

## X5 REPORTS 14.1% REVENUE GROWTH IN 2020 RECOMMENDED FINAL DIVIDEND RUB 110.49 PER GDR

- ✓ In 2020, X5 delivered 14.1% year-on-year (y-o-y) revenue growth driven by solid like-for-like (LFL)<sup>(1)</sup> sales, selling space expansion and ongoing store refurbishments.
- ✓ On the back of strong revenue growth, X5 Retail Group continued to grow its market share (12.8% in 2020 vs. 11.5% in 2019), expanding faster than its closest peers.
- ✓ 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.
- ✓ Gross margin<sup>(2)</sup> under IFRS 16 increased by 7 b.p. y-o-y to 25.0% (by 8 b.p. to 24.6% pre-IFRS 16<sup>(3)</sup>) in 2020, driven predominantly by a reduction of shrinkage.
- ✓ EBITDA margin under IFRS 16 increased by 12 b.p. y-o-y to 12.3% in 2020 (improved by 27 b.p. to 7.3% pre-IFRS 16).
- ✓ Net profit margin under IFRS 16 increased by 31 b.p. and totalled 1.4% in 2020 (increased by 49 b.p. and totalled 2.0% pre-IFRS 16), up from 1.1% (1.5% pre-IFRS 16) in 2019.
- ✓ The net debt/EBITDA ratio under IFRS 16 was 3.24x (1.67x pre-IFRS 16) as of 31 December 2020.
- ✓ The weighted average effective interest rate for X5's debt portfolio in 2020 was 6.78%, down 116 b.p. from the 2019 level.
- ✓ X5 Supervisory Board recommended payment of a second and final 2020 dividend in the amount of RUB 30 billion, or RUB 110.49 per GDR<sup>(4)</sup>. Together with the interim dividend paid in December 2020, total dividends for the year will amount to RUB 50 billion, or RUB 184.13 per GDR, or 176.4% of net profit under IFRS 16.

**Amsterdam, 19 March 2021** - X5 Retail Group N.V. ("X5" or the "Company"), a leading Russian food retailer (LSE and MOEX ticker: FIVE), today released its 2020 Annual Report, including audited financial statements prepared in accordance with International Financial Reporting Standards, as adopted in the European Union.

X5 Chief Executive Officer Igor Shekhterman said:

*"We delivered growth and margins in line with our strategic targets in 2020, despite the challenger presented by the COVID-19 pandemic, by quickly and efficiently adapting our logistics and store operations to the rapidly-emerging challenges. We maintained smooth operations during periods of peak demand, implemented safety procedures to protect customers and employees and worked together with our main competitors to ensure key food staples remain accessible to the widest circle of the Russian population"*

*"X5 was fortunate to enter into 2020 having already made significant progress on its digital transformation and with resilient business processes in place. This, combined with the hard work and dedication of every employee, helped us to deliver strong results in 2020, maintaining margins while rapidly accelerating the expansion of our digital businesses and adhering to our updated dividend policy. We made good progress on all key strategic initiatives, rolling out big data-driven products for our business that are helping to improve the efficiency of our operations, accuracy of decision-making and, most importantly, our ability to meet fast-changing customer demand"*

*"X5 is now the #1 Russian e-grocery operator, thanks to our rapid expansion of Perekrestok Vprok and express delivery from Pyaterochka and Perekrestok stores. The gross merchandise value (GMV) of our online businesses rose 347% to RUB 21.9 billion (VAT included) in 2020. X5 delivered 7.9 million online orders placed via its own web and mobile platforms in 2020, up from 1.4 million in 2019."*

- (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) Starting from Q2 2020, the Company reclassified income from the sale of recyclable materials at distribution centres and transportation income as well as costs related to Perekrestok Vprok and express last mile delivery from gross profit. The income from sale of recyclable materials at distribution centres and transportation income is now reported under lease/sublease and other income. Costs related to Perekrestok.ru and express last mile delivery are now reported under SG&A expenses, mostly in staff costs and other expenses.
- (3) The pre-IFRS16 financial measures are calculated by adjusting the applicable IFRS measures to include fixed lease expenses, fixed non-lease components of lease contracts and exclude gain on derecognition of right-of-use assets and lease liabilities, depreciation of right-of-use assets and interest on lease liabilities.
- (4) Gross amount subject to taxes and fees

"We maintained our focus on sustainability, adopting specific strategic targets in areas like reducing greenhouse gas emissions and solid waste disposal, supporting health lifestyles and helping out local communities where we operate.

"We proceeded to implement our sustainability priorities, with specific medium- and long-term goals approved that are in line with the UN Sustainable Development Goals that X5 can contribute to achieving. Some particular achievements I would highlight are the development of sustainable packaging guidelines for suppliers and joining the SBTi with the goal of achieving carbon neutrality by 2050.

"X5 entered 2021 on a strong footing as the leader in both online and offline grocery in Russia. The GMV generated by express delivery and the Okolo delivery aggregator in February 2021 totalled RUB 2.1 billion, while the number of orders exceeded 1.3 million. Perekrestok Vprok boasted a GMV of RUB 1.7 billion, up by 122% vs February 2020. The share of digital sales in X5's total revenue exceeded 2% during the second month of the year and reached 4.5% in Moscow and the Moscow region during the same period. These results support our view that many of the recent changes in consumer behaviour are sustainable, and we plan to continue adapting our business to meet our customers' needs with the help of innovative technologies and data-driven tools."

## Profit and loss statement highlights<sup>(5)</sup>

Russian Rouble (RUB), million (mln)	IFRS 16			Pre-IFRS 16		
	FY 2020	FY 2019	change, y-o-y, %	FY 2020	FY 2019	change, y-o-y, %
<b>Revenue</b>	<b>1,978,026</b>	<b>1,734,347</b>	<b>14.1</b>	<b>1,978,026</b>	<b>1,734,347</b>	<b>14.1</b>
incl. net retail sales <sup>(6)</sup>	1,973,346	1,727,714	14.2	1,973,346	1,727,714	14.2
Pyaterochka	1,597,174	1,366,657	16.9	1,597,174	1,366,657	16.9
Perekrestok (incl. online)	320,459	273,181	17.3	320,459	273,181	17.3
Karusel	55,662	87,397	(36.3)	55,662	87,397	(36.3)
<b>Gross profit</b>	<b>494,620</b>	<b>432,479</b>	<b>14.4</b>	<b>487,223</b>	<b>425,798</b>	<b>14.4</b>
Gross profit margin, %	25.0	24.9	7 b.p.	24.6	24.6	8 b.p.
<b>EBITDA</b>	<b>243,622</b>	<b>211,483</b>	<b>15.2</b>	<b>145,137</b>	<b>122,585</b>	<b>18.4</b>
EBITDA margin, %	12.3	12.2	12 b.p.	7.3	7.1	27 b.p.
<b>Operating profit</b>	<b>105,717</b>	<b>89,398</b>	<b>18.3</b>	<b>76,785</b>	<b>60,251</b>	<b>27.4</b>
Operating profit margin, %	5.3	5.2	19 b.p.	3.9	3.5	41 b.p.
<b>Net profit</b>	<b>28,344</b>	<b>19,507</b>	<b>45.3</b>	<b>39,180</b>	<b>25,908</b>	<b>51.2</b>
Net profit margin, %	1.4	1.1	31 b.p.	2.0	1.5	49 b.p.

Russian Rouble (RUB), million (mln)	IFRS 16			Pre-IFRS 16		
	Q4 2020	Q4 2019	change, y-o-y, %	Q4 2020	Q4 2019	change, y-o-y, %
<b>Revenue</b>	<b>528,760</b>	<b>469,217</b>	<b>12.7</b>	<b>528,760</b>	<b>469,217</b>	<b>12.7</b>
incl. net retail sales <sup>(6)</sup>	526,358	467,299	12.6	526,358	467,299	12.6
Pyaterochka	421,558	364,210	15.7	421,558	364,210	15.7
Perekrestok (incl. online)	91,930	78,793	16.7	91,930	78,793	16.7
Karusel	12,818	24,296	(47.2)	12,818	24,296	(47.2)
<b>Gross profit</b>	<b>128,094</b>	<b>113,985</b>	<b>12.4</b>	<b>126,070</b>	<b>112,241</b>	<b>12.3</b>
Gross profit margin, %	24.2	24.3	(7) b.p.	23.8	23.9	(8) b.p.
<b>EBITDA</b>	<b>58,654</b>	<b>51,695</b>	<b>13.5</b>	<b>32,623</b>	<b>28,789</b>	<b>13.3</b>
EBITDA margin, %	11.1	11.0	8 b.p.	6.2	6.1	3 b.p.
<b>Operating profit</b>	<b>20,818</b>	<b>18,587</b>	<b>12.0</b>	<b>13,004</b>	<b>10,609</b>	<b>22.6</b>
Operating profit margin, %	3.9	4.0	(2) b.p.	2.5	2.3	20 b.p.
<b>Net profit</b>	<b>1,730</b>	<b>(907)</b>	<b>n/m</b>	<b>2,781</b>	<b>865</b>	<b>221.5</b>
Net profit margin, %	0.3	(0.2)	52 b.p.	0.5	0.2	34 b.p.

(5) Please note that in this and other tables, and in the text of this press release, immaterial deviations in the calculation of % changes, subtotals and totals are due to rounding.

(6) Net retail sales represents revenue from the operations of X5-managed stores net of VAT. This number differs from revenue, which includes proceeds from wholesale operations, direct franchisees (royalty payments) and other revenue.

## Net retail sales

In Q4 2020, total net retail sales growth reached 12.6% y-o-y, driven by positive like-for-like (LFL) sales and selling space expansion.

### Selling space by format, square meters (sq. m)

	As at 31-Dec-20	As at 31-Dec-19	change vs 31-Dec-19, %
Pyaterochka	6,541,622	5,975,147	9.5
Perekrestok	1,013,860	878,757	15.4
Karusel	222,119	364,077	(39.0)
<b>X5 Retail Group</b>	<b>7,840,055</b>	<b>7,239,117</b>	<b>8.3</b>

### Q4 & FY 2020 LFL store performance by format, % change y-o-y

In Q4 2020, LFL sales performance remained strong at 5.1% y-o-y, supported by solid LFL results at Pyaterochka while Perekrestok and Karusel underperformed mostly due to the second wave of COVID-19 affecting consumer traffic in shopping centres

LFL basket remained the main driver of LFL sales growth, with less frequent customer visits to stores and larger purchases per visit mostly due to customers' safety considerations, more clients working from home and the slow recovery of the HoReCa segment.

	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
<b>X5 Retail Group</b>	<b>5.1</b>	<b>(7.2)</b>	<b>13.3</b>	<b>5.5</b>	<b>(6.0)</b>	<b>12.2</b>

For more details on net retail sales performance please refer to X5's [Q4 2020 Trading Update](#).

## Gross profit margin

The gross profit margin under IFRS 16 decreased by 7 b.p. y-o-y to 24.2% in Q4 2020 (decreased by 8 b.p. pre-IFRS 16). The decrease was driven by the commercial margin as a result of targeted price investments in October-November to support existing loyal customers and to attract new customers to Pyaterochka, as well as to support the fast pace of revenue and LFL growth that the format achieved. Starting December 2020, the company's promo activity and price investments returned to the normalised levels.

The gross profit margin for the full year 2020 improved by 7 b.p. under IFRS 16 (improved by 8 b.p. pre-IFRS 16), supported by a reduction of shrinkage as a result of operating improvements. Potential remains for further shrinkage reduction.

## Selling, general and administrative (SG&A) expenses (excl. D&A&I and impact from Karusel transformation)

RUB mln	IFRS 16			Pre-IFRS 16		
	FY 2020	FY 2019	change, y-o-y, %	FY 2020	FY 2019	change, y-o-y, %
<b>Staff costs</b>	<b>(159,261)</b>	<b>(141,123)</b>	<b>12.9</b>	<b>(159,261)</b>	<b>(141,123)</b>	<b>12.9</b>
% of Revenue	8.1	8.1	(9) b.p.	8.1	8.1	(9) b.p.
incl. LTI and share-based payments	(345)	(2,838)	(87.8)	(345)	(2,838)	(87.8)
staff costs excl. LTI % of Revenue	8.0	8.0	6 b.p.	8.0	8.0	6 b.p.
<b>Lease expenses</b>	<b>(11,291)</b>	<b>(7,949)</b>	<b>42.0</b>	<b>(96,573)</b>	<b>(86,050)</b>	<b>12.2</b>
% of Revenue	0.6	0.5	11 b.p.	4.9	5.0	(8) b.p.
<b>Utilities</b>	<b>(39,819)</b>	<b>(36,387)</b>	<b>9.4</b>	<b>(39,819)</b>	<b>(36,387)</b>	<b>9.4</b>
% of Revenue	2.0	2.1	(8) b.p.	2.0	2.1	(8) b.p.
<b>Other store costs</b>	<b>(21,625)</b>	<b>(17,932)</b>	<b>20.6</b>	<b>(22,621)</b>	<b>(18,859)</b>	<b>19.9</b>
% of Revenue	1.1	1.0	6 b.p.	1.1	1.1	6 b.p.
<b>Third party services</b>	<b>(16,257)</b>	<b>(13,123)</b>	<b>23.9</b>	<b>(15,894)</b>	<b>(12,773)</b>	<b>24.4</b>
% of Revenue	0.8	0.8	7 b.p.	0.8	0.7	7 b.p.
<b>Other expenses</b>	<b>(19,697)</b>	<b>(16,332)</b>	<b>20.6</b>	<b>(23,015)</b>	<b>(18,395)</b>	<b>25.1</b>
% of Revenue	1.0	0.9	5 b.p.	1.2	1.1	10 b.p.
<b>SG&amp;A (excl. D&amp;A&amp;I and impact from Karusel transformation)</b>	<b>(267,950)</b>	<b>(232,846)</b>	<b>15.1</b>	<b>(357,183)</b>	<b>(313,587)</b>	<b>13.9</b>
% of Revenue	13.5	13.4	12 b.p.	18.1	18.1	(2) b.p.
<b>SG&amp;A (excl. D&amp;A&amp;I, LTI, share-based payments and impact from Karusel transformation)</b>	<b>(267,605)</b>	<b>(230,008)</b>	<b>16.3</b>	<b>(356,838)</b>	<b>(310,749)</b>	<b>14.8</b>
% of Revenue	13.5	13.3	27 b.p.	18.0	17.9	12 b.p.
<b>SG&amp;A (excl. D&amp;A&amp;I, LTI, share-based payments and impact from Karusel transformation) before reclassification<sup>(2)</sup></b>	<b>(264,063)</b>	<b>(230,008)</b>	<b>14.8</b>	<b>(353,060)</b>	<b>(310,749)</b>	<b>13.6</b>
% of Revenue	13.3	13.3	9 b.p.	17.8	17.9	(7) b.p.

RUB mln	IFRS 16			Pre-IFRS 16		
	Q4 2020	Q4 2019	change, y-o-y, %	Q4 2020	Q4 2019	change, y-o-y, %
<b>Staff costs</b>	<b>(42,358)</b>	<b>(38,902)</b>	<b>8.9</b>	<b>(42,358)</b>	<b>(38,902)</b>	<b>8.9</b>
% of Revenue	8.0	8.3	(28) b.p.	8.0	8.3	(28) b.p.
incl. LTI and share-based payments	1,185	(1,647)	n/m	1,185	(1,647)	n/m
staff costs excl. LTI % of Revenue	8.2	7.9	30 b.p.	8.2	7.9	30 b.p.
<b>Lease expenses</b>	<b>(2,941)</b>	<b>(2,020)</b>	<b>45.6</b>	<b>(25,009)</b>	<b>(22,394)</b>	<b>11.7</b>
% of Revenue	0.6	0.4	13 b.p.	4.7	4.8	(4) b.p.
<b>Utilities</b>	<b>(11,019)</b>	<b>(9,870)</b>	<b>11.6</b>	<b>(11,019)</b>	<b>(9,870)</b>	<b>11.6</b>
% of Revenue	2.1	2.1	(2) b.p.	2.1	2.1	(2) b.p.
<b>Other store costs</b>	<b>(5,988)</b>	<b>(4,796)</b>	<b>24.9</b>	<b>(6,246)</b>	<b>(5,027)</b>	<b>24.2</b>
% of Revenue	1.1	1.0	11 b.p.	1.2	1.1	11 b.p.
<b>Third party services</b>	<b>(6,162)</b>	<b>(4,203)</b>	<b>46.6</b>	<b>(6,063)</b>	<b>(4,134)</b>	<b>46.7</b>
% of Revenue	1.2	0.9	27 b.p.	1.1	0.9	27 b.p.
<b>Other expenses</b>	<b>(5,784)</b>	<b>(4,718)</b>	<b>22.6</b>	<b>(6,634)</b>	<b>(5,237)</b>	<b>26.7</b>
% of Revenue	1.1	1.0	9 b.p.	1.3	1.1	14 b.p.
<b>SG&amp;A (excl. D&amp;A&amp;I and impact from Karusel transformation)</b>	<b>(74,252)</b>	<b>(64,509)</b>	<b>15.1</b>	<b>(97,329)</b>	<b>(85,564)</b>	<b>13.7</b>
% of Revenue	14.0	13.7	29 b.p.	18.4	18.2	17 b.p.
<b>SG&amp;A (excl. D&amp;A&amp;I, LTI, share-based payments and impact from Karusel transformation)</b>	<b>(75,437)</b>	<b>(62,862)</b>	<b>20.0</b>	<b>(98,514)</b>	<b>(83,917)</b>	<b>17.4</b>
% of Revenue	14.3	13.4	87 b.p.	18.6	17.9	75 b.p.
<b>SG&amp;A (excl. D&amp;A&amp;I, LTI, share-based payments and impact from Karusel transformation) before reclassification<sup>(2)</sup></b>	<b>(74,220)</b>	<b>(62,862)</b>	<b>18.1</b>	<b>(97,227)</b>	<b>(83,917)</b>	<b>15.9</b>
% of Revenue	14.0	13.4	64 b.p.	18.4	17.9	50 b.p.

In Q4 2020, SG&A expenses excluding D&A&I, LTI, share-based payments and the impact of the Karusel transformation under IFRS 16 as a percentage of revenue increased by 87 b.p. to 14.3% (increased by 75 b.p. to 18.6% pre-IFRS 16), mainly due to higher staff costs, third party services expenses, other store costs and other expenses. Excluding reclassification<sup>(2)</sup>, SG&A expenses increased by 64 b.p. under IFRS 16 (50 b.p. under pre-IFRS-16).

Staff costs (excluding LTI, share-based payments and the impact of the Karusel transformation) as a percentage of revenue increased by 30 b.p. y-o-y in Q4 2020 to 8.2%, mainly due to one-off extra payments to retail personnel for strong annual results, staff costs related to expansion of express delivery services and reclassification<sup>(2)</sup>.

Lease expenses under IFRS 16 as a percentage of revenue in Q4 2020 increased by 13 b.p. y-o-y (decreased by 4 b.p. pre-IFRS 16) due to the higher number of stores with leases linked to revenue and accounted for as part of operating activities under IFRS 16 and higher sales at those stores compared to the X5 average. The decrease under pre-IFRS 16 was mainly due to positive operating leverage effect partially compensated by the growing share of leased space in X5's total real estate portfolio, which accounted for 80% as of 31 December 2020, compared to 78% as of 31 December 2019.

Other store costs under IFRS 16 as a percentage of revenue in Q4 2020 increased by 11 b.p. y-o-y (the same level pre-IFRS 16) mainly due to additional measures related to the COVID-19 pandemic, such as masks and disposable gloves for personnel and additional disinfection hours daily for all stores.

Third party services expense under IFRS 16 as a percentage of revenue in Q4 2020 increased by 27 b.p. y-o-y (the same level pre-IFRS 16) mainly due to increased marketing expenses in Pyaterochka.

Other expenses (excluding the impact of the Karusel transformation) under IFRS 16 as a percentage of revenue in Q4 2020 increased by 9 b.p. y-o-y (increased by 14 b.p. pre-IFRS 16) mainly due to cost of courier services for express delivery.

In 2020, SG&A expenses excluding D&A&I, LTI, share-based payments and the impact of the Karusel transformation under IFRS 16 as a percentage of revenue rose by 27 b.p. to 13.5% (increased by 12 b.p. to 18.0% pre-IFRS 16), mainly due to an increase in staff costs, third party service expenses, other store costs and other expenses. Excluding reclassification<sup>(2)</sup> of income from sale of recyclable materials at distribution centres and transportation income to lease/sublease and other income, SG&A expenses increased by 9 b.p. under IFRS 16 (decreased by 7 b.p. pre-IFRS-16).

### Lease/sublease and other income

As a percentage of revenue, the Company's income from lease, sublease and other operations (excl. effect of Karusel transformation) under IFRS 16 totalled 1.0%, an increase of 24 b.p. y-o-y in Q4 2020 (0.8%, an increase of 16 b.p. pre-IFRS 16), due to reclassification<sup>(2)</sup>.

### EBITDA and EBITDA margin

RUB mln	IFRS 16			Pre-IFRS 16		
	FY 2020	FY 2019	change, y-o-y, %	FY 2020	FY 2019	change, y-o-y, %
<b>Gross profit</b>	<b>494,620</b>	<b>432,479</b>	<b>14.4</b>	<b>487,223</b>	<b>425,798</b>	<b>14.4</b>
<i>Gross profit margin, %</i>	25.0	24.9	7 b.p.	24.6	24.6	8 b.p.
<b>SG&amp;A (excl. D&amp;A&amp;I, LTI, share-based payments and effect of Karusel transformation)</b>	<b>(267,605)</b>	<b>(230,008)</b>	<b>16.3</b>	<b>(356,838)</b>	<b>(310,749)</b>	<b>14.8</b>
<i>% of Revenue</i>	13.5	13.3	27 b.p.	18.0	17.9	12 b.p.
<b>Net impairment losses on financial assets</b>	<b>(251)</b>	<b>(215)</b>	<b>16.7</b>	<b>(251)</b>	<b>(215)</b>	<b>16.7</b>
<i>% of Revenue</i>	0.013	0.012	0 b.p.	0.013	0.012	0 b.p.
<b>Lease/sublease and other income (excl. effect of Karusel transformation)</b>	<b>17,737</b>	<b>13,464</b>	<b>31.7</b>	<b>15,882</b>	<b>12,546</b>	<b>26.6</b>
<i>% of Revenue</i>	0.9	0.8	12 b.p.	0.8	0.7	8 b.p.
<b>LTI, share-based payments and other one-off remuneration payments expense and SSC</b>	<b>(345)</b>	<b>(2,838)</b>	<b>(87.8)</b>	<b>(345)</b>	<b>(2,838)</b>	<b>(87.8)</b>
<i>% of Revenue</i>	(0.0)	(0.2)	15 b.p.	(0.0)	(0.2)	15 b.p.
<b>Effect of Karusel transformation</b>	<b>(534)</b>	<b>(1,399)</b>	<b>(61.8)</b>	<b>(534)</b>	<b>(1,957)</b>	<b>(72.7)</b>
<i>% of Revenue</i>	(0.0)	(0.1)	5 b.p.	(0.0)	(0.1)	9 b.p.
<b>EBITDA</b>	<b>243,622</b>	<b>211,483</b>	<b>15.2</b>	<b>145,137</b>	<b>122,585</b>	<b>18.4</b>
<i>EBITDA margin, %</i>	12.3	12.2	12 b.p.	7.3	7.1	27 b.p.

RUB mln	IFRS 16			Pre-IFRS 16		
	Q4 2020	Q4 2019	change, y-o-y, %	Q4 2020	Q4 2019	change, y-o-y, %
<b>Gross profit</b>	<b>128,094</b>	<b>113,985</b>	<b>12.4</b>	<b>126,070</b>	<b>112,241</b>	<b>12.3</b>
Gross profit margin, %	24.2	24.3	(7) b.p.	23.8	23.9	(8) b.p.
<b>SG&amp;A (excl. D&amp;A&amp;I, LTI, share-based payments and effect of Karusel transformation)</b>	<b>(75,437)</b>	<b>(62,862)</b>	<b>20.0</b>	<b>(98,514)</b>	<b>(83,917)</b>	<b>17.4</b>
% of Revenue	14.3	13.4	87 b.p.	18.6	17.9	75 b.p.
<b>Net impairment losses on financial assets</b>	<b>39</b>	<b>(74)</b>	<b>n/m</b>	<b>39</b>	<b>(74)</b>	<b>n/m</b>
% of Revenue	(0.007)	0.016	(2) b.p.	(0.007)	0.016	(2) b.p.
<b>Lease/sublease and other income (excl. effect of Karusel transformation)</b>	<b>5,307</b>	<b>3,573</b>	<b>48.5</b>	<b>4,377</b>	<b>3,155</b>	<b>38.7</b>
% of Revenue	1.0	0.8	24 b.p.	0.8	0.7	16 b.p.
<b>LTI, share-based payments and other one-off remuneration payments expense and SSC</b>	<b>1,185</b>	<b>(1,647)</b>	<b>n/m</b>	<b>1,185</b>	<b>(1,647)</b>	<b>n/m</b>
% of Revenue	0.2	(0.4)	58 b.p.	0.2	(0.4)	58 b.p.
<b>Effect of Karusel transformation</b>	<b>(534)</b>	<b>(1,280)</b>	<b>(58.3)</b>	<b>(534)</b>	<b>(969)</b>	<b>(44.9)</b>
% of Revenue	(0.1)	(0.3)	17 b.p.	(0.1)	(0.2)	11 b.p.
<b>EBITDA</b>	<b>58,654</b>	<b>51,695</b>	<b>13.5</b>	<b>32,623</b>	<b>28,789</b>	<b>13.3</b>
EBITDA margin, %	11.1	11.0	8 b.p.	6.2	6.1	3 b.p.

## D&A&I

Depreciation, amortisation and impairment costs under IFRS 16 in Q4 increased as a percentage of revenue by 10 b.p. y-o-y to 7.2% in Q4 2020 (decreased by 16 b.p. y-o-y to 3.7% pre-IFRS 16). For 2020: D&A&I decreased by 7 b.p. to 7.0% under IFRS 16 and by 14 b.p. to 3.5% pre-IFRS 16.

The change in Q4 2020 reflected calendarisation of Karusel transformation activities and related impairment. In FY 2020, the decrease in D&A&I was driven by overall business performance improvements leading to lower annual impairment charges compared with 2019.

## Non-operating gains and losses

RUB mln	IFRS 16			Pre-IFRS 16		
	FY 2020	FY 2019	change, y-o-y, %	FY 2020	FY 2019	change, y-o-y, %
<b>EBITDA</b>	<b>243,622</b>	<b>211,483</b>	<b>15.2</b>	<b>145,137</b>	<b>122,585</b>	<b>18.4</b>
D&A&I	(137,905)	(122,085)	13.0	(68,352)	(62,334)	9.7
% of Revenue	7.0	7.0	(7) b.p.	3.5	3.6	(14) b.p.
<b>Operating profit</b>	<b>105,717</b>	<b>89,398</b>	<b>18.3</b>	<b>76,785</b>	<b>60,251</b>	<b>27.4</b>
Net finance costs	(56,636)	(56,903)	(0.5)	(16,627)	(18,080)	(8.0)
Share of profit/(loss) of associates	(20)	-	n/m	(20)	-	n/m
Net FX result	(3,391)	2,203	n/m	(913)	532	n/m
<b>Profit before tax</b>	<b>45,670</b>	<b>34,698</b>	<b>31.6</b>	<b>59,225</b>	<b>42,703</b>	<b>38.7</b>
Income tax expense	(17,326)	(15,191)	14.1	(20,045)	(16,795)	19.4
<b>Net profit/(loss)</b>	<b>28,344</b>	<b>19,507</b>	<b>45.3</b>	<b>39,180</b>	<b>25,908</b>	<b>51.2</b>
Net profit margin, %	1.4	1.1	31 b.p.	2.0	1.5	49 b.p.

RUB mln	IFRS 16			Pre-IFRS 16		
	Q4 2020	Q4 2019	change, y-o-y, %	Q4 2020	Q4 2019	change, y-o-y, %
<b>EBITDA</b>	<b>58,654</b>	<b>51,695</b>	<b>13.5</b>	<b>32,623</b>	<b>28,789</b>	<b>13.3</b>
D&A&I	(37,836)	(33,108)	14.3	(19,619)	(18,180)	7.9
% of Revenue	7.2	7.1	10 b.p.	3.7	3.9	(16) b.p.
<b>Operating profit</b>	<b>20,818</b>	<b>18,587</b>	<b>12.0</b>	<b>13,004</b>	<b>10,609</b>	<b>22.6</b>
Net finance costs	(14,147)	(15,704)	(9.9)	(4,187)	(5,238)	(20.1)
Share of profit/(loss) of associates	(5)	-	n/m	(5)	-	n/m
Net FX result	1,112	393	183.0	291	122	138.5
<b>Profit before tax</b>	<b>7,778</b>	<b>3,276</b>	<b>137.4</b>	<b>9,103</b>	<b>5,493</b>	<b>65.7</b>
Income tax expense	(6,048)	(4,183)	44.6	(6,322)	(4,628)	36.6
<b>Net profit/(loss)</b>	<b>1,730</b>	<b>(907)</b>	<b>n/m</b>	<b>2,781</b>	<b>865</b>	<b>221.5</b>
Net profit margin, %	0.3	(0.2)	52 b.p.	0.5	0.2	34 b.p.

Net finance costs under IFRS 16 in Q4 2020 declined by 9.9 % y-o-y to RUB 14,147 mln (declined by 20.1% y-o-y to RUB 4,187 mln pre-IFRS 16) reflecting the expansion of the store network, predominantly with leased premises, and counterbalanced by the lower weighted average effective interest rate as a result of declining interest rates in Russia as well as actions taken by X5 to minimise interest expenses. In 2020, net finance costs under IFRS 16 decreased by 0.5% y-o-y to RUB 56,636 mln (decreased by 8.0% y-o-y to RUB 16,627 mln pre-IFRS 16), due to the same reasons as in Q4 2020.

In Q4 2020 income tax expense under IFRS 16 grew by 44.6% (by 36.6% pre-IFRS 16) due to the distribution of the first interim dividend of RUB 20 bln by the Group's subsidiaries in December and higher pre-tax profit, which reflected overall business growth.

In FY 2020 income tax expense under IFRS 16 increased by 14.1% y-o-y (increased by 19.4% y-o-y pre-IFRS 16) driven by 18.3% operating profit growth for the year and reflecting an increase in the accrual of deferred tax liability on 66.7% higher dividends distributed by the Group's subsidiaries in 2020 compared with 2019.

### Consolidated cash flow statement highlights

RUB mln	IFRS 16			Pre-IFRS 16		
	FY 2020	FY 2019	change, y-o-y, %	FY 2020	FY 2019	change, y-o-y, %
Net cash from operating activities before changes in working capital	240,801	211,650	13.8	144,312	124,226	16.2
Change in working capital	2,247	(10,649)	n/m	1,261	(12,024)	n/m
Net interest and income tax paid	(83,488)	(70,538)	18.4	(43,570)	(31,799)	37.0
Net cash flows generated from operating activities	159,560	130,463	22.3	102,003	80,403	26.9
Net cash used in investing activities	(84,314)	(81,151)	3.9	(84,314)	(81,150)	3.9
Net cash used in financing activities	(73,805)	(55,139)	33.9	(16,248)	(5,080)	219.8
Effect of exchange rate changes on cash & cash equivalents	(35)	61	n/m	(35)	61	n/m
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>1,406</b>	<b>(5,766)</b>	<b>n/m</b>	<b>1,406</b>	<b>(5,766)</b>	<b>n/m</b>



RUB mln	IFRS 16			Pre-IFRS 16		
	Q4 2020	Q4 2019	change, y-o-y, %	Q4 2020	Q4 2019	change, y-o-y, %
Net cash from operating activities before changes in working capital	57,957	52,541	10.3	32,859	29,740	10.5
Change in working capital	5,163	8,222	(37.2)	4,621	6,777	(31.8)
Net interest and income tax paid	(27,063)	(18,028)	50.1	(17,126)	(7,582)	125.9
Net cash flows generated from operating activities	36,057	42,735	(15.6)	20,354	28,935	(29.7)
Net cash used in investing activities	(25,612)	(22,589)	13.4	(25,612)	(22,588)	13.4
Net cash (used) /generated in/from financing activities	(2,114)	(12,486)	(83.1)	13,589	1,313	935.0
Effect of exchange rate changes on cash & cash equivalents	5	75	(93.3)	5	75	(93.3)
<b>Net increase in cash &amp; cash equivalents</b>	<b>8,336</b>	<b>7,735</b>	<b>7.8</b>	<b>8,336</b>	<b>7,735</b>	<b>7.8</b>

In Q4 2020, the Company's net cash from operating activities before changes in working capital under IFRS 16 increased by RUB 5,416 mln and totalled RUB 57,957 mln (increased by RUB 3,119 mln and totalled RUB 32,859 mln pre-IFRS 16). The smaller positive change in working capital under IFRS 16 in Q4 2020, compared to Q4 2019, was mainly due to calendarisation of procurement and sales during the year driven by changes in customer behaviour, with a higher share of total purchases in Q2 and Q3, and a lower share in Q4 compared to 2019. On balance, the company continues to operate with negative working capital, which supports its cash flows as the business continues to expand.

Net interest and income tax paid under IFRS 16 in Q4 2020 increased by 50.1% y-o-y and totalled RUB 27,063 mln (increased by 125.9% y-o-y and totalled RUB 17,126 mln pre-IFRS 16). The increase was mainly due to the tax paid on the first Company's interim dividend distributed in December 2020.

As a result, in Q4 2020, net cash flow generated from operating activities under IFRS 16 totalled RUB 36,057 mln, down from RUB 42,735 mln in Q4 2019 (RUB 20,354 mln, down from RUB 28,935 mln in Q4 2019 pre-IFRS 16), mostly due to higher dividend-related taxes paid.

In 2020, net cash flows generated from operating activities increased by 22.3% under IFRS 16 (by 26.9% pre-IFRS 16), reflecting the business expansion and positive working capital trends.

For 2020, net cash used in investing activities under IFRS 16 increased to RUB 84,314 mln from RUB 81,151 mln in 2019, reflecting network expansion, more investments made into refurbishments and digital transformation, including development of digital businesses.

The year-on-year increase in net cash used in financial activities was due to the first interim dividend payment in December 2020.

## Liquidity update

RUB mln	31-Dec-20	% in total	30-Sep-20	% in total	31-Dec-19	% in total
<b>Total debt</b>	<b>261,947</b>		<b>228,291</b>		<b>227,933</b>	
Short-term debt	77,026	29.4	75,520	33.1	74,755	32.8
Long-term debt	184,921	70.6	152,771	66.9	153,178	67.2
<b>Net debt (pre-IFRS 16)</b>	<b>241,939</b>		<b>216,619</b>		<b>209,331</b>	
<b>Net debt/ EBITDA (pre-IFRS 16)</b>	<b>1.67</b>		<b>1.53</b>		<b>1.71</b>	
<b>Lease liabilities (IFRS 16)</b>	<b>548,501</b>		<b>530,256</b>		<b>484,795</b>	
<b>Net debt/ EBITDA (under IFRS 16)</b>	<b>3.24</b>		<b>3.16</b>		<b>3.28</b>	

The Company's debt pre-IFRS 16 is 100% denominated in Russian Roubles.

As of 31 December 2020, the Company's total financial debt pre-IFRS 16 amounted to RUB 261,947 mln and comprised 29.4% short-term debt and 70.6% long-term debt. The Company's net debt/EBITDA ratio pre-IFRS 16 of 1.67x (3.24x under IFRS 16) as of 31 December 2020 was comfortably below the 2.0x threshold required for dividend payments and within the company's Financing Strategy targets.

As of 31 December 2020, the Company had access to RUB 457,086 mln in available credit limits with major Russian and international banks.

## Dividends

Based on the Company's 2020 financial results, the Supervisory Board has proposed to pay dividends in the amount of RUB 30 bln/RUB 110.49 per GDR (gross amount subject to taxes and fees), which represents 105.8% of X5 Retail Group's FY 2020 net profit under IFRS 16. Together with the interim dividend paid in December 2020, a total dividend for the year will amount to RUB 50 billion, or RUB 184.13 per GDR, which represents 176.4% of net profit under IFRS 16.

The proposed dividend will be considered by the AGM on 12 May 2021. The record date for the dividend payment has been set as 28 May 2021, the ex-dividend date as 27 May 2021. The dividends will be payable within 45 days from the AGM date, or by 25 June 2021.

## Related Party Transactions

For a description of the related party transactions entered into by the Company, please refer to note 8 of the consolidated financial statements.

## Risks and Uncertainties

X5's risk management programme provides executive management with a periodic and in-depth understanding of X5's key business risks and the risk management systems and internal controls in place to mitigate these risks. For a detailed description of key risks that the Company faces, please refer to the 2020 Annual Report. It should be noted that there are additional risks that management believe are immaterial or otherwise common to most companies, or that it is currently unaware of. The Company has assessed the risks for the first half of 2021 and believes that the risks identified are in line with those presented in the 2020 Annual Report. For a description of the financial risks faced by the Company, please refer to note 31 of the audited consolidated financial statements and the Company's 2020 Annual Report.

## Annual Report and Accounts

The Annual Report and Accounts, including the full set of audited financial statements and notes thereto, prepared in accordance with International Financial Reporting Standards, as adopted in the European Union, are available on X5's corporate website at:

[https://www.x5.ru/en/PublishingImages/Pages/Investors/ResultCenter/X5 Annual Report 2020 ENG .pdf](https://www.x5.ru/en/PublishingImages/Pages/Investors/ResultCenter/X5%20Annual%20Report%2020%20ENG.pdf)

## Information on Alternative Performance Measures

For more information on Alternative Performance Measures, which provide readers with a more detailed and accurate understanding of the Company's financial and operating performance, please refer to pages 99-101 of the Annual Report 2020.

**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 over 339 thousand people.

For the full year 2020, revenue totalled RUB 1,978,026 mln (USD 27,417 mln), EBITDA pre-IFRS 16 reached RUB 145,137 mln (USD 2,012 mln), and net profit pre-IFRS 16 for the period amounted to RUB 39,180 mln (USD 543 mln).

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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