

X5 RETAIL GROUP 2020 NET SALES INCREASE 14.3% DIGITAL BUSINESS NET SALES UP 362.2%

FY 2020 Highlights

- ✓ Total sales increased by 14.3% y-o-y in roubles (RUB) driven by:
 - 5.5% increase in like-for-like (LFL)⁽¹⁾ sales; and
 - 8.8% sales growth contribution from an 8.3% rise in selling space.
- ✓ Digital business (Perekrestok Vprok, express delivery and 5Post) net sales rose 362.2% y-o-y to RUB 20.1 billion, which comprised 1.0% of consolidated FY 2020 revenue and added 0.9 ppt to annual consolidated revenue growth rate.
- ✓ Net offline retail sales for X5's core formats Pyaterochka and Perekrestok increased by 16.5% and 13.9% y-o-y, respectively.
- ✓ The proximity segment was the main contributor to business growth in 2020 with customer traffic inflow from traditional retail and hypermarkets.
- ✓ X5 added 1,410 net new stores in 2020; 583 proximity stores and 46 supermarkets (incl. 24 Karusel transferred to Perekrestok) were refurbished to the new concepts.

Q4 2020 Highlights

- ✓ Total sales increased by 12.8% y-o-y in roubles (RUB) driven by:
 - 5.1% increase in like-for-like (LFL)⁽¹⁾ sales; and
 - 7.7% sales growth contribution from a 8.3% rise in selling space.
- ✓ LFL basket remained the main driver of LFL sales as less frequent customer visits to stores due to the second wave of COVID-19 were balanced by larger purchases per visit.
- ✓ Revenue from digital businesses totalled RUB 8.5 billion in Q4 2020 which added 1.4 ppt to consolidated revenue growth rate. Perekrestok Vprok revenue rose 191.2% in Q4 2020.
- ✓ Net offline retail sales for X5's core formats Pyaterochka and Perekrestok increased by 15.1% and 11.9% y-o-y, respectively.
- ✓ Average number of total daily orders for Perekrestok Vprok and express delivery services from Pyaterochka and Perekrestok stores reached 52.2 thousand in December.
- ✓ X5 added 355 net new stores in Q4 2020; 64 proximity stores and 7 supermarkets (incl. 4 Karusel transferred to Perekrestok) were refurbished to the new concepts, which continue to show positive customer response.

Amsterdam, 22 January 2021 - X5 Retail Group N.V. ("X5" or the "Company", LSE and MOEX ticker: "FIVE"), a leading offline and online food retailer in Russia, today announces the Company's preliminary consolidated net retail sales and operational results for the fourth quarter (Q4) and full year (FY) ended 31 December 2020⁽²⁾.

X5 Chief Executive Officer Igor Shekhterman said:

"Our performance in 2020 shows that we chose the right strategic path several years ago, when we began to focus on digital transformation of our business. Thanks to our robust IT infrastructure and new digital services developed for our customers, we were able to adapt quickly to the unprecedented changes in consumer demand as a result of the COVID-19 pandemic and rapidly scale up Perekrestok Vprok and express delivery services. Online hypermarket revenue rose 207.9% year-on-year and our combined e-grocery businesses place us solidly among the top players in this sector.

"Our core offline operations delivered strong results throughout the year, supported by new store concepts for both Perekrestok and Pyaterochka, expansion of our own ready-to-eat assortment and constant focus on efficiency. Robust business processes enable us to quickly roll out safety procedures across our operations, helping to protect the health of our customers and employees.

"X5's digital transformation continued in both our customer offering and our internal business processes. We estimate that it had a positive RUB 7 billion impact on our 2020 EBITDA. In 2021, we expect this positive impact to rise up to RUB 20 billion.

"Trading in December and January has remained strong: during the last two weeks of December 2020, X5's net retail sales increased by 12.3% y-o-y (16.0% y-o-y for Pyaterochka). In 2021 year-to-date, net retail sales growth accelerated to 12.4% y-o-y (15.1% for Pyaterochka)."

Net Sales⁽³⁾ Performance

Net retail sales by format ⁽⁴⁾⁽⁵⁾

| RUB mln | Q4 2020 | Q4 2019 | change y-o-y, % | FY 2020 | FY 2019 | change y-o-y, % |
|------------------------|----------------|----------------|--------------------|------------------|------------------|--------------------|
| Pyaterochka | 421,558 | 364,210 | 15.7 | 1,597,174 | 1,366,657 | 16.9 |
| Perekrestok | 92,291 | 78,814 | 17.1 | 321,002 | 273,204 | 17.5 |
| Karusel | 12,818 | 24,296 | (47.2) | 55,662 | 87,397 | (36.3) |
| X5 Retail Group | 526,718 | 467,320 | 12.7 | 1,973,887 | 1,727,737 | 14.2 |

Sales of offline and digital businesses

| RUB mln | Q4 2020 | Q4 2019 | change y-o-y, % | FY 2020 | FY 2019 | change y-o-y, % |
|-------------------------------------|----------------|----------------|--------------------|------------------|------------------|--------------------|
| Pyaterochka | 419,338 | 364,210 | 15.1 | 1,592,576 | 1,366,657 | 16.5 |
| Perekrestok | 86,398 | 77,184 | 11.9 | 306,218 | 268,894 | 13.9 |
| Karusel | 12,818 | 24,296 | (47.2) | 55,662 | 87,397 | (36.3) |
| Offline net sales | 518,605 | 465,690 | 11.4 | 1,954,506 | 1,723,427 | 13.4 |
| Perekrestok Vprok | 4,747 | 1,630 | 191.2 | 13,271 | 4,310 | 207.9 |
| Express delivery (incl. Okolo) | 3,368 | - | - | 6,112 | - | - |
| 5Post (e-comm last mile) | 371 | 27 | 1,274.1 | 683 | 31 | 2,103.2 |
| Digital businesses net sales | 8,486 | 1,657 | 412.1 | 20,066 | 4,341 | 362.2 |
| Total net sales | 527,091 | 467,347 | 12.8 | 1,974,572 | 1,727,768 | 14.3 |

Q4 & FY 2020 LFL store performance by format, % change y-o-y⁽⁶⁾

| | Q4 2020 | | | FY 2020 | | |
|------------------------|------------|--------------|-------------|------------|--------------|-------------|
| | Sales | Traffic | Basket | Sales | Traffic | Basket |
| Pyaterochka | 6.9 | (5.9) | 13.6 | 6.9 | (4.6) | 12.1 |
| Perekrestok | (0.2) | (15.2) | 17.8 | 1.2 | (14.6) | 18.4 |
| Karusel | (10.0) | (19.4) | 11.6 | (7.7) | (18.7) | 13.5 |
| X5 Retail Group | 5.1 | (7.2) | 13.3 | 5.5 | (6.0) | 12.2 |

(1) LFL comparisons of retail sales between two periods are comparisons of retail sales in local currency (including VAT) generated by 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 Q4 and FY 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 5Post and Okolo

(6) Excluding Perekrestok Vprok

Q4 2020 monthly net RUB sales by format, % change y-o-y

| | October 2020 | November 2020 | December 2020 |
|-------------------------------------|--------------|---------------|---------------|
| Pyaterochka | 16.0 | 13.7 | 15.6 |
| Perekrestok | 15.1 | 9.6 | 11.4 |
| Karusel | (45.8) | (50.8) | (45.6) |
| Offline total | 12.9 | 9.8 | 11.3 |
| Perekrestok Vprok | 192.5 | 181.6 | 152.7 |
| Express delivery (incl. Okolo) | - | - | - |
| 5Post (e-comm last mile) | 1,366.7 | 1,728.6 | 1,007.1 |
| Digital businesses total | 377.9 | 405.7 | 401.6 |
| Total | 14.0 | 11.2 | 12.8 |

Average Ticket and Number of Customer Visits⁽⁵⁾
Q4 & FY 2020 average ticket and customer visits by format

| | Q4 2020 | Q4 2019 | change y-o-y, % | FY 2020 | FY 2019 | change y-o-y, % |
|--------------------------------------|----------------|----------------|--------------------|----------------|----------------|--------------------|
| Average Ticket, RUB | | | | | | |
| Pyaterochka | 406.7 | 359.1 | 13.2 | 393.4 | 352.9 | 11.5 |
| Perekrestok | 650.4 | 561.0 | 15.9 | 624.6 | 532.6 | 17.3 |
| Karusel | 1,025.4 | 899.1 | 14.0 | 948.1 | 832.3 | 13.9 |
| X5 Retail Group | 444.3 | 395.5 | 12.4 | 427.6 | 384.5 | 11.2 |
| # of Customer Visits, mln | | | | | | |
| Pyaterochka | 1,190.3 | 1,166.8 | 2.0 | 4,661.8 | 4,459.8 | 4.5 |
| Perekrestok | 153.6 | 161.3 | (4.8) | 562.4 | 589.3 | (4.6) |
| Karusel | 14.4 | 31.2 | (53.8) | 67.5 | 120.9 | (44.2) |
| X5 Retail Group | 1,359.7 | 1,359.2 | 0.0 | 5,295.5 | 5,172.1 | 2.4 |

Q4 2020 average monthly ticket and customer visits by format, % change y-o-y

| | October 2020 | November 2020 | December 2020 |
|-----------------------------|--------------|---------------|---------------|
| Average Ticket | | | |
| Pyaterochka | 11.3 | 13.0 | 15.5 |
| Perekrestok | 15.5 | 14.3 | 18.0 |
| Karusel | 13.6 | 10.8 | 16.5 |
| X5 Retail Group | 10.9 | 11.9 | 14.2 |
| # of Customer Visits | | | |
| Pyaterochka | 4.3 | 1.5 | 0.4 |
| Perekrestok | (2.2) | (5.1) | (6.9) |
| Karusel | (52.5) | (55.6) | (53.3) |
| X5 Retail Group | 2.4 | (0.5) | (1.7) |

Expansion Dynamics

Selling space and # of stores by format

| | As at 31-Dec-20 | As at 31-Dec-19 | change vs 31-Dec-19, % |
|--|--------------------|--------------------|---------------------------|
| Selling Space, square meters (sq. m.) | | | |
| Pyaterochka | 6,541,619 | 5,975,147 | 9.5 |
| Perekrestok | 1,013,881 | 878,757 | 15.4 |
| Karusel | 222,119 | 364,077 | (39.0) |
| X5 Retail Group | 7,840,073 | 7,239,117 | 8.3 |
| # of Stores | | | |
| Pyaterochka | 16,709 | 15,354 | 8.8 |
| Perekrestok | 933 | 848 | 10.0 |
| Karusel | 56 | 91 | (38.5) |
| X5 Retail Group | 17,707 | 16,297 | 8.7 |

Selling space and # of stores added by format

| | Net Added Q4 2020 | Net Added Q4 2019 | change, y-o-y, % | Net Added FY 2020 | Net Added FY 2019 | change, y-o-y, % |
|--|----------------------|----------------------|---------------------|----------------------|----------------------|---------------------|
| Selling Space, square meters (sq. m.) | | | | | | |
| Pyaterochka | 126,680 | 186,473 | (32.1) | 566,472 | 683,726 | (17.1) |
| Perekrestok | 35,873 | 46,378 | (22.7) | 135,124 | 109,073 | 23.9 |
| Karusel | (3,216) | (2,292) | 40.3 | (141,958) | (17,947) | 691.0 |
| X5 Retail Group | 160,318 | 230,560 | (30.5) | 600,956 | 775,382 | (22.5) |
| Net # of Stores | | | | | | |
| Pyaterochka | 324 | 504 | (35.7) | 1,355 | 1,832 | (26.0) |
| Perekrestok | 28 | 41 | (31.7) | 85 | 91 | (6.6) |
| Karusel | (1) | - | - | (35) | (3) | 1,066.7 |
| X5 Retail Group | 355 | 545 | (34.9) | 1,410 | 1,866 | (24.4) |

Digital Businesses Performance

| | Q4 2020 | Q4 2019 | change y-o-y, % | FY 2020 | FY 2019 | change y-o-y, % |
|---------------------------------|--------------|--------------|--------------------|---------------|--------------|--------------------|
| Perekrestok Vprok | | | | | | |
| Net sales, RUB mln | 4,747 | 1,630 | 191.2 | 13,271 | 4,310 | 207.9 |
| Number of orders, ths | 1,295 | 505 | 156.3 | 3,618 | 1,367 | 164.6 |
| Average ticket, RUB | 4,121 | 3,655 | 12.8 | 4,142 | 3,584 | 15.6 |
| Express Delivery | | | | | | |
| Net sales, RUB mln | 3,368 | - | - | 6,112 | - | - |
| Number of orders, ths | 2,452 | - | - | 4,275 | - | - |
| Average ticket, RUB | 1,554 | - | - | 1,616 | - | - |
| 5Post | | | | | | |
| Net sales, RUB mln | 371 | 27 | 1,274.1 | 683 | 31 | 2,103.2 |
| Number of parcels, ths | 3,722 | 307 | 1,114.0 | 6,829 | 373 | 1,732.8 |
| Total net sales, RUB mln | 8,486 | 1,657 | 412.1 | 20,066 | 4,341 | 362.2 |

December 2020 MAU across X5 online platforms

| | Web | Mobile App |
|----------------------|-----------|------------|
| Pyaterochka | 3,682,369 | 7,341,356 |
| Perekrestok | - | 2,199,254 |
| Karusel | 180,208 | 405,857 |
| Perekrestok Vprok | 3,310,072 | 743,299 |
| Pyaterochka.Dostavka | - | 1,196,474 |
| Perekrestok.Bystro | - | 62,381 |
| Okolo | - | 124,312 |

Key Drivers for Q4 and FY 2020 Results

External environment

- Food inflation in Q4 2020 accelerated to 5.8% y-o-y from 4.3% y-o-y in Q3 2020 peaking at 6.7% in December 2020. Key drivers included fruit and vegetables, sugar and vegetable oil categories, reflecting FX movements and global supply.
- Consumer demand improved to -3.5% y-o-y in Q4 2020 compared to -7.0% y-o-y in Q2 2020 (during the Russia-wide COVID-19 lockdown).
- Unemployment in Q4 2020 stabilised at 6.1%, compared to 6.3% in Q3 2020.

Offline business development

- Pyaterochka's net sales increased by 15.1% y-o-y, with LFL sales growth at 6.9% (vs food CPI of 5.8%) in Q4 2020. LFL traffic decreased by 5.9% y-o-y while LFL basket grew by 13.6% y-o-y, driven by changes in customer behaviour related to safety considerations with less frequent visits to stores and larger purchases per visit due to increasing number of COVID-19 cases in Russia. Other than that, there were no signs of changing consumer behaviour during the quarter.
- Perekrestok's net sales increased by 11.9% in Q4 2020, driven mostly by selling space expansion and a slower than expected recovery of stores located in shopping malls after the lockdown restrictions were lifted. LFL sales growth was slightly negative in Q4 2020 at (0.2)%.
- In Q4 2020, Karusel's net sales decreased by 47.2%, with LFL sales down by 10.0%, driven by downsizing as part of the format's transformation programme as well as slower than expected traffic recovery post-lockdown.

Digital businesses development

- Digital businesses revenue grew 412.1% y-o-y in Q4 2020 and contributed 1.4 p.p. to the quarterly revenue growth rate of 12.8%. Perekrestok Vprok and express delivery successfully fulfilled more than 76 thousand daily orders on peak days in December.
- Digital business net sales as a share of X5's consolidated net sales saw the fastest growth in Moscow and the Moscow region: while the average share for 2020 was 2.2%, in Q4 2020 it was 3.3% and it rose to 3.6% in December 2020. The Company believes that this indicates a trend towards faster permanent adoption of online services by consumers due to their convenience, attractive cost and delivery terms.
- The online hypermarket Perekrestok Vprok continued to expand, based on additional dark stores opened in previous quarters. By the end of 2020, Vprok operated five darkstores. The total number of Vprok orders exceeded 1.2 million in Q4 2020, up more than 2.5 times y-o-y. The average number of daily orders in December exceed 15 thousand, reaching over 18.9 thousand on peak days. The average Perekrestok Vprok basket in Q4 2020 increased by 12.8% y-o-y, reflecting the expansion in the assortment from 27 thousand SKUs in Q4 2019 to 50 thousand in December 2020.
- X5 continues to expand express delivery services from Pyaterochka proximity stores and Perekrestok supermarkets. As of December 2020, the express delivery service was available from 991 stores (594 Pyaterochka, 397 Perekrestok) in 13 regions. In Q4 2020, the number of orders for express delivery was 26.6 thousand per day, with an average ticket of RUB 1,554 and 50-60 min delivery time. Despite being launched only in December 2019, express delivery

contributed 40% to Q4 2020 revenue of X5's digital businesses, which underscores this segment's high growth potential. Daily number of orders in January reached up to 50 thousand orders at peak days.

- The total number of mobile application downloads for X5's digital services over 2020 reached 23.2 million, of which 7.6 million were in Q4 2020.
- The number of product ratings received online and via mobile apps from customers reached over 120 million in 2020, which further enhances our understanding of customer demands and helps to fine-tune our product offer, especially in private label categories.
- Orders delivered by 5Post e-comm delivery service reached 2.5 million in December (with over 16 thousand pickup points in operation). Additional LFL traffic generated by parcel lockers and pick-up points in stores is up to 2-3%.
- In Q4 2020, Perekrestok Vprok started deliveries to Kazan and Cheboksary, launched Click & Collect service in Rostov-on-Don. Express delivery service was launched in Samara, Ekaterinburg, Novosibirsk, Chelyabinsk and Ufa during the quarter.

Loyalty programmes

- X5 continued to develop its loyalty card programmes. In total, X5's three retail formats had 47.3 million active loyalty card users as of 31 December 2020, up 16.5% y-o-y. Loyalty cards penetration in sales in December reached 84% at Pyaterochka, 80% at Perekrestok and 94% at Karusel.

Expansion and retail portfolio improvement

- 64 Pyaterochka stores were refurbished into the new concept in Q4 2020, in addition to 378 new concept stores opened, on a net basis. With 1,497 new openings and 583 refurbishments in 2020, the total number of stores operating under the new concept reached 2,112 or 13% of the Pyaterochka store base as of 31 December 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.
- Three Perekrestok supermarkets were opened following refurbishments and four Karusel hypermarkets were transformed into Perekrestok supermarkets in Q4 2020 (in FY 2020, 22 and 25, respectively). As of 31 December 2020, 112 supermarkets, or 12% of the Perekrestok store base were operating under the new concept.
- In 2020, as part of the Company's ongoing rationalisation programme, X5 closed 294 proximity stores, 22 supermarkets and 35 hypermarkets (of which 25 were transferred to Perekrestok). In Q4 2020, X5 closed 60 proximity stores, one supermarket and one hypermarket was transferred to Perekrestok.
- Four distribution centres with total space of 116 ths sq. m were launched in 2020. In Q4 2020, X5 opened two new distribution centres in Nevinnomyssk (28 ths sq. m) and Moscow (42 ths sq. m) to serve Pyaterochka and Perekrestok offline formats, respectively.

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 an e-commerce leader in Russia with digital businesses that include Perekrestok Vprok, 5Post, express delivery services, and the Okolo aggregator.

As of 31 December 2020, X5 had 17,707 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 16,709 Pyaterochka proximity stores, 933 Perekrestok supermarkets and 56 Karusel hypermarkets. The Company operates 45 DCs and 4,055 Company-owned trucks across the Russian Federation.

X5 is one of the largest employers in Russia. The Company employs 339,000 people.

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 9M 2020, revenue totalled RUB 1,449,266 mn (USD 20,476 mn), adjusted EBITDA reached RUB 114,044 mn (USD 1,611 mn), and net profit amounted to RUB 36,399 mn (USD 514 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).

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