

X5 RETAIL GROUP REPORTS 15.4% NET RETAIL SALES GROWTH IN Q3 2020

- ✓ Total net retail sales increased by 15.4% y-o-y in roubles (RUB) driven by:
 - 6.9% increase in like-for-like (LFL)⁽¹⁾; and
 - 8.5% sales growth contribution from a 9.6% rise in selling space.
- ✓ Net retail sales for X5's core formats Pyaterochka and Perekrestok increased by 18.4% and 18.7% y-o-y, respectively.
- ✓ LFL basket remains the main driver of LFL sales growth, with less frequent customer visits to stores and larger purchases per visit. X5 continues to see consumers trading up across all retail formats.
- ✓ The proximity segment was the main contributor to business growth in Q3 2020. X5 continues to benefit from its strategic focus on this segment, with traffic inflow from traditional retail and hypermarkets.
- ✓ Online revenue from Perekrestok Vprok (Perekrestok.ru) and express delivery from Pyaterochka and Perekrestok stores totalled RUB 4.0 billion in Q3 2020. Revenue of Perekrestok Vprok increased by 207.6% in Q3 2020.
- ✓ Average number of daily orders in September reached 21.5 ths for both Perekrestok Vprok and express delivery services from Pyaterochka and Perekrestok stores. Total DAU across X5's online and mobile platforms reached 1.6 mln in September, MAU was 11.9 mln.
- ✓ X5 added 327 net new stores in Q3 2020; in addition, 155 proximity stores and 20 supermarkets (including 9 Karusel stores transferred to Perekrestok) were refurbished in line with the new concepts, which continue to show positive customer response.

Amsterdam, 15 October 2020 - 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 2020⁽²⁾.

Net Retail Sales⁽³⁾ Performance

Net retail sales by format⁽⁴⁾

| RUB mln | Q3 2020 | Q3 2019 | change y-o-y, % | 9M 2020 | 9M 2019 | change y-o-y, % |
|------------------------|----------------|----------------|-----------------|------------------|------------------|-----------------|
| Pyaterochka | 399,776 | 337,778 | 18.4 | 1,175,615 | 1,002,447 | 17.3 |
| Perekrestok | 74,568 | 62,818 | 18.7 | 228,529 | 194,388 | 17.6 |
| Karusel | 11,207 | 20,116 | (44.3) | 42,844 | 63,101 | (32.1) |
| X5 Retail Group | 485,552 | 420,712 | 15.4 | 1,446,988 | 1,260,415 | 14.8 |

Q3 & 9M 2020 LFL store performance by format, % change y-o-y⁽⁵⁾

| | Q3 2020 | | | 9M 2020 | | |
|------------------------|------------|--------------|------------|------------|--------------|-------------|
| | Sales | Traffic | Basket | Sales | Traffic | Basket |
| Pyaterochka | 8.5 | (0.4) | 8.9 | 6.9 | (4.2) | 11.5 |
| Perekrestok | 1.4 | (10.8) | 13.6 | 1.7 | (14.3) | 18.7 |
| Karusel | (10.1) | (17.5) | 9.0 | (6.9) | (18.5) | 14.2 |
| X5 Retail Group | 6.9 | (1.8) | 8.8 | 5.6 | (5.5) | 11.8 |

(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 the 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) 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 2020 financial results.

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

(5) Excluding Perekrestok Vprok

Q3 2020 monthly net RUB retail sales by format, % change y-o-y

| | July 2020 | August 2020 | September 2020 |
|------------------------|-------------|-------------|----------------|
| Pyaterochka | 19.4 | 17.9 | 17.7 |
| Perekrestok | 18.7 | 18.1 | 19.3 |
| Karusel | (39.9) | (45.2) | (47.8) |
| X5 Retail Group | 16.5 | 14.8 | 14.8 |

Average Ticket and Number of Customer Visits⁽⁵⁾
Q3 & 9M 2020 average ticket and customer visits by format

| | Q3 2020 | Q3 2019 | change y-o-y, % | 9M 2020 | 9M 2019 | change y-o-y, % |
|-----------------------------------|----------------|----------------|--------------------|----------------|----------------|--------------------|
| <u>Average Ticket, RUB</u> | | | | | | |
| Pyaterochka | 369.4 | 340.9 | 8.4 | 388.8 | 350.7 | 10.9 |
| Perekrestok | 565.2 | 500.9 | 12.8 | 614.9 | 521.9 | 17.8 |
| Karusel | 888.2 | 801.1 | 10.9 | 927.1 | 809.1 | 14.6 |
| X5 Retail Group | 395.0 | 368.6 | 7.2 | 419.6 | 380.7 | 10.2 |
| <u># of Customers, mln</u> | | | | | | |
| Pyaterochka | 1,241.8 | 1,142.1 | 8.7 | 3,471.5 | 3,293.0 | 5.4 |
| Perekrestok | 145.0 | 144.2 | 0.5 | 408.9 | 428.0 | (4.5) |
| Karusel | 14.5 | 28.9 | (50.0) | 53.1 | 89.8 | (40.9) |
| X5 Retail Group | 1,401.2 | 1,315.2 | 6.5 | 3,933.4 | 3,812.9 | 3.2 |

Q3 2020 average monthly ticket and customer visits by format, % change y-o-y

| | July 2020 | August 2020 | September 2020 |
|------------------------------------|------------|-------------|----------------|
| <u>Average Ticket</u> | | | |
| Pyaterochka | 9.4 | 8.0 | 7.6 |
| Perekrestok | 16.1 | 11.7 | 10.8 |
| Karusel | 16.1 | 8.7 | 7.6 |
| X5 Retail Group | 8.0 | 6.1 | 5.9 |
| <u># of Customer Visits</u> | | | |
| Pyaterochka | 9.1 | 8.5 | 8.6 |
| Perekrestok | (2.4) | 1.1 | 2.9 |
| Karusel | (48.6) | (50.0) | (51.5) |
| X5 Retail Group | 7.7 | 7.5 | 7.7 |

Expansion Dynamics

Selling space and # of stores by format

| | As at 30-Sep-20 | As at 31-Dec-19 | change vs 31-Dec-19, % | As at 30-Sep-19 | change vs 30-Sep-19, % |
|--|--------------------|--------------------|---------------------------|--------------------|---------------------------|
| Selling Space, square meters (sq. m.) | | | | | |
| Pyaterochka | 6,414,939 | 5,975,147 | 7.4 | 5,788,675 | 10.8 |
| Perekrestok | 1,039,482 | 899,893 | 15.5 | 853,514 | 21.8 |
| Karusel | 225,334 | 364,077 | (38.1) | 366,369 | (38.5) |
| X5 Retail Group | 7,679,755 | 7,239,117 | 6.1 | 7,008,558 | 9.6 |
| # of Stores | | | | | |
| Pyaterochka | 16,385 | 15,354 | 6.7 | 14,850 | 10.3 |
| Perekrestok | 910 | 852 | 6.8 | 811 | 12.2 |
| Karusel | 57 | 91 | (37.4) | 91 | (37.4) |
| X5 Retail Group | 17,352 | 16,297 | 6.5 | 15,752 | 10.2 |

Selling space and # of stores added by format

| | Net Added Q3 2020 | Net Added Q3 2019 | change, y-o-y, % | Net Added 9M 2020 | Net Added 9M 2019 | change, y-o-y, % |
|--|----------------------|----------------------|---------------------|----------------------|----------------------|---------------------|
| Selling Space, square meters (sq. m.) | | | | | | |
| Pyaterochka | 124,977 | 181,447 | (31.1) | 439,792 | 497,253 | (11.6) |
| Perekrestok | 66,373 | 38,706 | 71.5 | 139,589 | 71,976 | 93.9 |
| Karusel | (21,856) | 2,341 | n/a | (138,743) | (15,655) | 786.3 |
| X5 Retail Group | 169,494 | 222,493 | (23.8) | 440,638 | 544,823 | (19.1) |
| Net # of Stores | | | | | | |
| Pyaterochka | 289 | 465 | (37.8) | 1,031 | 1,328 | (22.4) |
| Perekrestok | 43 | 26 | 65.4 | 58 | 51 | 13.7 |
| Karusel | (5) | 1 | n/a | (34) | (3) | 1,033.3 |
| X5 Retail Group | 327 | 492 | (33.5) | 1,055 | 1,321 | (20.1) |

Perekrestok Vprok Performance

| | Q3 2020 | Q3 2019 | change y-o-y, % | 9M 2020 | 9M 2019 | change y-o-y, % |
|---------------------|---------|---------|--------------------|-----------|---------|--------------------|
| Net sales, RUB mln | 2,836 | 922 | 207.6 | 8,524 | 2,680 | 218.1 |
| Number of orders | 846,161 | 305,646 | 176.8 | 2,322,645 | 862,049 | 169.4 |
| Average ticket, RUB | 3,791 | 3,440 | 10.2 | 4,154 | 3,543 | 17.2 |

Key Drivers for Q3 2020 Results

External environment

- Food inflation in Q3 2020 increased to 4.3% y-o-y from 3.6% y-o-y in Q2 2020 peaking at 4.4% in September 2020.
- Consumer demand remained weak but started a gradual recovery after the impact of the initial consumer response and first set of lockdown measures related to the COVID-19 pandemic, recovering to -3.1% y-o-y in Q3 2020 compared -7.0% y-o-y in Q2 2020.

- The consumer sentiment index improved in Q3 2020 and amounted -22%, compared to -30% in Q2 2020. This rise was linked to easing of pandemic-related restrictions in Q3 2020, as well as social payments to various consumer groups from the federal budget.
- Labour market data were contradictory. Unemployment in Q3 2020 continued to rise and totalled 6.4%, compared to 6.0% in Q2 2020. However, real wage growth rates were relatively high: 2.9% in July 2020 after 0.1% in Q2 2020, supported by social spending from the federal budget.

Sales

- Customer behaviour started to normalise after lockdown restrictions were lifted in July, with LFL traffic growth slightly negative at -1.8% and LFL basket remaining strong at 8.8% y-o-y in Q3 2020.
- Pyaterochka's net retail sales increased by 18.4% y-o-y, with LFL sales growth at 8.5% (vs food CPI of 4.3%). LFL traffic decreased by 0.4% y-o-y while LFL basket grew by 8.9% y-o-y in Q3 2020, continuing to normalise after the lockdown restrictions were lifted in July. Express delivery operations contributed 0.3 ppt of the format's sales growth during the period.
- Perekrestok's net retail sales increased by 18.7% in Q3 2020, driven mostly by selling space expansion due to the opening of stores acquired from the Rait retail chain and a slow recovery of stores located in shopping malls after the lockdown restrictions were lifted in July. LFL sales growth was positive in Q3 2020 at 1.4%, compared to negative 2.4% in Q2 2020. Express delivery operations contributed 0.4 ppt of the format's sales growth during the period.
- New businesses demonstrated 224% y-o-y revenue growth in Q3 2020, reaching RUB 3.0 bln (includes Perekrestok Vprok and 5Post).
- In Q3 2020, Karusel's net retail sales decreased by 44.3%, with LFL sales down by 10.1%, driven by downsizing as part of the format's transformation programme.

Loyalty programmes

- X5 continued to develop its loyalty card programmes. In total, X5's three retail formats had 44.5 million active loyalty card users as of 30 September 2020, with penetration in sales in September reaching 79% at Pyaterochka, 78% at Perekrestok and 93% at Karusel.

Expansion and retail portfolio improvement

- 155 Pyaterochka stores were refurbished into the new concept in Q3 2020, in addition to 289 new concept stores opened, on a net basis. Including new openings and refurbishments, the total number of stores operating under the new concept reached 1,670 or 10% of the Pyaterochka store base as of 30 September 2020. The new concept stores continue to demonstrate significantly higher LFL sales growth at above 10% as well as 50% higher NPS compared to other Pyaterochka stores.
- 11 Perekrestok supermarkets were opened following refurbishments and nine Karusel hypermarkets were transformed into Perekrestok supermarkets in Q3 2020. As of 30 September 2020, 82 supermarkets, or 9% of the Perekrestok store base were operating under the new concept.
- In Q3 2020, as part of the Company's ongoing rationalisation programme, X5 closed 107 proximity stores, nine supermarkets and five hypermarkets were transferred to Perekrestok.
- In Q3 2020, X5 opened one new distribution centre in the Republic of Tatarstan (18 ths sq. m) to serve the proximity format.

Online business development

- The online hypermarket Perekrestok Vprok continued to expand. The total number of orders exceeded 846 thousand in Q3 2020, up more than 2.5 times y-o-y. The average number of daily orders in September exceed 10 thousand, reaching over 11.8 thousand on peak days, which is in line with the number of daily orders during the lockdown in Q2 2020.
- X5 continues to expand express delivery services from Pyaterochka proximity stores and Perekrestok supermarkets. As of 30 September 2020, the express delivery service was available from over 473 stores in Moscow, St Petersburg, Rostov-on-Don, Kazan, Krasnodar, Nizhniy Novgorod and Voronezh. In Q3 2020, the number of orders was 9.3 thousand per day, with an

average ticket of RUB 1,540. After a slowdown starting from mid-June, in September, the number of daily orders started to accelerate and exceeded 14 thousand on peak days, which is above the number of orders received on peak days during the lockdown in Q2 2020.

- DAU/MAU for the Perekrestok Vprok service in September reached 175 ths/3.2 mln.
- Total penetration of online sales in Moscow and the Moscow region in Q3 2020 was 1.9%, in September 2020 it was 2.2%.
- The total number of mobile application downloads for X5's digital services over 9M 2020 reached 15.6 mln, of which 6.8 mln were in in Q3 2020.
- Number of orders delivered by 5Post service reached 711 ths in September with over 14 ths operating pickup points.

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 several retail formats: the chain of proximity stores under the Pyaterochka brand, the supermarket chain under the Perekrestok brand and the hypermarket chain under the Karusel brand.

As of 30 September 2020, X5 had 17,352 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 16,385 Pyaterochka proximity stores, 910 Perekrestok supermarkets and 57 Karusel hypermarkets. The Company operates 43 DCs and 4,072 Company-owned trucks across the Russian Federation.

For the full year 2019, revenue totalled RUB 1,734,347 mn (USD 26,791 mn), Adjusted EBITDA under IAS 17 reached RUB 127,380 mn (USD 1,968 mn), and net profit under IAS 17 for the period amounted to RUB 25,908 mn (USD 400 mn). In H1 2020, revenue totalled RUB 962,625 mn (USD 13,876 mn), adjusted EBITDA reached RUB 74,834 mn (USD 1,079 mn), and net profit amounted to RUB 24,450 mn (USD 352 mn).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.09%, treasury shares – 0.01%, Shareholders with less than 3% – 40.61%.

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.

Elements of this press release contain or may contain inside information about X5 Retail Group N.V. within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014/EU).

For further details please contact:**Natalia Zagvozdina**

Head of Corporate Finance and IR
Tel.: +7 (495) 662-88-88 ext. 27-300
e-mail: Natalia.Zagvozdina@x5.ru

Andrey Vasin

Head of Investor Relations
Tel.: +7 (495) 662-88-88 ext. 13-151
e-mail: Andrey.Vasin@x5.ru