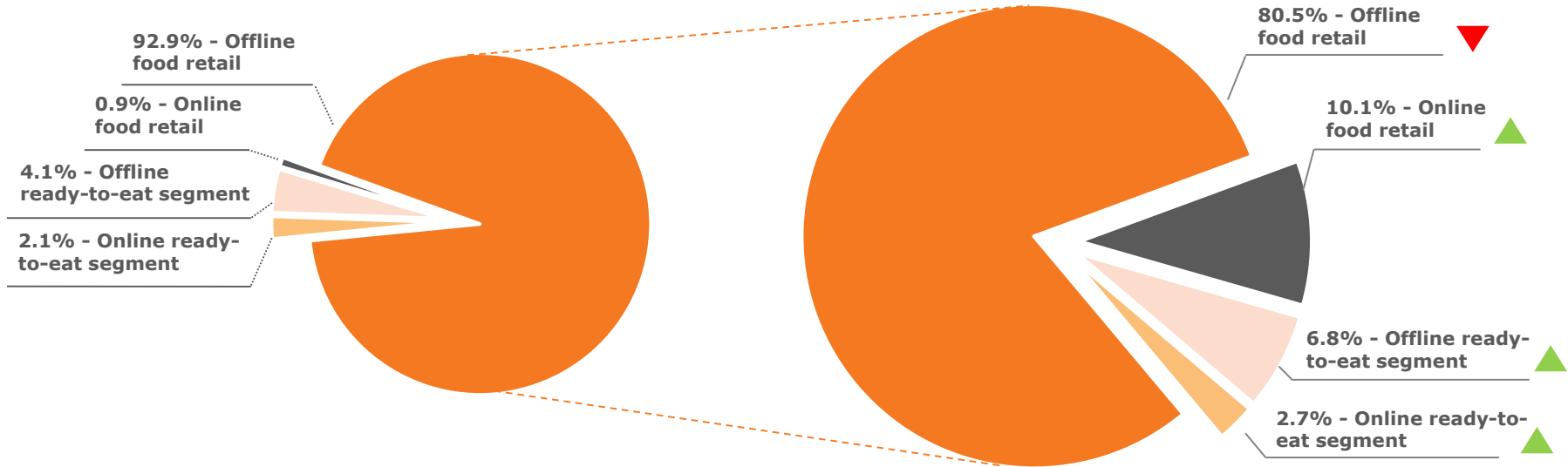
**X5 aims to increase its leadership as Russia's #1 food retailer:
15% market share target in 2023 in offline**

EVOLUTION OF RUSSIAN FOOD RETAIL MARKET

2020
Retail Food Market
(incl. HoReCa):
RUB 17.5 trn

2030E
Retail Food Market:
RUB 28.1 trn

+RUB 10.6 trn
(4.8% CAGR)



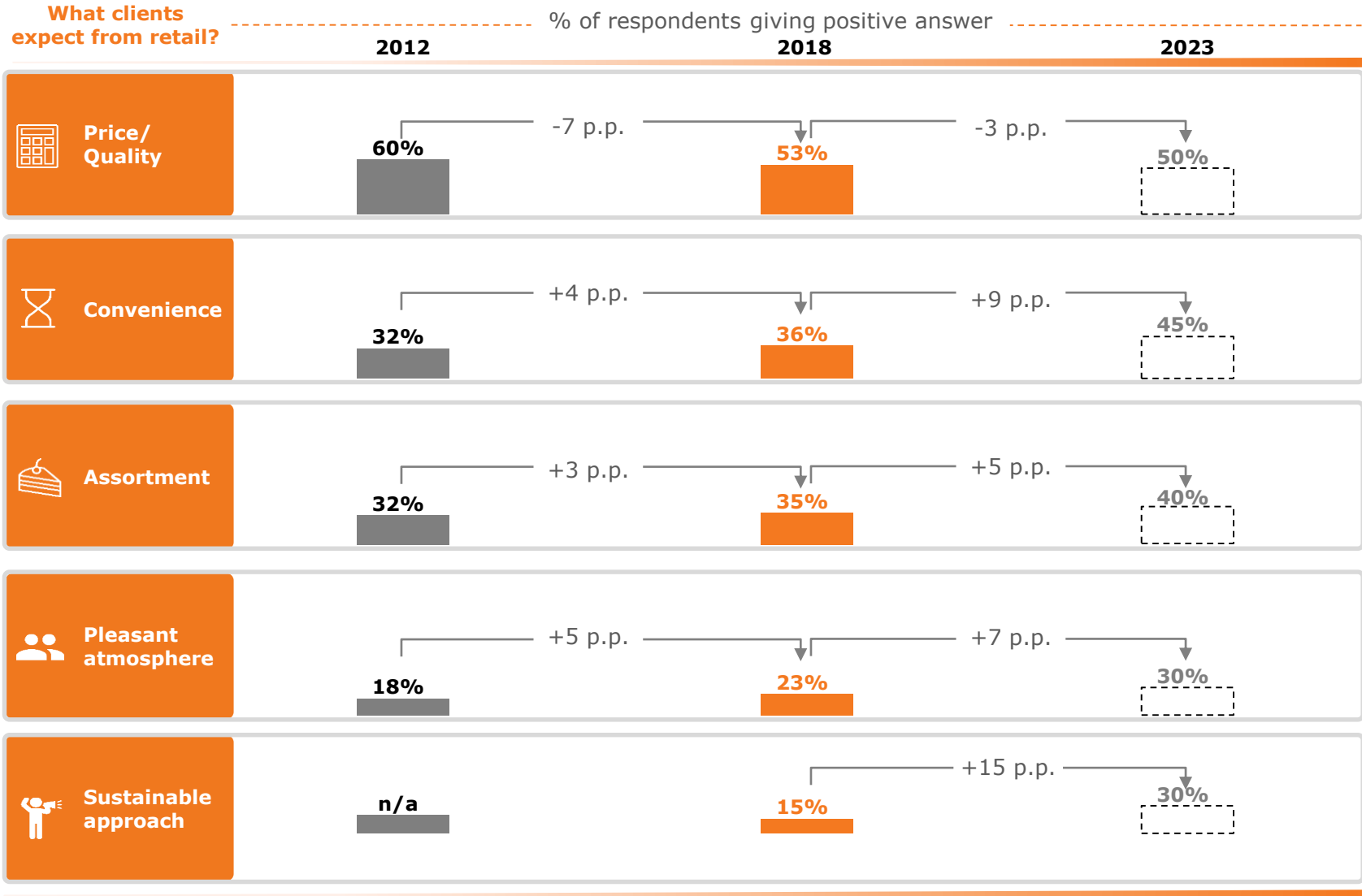
Source: Infoline

Online food and ready-to-eat will attract new customers from traditional retail



RUSSIAN FOOD RETAIL MARKET TRENDS

NON-PRICE ELEMENTS GAIN IMPORTANCE

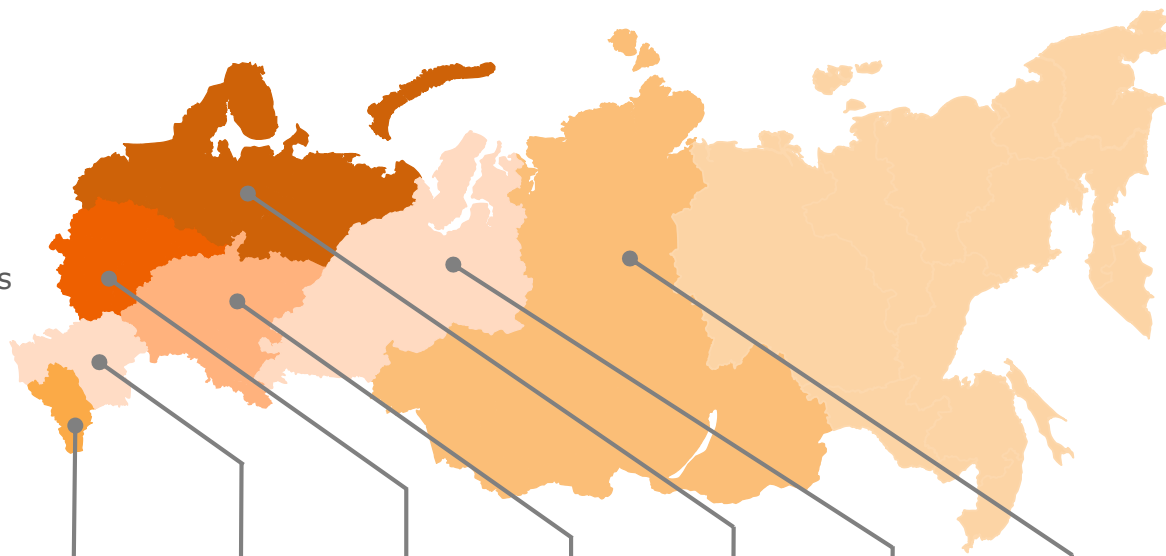






Source: Ipsos, X5 data

X5 REGIONAL PRESENSE

X5 today

- Multi-format presence in **seven** Federal Districts
- Total stores – 18,648, including:
 - 17,600 Pyaterochka stores
 - 980 Perekrystok supermarkets
 - 34 Karusel hypermarkets



| Format | Unit | North Caucasus | Southern | Central | Volga | North Western | Ural | Siberian | Total |
|---|-------------------------------|----------------|----------|---------|-------|---------------|-------|----------|---------------|
|  Пятёрочка | | 353 | 1,813 | 6,385 | 4,671 | 1,816 | 1,568 | 994 | 17,600 |
|  Перекрёсток супермаркет | Number of stores, # | 9 | 60 | 547 | 140 | 148 | 76 | - | 980 |
|  ГИПЕРМАРКЕТ КАРУСЕЛЬ | | 1 | 1 | 22 | 7 | 3 | - | - | 34 |
|  X5 RETAIL GROUP | Net retail sales (Q3 2021), % | 1.2% | 7.4% | 47.8% | 19.1% | 13.8% | 7.4% | 3.4% | 100% |

Source: X5 data

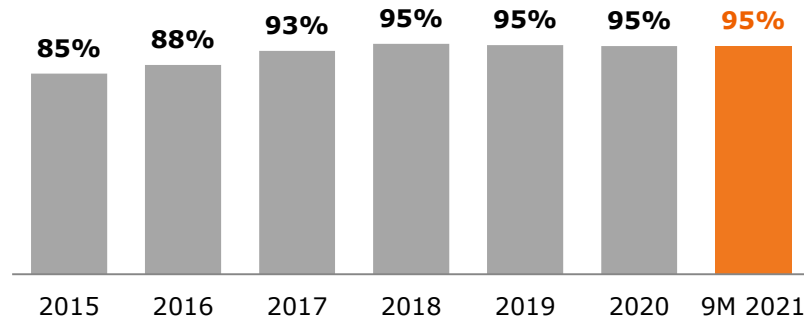
X5 DISTRIBUTION CAPABILITIES

Warehouse space as of 30 September 2021

| Federal district | Space, th. sq. m | # of DCs |
|------------------|------------------|-----------|
| Central | 561 | 14 |
| North-Western | 150 | 6 |
| Volga | 230 | 9 |
| Ural | 157 | 7 |
| Southern | 143 | 5 |
| Siberian | 70 | 2 |
| Total | 1,311 | 43 |



Centralisation levels



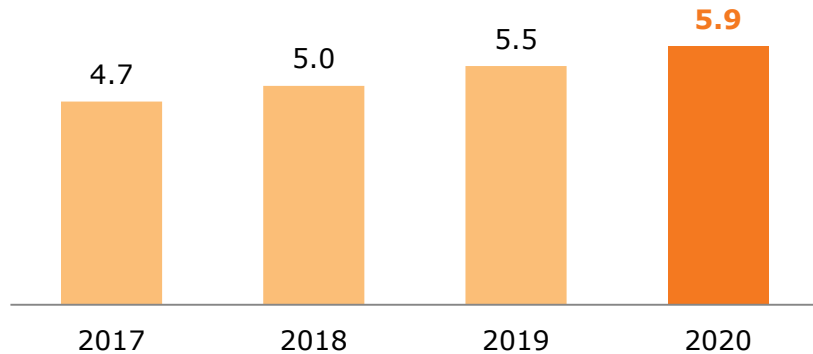
Source: X5 data

Highlights for 9M 2021

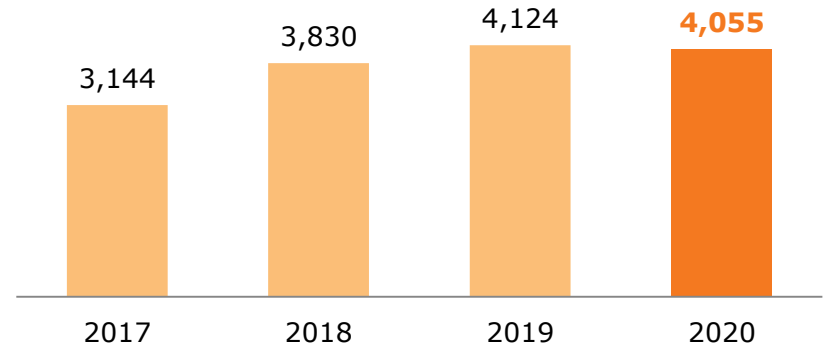
- X5 continued the implementation of the new Logistics and Transportation Strategy covering the period until 2025.
- As of 30 September 2021 the Company owned 4,178 trucks.

SUPPLY CHAIN: KEY ACHIEVEMENTS

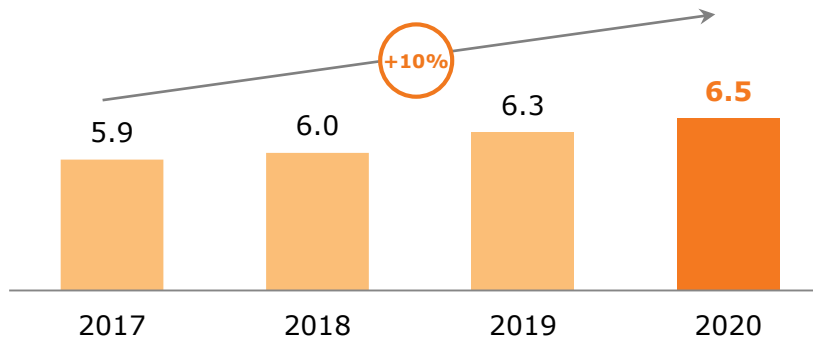
Selling space per sq.m of warehouse space (sq.m)



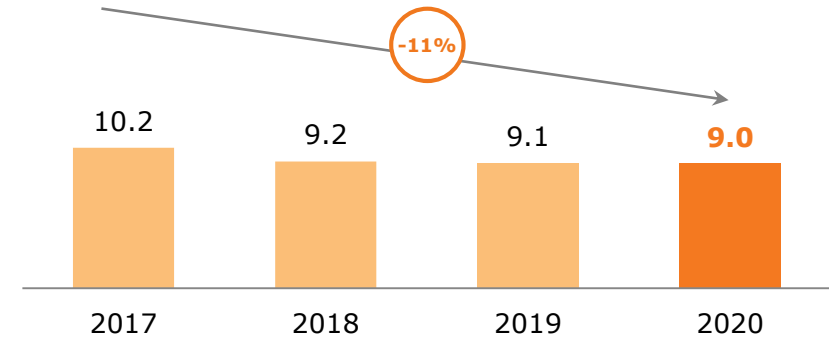
Own truck fleet (units)



DC throughput (boxes/sq.m)



Warehouse costs (RUB/box)



Source: X5 data

Strong growth of X5 is supported by advanced supply chain that leverages the latest technologies and efficient systems to provide high-quality and reliable service at all stores.

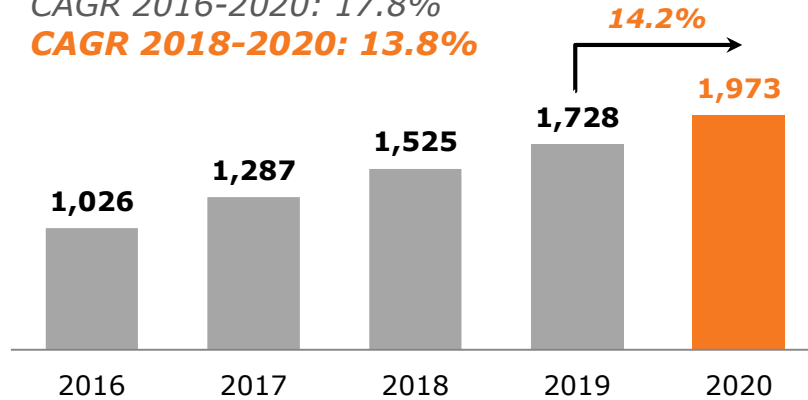


OPERATIONAL HIGHLIGHTS (ANNUAL)

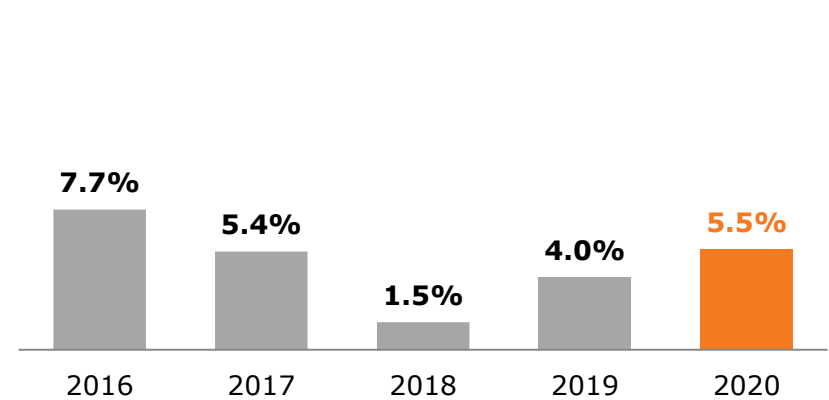
Net retail sales dynamics, RUB bn

CAGR 2016-2020: 17.8%

CAGR 2018-2020: 13.8%



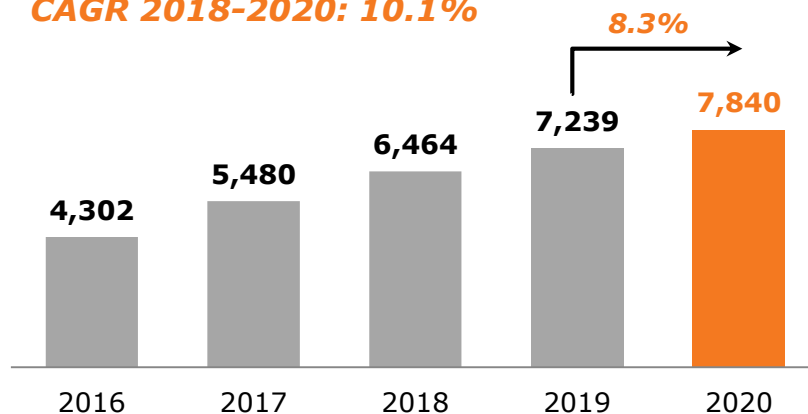
LFL sales, % y-o-y growth



Selling space, th. sq. m

CAGR 2016-2020: 16.2%

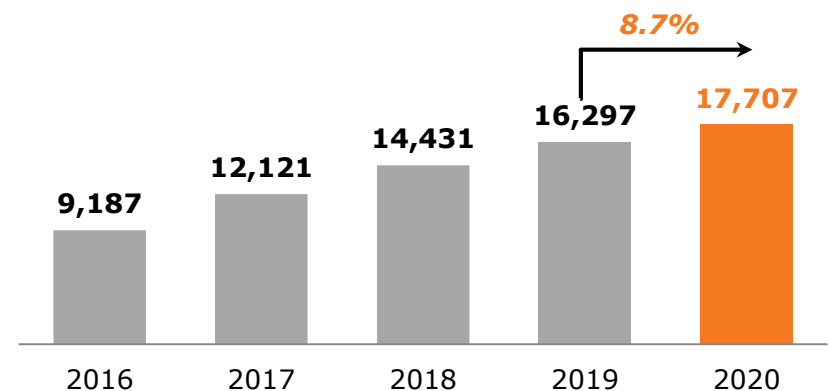
CAGR 2018-2020: 10.1%



Number of stores, end of period

CAGR 2016-2020: 17.8%

CAGR 2018-2020: 10.8%



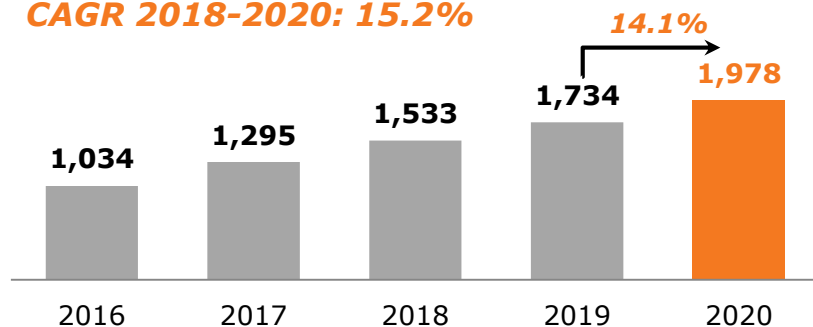
Source: X5 data

FINANCIAL HIGHLIGHTS (ANNUAL)

Revenue dynamics, RUB bn

CAGR 2016-2020: 17.6%

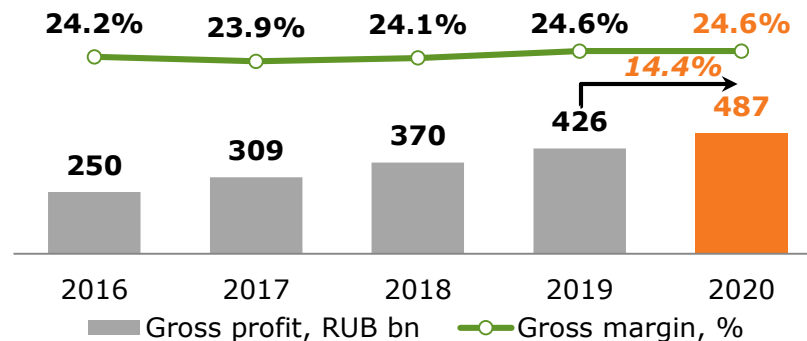
CAGR 2018-2020: 15.2%



Gross profit & gross margin

CAGR 2016-2020: 18.2%

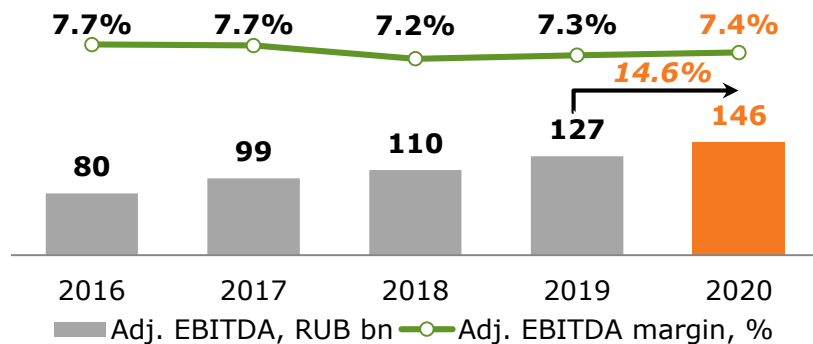
CAGR 2018-2020: 14.8%



Adj. EBITDA & adj. EBITDA margin^[1]

CAGR 2016-2020: 16.4%

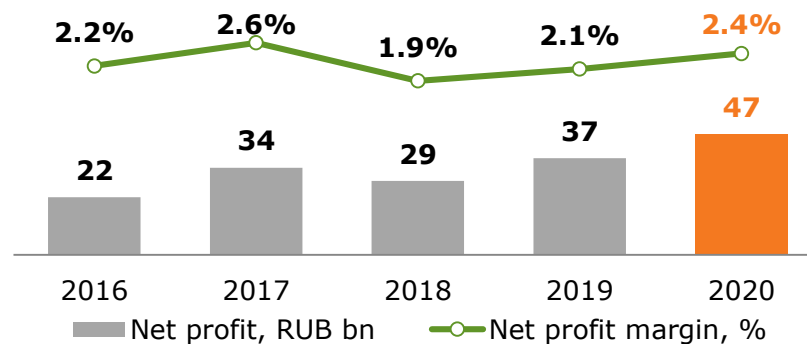
CAGR 2018-2020: 15.3%



Adj. Net profit and adj. net profit margin^[2]

CAGR 2016-2020: 20.4%

CAGR 2018-2020: 27.8%



Source: X5 data

[1] – Adjusted for LTI, exit share-based payments and other one-off remuneration payments

[2] – Adjusted net profit is net profit before one-off impacts from Karusel transformation and tax accrual due to X5 reorganisation in previous periods.



II. DELIVERING ON OUR STRATEGY

STRATEGY 2018-2020

IMPLEMENTING AND ADAPTING

STRATEGY IMPLEMENTATION STAGES



- EBITDA margin above 7%
- Increased NPS
- Updated CVPs of retail chains, rolling out new store concept for proximity and supermarkets
- Increased share of private labels in sales
- Increased share of direct import
- Reduced shrinkage level
- Reduced employee turnover
- Launched client experience management programmes
- Launched transformation of Karusel hypermarket format
- Created ready-to-eat business unit

- Formed big data team and competence centre
- Launched digital transformation programme
- Implemented big data analytics in pricing, assortment management and demand forecasting processes
- Transformed IT development process, implementing product mindset
- Launched X5 Digital Academy
- Created innovation centre and retail technology alliances
- Launched new technologies developed in house, including self-checkout counters, self-scanning and scan & go offering

- Achieved market leadership in the e-grocery segment in Russia
- Launched express delivery mobile apps for retail chains
- 5Post e-commerce logistics platform is delivering over 1 mln orders per month
- Approved sustainable development strategy, defining X5's areas of focus in ESG



STRATEGY 2023

Our goal is to create value for both X5 shareholders and the broader society by advancing and evolving our technology and competitive strategies to further cement our position as **the top choice in the food market**



LEADERSHIP IN FOOD MARKET

15%

X5 share
of grocery market in 2023
(12.8% as of 12M 2020)



COMMITMENT TO SHAREHOLDERS

- Growing shareholder value
- Growing dividends
- More frequent dividend payouts



LEADERSHIP IN DIGITALISATION

38 mln

Monthly active users in X5
digital channels and mobile
apps in 2023

5%

**Share of digital
businesses**
in revenue in 2023
(1.0% in 2020)



CARE FOR THE COMMUNITY

- Implementing a sustainable
business model

5



FINANCIAL & OPERATIONAL TARGETS

>10%

Revenue CAGR
in 2021-2023

>7%

EBITDA margin
in 2021-2023

Capex growth

**per annum not faster
than revenue growth**
in 2021-2023

c. 30%

share of promo in revenue
by year-end 2023
(c. 35% in 2020)

SUSTAINABLE DEVELOPMENT PERFORMANCE TARGETS

Strategic targets by 2023

30x30 – Strategic Goals by 2030

COMMUNITIES



+100%
families receiving Basket of Kindness help by 2023

Up to **30%**
increase of the growth rate of number of families receiving Basket of Kindness per year

HEALTH



Up to **50%**
share of fresh and fruit & vegetables in assortment by 2023

Promote responsible programmes and principles across the supply chain
Expansion of healthy lifestyle assortment

EMPLOYEES



>75%
employee engagement by 2023

#1
employer in ranking of Russian food retailers

#1
employer in ranking of Russian food retailers
Organisation of healthy and safe workplace for all employees

PLANET



Up to **10%**
reduction in GHG emissions by 2023

Up to **10%**
reduction in waste generation

Up to **95%**
share of X5's recyclable waste sent for recycling

30%
reduction of GHG emissions (Scope 1 + Scope 2)

30%
share of renewable energy in X5 operations

Up to **40%**
of non-expired food waste to be reprocessed by 2023

At least every **5th**
supplier promotes sustainable packaging

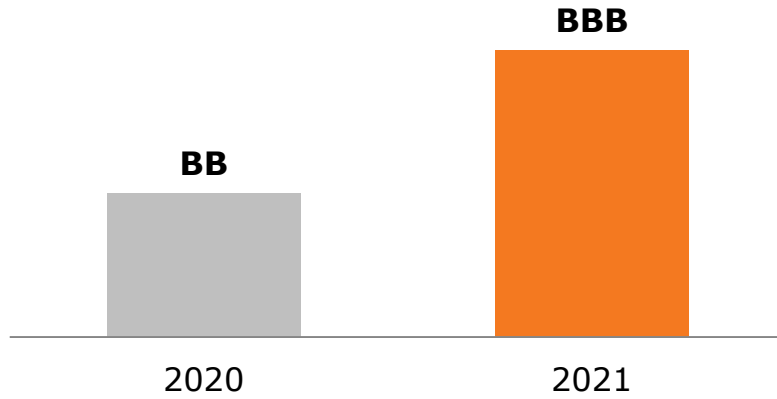
>50%
share of private label assortment with sustainable packaging

30%
reduction in ratio of waste generated to retail sales

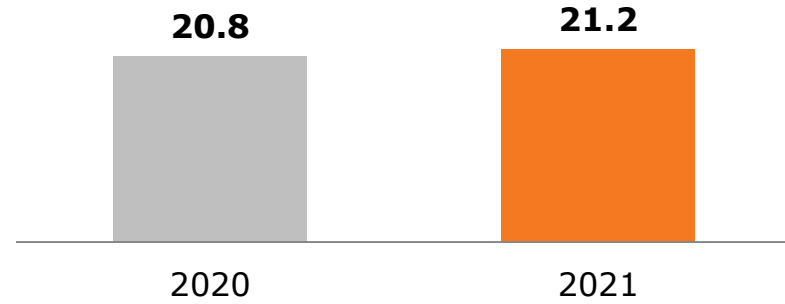


POSITIVE DYNAMICS IN KEY ESG RATINGS

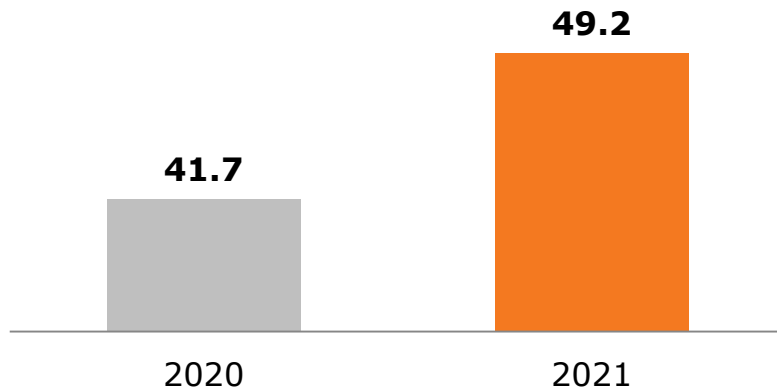
MSCI ESG rating



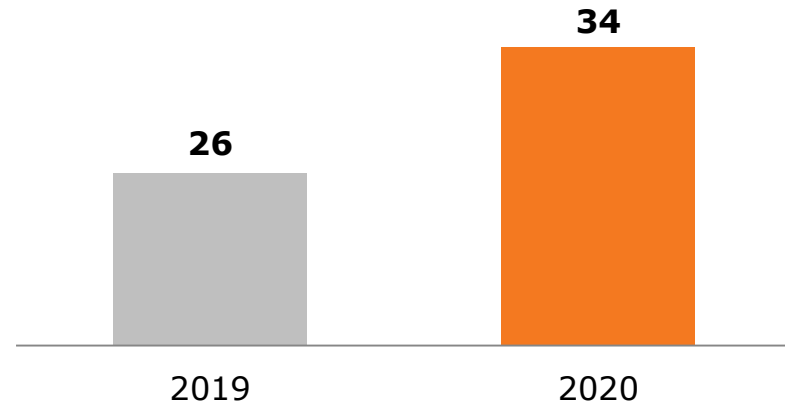
Sustainalytics Risk Rating*



Bloomberg ESG Disclosure Score



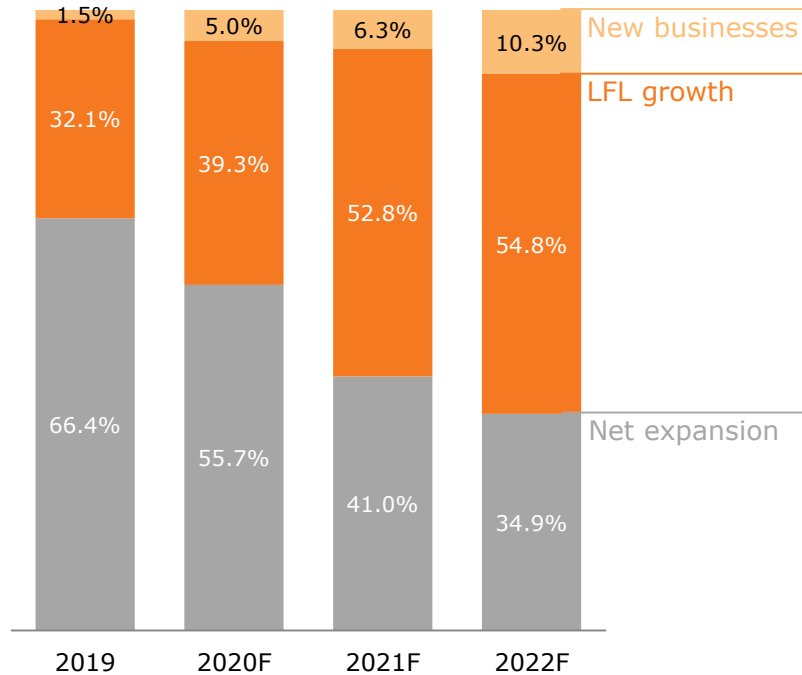
S&P Global CSA



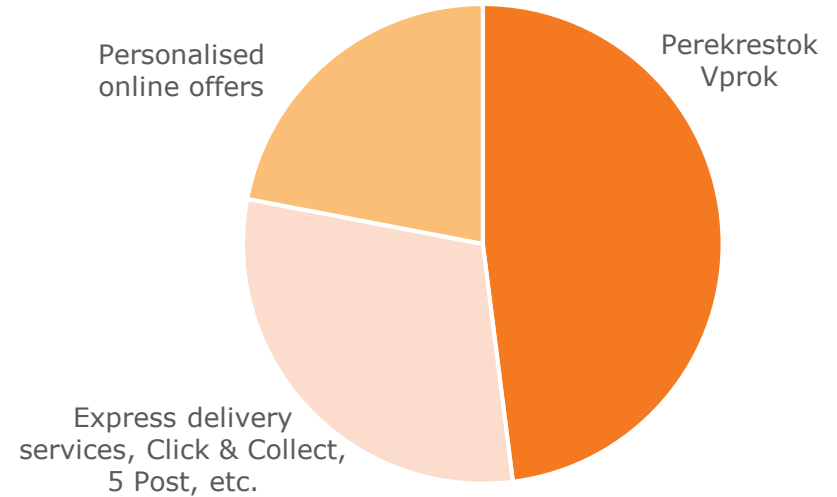
*Scale 1 to 100 with 100 = worst, 1 = best

BUSINESS GROWTH STRUCTURE WILL EVOLVE

Contributors to growth of revenue



Structure of X5 digital sales, 2022F



Source: X5 data

Revenue growth structure is expected to change:

- Share of LFL sales and new businesses will increase
- Share of growth from expansion will decline



OVERVIEW OF X5's NEW BUSINESSES (1/2)

Perekrestok Vprok



5Post



Express delivery



| Launched | 2018 | 2019 | 2020 |
|-----------------|-------------------------|---------------------------|-----------------------------------|
| EBITDA positive | 2021 | 2021 | 2023 |
| CAPEX 2020-2023 | < RUB 15 bn | < RUB 10 bn | RUB 1 bn |
| Result | #1 in e-grocery in 2020 | #2 in e-com delivery 2020 | Top 3 in express delivery in 2020 |



X5 estimates it will earn 5% of revenue from new businesses in 2023

OVERVIEW OF X5's DIGITAL BUSINESSES (2/2)

| | Vprok (marketplace) | 5Post | Express delivery |
|----------------------------|---|--|---|
| Strategic consistency | <ul style="list-style-type: none"> Online will help X5 become a leader in food/FMCG e-commerce Perekrestok Vprok transfers the stock-up mission to online (from hypermarkets) | <ul style="list-style-type: none"> E-comm parcel delivery complements X5 retail sales Strengthens X5's reputation and position in the retail market | <ul style="list-style-type: none"> Meet customers' demand for food/FMCG express delivery Improve customer loyalty and X5's share in overall customer spending |
| Economic value | <ul style="list-style-type: none"> Vprok is expected to become EBITDA positive in 2021, excluding marketplace GMV | <ul style="list-style-type: none"> 5Post is expected to become EBITDA positive in 2021 5Post parcel lockers help to increase X5's in-store traffic | <ul style="list-style-type: none"> Express delivery is expected to become EBITDA positive in 2023 Potential to grow sales higher with an ecosystem platform |
| Synergy with core business | <ul style="list-style-type: none"> Enhance growth of X5 sales via digital channels Consolidates leadership in food/FCMG e-commerce | <ul style="list-style-type: none"> Low delivery costs and within short timeframe due to developed infrastructure Parcel lockers in X5 stores are more convenient for customers than regular pick-up points | <ul style="list-style-type: none"> Express delivery is integrated into all X5's formats Proximity of X5's stores to customers in large cities |



CUSTOMER LOYALTY IS KEY

Proximity stores



- Over 46 mln active users*
- 66% traffic penetration
- 81% retail sales penetration

Supermarkets



- Over 14 mln active users*
- 72% traffic penetration
- 85% retail sales penetration

Hypermarkets



- Over 1 mln active users*
- 81% traffic penetration
- 89% retail sales penetration

NPS

- Understanding of motivations, buying behaviors and purchase histories creates an ability to provide a more satisfying customer experience
 - Personalized promo
 - Optimization of assortment

LFL traffic

- Increasing traffic though new CVP, improved offers and promotions
- Increasing number of repeat visitors by maintaining loyalty memberships and consistently creating value for customers

LFL ticket

- Building transaction size by deeper engagement and increasing share of wallet
 - Engaging customers across multiple channels, including email, SMS messages, mobile applications and social media

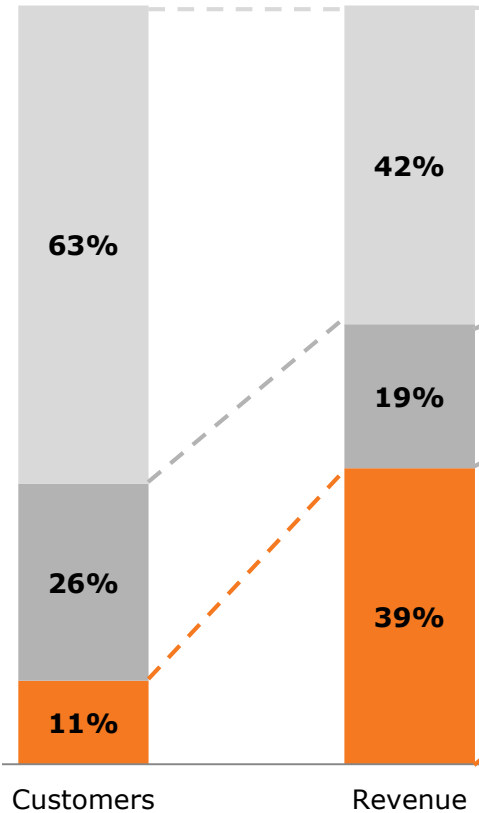


+1.0% y-o-y loyal customers* in Q3 2021 to 61.6 mln

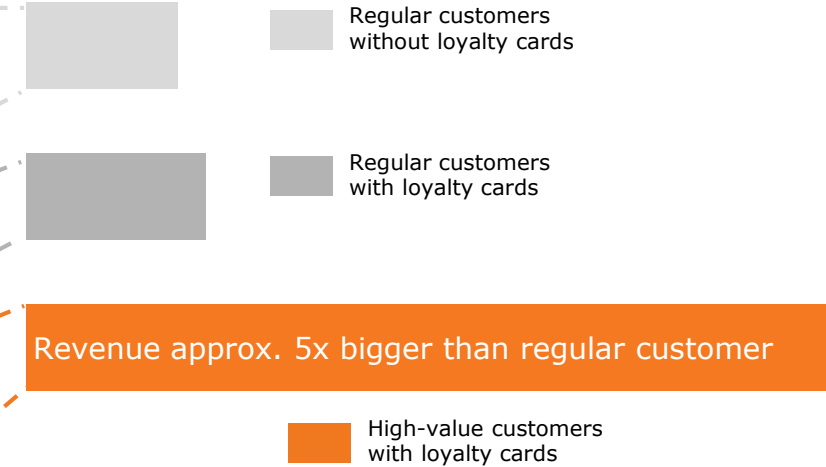
*Customers who made at least one purchase during the last quarter

FOCUS ON CVP: INSIGHTS FROM PYATEROCHKA LOYALTY PROGRAMME

Revenue by loyalty segment



Approximate spending
RUB ths per person per year



- Moving 1% of customers without loyalty cards to customers with loyalty cards leads to approximately 2.7% growth in Pyaterochka revenue
- If every loyalty card customer increased spending by 10%, it would lead to roughly 3.8% growth in Pyaterochka revenue



New Pyaterochka CVP will focus on increasing the number of loyal customers and on spending per loyal customer

NEW STORE FORMATS

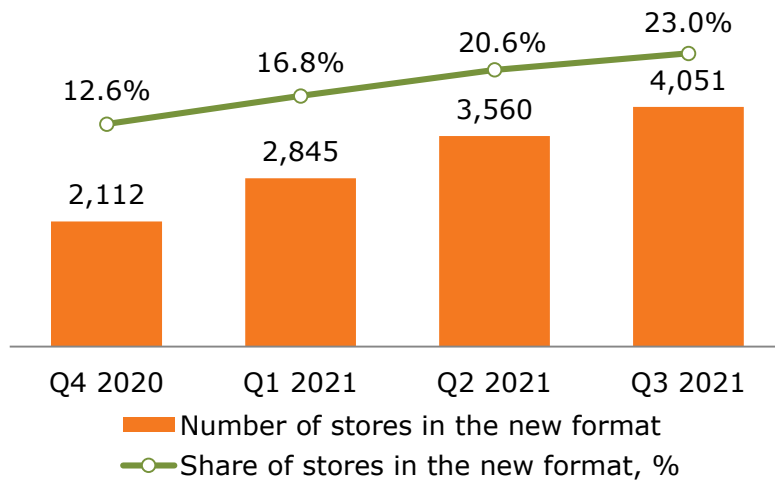


- Higher LFL sales compared to the old format
 - by 5.2 p.p. in Q2 2021
 - by 4.0 p.p. in Q3 2021
- Capex per store is comparable vs old format
- C. 1,400 reconstructions are planned for 2021

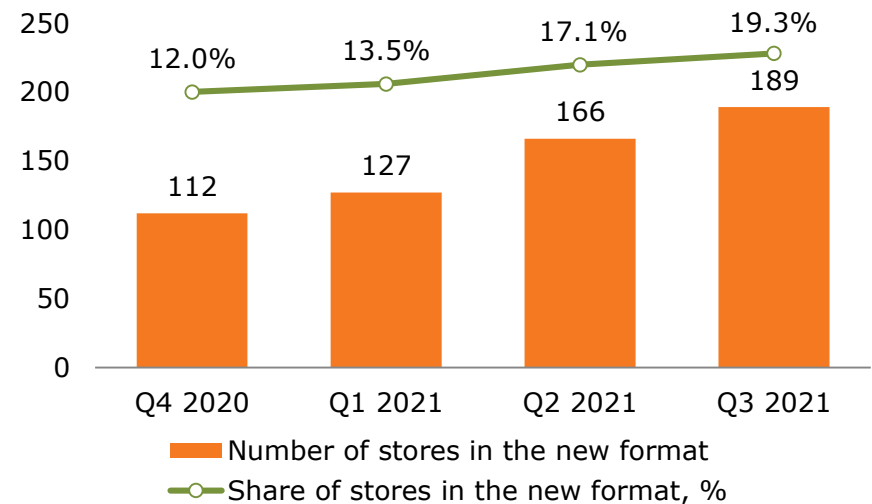


- Higher LFL sales compared to the old format
 - by 12 p.p. in Q2 2021
 - by 8 p.p. in 9M 2021
- Capex per store is comparable vs old format
- 37 reconstructions are planned for 2021

Number of stores in the new format – Pyaterochka



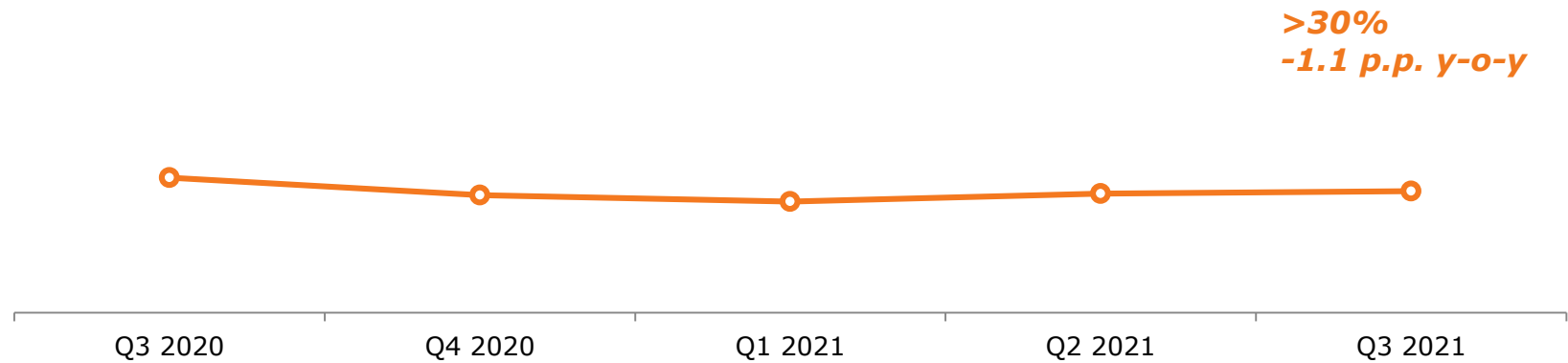
Number of stores in the new format - Perekrestok



Source: X5 data

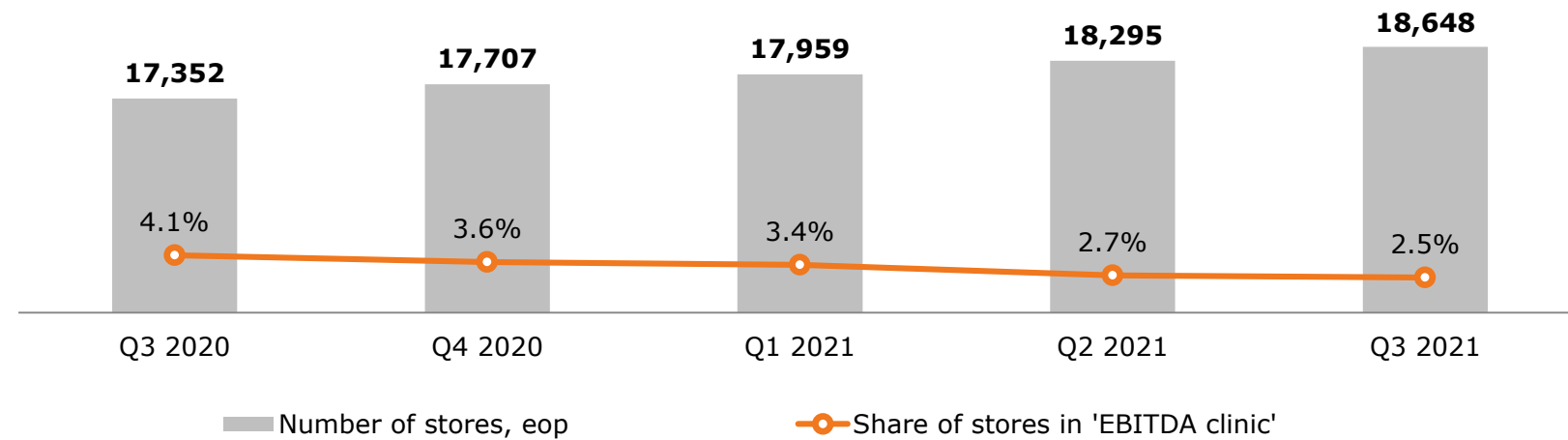
QUALITY OF NEW OPENINGS

Cash return on new store opened



Note: Opened 12-36 months ago

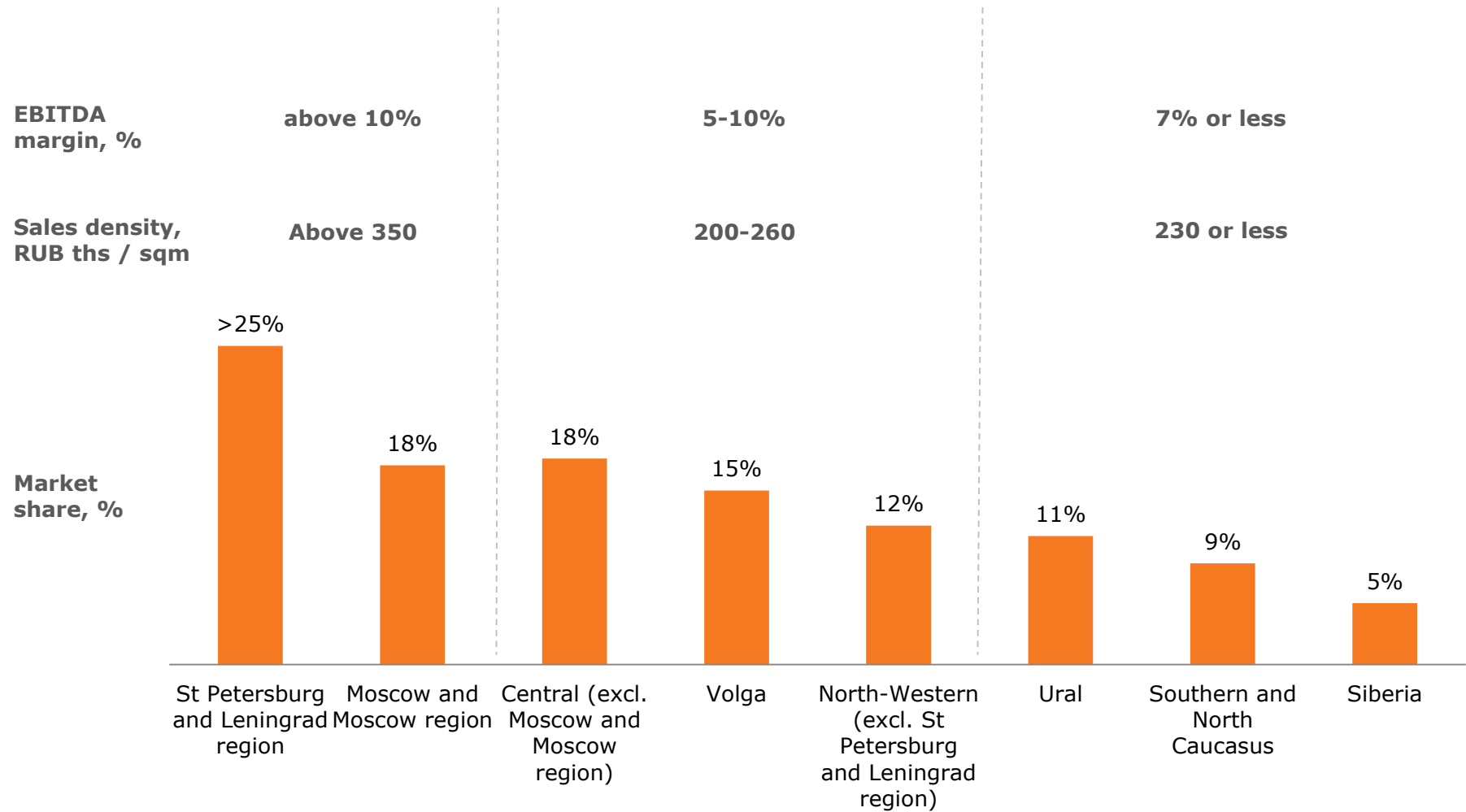
Share of stores in 'clinic'



Source: X5 data



LARGER MARKET SHARE DRIVES HIGHER PROFITABILITY



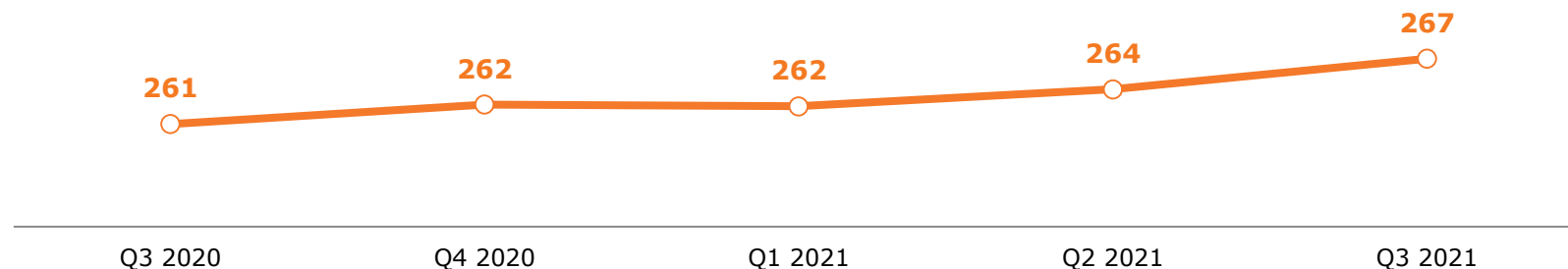
Source: Rosstat, X5 data

SALES DENSITY STABILISATION

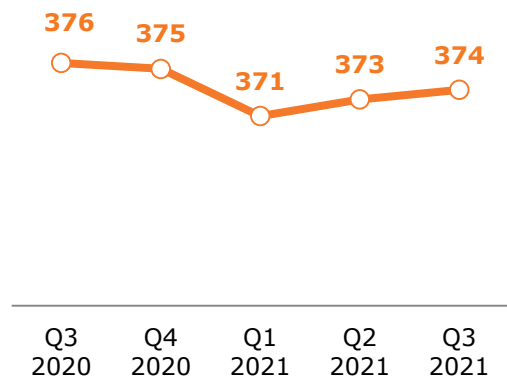
IMPACT OF REGIONAL MIX

Unit: '000 RUB/m² (annualised)

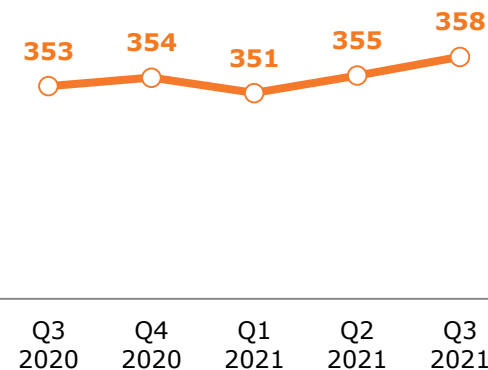
Overall



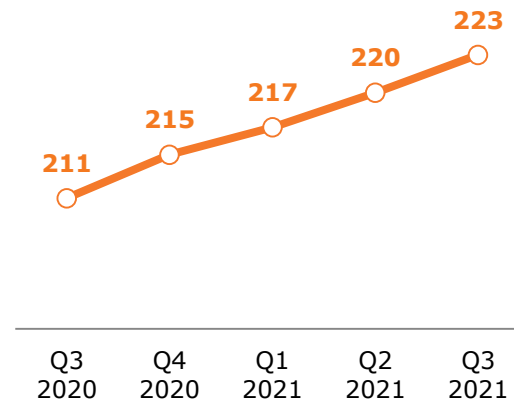
Moscow & Moscow region



St Petersburg & Leningrad region



Rest of Russia



Source: X5 data

Sales densities are consistently improving during 2020 and 2021



OPERATIONAL EFFICIENCY

KEY INITIATIVES

Proximity stores



| | |
|-------------------|--|
| Shrinkage | <ul style="list-style-type: none"> ▪ Launch of shrinkage committees in macro regions ▪ Remote F&V acceptance launched at DCs ▪ Smart reduction in the assortment |
| Logistics | <ul style="list-style-type: none"> ▪ Continued development of multilayer logistics infrastructure ▪ Focus on improving efficiency of transportation between own DCs |
| Lean Store | <ul style="list-style-type: none"> ▪ Audit of store processes ▪ Decrease in inventory ▪ Simplify operations ▪ Optimal staff planning ▪ Efficient use of capex to open a new store |
| Rent | <ul style="list-style-type: none"> ▪ Further optimisation of rent costs with a focus on revenue-linked rent |

Supermarkets



| | |
|-----------------------|---|
| Regional model | <ul style="list-style-type: none"> ▪ Develop and test clustered pricing policies ▪ Rollout of a regional pilot store |
| Logistics | <ul style="list-style-type: none"> ▪ Further development of regional logistics ▪ Synergies with Pyaterochka for remote regions ▪ Further improve staff productivity |
| Personnel | <ul style="list-style-type: none"> ▪ Matching personnel compensation with market benchmarks ▪ Optimise salary to regions |
| Inventory | <ul style="list-style-type: none"> ▪ Pricing at SKU / store level, taking based on product elasticity ▪ Clustering and assortment optimisation using Big Data solutions ▪ Big Data solution to increase accuracy of promo forecast ▪ Introduce individual planograms based on JDA |



BIG DATA CAPABILITIES



IT CLUSTER



DATA SCIENCE METHODS

over
300
professionals



5



Big Data is primarily leveraged to drive business operations improvements

DEMAND
FORECASTING

ASSORTMENT
ADAPTATION

PRICING
OPTIMISATION

CUSTOMER
PERSONALISATION

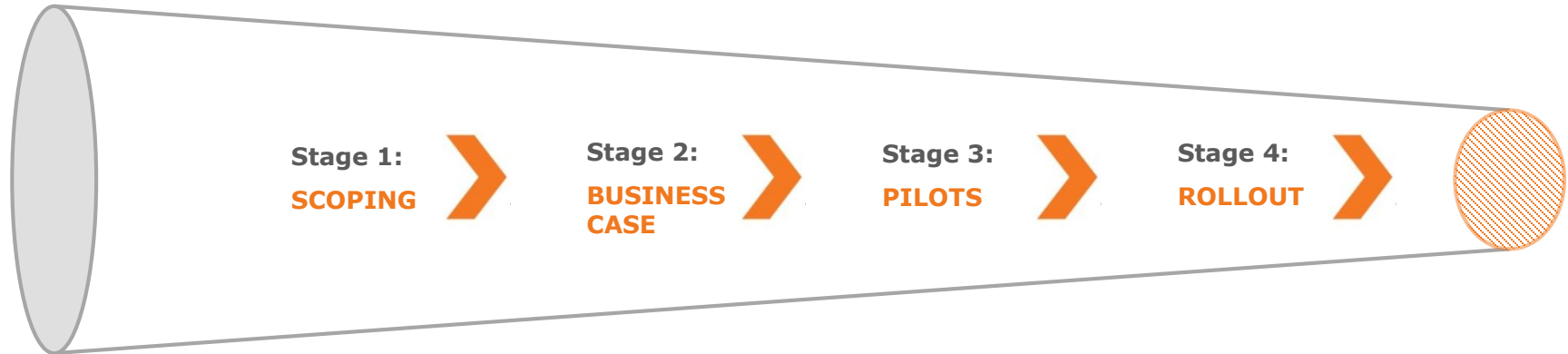
SPREAD OF TECHNOLOGY

X5 RESPONSE – NEW INNOVATION CAPABILITIES

Sources:



the Untitled.



| | Stage 1: SCOPING | Stage 2: BUSINESS CASE | Stage 3: PILOTS | Stage 4: ROLLOUT |
|---------------|------------------|------------------------|-----------------|------------------|
| December 2019 | 1,133 STARTUPS | 565 STARTUPS | 134 PILOTS | 19 PROJECTS |
| ADDED IN 2020 | +1,567 | +735 | +30 | +16 |
| December 2020 | >2,700 STARTUPS | 1,300 STARTUPS | 164 PILOTS | 35 PROJECTS |



164 projects in innovations are currently being piloted at X5

TRANSFORMATION OF KARUSEL HYPERMARKETS

Karusel now

- 34 hypermarkets
- 1.2% of X5's retail sales in Q3 2021 (down from 2.3% in Q3 2020)
- 0.3% of X5's EBITDA in 2020

Transformation plan

- 34 remaining hypermarkets will be considered for closure, or transfer to Perekrestok or continuation under Karusel brand if operating and financial results of each store will be satisfactory in 2021

Effect

- In the longer term, we expect that the net impact on profitability will be positive as we aim to improve sales densities and unit economics for the 28 stores that will be transferred to the Perekrestok brand



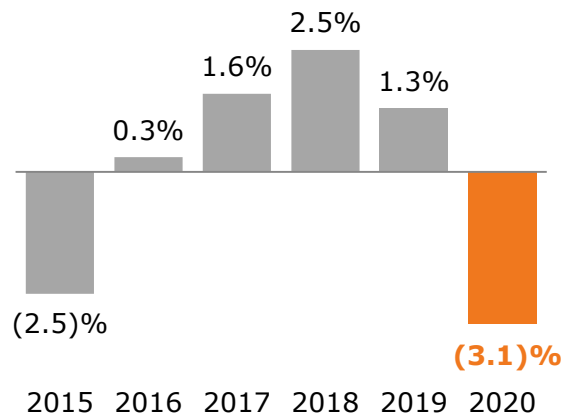


III. MACRO AND MARKET OVERVIEW

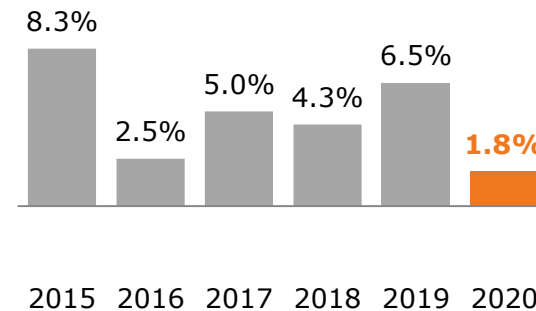
MACRO ENVIRONMENT (1/3)

ANNUAL MACRO INDICATORS

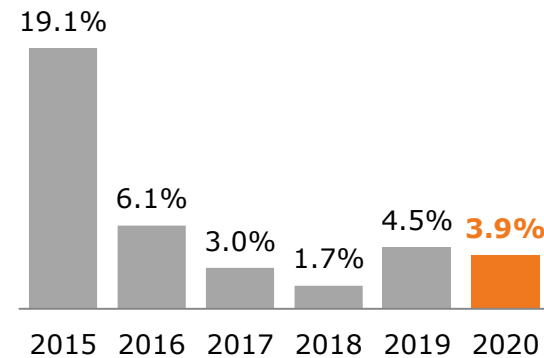
Real GDP growth



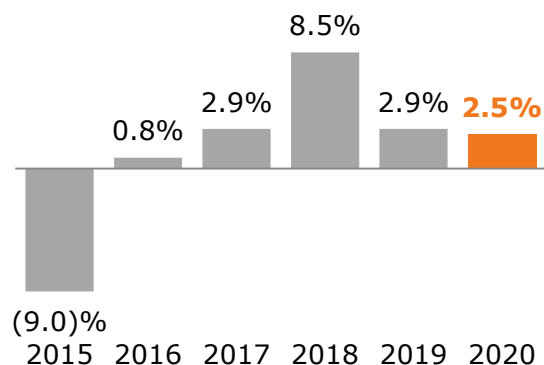
Nominal retail food sales growth



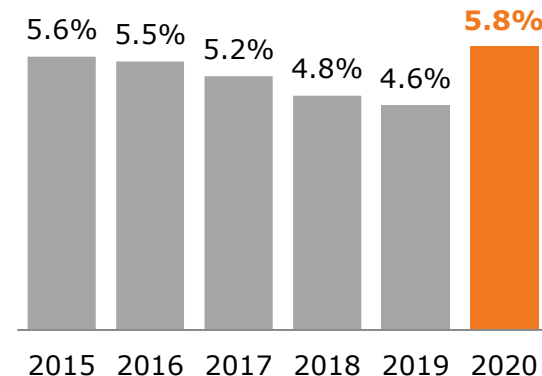
Food CPI



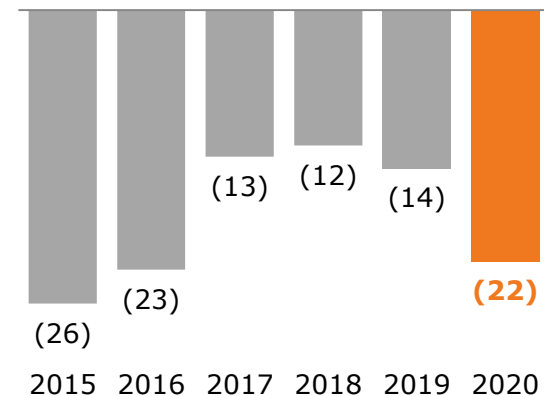
Real wage growth



Unemployment rate



Consumer confidence index

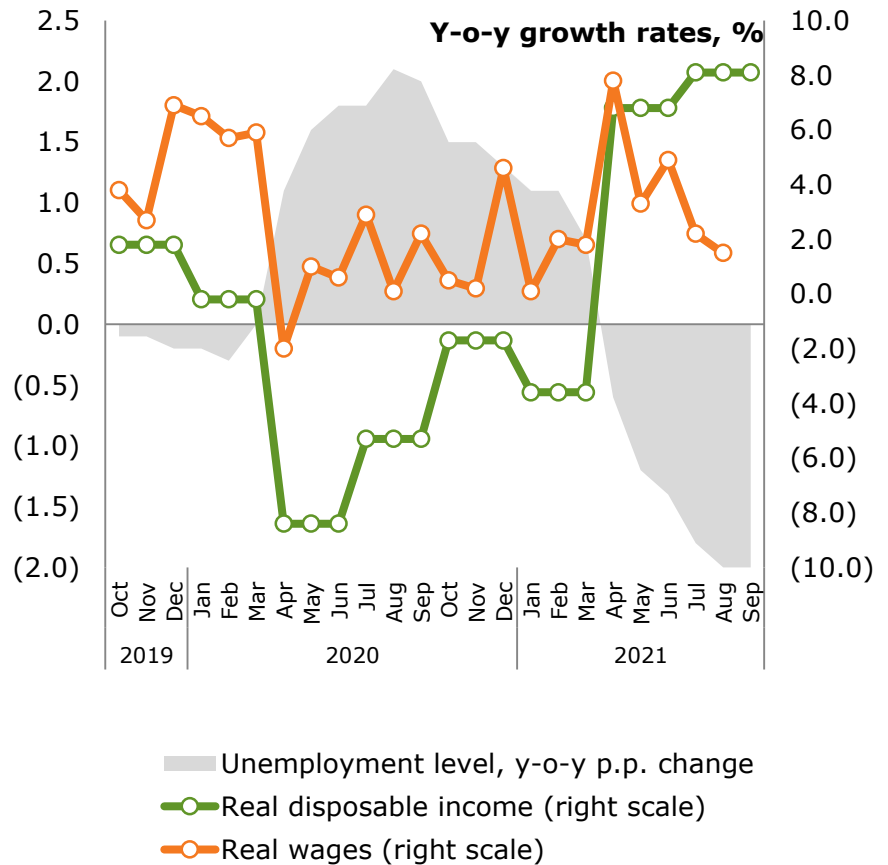
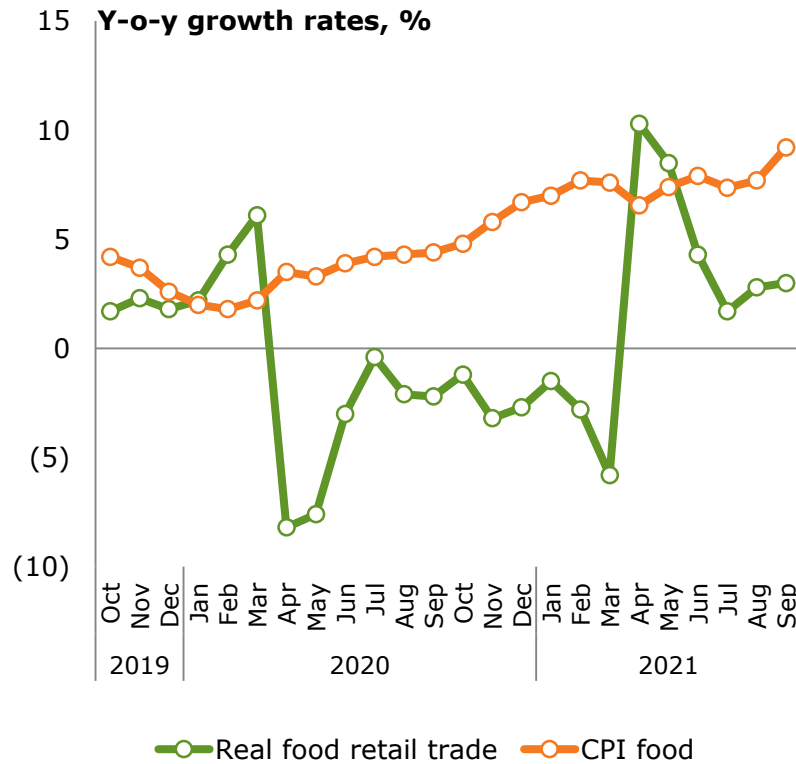


Source: Rosstat, Infoline

MONTHLY MACRO INDICATORS (2/3)

Real food retail trade growth in 9M 2021 was driven by the low base effect

The increase in real disposable income in 9M 2021 was driven by the low base effect



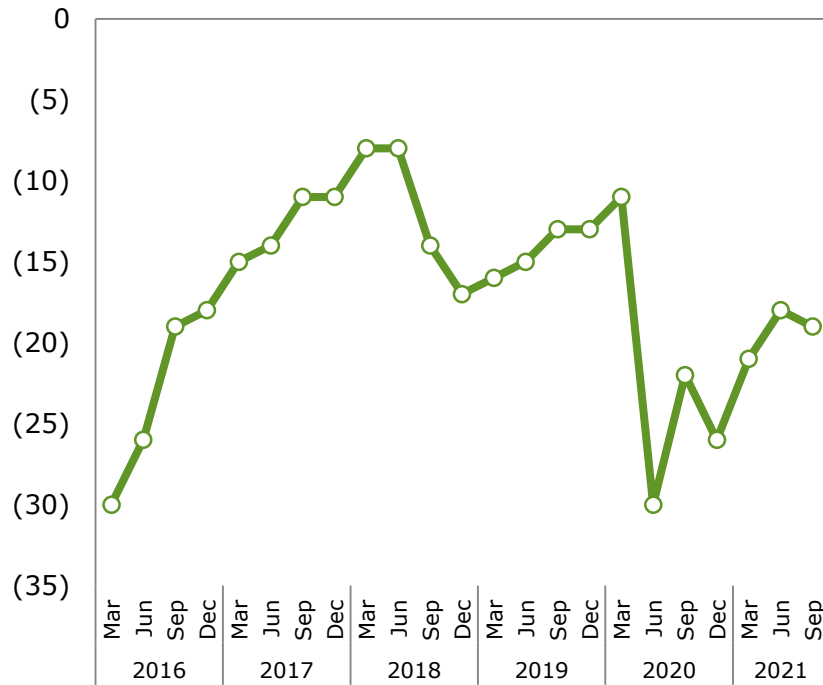
Source: Rosstat

9M 2021 food retail trade value was +10.3% (+2.1% in real terms)



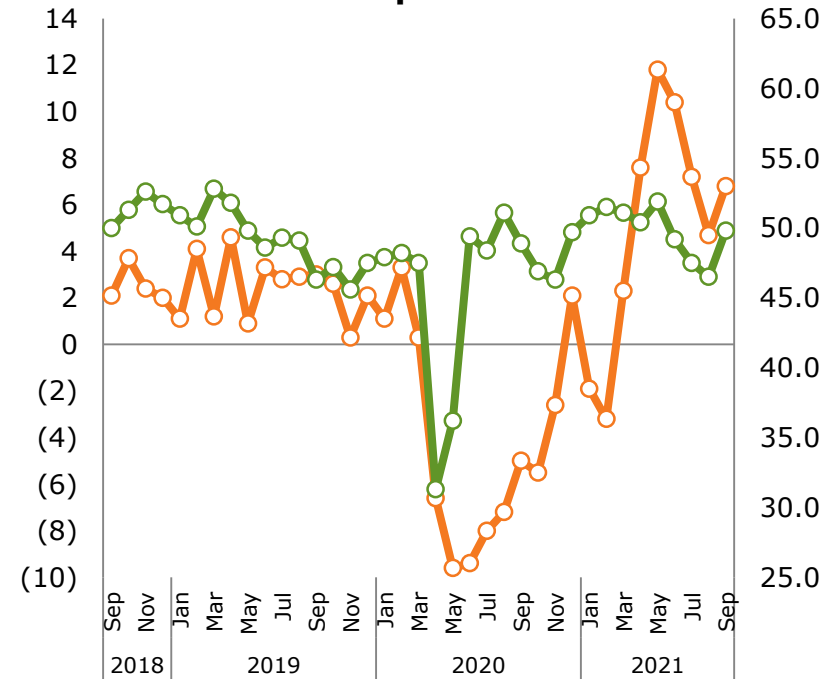
MACRO ENVIRONMENT (3/3)

Consumer sentiment deteriorated in Q2 2020 driven by the situation with COVID-19 and started improving in H2 due to the easing of pandemic related restrictions



—○— Consumer confidence index (Rosstat, %)

The main factor behind the decline in industrial production in 2020 was the reduction in domestic and foreign demand, which began in March, as well as restrictions on the work of enterprises in various fields



—○— Industrial production (y-o-y, %)

—○— IHS Markit Manufacturing PMI (SA, right scale)

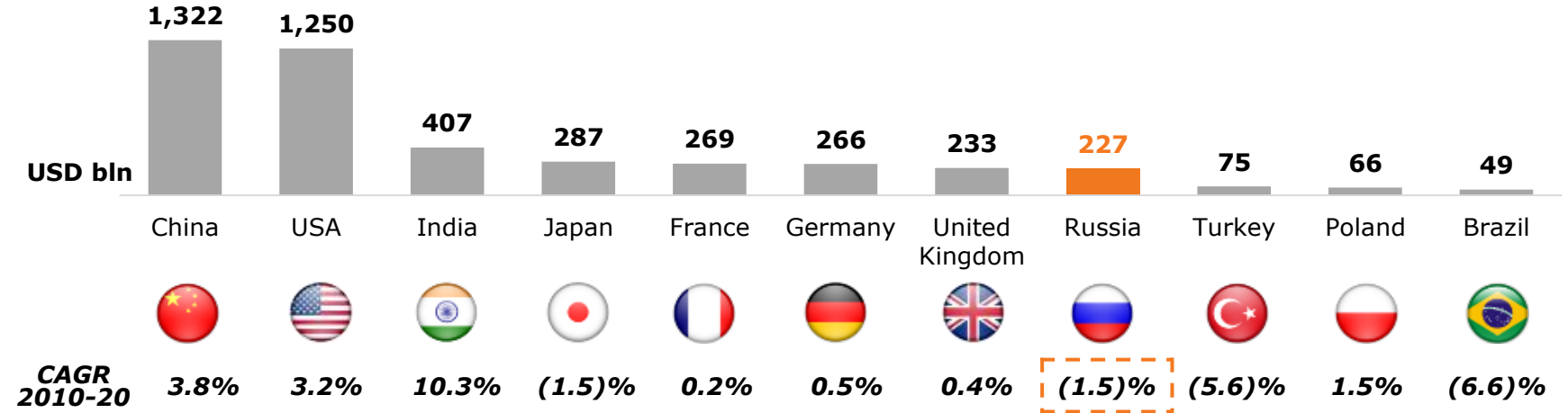
Source: Rosstat, FOM



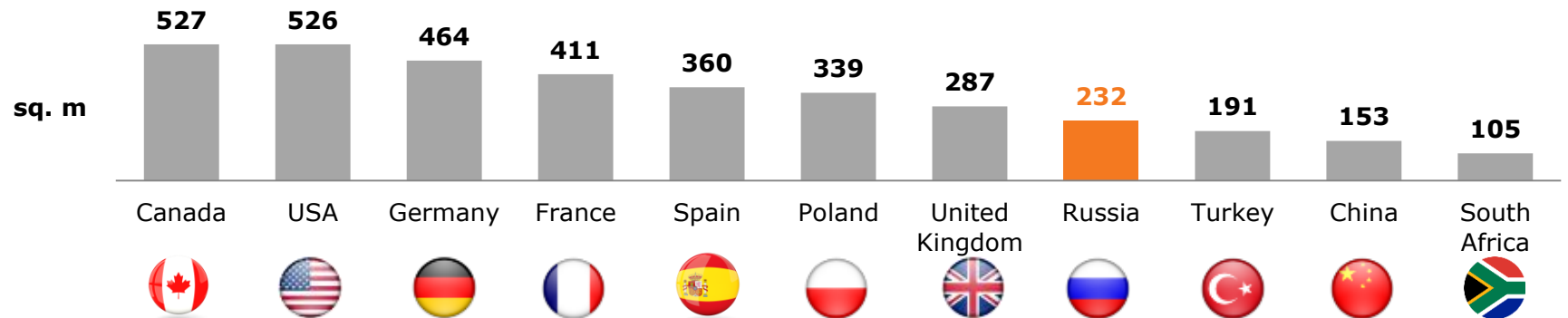
Key macro risk is weak consumer demand

RUSSIAN GROCERY RETAIL MARKET GLOBALLY

Grocery retail market size globally in 2020



Modern grocery retail selling space per thousand people in 2020



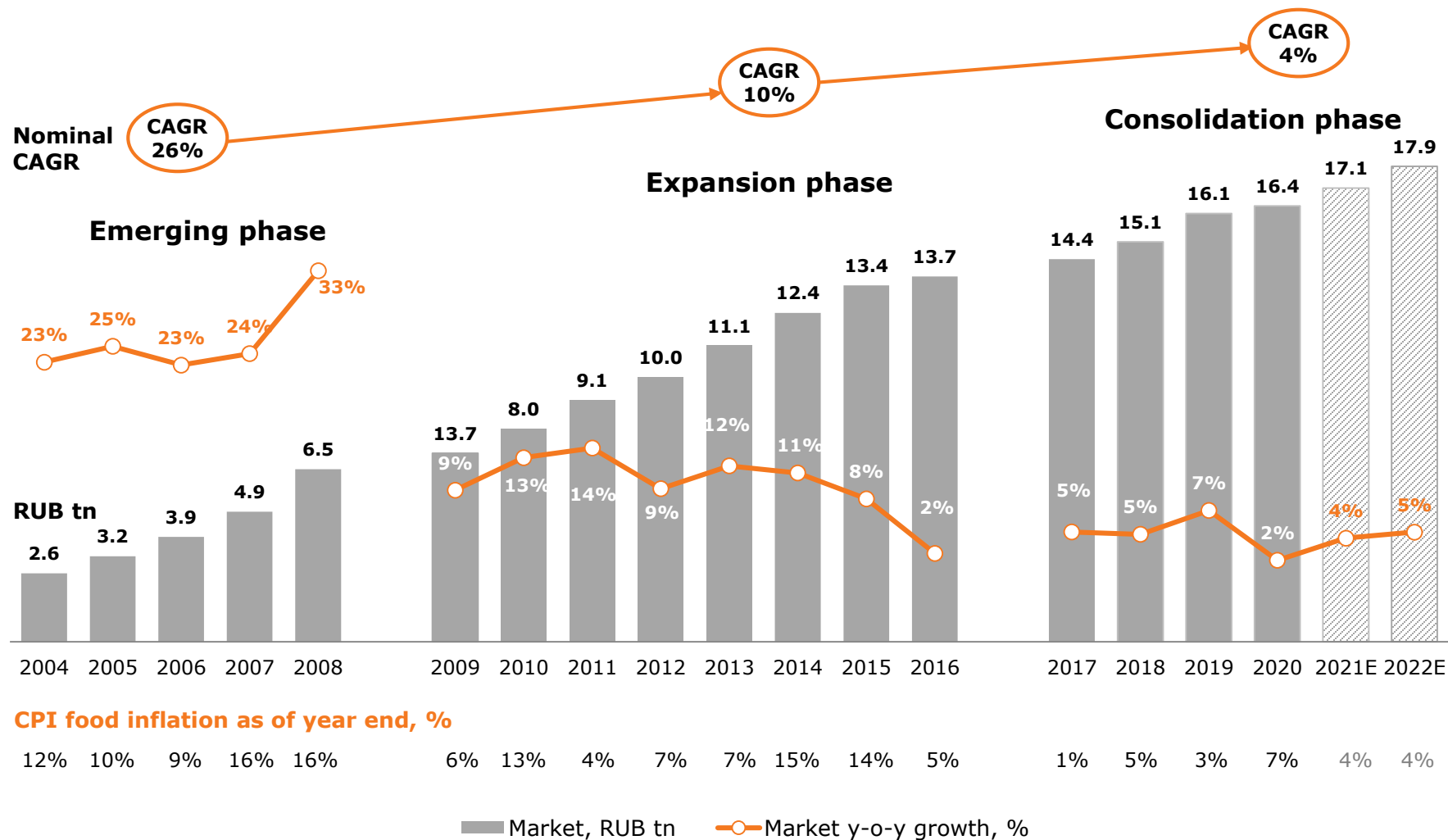
Source: Euromonitor

Note: All number are excluding VAT/sales tax

- Russia is the 8th largest grocery market globally and one of the fastest growing
- Selling space availability of modern grocery retail stores in Russia is still behind most developed markets

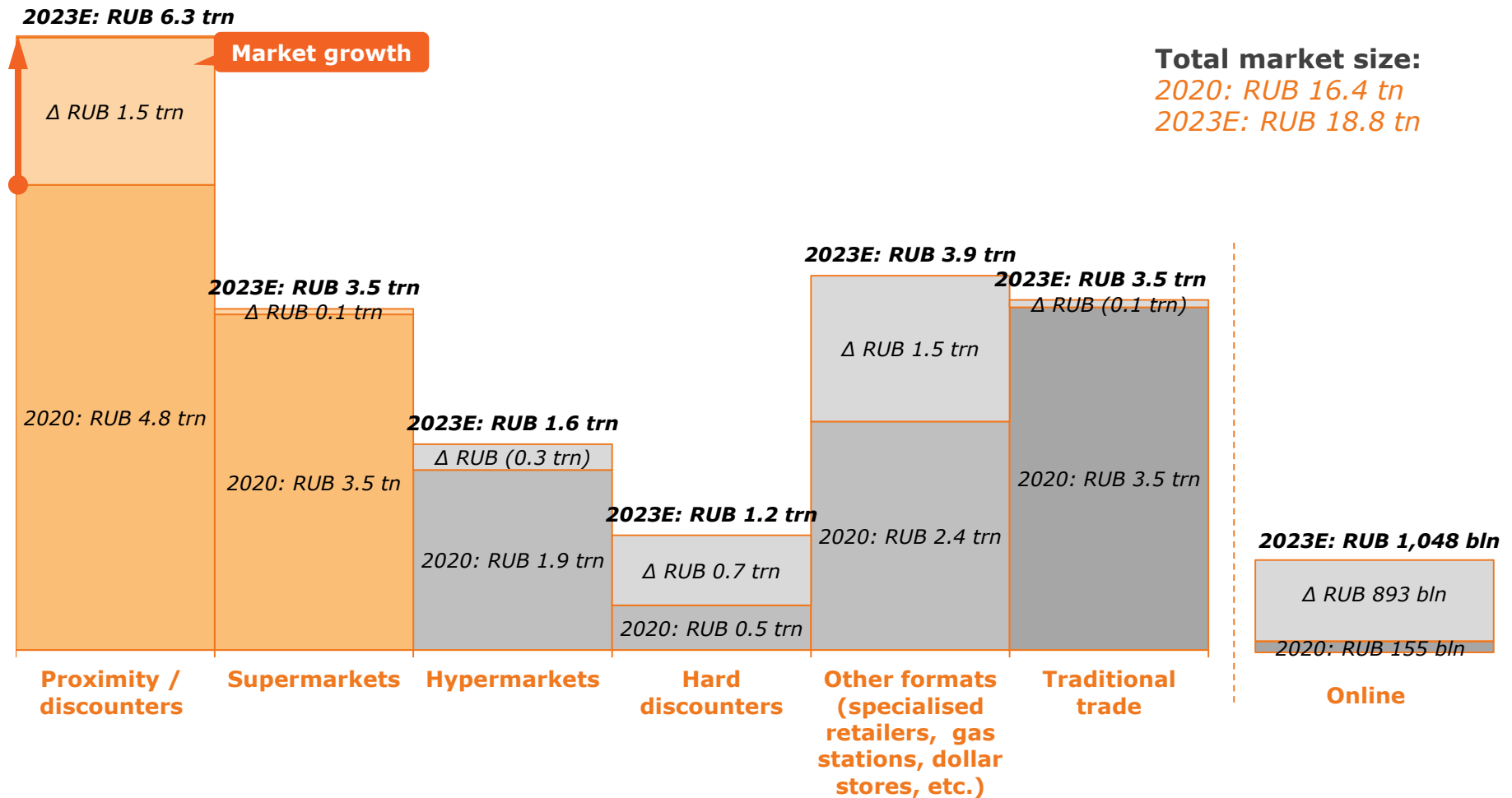


RUSSIAN FOOD RETAIL MARKET WILL GROW 4% P.A. MID-TERM



Source: Rosstat, Infoline, X5 data

COMMITTED TO MAJOR FOOD RETAIL FORMATS



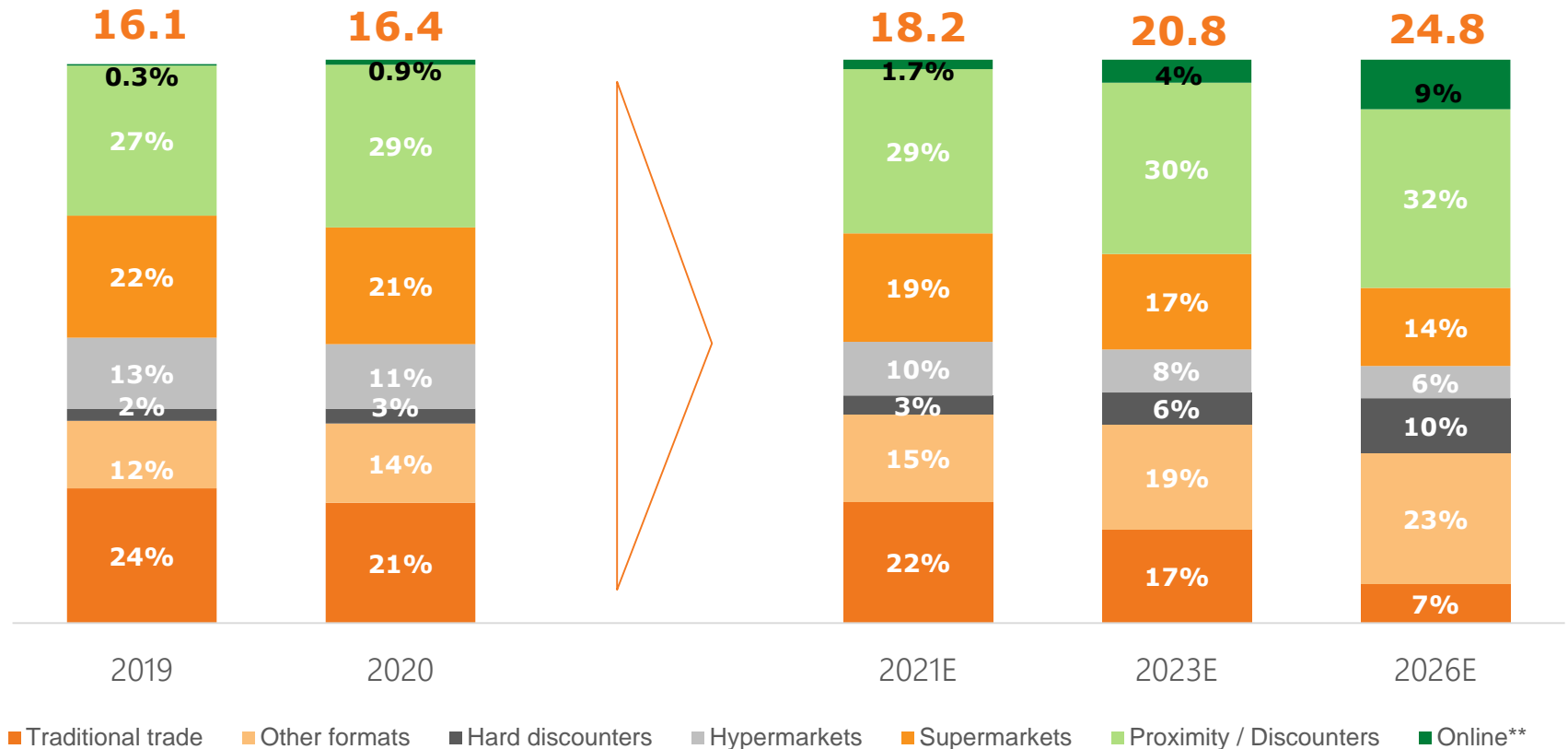
Source: Infoline

Substantial mid-term growth potential for proximity and supermarkets



FOOD RETAIL GROWTH ESTIMATES

Food retail market turnover, RUB trn



* Including formats: hard discounters, stores at gas stations, fix price stores
 ** Estimates for online format include online stores and delivery services
 Source: Infoline

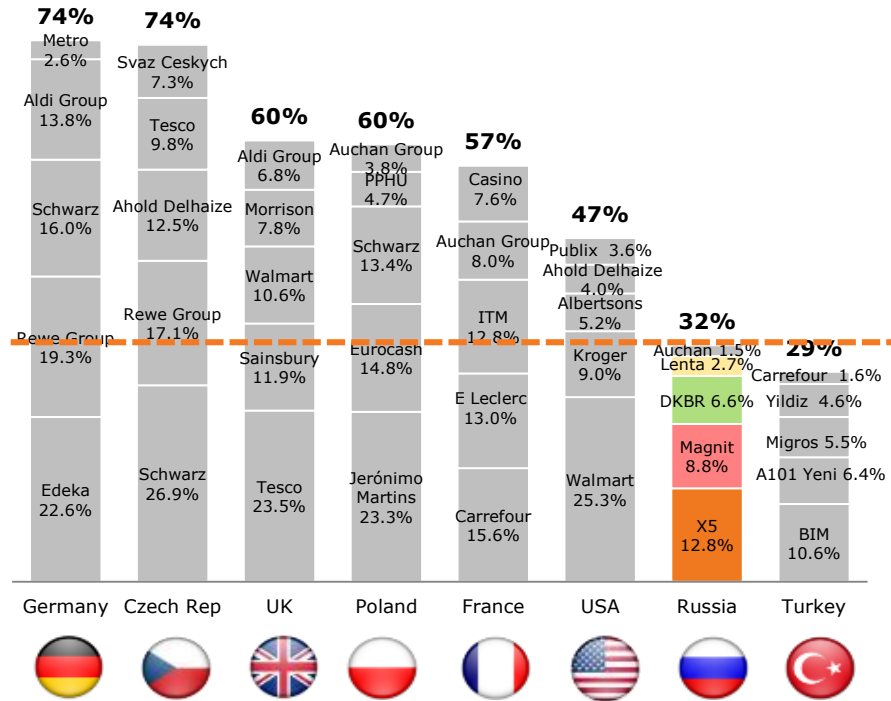
The retail market will continue to grow and consolidate around the largest players. A significant share of the growth will come from online and soft discounters.



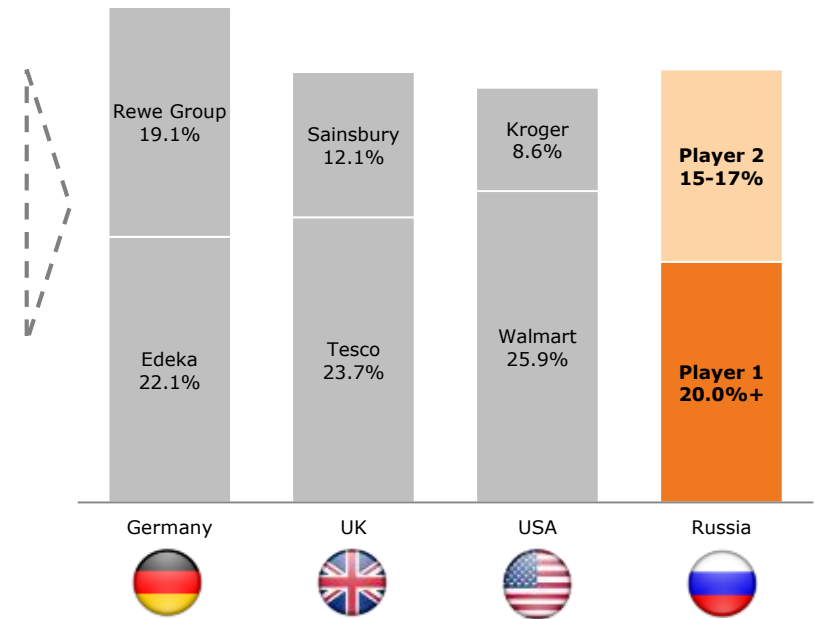
FURTHER CONSOLIDATION OF FOOD RETAIL MARKET

- Currently the **top 5 players in Russia control just 32% market share** compared to 60-70% in developed markets
- Continued shift to modern retail and market consolidation will be the **key sources for growth** for the top players

Share of top-5 grocery retailers globally in 2020



Potential long-term market structure in Russia compared to developed markets













Source: Euromonitor, Infoline (for Russian market only), Company Reports, X5 analysis

Over time the market leader will hold ca. 20%+ market share, while second player – 15-17%



RUSSIAN RETAIL MARKET SNAPSHOT

Top 10 Russian food retailers

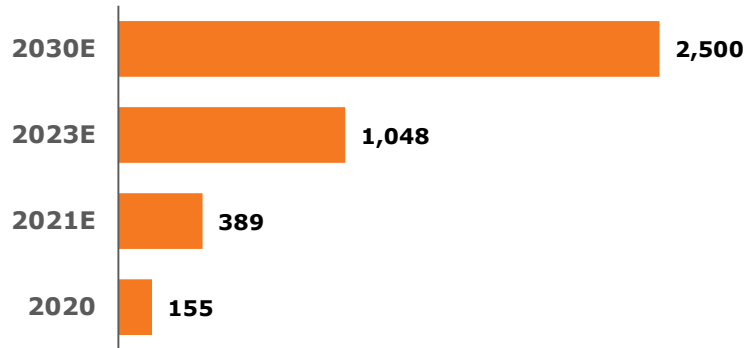
| # | Company name | | % market share 2020 | % market share 2019 |
|---------------------|--|---|---------------------|---------------------|
| 1 |  X5 | ↑ | 12.8% | 11.5% |
| 2 |  Magnit | ↑ | 8.8% | 7.6% |
| 3 |  DKBR | ↑ | 6.6% | 5.7% |
| 4 |  Lenta | ↑ | 2.7% | 2.5% |
| 5 |  Auchan | ↔ | 1.5% | 1.5% |
| 6 |  Светофор | ↑ | 1.3% | 0.7% |
| 7 |  Metro | ↑ | 1.2% | 1.1% |
| 8 |  O`KEY | ↑ | 1.1% | 1.0% |
| 9 |  Monetka | ↑ | 0.8% | 0.7% |
| 10 |  VkusVill | ↑ | 0.8% | 0.6% |
| Total Top 10 | | ↑ | 37.4% | 33.3% |

Source: InfoLine

X5's market share in offline food retail increased from 11.5% in 2019 to 12.8% in 2020

E-COMMERCE FOOD RETAIL MARKET

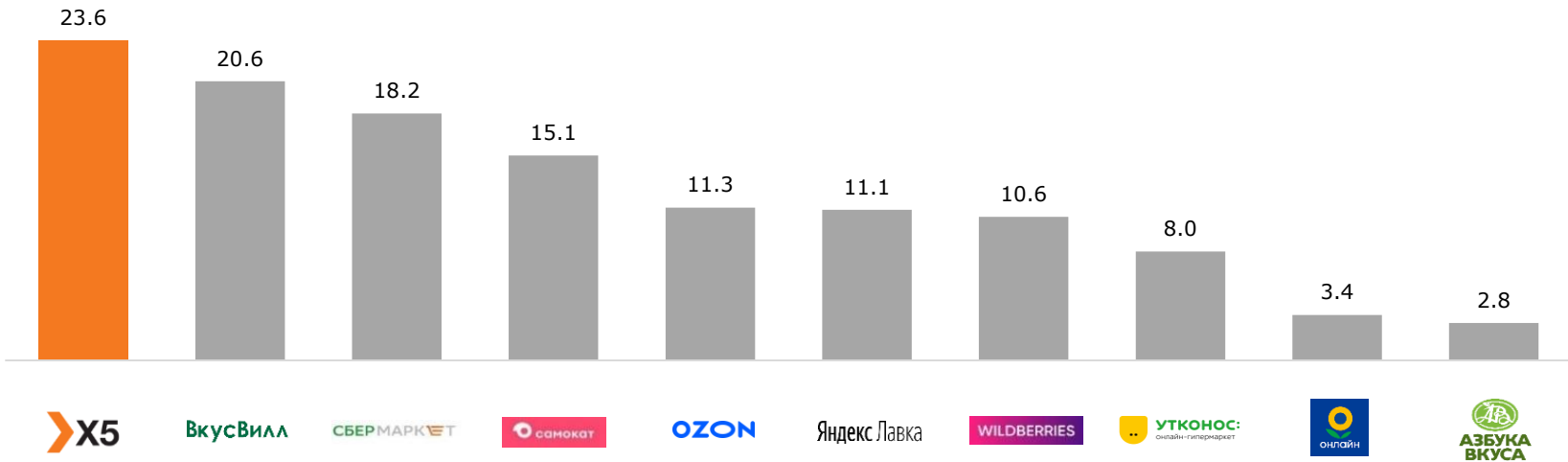
GMV Russian e-grocery market, RUB bn



Key highlights

- Russian e-grocery market is estimated to reach RUB 389 bn in 2021, up 251% y-o-y
- The e-grocery market is expected to grow faster than any other market segment at 2.7 times by 2023
- Delivery services such as Sbermarket, Yandex.Lavka and Samokat grew at much faster pace than other market players (~40% per year) and have become a threat to traditional offline and online retail

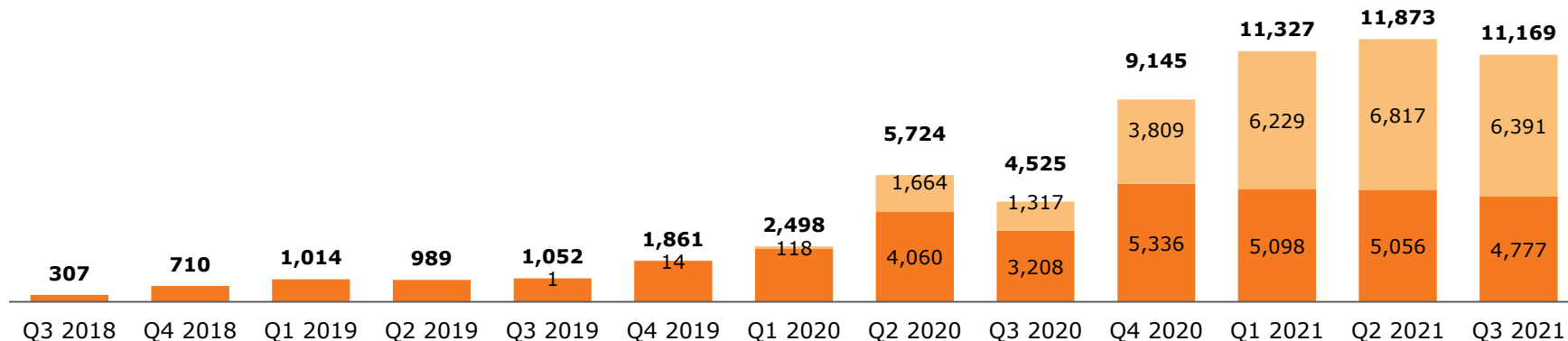
Top Russian online food retailers H1 2021 GMV, RUB bn



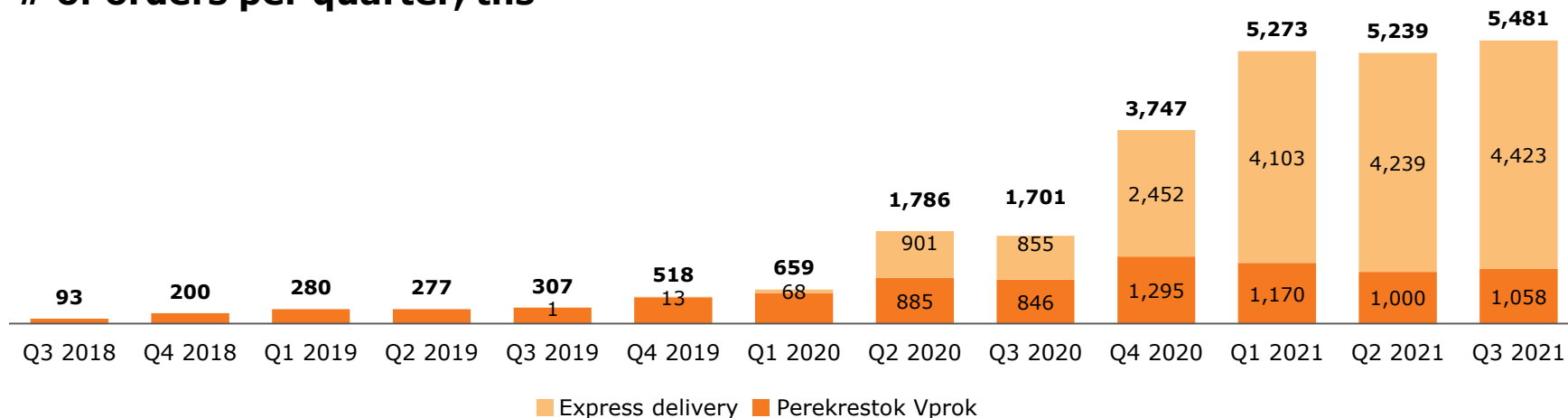
Source: Infoline

X5 ONLINE SALES DYNAMICS

Turnover (GMV*), RUB mln



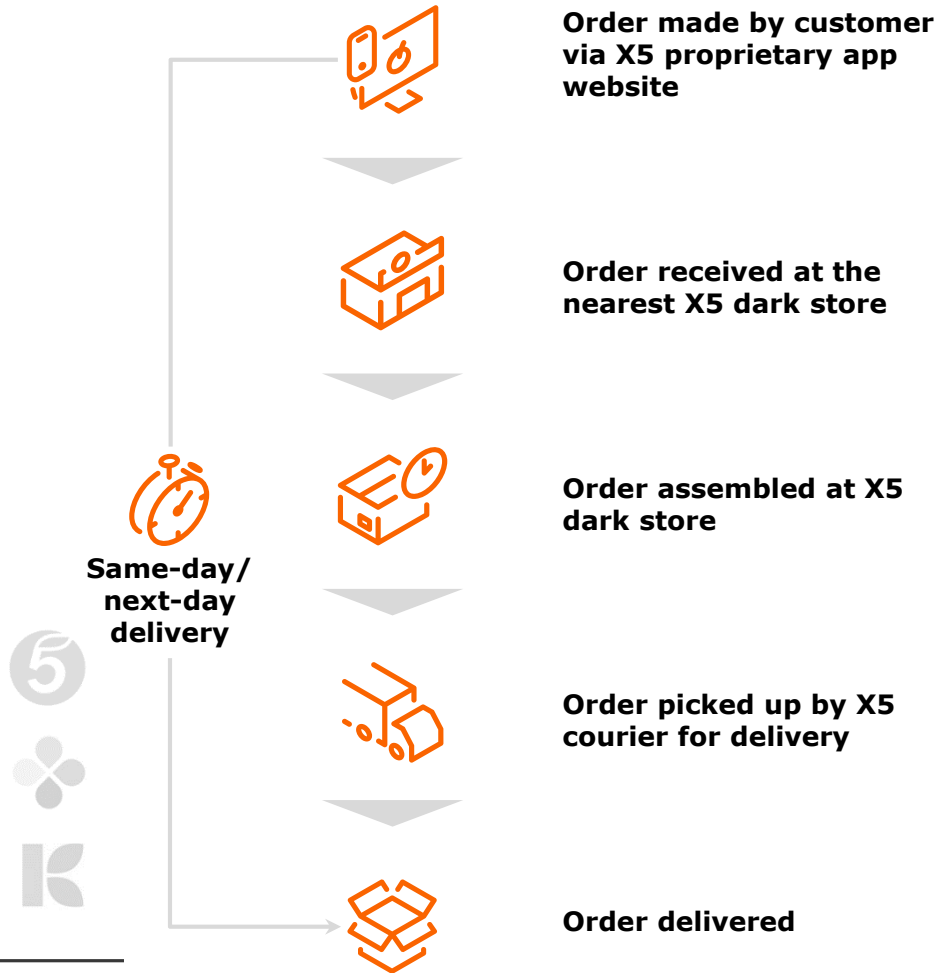
of orders per quarter, ths



*excluding promo codes and bonuses
Source: X5 data

PEREKRESTOK VPROK: run-rate 14,000 daily orders (Oct-2021)

Business model overview



Key operating metrics

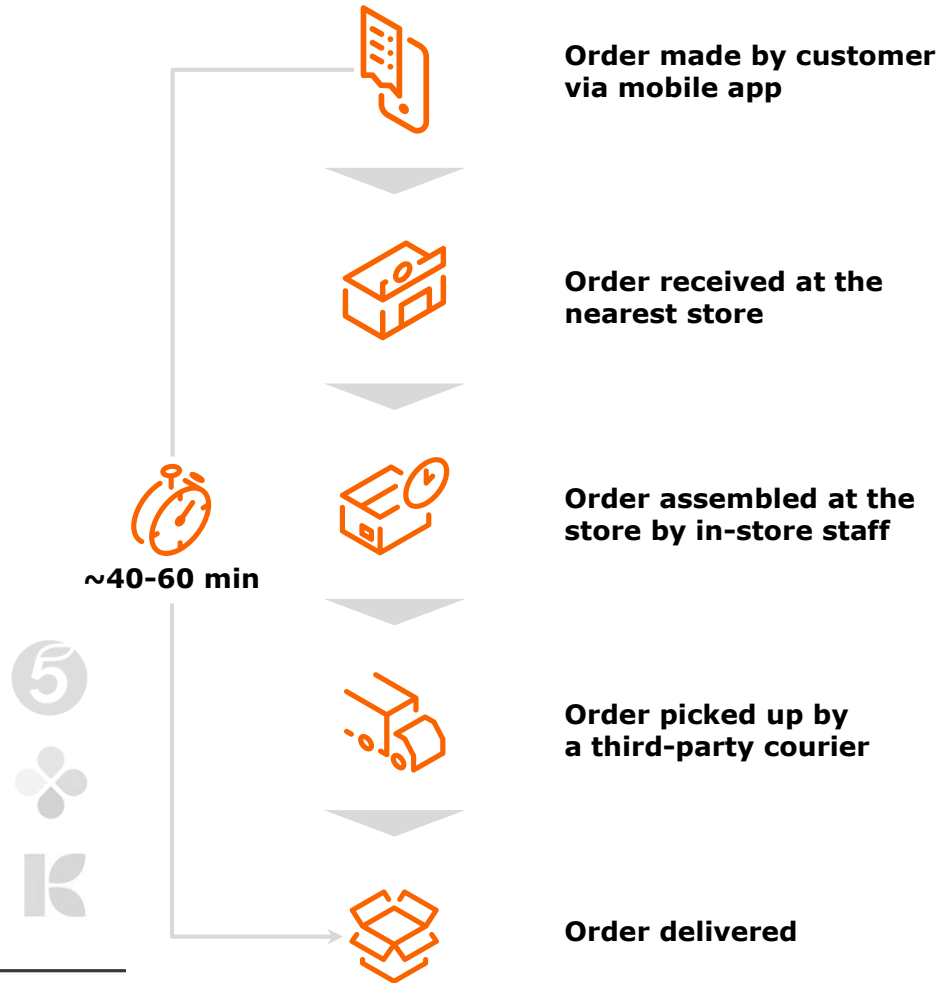
| | |
|--|--|
| Darkstores | 5 (3 in Moscow, 1 in St Petersburg, 1 in Nizhniy Novgorod) |
| Employees | c. 3,650 |
| Trucks | c. 600 |
| Orders per day | >14,000 |
| Average ticket | c. RUB 3,700 |
| SKUs per order | 20-25 |
| Assortment | 72,000 SKUs |
| Delivery charge (>95% orders delivered free-of-charge) | Free delivery for orders above: RUB 2,000 in Moscow; RUB 3,000 in Tula, Tver, Ryazan; RUB 1,500 in St Petersburg and RUB 1,000 in Nizhniy Novgorod |



Source: X5 data


EXPRESS DELIVERY: run-rate 60,000 daily orders (Oct-2021)

Business model overview



Key operating metrics

| | |
|-----------------------------|---|
| Orders per day | up to 72,000 |
| Average ticket | c. 1,400-1,600 |
| Stores | ~1,400 |
| Click-to-deliver | 50-60 min |
| SKUs per order | 12-14 |
| Stores assortment | >5,000 SKUs |
| Delivery charge | RUB 99 fixed (partially subsidised by X5) |
| Regions of presence: | 38 |

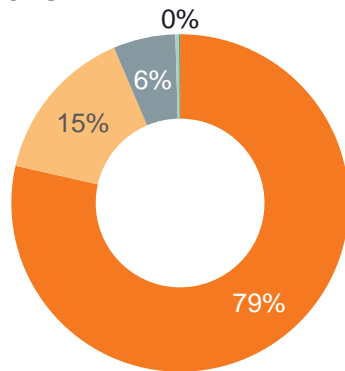


**IV. OPERATIONAL AND
FINANCIAL RESULTS
Q3 2021**

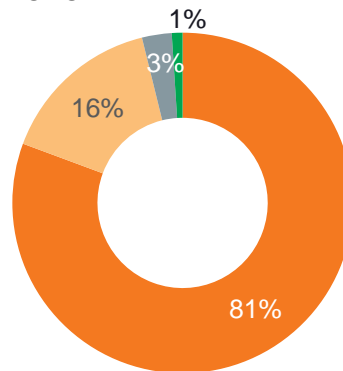
GROWING SHARE OF MOST PROFITABLE BUSINESSES

X5 revenue breakdown

2018

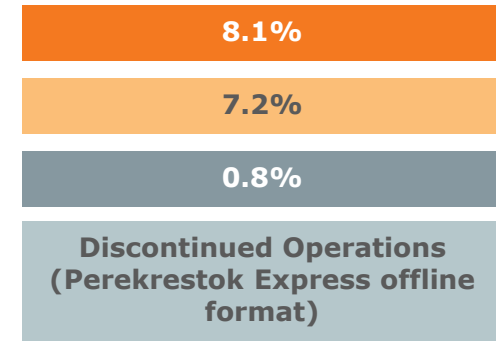


2020

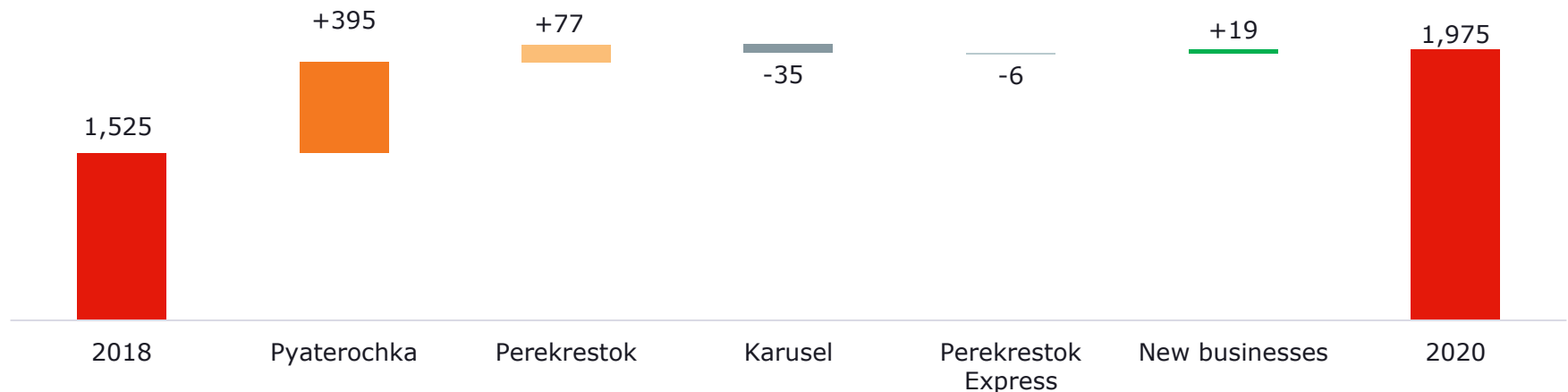


- Pyaterochka
- Perekrestok
- Karusel
- Discontinued Operations (Perekrestok Express offline format)
- New businesses

EBITDA margin 2020



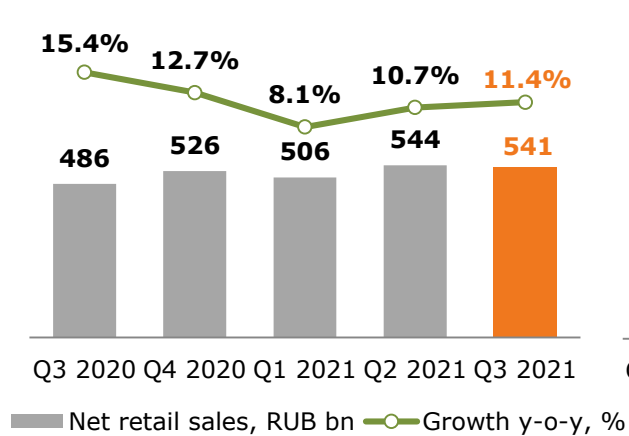
X5 revenue 2Y evolution, RUB bn



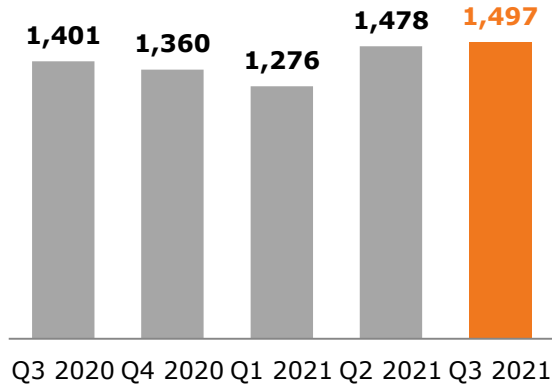
Source: X5 data

X5 OPERATIONAL SUMMARY (QUARTERLY)

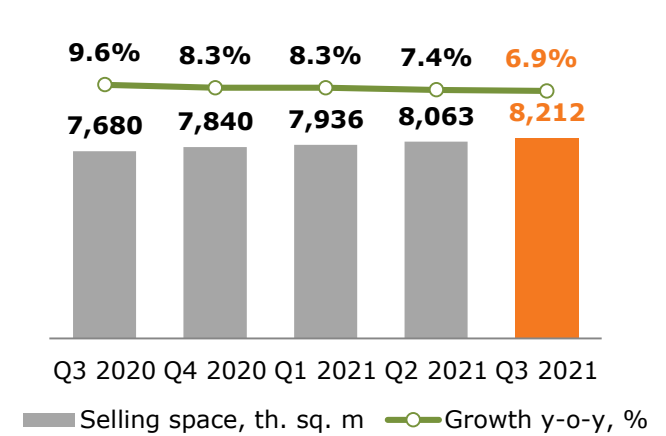
Net retail sales



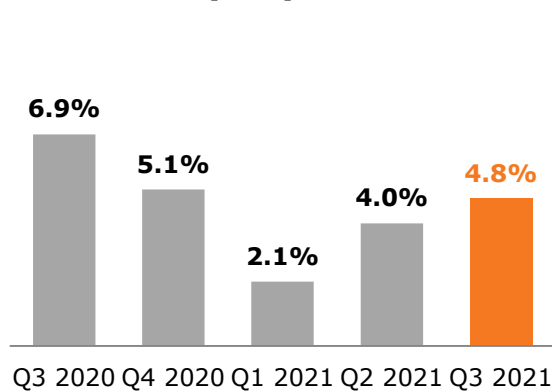
Traffic, mln customers



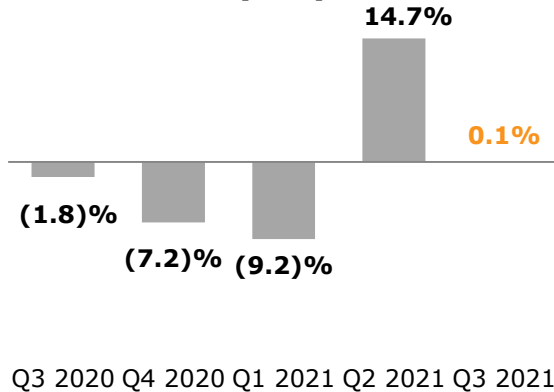
Net selling space (eop)



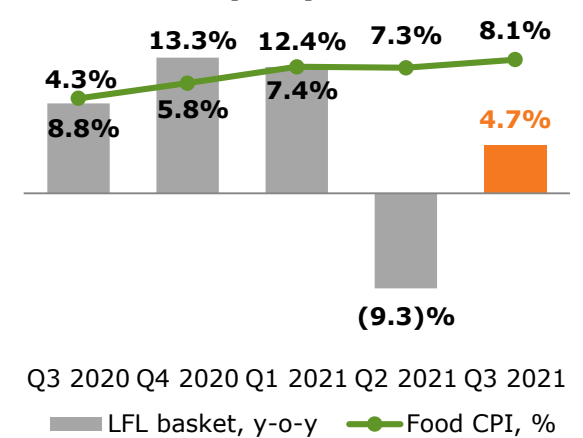
LFL sales, y-o-y



LFL traffic, y-o-y



LFL basket, y-o-y

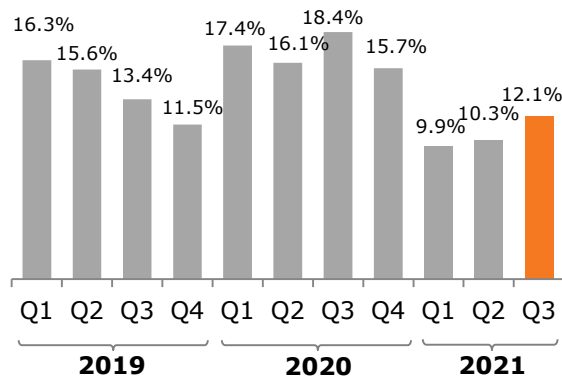


Source: X5 data

PYATEROCHKA PROXIMITY STORES SUMMARY (QUARTERLY)

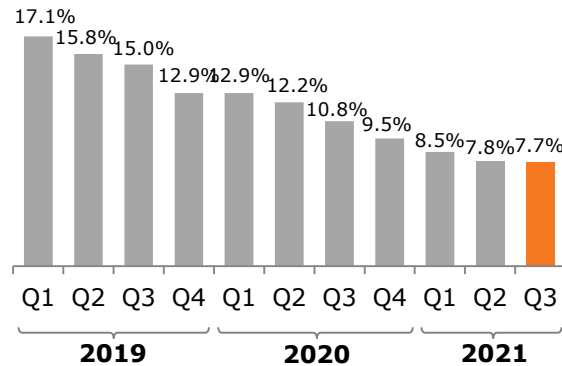
Q3 2021 net retail sales: 12.1% increase y-o-y

Net sales growth (% y-o-y)



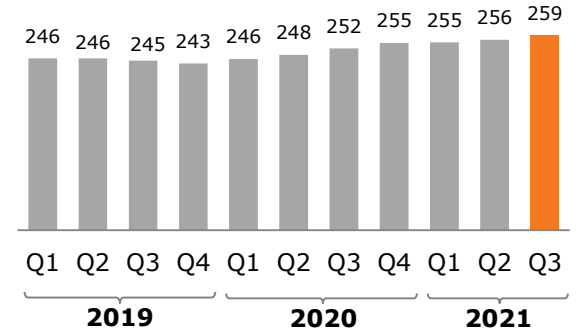
Q3 2021 selling space: 7.7% increase y-o-y

Net selling space growth (% y-o-y)



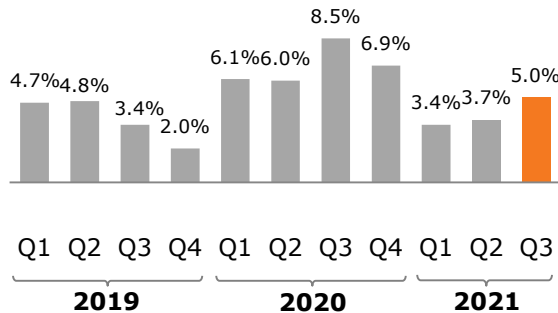
Q3 2021 sales densities: 2.8% increase y-o-y

Net sales densities (th. RUB/sq. m^[1])



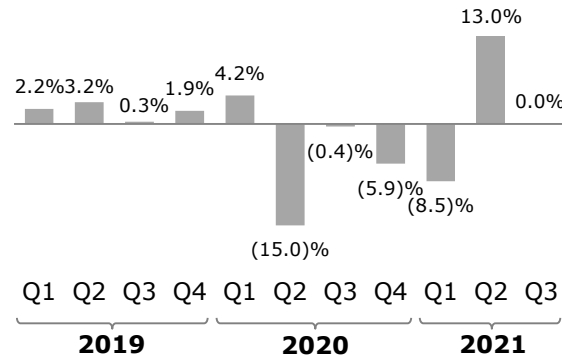
Q3 2021 LFL sales: 5.0% increase y-o-y

Total LFL sales growth (% y-o-y)



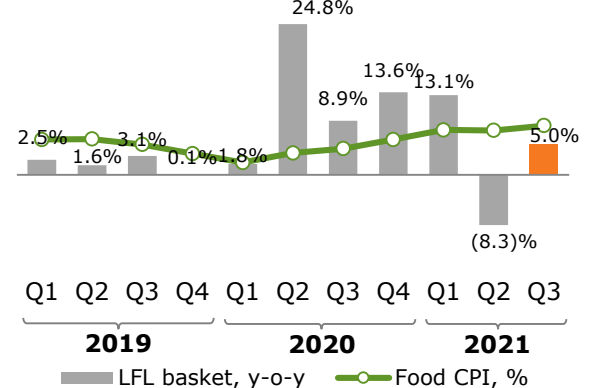
Q3 2021 LFL traffic: flat y-o-y

Total LFL traffic growth (% y-o-y)



Q3 2021 LFL basket: 5.0% increase y-o-y

Total LFL basket growth (% y-o-y)



Source: X5 data

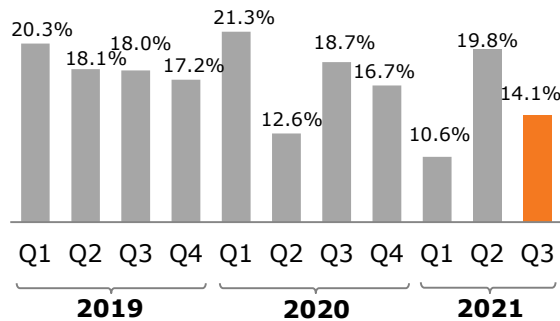
[1] – Total net sales from trailing four quarters divided by average selling space of trailing four quarters



PEREKRESTOK SUPERMARKETS SUMMARY (QUARTERLY)

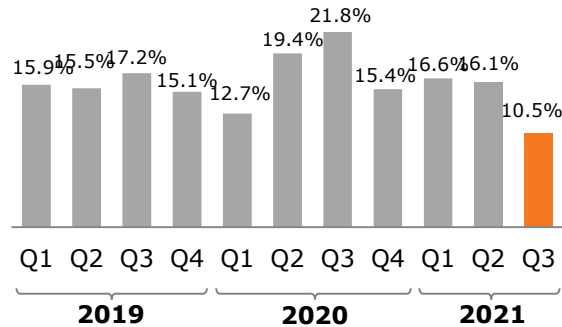
Q3 2021 net retail sales: 14.1% increase y-o-y

Net sales growth (% y-o-y)



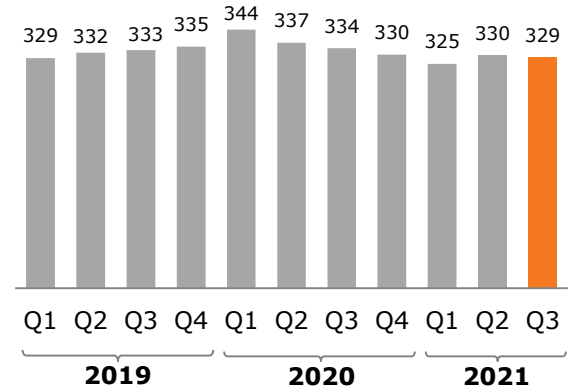
Q3 2021 selling space: 10.5% increase y-o-y

Net selling space growth (% y-o-y)



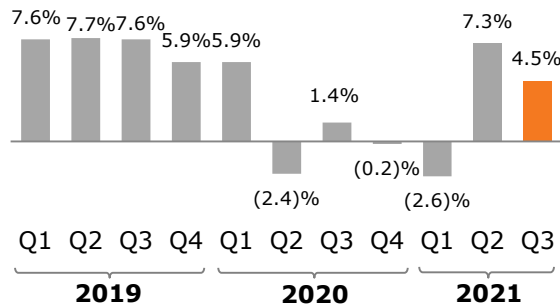
Q3 2021 sales densities: 1.5% decrease y-o-y

Net sales densities (th. RUB/sq. m^[1])



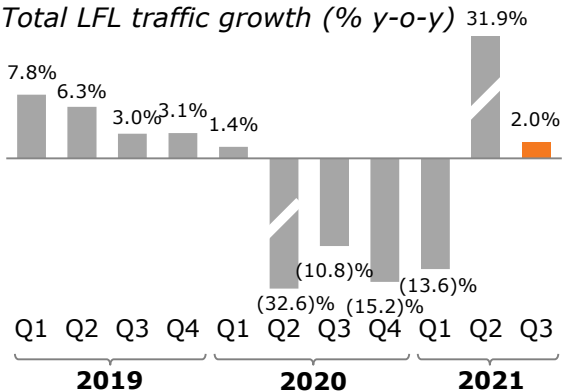
Q3 2021 LFL sales: 4.5% increase y-o-y

Total LFL sales growth (% y-o-y)



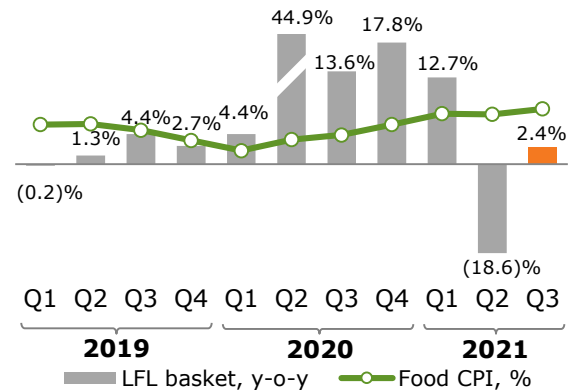
Q3 2021 LFL traffic: 2.0% increase y-o-y

Total LFL traffic growth (% y-o-y)



Q3 2021 LFL basket: 2.4% increase y-o-y

Total LFL basket growth (% y-o-y)



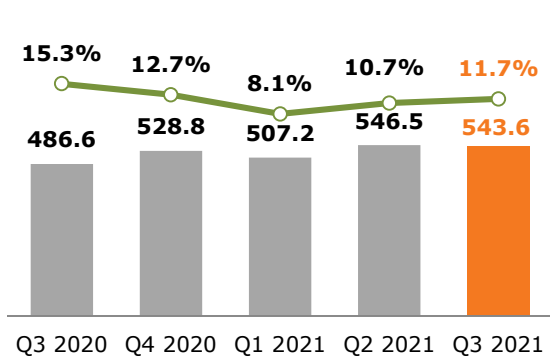
Source: X5 data

[1] – Total net sales from trailing four quarters divided by average selling space of trailing four quarters



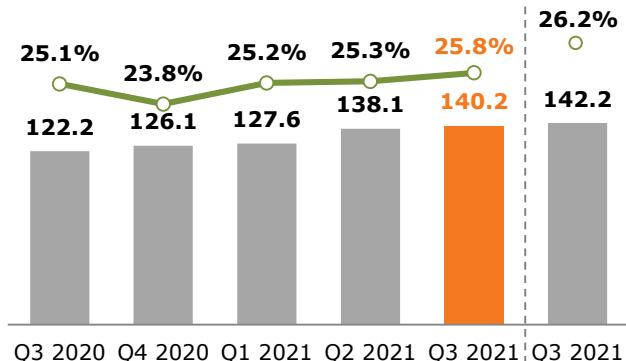
X5 QUARTERLY FINANCIAL HIGHLIGHTS (QUARTERLY)

Revenue



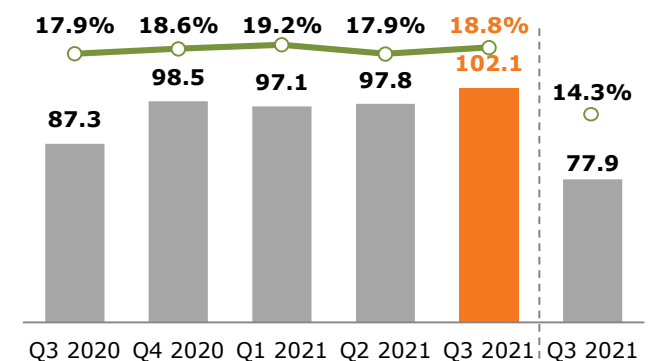
■ Revenue, RUB bn ● Growth y-o-y, %

Gross profit & gross margin



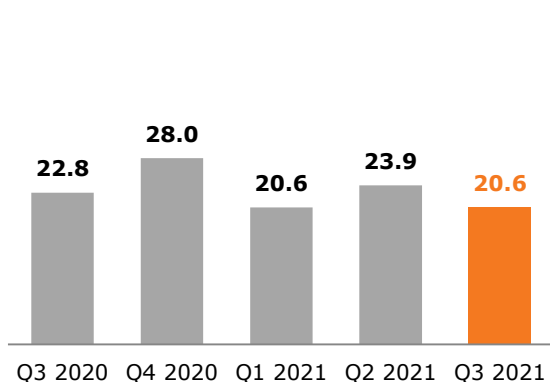
■ Gross profit, RUB bn ● Margin, %
IAS 17 IFRS 16

SG&A (excl. D&A&I<I)^[1]

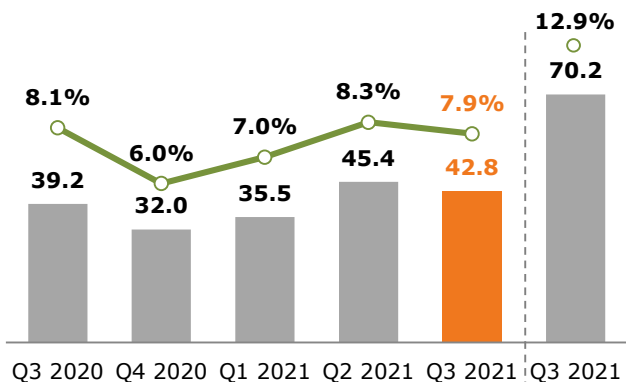


■ SG&A (excl. D&A&I<I), RUB bn ● % of revenue
IAS 17 IFRS 16

Capital expenditures, RUB bn

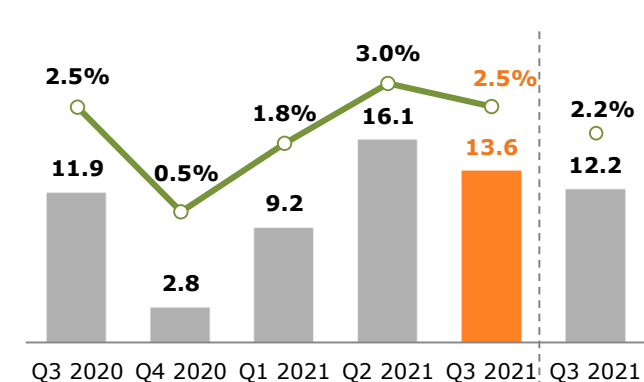


Adj. EBITDA & EBITDA margin^[2]



■ Adj. EBITDA, RUB bn ● Margin, %
IAS 17 IFRS 16

Net profit & net profit margin



■ Net profit, RUB bn ● Margin, %
IAS 17 IFRS 16

Source: X5 data

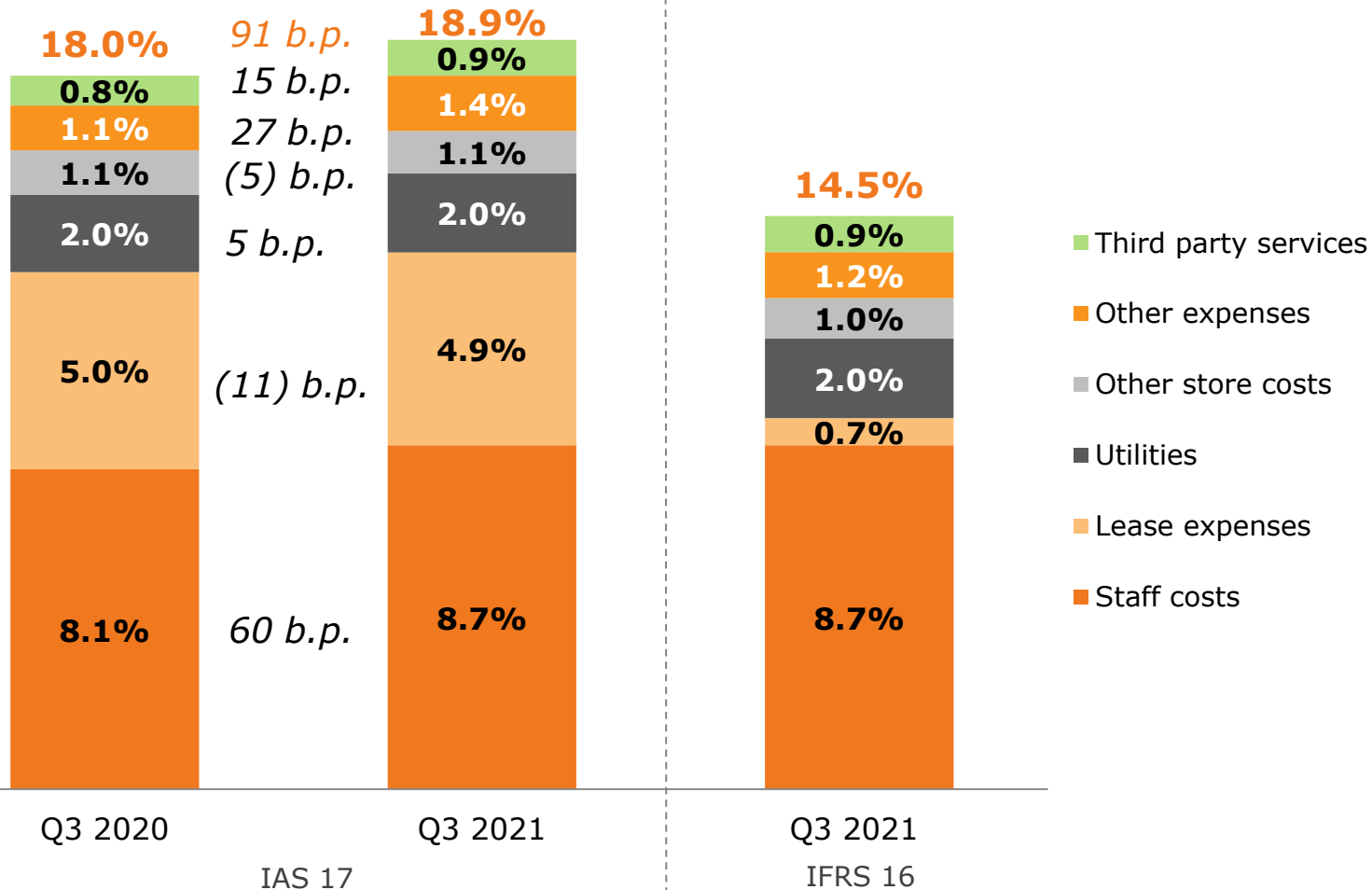
[1] - Adjusted for impact from Karusel transformation

[2] - Adjusted for LTI, exit payments and share-based payments, other one-off remuneration payments and impact from Karusel transformation

Q3 2021: ADJUSTED SG&A^[1] EXPENSES ANALYSIS

Q3 2021 analysis

as percentage of revenue



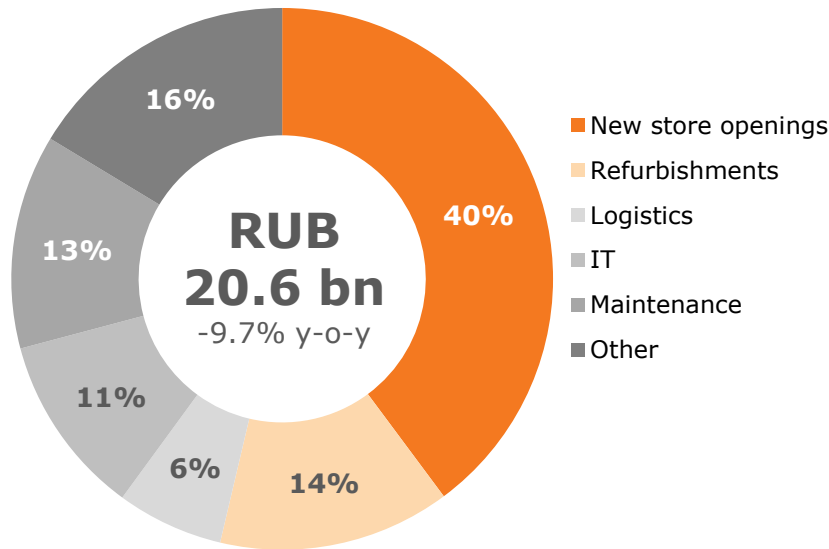
Source: X5 data

[1] – Adjusted for D&A&I, LTI, exit share-based payments and impact from Karusel transformation

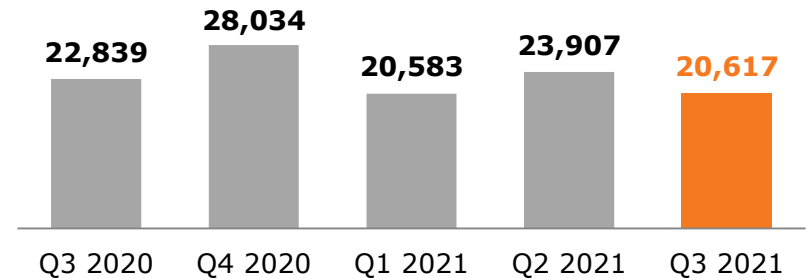


X5 CAPITAL EXPENDITURES

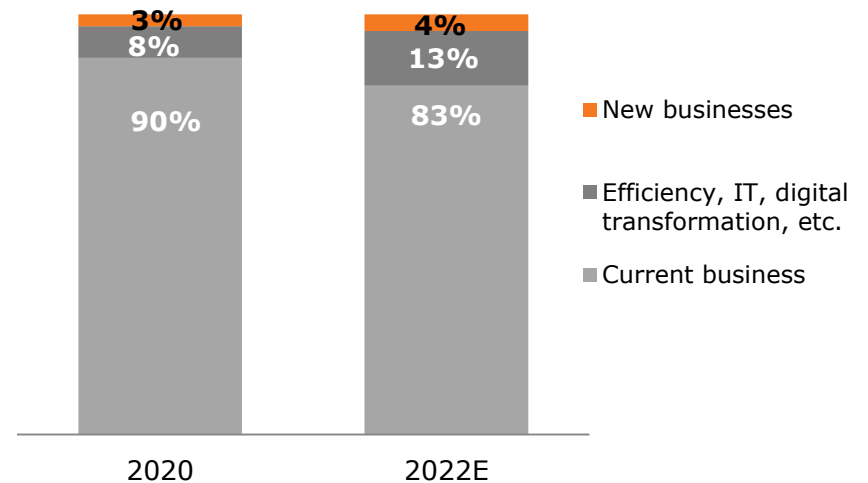
Capex breakdown, Q3 2021



Capex dynamics by quarter, RUB mln



Expected change in Capex structure



Source: X5 data (prepared under IAS 17)

In Q3 2021 the capex programme focused mainly on organic expansion, refurbishments and maintenance



X5 DEBT STRUCTURE

Debt profile

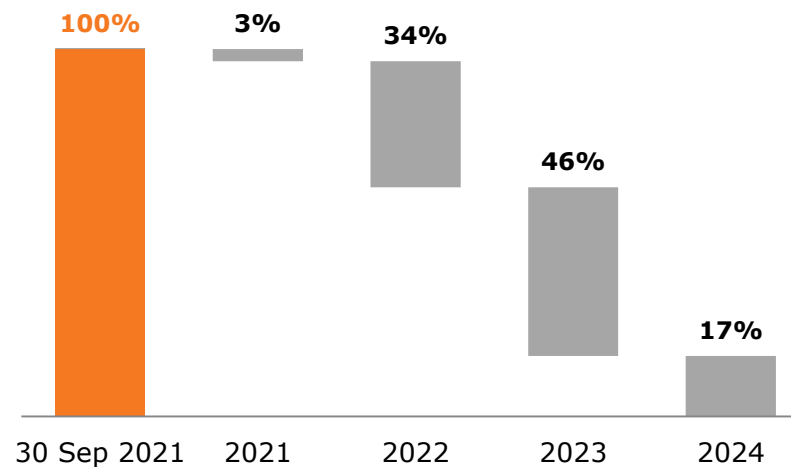
| RUB mln | 30 Sep 2021 | 30 Sep 2020 |
|------------------------|----------------|----------------|
| Total Debt | 242,928 | 228,291 |
| Short-Term Debt | 67,983 | 75,520 |
| <i>% of total debt</i> | <i>28.0%</i> | <i>33.1%</i> |
| Long-Term Debt | 174,945 | 152,771 |
| <i>% of total debt</i> | <i>72.0%</i> | <i>66.9%</i> |
| Net Debt | 230,031 | 216,619 |

Covenants & liquidity update

| Covenant metrics & liquidity sources | 30 Sep 2021 | 30 Sep 2020 |
|--------------------------------------|-------------|-------------|
| Net Debt / EBITDA (IAS 17) | 1.50x | 1.53x |
| Cash & cash equiv., RUB mln | 12,897 | 11,672 |
| Available credit limits, RUB mln | 493,779 | 487,835 |

Source: X5 data

Debt portfolio maturity



Highlights

- X5's debt portfolio is 100% RUB-denominated
- The majority of the X5's loans and all bonds have fixed interest rates
- X5's available credit limits amounted to RUB 493.8 bln

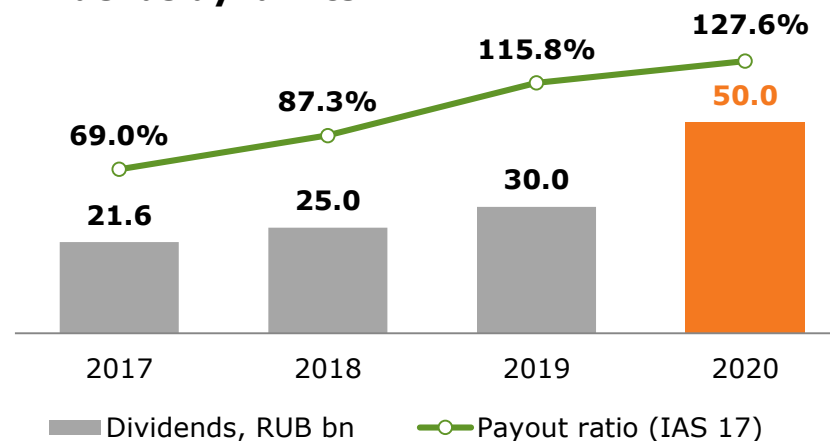


X5 DIVIDENDS

Dividend policy

- The dividend policy approved in 2017 and amended in 2020.
- Key dividend policy principals¹:
 - The Company intends to pay a full year dividend per share that will be stable or growing over time in absolute Russian Ruble-denominated terms.
 - The dividend payout will be based on operating cash flow and a target consolidated net debt¹ / adjusted EBITDA² ratio of below 2.0x per the end of the year for which the dividend is being proposed, taking into account considerations including but not limited to the Company's growth profile, capital requirements and return on capital.
 - Starting 2020, X5 commits to semi-annual dividend payments. The interim dividend will be announced following the release of the third quarter results.

Dividends dynamics



Dividends paid Y-o-Y growth, %

| | 2018 | 2019 | 2020* |
|------------------|-------|-------|-------|
| RUB | 15.8% | 20.0% | 66.7% |
| USD ³ | 11.3% | 13.1% | 60.3% |

*interim dividend in the amount of RUB 20 bln was paid in December 2020

Source: X5 data

1. Calculated based on the Company's full year consolidated financial statements or information in accordance with IFRS 16 as of the end of each reporting period as the sum of short-term borrowings and long-term borrowings less cash and cash equivalents.
2. EBITDA shall be adjusted (decreased) by the amount that would have been recognised as operating lease, other store costs, third party services and other expenses payable during the period, but which is not recognised as such under IFRS 16, as well as the amount of the net effect from decrease in the scope of the lease and terminations of lease agreements recognised under IFRS 16.
3. FX rate as of dividend payment dates



X5 PROFIT AND LOSS STATEMENT

| | IAS 17 | | | | IFRS 16 |
|----------------------------|----------------|----------------|---------------|--------------|----------------|
| RUB mln | Q3 2021 | Q3 2020 | + / (-) | + / (-), % | Q3 2021 |
| Revenue | 543,586 | 486,641 | 56,945 | 11.7% | 543,586 |
| Net retail sales | 540,718 | 485,552 | 55,165 | 11.4% | 540,718 |
| COGS | (403,423) | (364,415) | (39,008) | 10.7% | (401,416) |
| Gross profit | 140,163 | 122,226 | 17,937 | 14.7% | 142,170 |
| <i>Gross profit margin</i> | 25.8% | 25.1% | | 67 b.p. | 26.2% |
| SG&A | (121,770) | (105,147) | (16,623) | 15.8% | (116,375) |
| EBITDA | 41,822 | 38,702 | 3,120 | 8.1% | 69,195 |
| <i>EBITDA margin</i> | 7.7% | 8.0% | | (26) b.p. | 12.7% |
| Operating profit | 23,110 | 21,324 | 1,786 | 8.4% | 31,684 |
| <i>Operating margin</i> | 4.3% | 4.4% | | (13) b.p. | 5.8% |
| Net profit | 13,647 | 11,949 | 1,698 | 14.2% | 12,225 |
| <i>Net profit margin</i> | 2.5% | 2.5% | | 6 b.p. | 2.2% |

Source: X5 data

X5 BALANCE SHEET

(IFRS 16)

| RUB mln | 30 Sep 2021 | 30 Sep 2020 |
|---------------------------------------|------------------|------------------|
| Total current assets | 190,547 | 171,545 |
| Cash & cash equivalents | 12,897 | 11,672 |
| Inventories | 146,278 | 128,683 |
| Total non-current assets | 989,257 | 942,860 |
| Right of use asset | 496,173 | 462,607 |
| Net PP&E | 324,745 | 319,549 |
| Goodwill | 105,022 | 104,020 |
| Total assets | 1,179,804 | 1,114,405 |
| Total current liabilities | 402,870 | 378,992 |
| ST debt | 67,983 | 75,520 |
| ST finance lease payables | 69,704 | 66,188 |
| Trade accounts payable | 169,268 | 149,237 |
| Total non-current liabilities | 677,282 | 622,310 |
| LT debt | 174,945 | 152,771 |
| LT finance lease payable | 497,997 | 464,068 |
| Total liabilities | 1,080,152 | 1,001,302 |
| Total equity | 99,652 | 113,103 |
| Total liabilities & equity | 1,179,804 | 1,114,405 |

Source: X5 data

X5 CASH FLOW STATEMENT

| RUB mln | IAS 17 | | | | IFRS 16 |
|--|-----------------|-----------------|-----------------|------------|-----------------|
| | Q3 2021 | Q3 2020 | +/(-) | +/(-), % | Q3 2021 |
| Net cash generated from operating activities | 45,055 | 24,547 | 20,508 | 83.5% | 61,087 |
| Net cash from operating activities before changes in working capital | 42,250 | 38,104 | 4,146 | 10.9% | 68,450 |
| Change in Working Capital, incl.: | 4,765 | (3,400) | 8,165 | (240.1)% | 4,917 |
| Decrease/(increase) in trade and other accounts receivable | (2,146) | (2,088) | (58) | 2.8% | (2,154) |
| Decrease/(increase) in inventories | (4,254) | (217) | (4,037) | 1,860.4% | (4,254) |
| Increase/(decrease) in trade payable | 8,448 | (169) | 8,617 | (5,098.8)% | 8,448 |
| Increase/(decrease) in other accounts payable | 2,717 | (926) | 3,643 | (393.4)% | 2,877 |
| Net interest and income tax paid | (1,960) | (10,157) | 8,197 | (80.7)% | (12,280) |
| Net cash used in investing activities | (21,708) | (20,659) | (1,049) | 5.1% | (21,454) |
| Net cash generated from/(used in) financing activities | (23,295) | (3,509) | (19,786) | - | (39,581) |
| Effect of exchange rate changes on cash & cash equivalents | (3) | (9) | 6 | - | (3) |
| Net increase/(decrease) in cash & cash equivalents | 49 | 370 | (321) | (86.8)% | 49 |

Source: X5 data



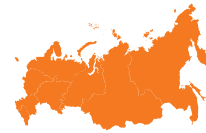
**APPENDIX
I. PERFORMANCE SUMMARY OF
KEY FORMATS**

PYATEROCHKA SUMMARY (1/2)

RUSSIA'S #1 PROXIMITY NETWORK BY REVENUE



17,600 stores as of 30 September 2021, 7.4% increase y-o-y



6,909 th. sq. m of selling space as of 30 September 2021, +7.7% y-o-y



Q3 2021 net retail sales – RUB 448.1 bn, 12.1% increase y-o-y



1,325 mln of customer visits in Q3 2021, +6.7% y-o-y



Pyaterochka as % of X5's Q3 2021 sales: **83%**



Q3 2021 LFL Results

- Sales: **5.0%**
- Traffic: **0.0%**
- Basket: **(5.0%)**



Average Pyaterochka check (offline): **RUB 388** (Q3 2021) 5.0% increase y-o-y



- Avg. net selling space: **393 sq. m.**
- **Pyaterochka sub-formats**
 - 250-330 sq. m.
 - 330-430 sq. m.
 - 430-620 sq. m.
 - 620-and more



Average number of SKUs: **4,500**



Capex per leased Pyaterochka: **RUB 12-15 mln**



The proximity store for your daily shopping needs

PYATEROCHKA PROXIMITY STORES SUMMARY (2/2)

FORMAT STRATEGY HIGHLIGHTS

- **Increase number of loyal customers and maximise share of their wallet:**
 - New **CVP** and further adaptation of **assortment**
 - **Leadership in NPS** and service level
 - Better **personnel turnover and engagement**
 - Focus on **operational efficiency**, incl. shrinkage
 - Roll-out of **personalised promo**
- **Improve efficiency and reduce costs:**
 - **Further** improvements in purchasing terms and opex per store/in logistics
 - **Lean and agile** approach
 - Higher share of **direct import**
 - Higher share of **private label** to >20% during the next 3-5 years
 - Improve efficiency of **regional model**



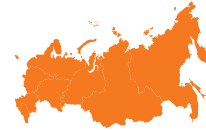
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PEREKRESTOK SUPERMARKETS SUMMARY (1/3)

RUSSIA'S #1 SUPERMARKET



980 stores as of 30 September 2021, 8.3% increase y-o-y



1,081 th. sq. m. of selling space as of 30 September 2021, 10.5% increase y-o-y



Q3 2021 net retail sales of RUB 81.5 bn, 13.5% increase y-o-y



161 mln customers in Q3 2021, +11.3% y-o-y



Perekrestok of X5's Q3 2021 sales: **16%**



Q3 2021 LFL Results

- Sales: **4.5%**
- Traffic: **2.0%**
- Basket: **2.4%**



NPS 28 points in Q3 2021, 1 p.p. increase y-o-y



Average Perekrestok check (offline): **RUB 577** (Q3 2021), 2.1% decrease y-o-y



Avg. net selling space: **1,103 sq. m.**



Average number of SKUs: **8,000 – 15,000**



Capex per leased Perekrestok: **RUB 50-60 mln**

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PEREKRESTOK SUMMARY (2/3)

FORMAT STRATEGY HIGHLIGHTS

- **Value proposition and adapting to customer needs:**
 - Further adaptation of assortment with focus on **fresh, F&V, ready-to-eat**
 - **Omni-channel** development
 - Targeted **loyalty system** and **personalised** promo
 - **Best-in-class service**, further increase of NPS
 - **Comfort and positive emotions** from shopping
 - Chain expansion with aim of being **closer to the customer**
- **Improve efficiency and reduce costs:**
 - **Further** improvements in purchasing terms and opex
 - Increase the share of **private labels**
 - Increase the share of **direct import**
 - **Further improve logistics** (forecasting, stock replenishment system)



5



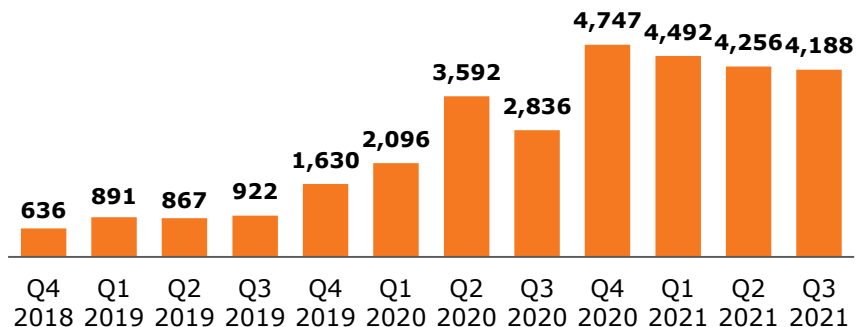
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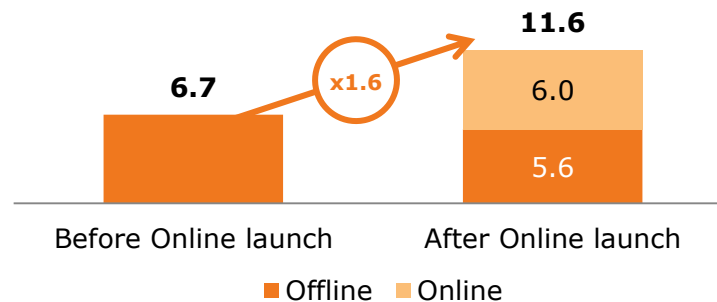
PEREKRESTOK SUMMARY (3/3):

VPROK.RU PEREKRESTOK

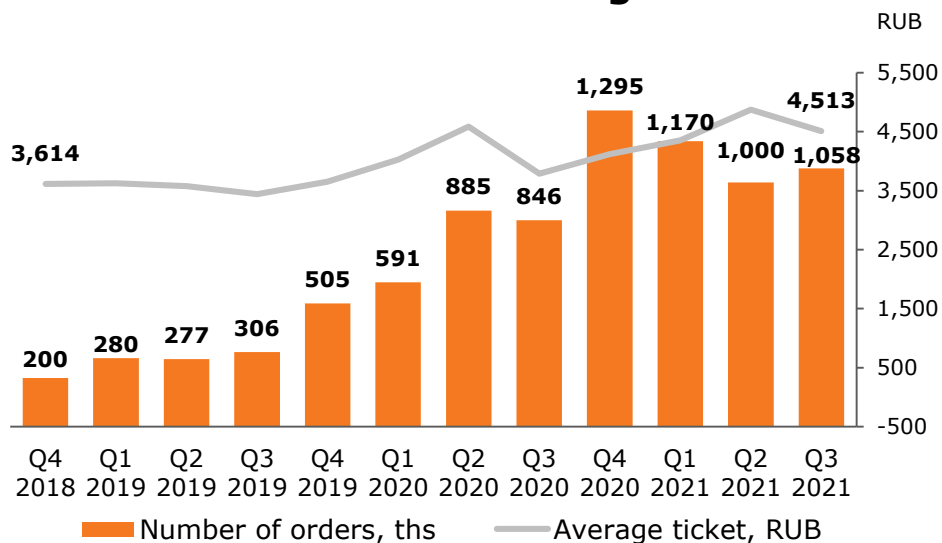
Net sales, RUB mln



Average customer spending per month, RUB ths



Number of orders and average ticket



X5 online targets

- Increase number of darkstores to 12 by 2022 (from 5 in Dec 2020)
- Increase assortment and develop sales on external marketplaces





**APPENDIX
II. RUSSIAN FOOD RETAIL**

RUSSIAN FOOD RETAIL MARKET SNAPSHOT IN 2020

Russian population – key statistics

- **146.8** mln people
- **40** – average age
- **75%** - urbanisation level
- **8.5 people per sq. km** - density
- **25%** - share of pensioners

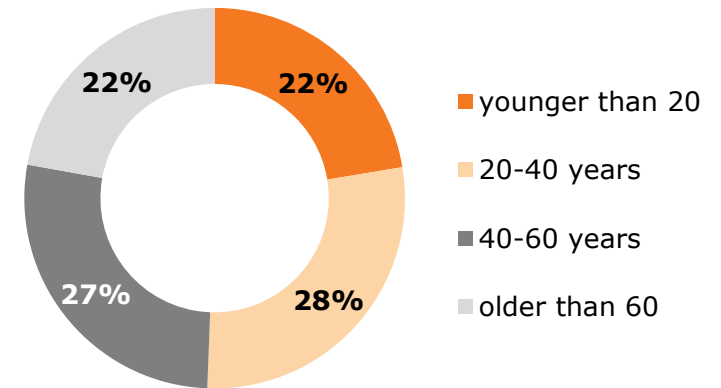
Food retail in Russia

- **8th** largest grocery market globally
- **4.8%** – six-year historical CAGR
- **30%** – food spending in household budgets
- **78%** – share of modern retail
- **3.9%** - food CPI (5.1% in 2019)

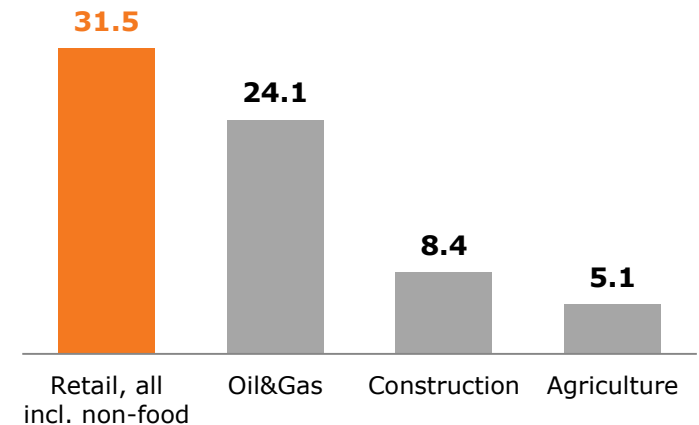
Positive trend in demographics

- **Life expectancies** reached a historic peak in 2018, at **78 years** for women and **68 years** for men
- **43%** drop in alcohol consumption since its peak in 2003
- **30%** decrease in tobacco use from 2009 to 2016

Population structure



Largest industries in Russia by turnover, RUB tn



HEALTHY LIFESTYLE TREND CHANGES EATING HABITS



84%

of Russian population changed their eating habits



67%

of Russian population started to eat more fruits and vegetables



65%

of Russian population decreased sugar consumption



53%

of Russian population decreased fat intake



62%

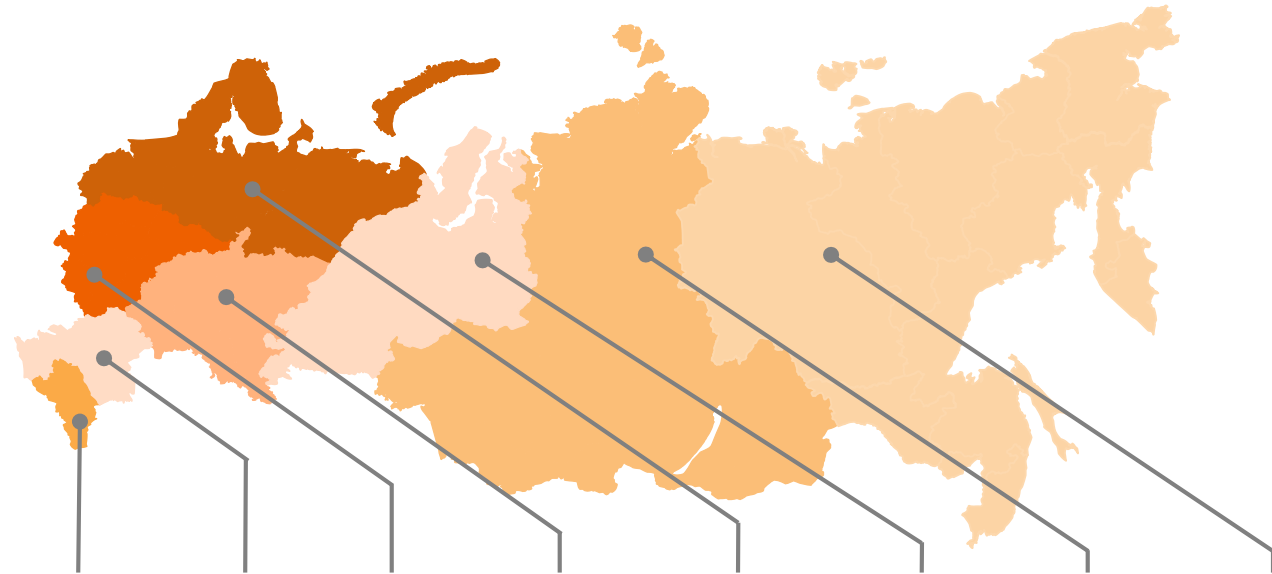
of Russian population value wide assortment of healthy food when choosing a store

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Source: Nielsen

RUSSIAN POPULATION DISTRIBUTION



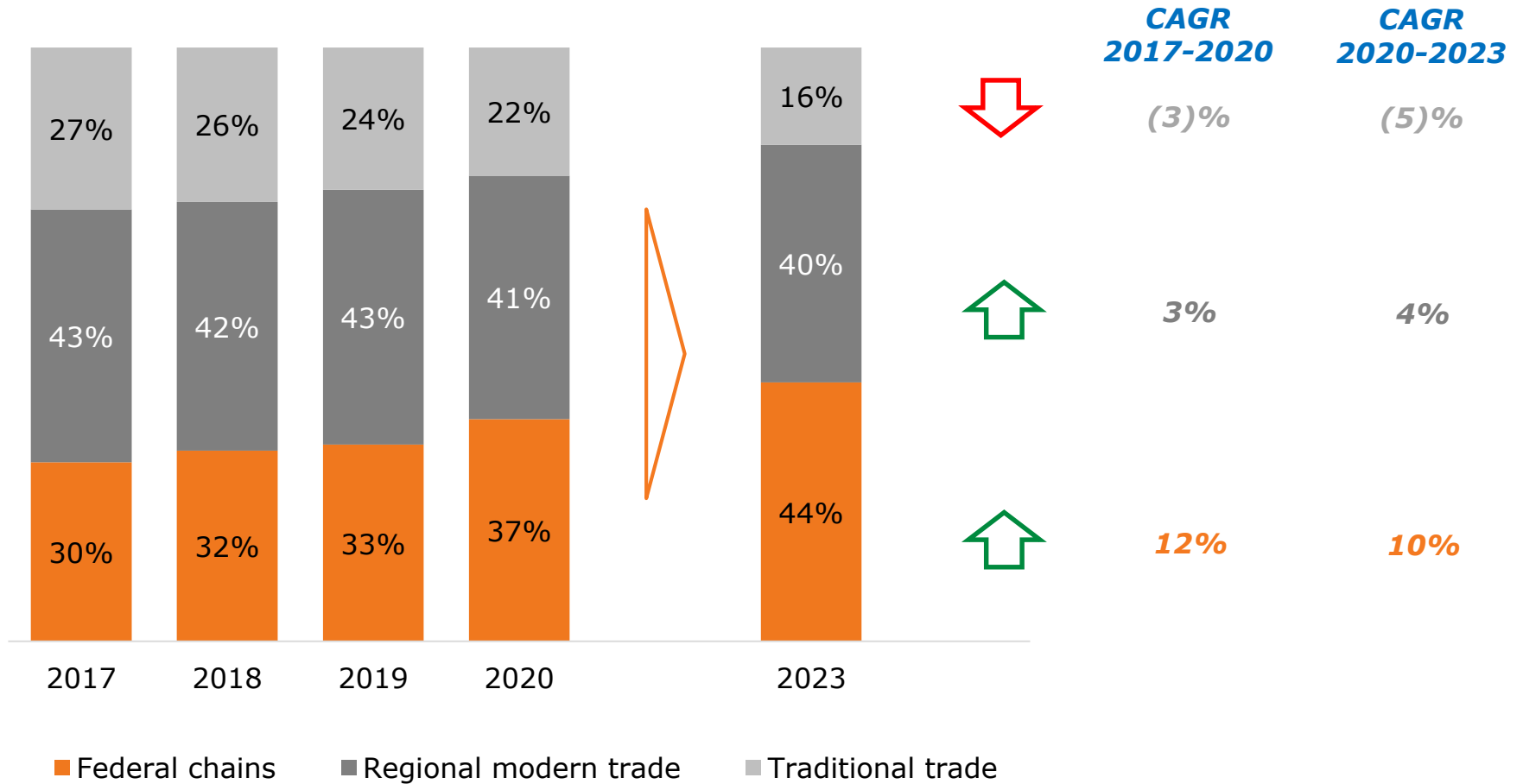
| Name | North Caucasus | Southern | Central | Volga | North Western | Ural | Siberian | Far East |
|--------------------------------|----------------|----------|---------|-------|---------------|------|----------|----------|
| Population, % | 7 | 11 | 27 | 20 | 10 | 8 | 12 | 6 |
| Land area, % | 1 | 3 | 4 | 6 | 10 | 11 | 30 | 36 |
| Population density (people/km) | 58.5 | 36.8 | 60.4 | 28.1 | 8.3 | 6.8 | 3.9 | 1.2 |
| Share of modern retail, % | 20% | 64% | 86% | 82% | 96% | 82% | 78% | 57% |

Source: Rosstat, Infoline

75% of the Russian population live in the Central part of Russia, which accounts for less than a quarter of the entire territory



RUSSIAN GROCERY RETAIL MARKET DYNAMICS

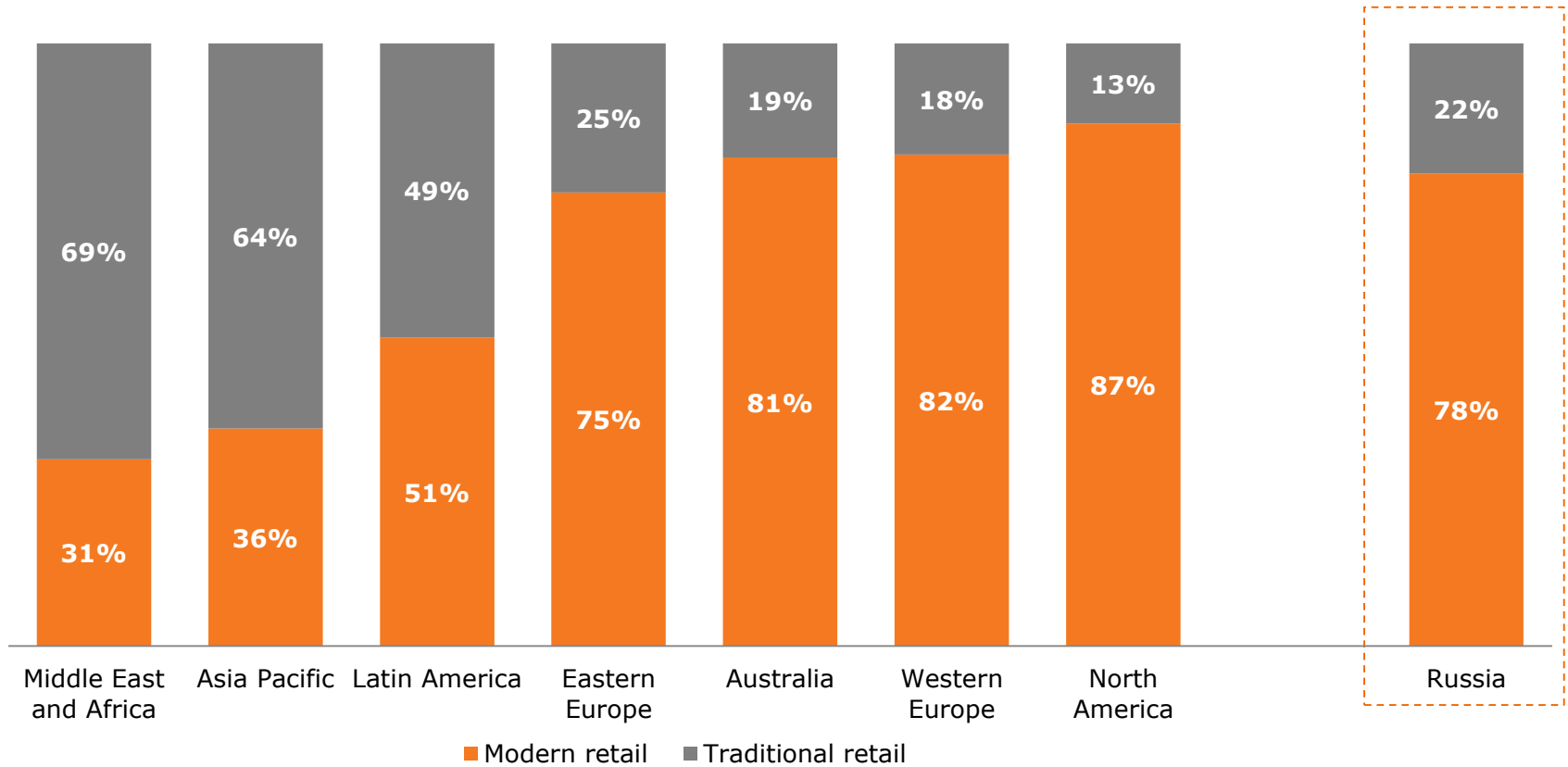


Source: Infoline

Despite the substantial level of modern trade penetration in Russia, there is still potential for further growth in modern retail



TRADITIONAL VS. MODERN RETAIL ACROSS KEY WORLD REGIONS IN 2020



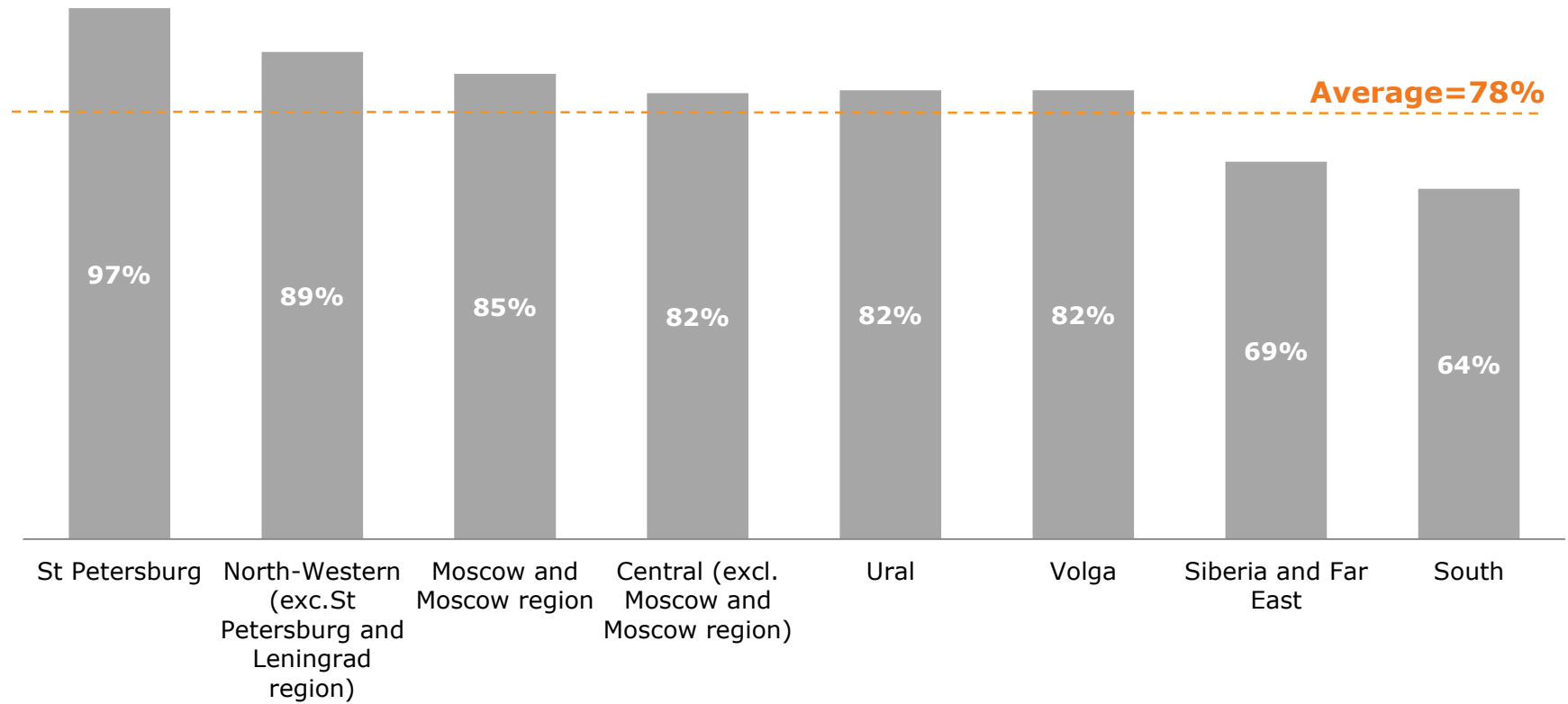
Source: Euromonitor, Infoline

Note: All values used are nominal. All numbers are excluding VAT/sales tax

The share of modern retail in Russia has already reached the level of Eastern Europe but is still lower than in developed countries



MODERN RETAIL PENETRATION IN RUSSIA BY REGION IN 2020



Source: Infoline

North-Western region is characterised by high level of modern retail penetration, while others still have potential for growth



GROCERY RETAIL REGULATION IN RUSSIA

REGULATORY ASPECT

KEY TRENDS

Antimonopoly legislation

- 25% individual market share cap in any given region

Relations with suppliers

- Maximum bonuses from suppliers reduced from 10% to 5% from July 2016
- Maximum days payable are set depending on a product's shelf life

Price regulation

- Government has a right to set price caps for socially important groceries in case of high inflation

Assortment

- No direct regulation, affected by import ban from EU/US and other countries



Source: Federal Law 381, Government of Russia



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