

X5 Group Q3 2022 net sales increase 19.5%

Q3 2022 HIGHLIGHTS

+19.5% y-o-y



Total net sales increased by
RUB **105.4 billion**

12.4% y-o-y increase in like-for-like (LFL¹) sales

7.1% contribution to sales growth from a
6.6% increase in selling space

+448 new stores



X5 net new stores in Q3 2022

Including 307 proximity stores, 163 hard discounters
and 2 dark kitchens. 14 supermarkets, 9
hypermarkets and 1 Vprok.ru mini-dark store were
closed

9.7 RUBBLN **13X** y-o-y



Chizhik net sales in Q3 2022

X5's new hard discounter format, Chizhik,
demonstrated positive results, with sales density² at
RUB 590 thousand per square metre, which is
approximately 2 times higher than that of X5's
proximity format

+20.1% y-o-y



Net offline retail sales for
Pyaterochka

+7.8% y-o-y



Net offline retail sales for
Perekrestok

14.7 RUBBLN **+38.4%** y-o-y



Digital business net sales³

2.3% of total net sales

+0.4 p.p. of consolidated revenue growth rate

Amsterdam

17 October 2022

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 Chizhik 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 2022⁴.

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

2. Calculated as net retail sales over the last 12 months divided by the average selling space at the end of each quarter starting at the beginning of the period.

3. Vprok.ru, express delivery, 5Post and Mnogo Lososya.

4. Numbers in this press release are preliminary and have not been reviewed or audited by the Company's auditor.

NET SALES PERFORMANCE

Sales of offline and digital businesses⁵

RUB MLN	Q3 2022	Q3 2021	CHANGE Y-O-Y, % OR MULTIPLE	9M 2022	9M 2021	CHANGE Y-O-Y, % OR MULTIPLE
Pyaterochka	534,474	445,169	20.1	1,548,119	1,293,101	19.7
Perekrestok	84,980	78,856	7.8	267,318	243,501	9.8
Karusel	3,445	6,541	(47.3)	13,339	24,735	(46.1)
Chizhik	9,742	723	13x	20,659	1,086	19x
Offline net sales	632,641	531,289	19.1	1,849,434	1,562,423	18.4
Digital businesses' net sales	14,749	10,660	38.4	48,295	31,747	52.1
Total net sales	647,390	541,950	19.5	1,897,729	1,594,171	19.0

Net retail sales⁶ by format

Including express delivery, excluding Vprok.ru and 5Post sales

RUB MLN	Q3 2022	Q3 2021	CHANGE Y-O-Y, % OR MULTIPLE	9M 2022	9M 2021	CHANGE Y-O-Y, % OR MULTIPLE
Pyaterochka	538,842	448,065	20.3	1,562,353	1,302,386	20.0
Perekrestok	89,185	81,526	9.4	281,095	250,955	12.0
Karusel	3,445	6,546	(47.4)	13,339	24,750	(46.1)
Chizhik	9,742	723	13x	20,659	1,086	19x
Net retail sales ⁷	641,778	537,161	19.5	1,879,011	1,579,779	18.9

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

6. 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 2022 financial results.

7. Including Mnogo Lososya.

Q3 2022 LFL store performance by format

% change y-o-y⁸

	Q3 2022			9M 2022		
	SALES	TRAFFIC	BASKET	SALES	TRAFFIC	BASKET
Pyaterochka	13.7	4.4	8.9	12.9	3.1	9.5
Perekrestok	6.3	(0.3)	6.6	7.8	(0.5)	8.3
X5 Group ⁹	12.4	3.9	8.2	11.9	2.7	9.0

Q3 2022 monthly net RUB retail sales by format

% or multiple change y-o-y

	JULY 2022	AUGUST 2022	SEPTEMBER 2022
Pyaterochka	20.2	21.5	18.4
Perekrestok	6.9	7.9	8.4
Karusel	(45.0)	(47.7)	(49.8)
Chizhik	14x	13x	13x
Offline business total	18.8	20.3	18.1
Digital business total	35.8	41.7	37.7
Total	19.1	20.7	18.6

8. Excluding Vprok.ru.

9. Including Chizhik and Karusel.

AVERAGE TICKET AND NUMBER OF CUSTOMER VISITS¹⁰

Q3 2022 average ticket and customer visits by offline format

AVERAGE TICKET, RUB	Q3 2022	Q3 2021	CHANGE Y-O-Y, % OR MULTIPLE	9M 2022	9M 2021	CHANGE Y-O-Y, % OR MULTIPLE
Pyaterochka	422.2	387.8	8.9	437.0	399.1	9.5
Perekrestok	614.9	577.3	6.5	656.1	606.1	8.3
Karusel	1,018.0	1,018.2	0.0	1,058.0	974.4	8.6
Chizhik	600.2	512.4	17.1	646.4	500.0	29.3
X5 Group	444.9	411.5	8.1	463.6	426.2	8.8
NUMBER OF CUSTOMER VISITS, MLN						
Pyaterochka	1,465.6	1,325.4	10.6	4,109.0	3,744.1	9.7
Perekrestok	165.5	161.4	2.6	490.5	472.7	3.8
Karusel	3.9	7.4	(47.6)	14.5	29.2	(50.4)
Chizhik	18.5	1.6	11x	36.4	2.5	15x
X5 Group	1,653.5	1,495.8	10.5	4,650.4	4,248.6	9.5

Q3 2022 average monthly ticket and customer visits by offline format

% or multiple change y-o-y

AVERAGE TICKET	JULY 2022	AUGUST 2022	SEPTEMBER 2022
Pyaterochka	11.5	7.5	7.6
Perekrestok	8.4	3.6	7.6
Karusel	1.2	(1.8)	0.5
Chizhik	26.6	15.7	12.1
X5 Group	10.6	6.6	7.2
NUMBER OF CUSTOMER VISITS			
Pyaterochka	8.1	13.4	10.3
Perekrestok	0.2	6.0	1.6
Karusel	(45.7)	(47.2)	(50.3)
Chizhik	11x	11x	12x
X5 Group	7.9	13.4	10.4

10. Excluding Vprok.ru.

EXPANSION DYNAMICS

Selling space and number of stores by format

SELLING SPACE, SQUARE METRES (SQ. M)	AS AT 30-SEP-22	AS AT 31-DEC-21	CHANGE VS 31-DEC-21, % OR MULTIPLE	AS AT 30-SEP-21	CHANGE Y-O-Y, % OR MULTIPLE
Pyaterochka	7,385,832	7,048,488	4.8	6,909,602	6.9
Perekrestok	1,094,474	1,098,905	(0.4)	1,080,711	1.3
Karusel	67,746	128,063	(47.1)	133,071	(49.1)
Chizhik	93,018	20,327	5x	7,864	12x
X5 Group¹¹	8,755,302	8,409,757	4.1	8,215,983	6.6
NUMBER OF STORES					
Pyaterochka	18,865	17,972	5.0	17,600	7.2
Perekrestok	972	990	(1.8)	980	(0.8)
Karusel	17	33	(48.5)	34	(50.0)
Chizhik	316	72	4x	29	11x
X5 Group¹¹	20,227	19,121	5.8	18,688	8.2

Selling space and number of stores added by format

SELLING SPACE, SQUARE METRES	NET ADDED Q3 2022	NET ADDED Q3 2021	CHANGE Y-O-Y, % OR MULTIPLE	NET ADDED 9M 2022	NET ADDED 9M 2021	CHANGE Y-O-Y, % OR MULTIPLE
Pyaterochka	114,542	126,643	(9.6)	337,344	367,980	(8.3)
Perekrestok	(14,697)	22,179	n/a	(4,431)	66,852	n/a
Karusel	(33,185)	(27,852)	n/a	(60,317)	(89,048)	n/a
Chizhik	48,889	3,856	13x	72,691	6,884	11x
X5 Group¹¹	115,612	150,212	(23.0)	345,545	375,928	(8.1)
NET NUMBER OF STORES						
Pyaterochka	307	332	(7.5)	893	891	0.2
Perekrestok	(14)	12	n/a	(18)	47	n/a
Karusel	(9)	(6)	50.0	(16)	(22)	(27.3)
Chizhik	163	14	12x	244	25	10x
X5 Group¹¹	448	364	23.1	1,106	981	12.7

11. Including Vprok.ru dark stores and Mnogo Lososya dark kitchens.

DIGITAL BUSINESSES' PERFORMANCE

VPROK.RU	Q3 2022	Q3 2021	CHANGE Y-O-Y, % OR MULTIPLE	9M 2022	9M 2021	CHANGE Y-O-Y, % OR MULTIPLE
GMV, ¹² RUB mln	5,682	4,940	15.0	19,715	15,257	29.2
Number of orders, ths	1,193	1,058	12.7	4,117	3,229	27.5
Average ticket, RUB	4,698	4,513	4.1	4,647	4,569	1.7
EXPRESS DELIVERY						
GMV, ¹² RUB mln	10,179	6,705	51.8	32,793	19,999	64.0
Number of orders, ths	6,047	4,423	36.7	18,658	12,765	46.2
Average ticket, RUB	1,651	1,445	14.2	1,717	1,496	14.8
5POST						
Number of parcels, ths	5,861	6,133	(4.4)	19,262	14,791	30.2
MNOGO LOSOSYA						
Net sales, RUB mln	564	301	87.2	1,565	602	160.0
Number of orders, ths	376	251	49.8	1,081	509	112.4
Average ticket, RUB	1,954	1,548	26.2	1,890	1,585	19.2

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

KEY DRIVERS FOR Q3 2022 RESULTS

External environment

- Food inflation in Q3 2022 was 15.6% year-on-year (vs. 19.5% year-on-year in Q2 2022). Deceleration in the growth rate of food prices was driven by a good harvest of fruits and vegetables and grain crops, as well as the strengthening of the rouble rate by 19% year-on-year.
- Food market growth stabilised. In July–August, physical volumes decreased by 2% year-on-year (decreased by 1.9% year-on-year in Q2 2022). Stabilisation was driven by the deceleration of inflation and the continued growth of nominal wages and pensions.
- The labour market remains strong. Unemployment remained at a record low of 3.8%–3.9% for the last four months, while wage growth averaged 10%–12% year-on-year according to Rosstat.
- The Bank of Russia lowered the key rate to 7.5% (-2 p.p.) in Q3 2022 following the decrease in inflation and inflationary expectations for the next year.

Offline business development

- Pyaterochka's offline net sales demonstrated strong growth of 20.1% year-on-year, with LFL sales increasing by 13.7% in Q3 2022. LFL traffic increased by 4.4% year-on-year, while the LFL basket increased by 8.9% year-on-year, driven by price investments and decelerating food inflation. Pyaterochka's network continued to expand, with 337 new stores in Q3 2022 (on a gross basis).
- Perekrestok's offline net sales increased by 7.8% year-on-year in Q3 2022, with LFL sales growth at 6.3% in Q3 2022.
- Chizhik's net sales increased 13-fold year-on-year in Q3 2022. The network opened 163 new stores during the period and reached 316 stores as of 30 September 2022. We expect further acceleration of openings in Q4 2022.
- In Q3 2022, Karusel's offline net sales decreased by 47.3%, driven by downsizing as part of the format's transformation programme. LFL sales were down by 19.5%, mainly due to activities in some of the remaining Karusel stores preparing for closure.

Expansion and retail portfolio improvement

- X5 continues to focus on strengthening its positions in key regions of operation and expanding its presence and market share organically, as well as through selected tactical M&A opportunities.
- 337 gross new-concept Pyaterochka stores were opened in Q3 2022; in addition, 14 Pyaterochka stores were refurbished in line with the new concept. The total number of stores operating under the new concept reached 5,660, or 30% of the Pyaterochka store base, as of 30 September 2022.
- Two Perekrestok supermarkets were opened following refurbishment in Q3 2022 in addition to one new store opened. As of 30 September 2022, 240 supermarkets, or 25% of the Perekrestok store base, were operating under the new concept.
- In August 2022, X5 agreed on the terms of a strategic partnership with the Krasny Yar and Slata groups, which are among the leading retailers in Eastern Siberia. Upon receiving all the necessary permits from regulators, X5 will obtain 70% share in Krasny Yar's and Slata's businesses. The companies will continue to operate under their own brands and retain their business models. At the same time, some processes will be integrated with X5 to achieve synergies, including in procurement and logistics.
- In Q3 2022, as part of the Company's ongoing rationalisation programme, X5 closed 30 proximity stores, 15 supermarkets, nine hypermarkets, one Vprok.ru mini-dark store and three dark kitchens.
- In Q3 2022, X5 opened one new distribution centre in Moscow (89 ths sq. m) to serve its Pyaterochka proximity format and three new distribution centres in Moscow (17 ths sq. m), Ekaterinburg (19 ths sq. m) and Ufa (8 ths sq. m) to support its Chizhik hard discounter format's regional expansion.
- In September 2022, X5 signed a cooperation agreement with the Russian Far East and Arctic Development Corporation to launch operations in Russia's Far Eastern Federal District. X5 will carry out a comprehensive analysis to review the opportunities for rolling out a modern retail chain in the region. The Company's potential investment to build distribution centres and stores in the region may reach RUB 10 billion in the next three years.

Loyalty programmes

- In Q3 2022, X5 Group relaunched the loyalty programmes of the Pyaterochka and Perekrestok retail chains as X5 Club. Over 19 thousand stores were connected to the new processing system, and more than 65 million customers were transferred to the new programme. In Q3 2022, penetration in sales reached 73%. The average ticket of an active customer when using a loyalty card increased by 2.3 times compared to an active customer not using a loyalty card.
- In November 2022, the functionality of the current loyalty programmes will be expanded: customers will have an option to choose their favourite product categories, receive personal offers and more.

Development of digital businesses

- In Q3 2022, X5 digital services had a total of 18.3 million MAUs, an increase of 6% year-on-year.
- The combined GMV of Vprok.ru and express delivery services in Q3 2022 reached RUB 15.9 billion, up 36.2% year-on-year, including VAT and gross of promo codes and bonuses, with express delivery GMV growing 51.8% year-on-year.
- Total digital business revenue (including Vprok.ru, express delivery, 5Post and Mnogo Lososya) grew 38.4% year-on-year in Q3 2022 and contributed 0.4 p.p. to the consolidated quarterly revenue growth rate of 19.5%. Vprok.ru and express delivery successfully fulfilled 110 thousand orders on peak days in September.
- X5 continues the rapid expansion of express delivery services from Pyaterochka proximity stores and Perekrestok supermarkets. In August 2022, X5 partnered with SberMarket and Delivery Club, two major grocery and ready-to-eat meal delivery aggregators, to expand its online delivery offering. As of 30 September 2022, express delivery service was available from 2,633 stores (1,933 Pyaterochka stores and 700 Perekrestok supermarkets) as well as 45 dark stores in 60 regions, compared with 1,350 stores and 38 regions a year earlier. X5 aims to continue to develop its express delivery services as well as its partnerships with aggregators to provide its customers with the convenience of the omnichannel shopping experience.
- In Q3 2022, the total number of Vprok.ru orders increased by 12.7% year-on-year and reached 1.2 million in Q3 2022.
- In Q3 2022, 5Post's e-commerce delivery service revenue increased by 3.6% year-on-year, with growth slowing down due to a decreased number of parcels from international providers. Orders fulfilled by 5Post reached 5.9 million in Q3 2022, with over 23 thousand pickup points in operation, including over 5 thousand multi-parcel lockers. 5Post is increasing the volume of deliveries it processes from existing partners and is accelerating its integration with new partners. A seasonal increase in demand and an acceleration in revenue growth are expected in Q4 2022. Parcel lockers and pickup points in stores generate additional LFL traffic of up to 2%–3%.
- The Mnogo Lososya ready-to-eat digital service, which became part of X5 Group in late March 2021, was operating 56 dark kitchens (including four franchisees) and 165 sushi points in Perekrestok supermarkets at the end of September. Mnogo Lososya's online net sales increased by 87.2% y-o-y in Q3 2022.

NOTE TO EDITORS

X5 Retail Group N.V. (LSE and MOEX: FIVE; Expert RA – ruAAA; ACRA – AAA(RU)) is a leading Russian food retailer. The Company operates proximity stores under the Pyaterochka brand, Perekrestok supermarkets and Chizhik hard discounters. X5 provides an omnichannel experience to its customers, integrating retail stores and e-commerce through its businesses Vprok.ru, 5Post and Mnogo Lososya.

As of 30 September 2022, X5 had 20,227 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 18,865 Pyaterochka proximity stores, 972 Perekrestok supermarkets and 316 Chizhik hard discounters. The Company operates 52 DCs and 4,247 Company-owned trucks across the Russian Federation.

X5 is one of the largest employers in Russia. The Company employs over 325 thousand people.

For the full year 2021, revenue totalled RUB 2,204,819 million (USD 29,935 million*), EBITDA pre-IFRS 16 reached RUB 161,024 million (USD 2,186 million*), and net profit pre-IFRS 16 for the period amounted to RUB 48,513 million (USD 659 million*). In H1 2022, revenue totalled RUB 1,252,180 million (USD 16,412 million**), adjusted EBITDA pre-IFRS 16 reached RUB 104,909 million (USD 1,375 million**), and net profit pre-IFRS 16 amounted to RUB 33,731 million (USD 399 million**).

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

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