

X5 reports **19.2%** revenue growth in Q3 2022, **7.4%** adj. EBITDA margin pre-IFRS 16

+19.2%_{y-o-y}

Revenue growth in Q3 2022

driven by solid like-for-like (LFL)¹ sales and selling space expansion

+38.4%_{y-o-y}

Digital business (express delivery, Vprok.ru, 5Post and Mnogo Lososya) net sales growth in Q3 2022

Digital business net sales amounted to RUB **14.7** billion, which comprised **2.3%** of consolidated Q3 2022 revenue

24.3%_{-186 b.p.}

Gross margin under IFRS 16 in Q3 2022

(-182 b.p. to **24.0%** pre-IFRS 16²) driven predominantly by lower commercial margin, partially compensated by improved logistics efficiency

12.0%_{-95 b.p.}

Adjusted EBITDA³ margin under IFRS 16 in Q3 2022

(-47 b.p. to **7.4%** pre-IFRS 16)

2.1%_{-11 b.p.}

Net profit margin under IFRS 16 in Q3 2022

(-5 b.p. to **2.5%** pre-IFRS 16)

2.41x

Net debt/EBITDA ratio as of 30 September 2022 (under IFRS 16)

(**0.89x** pre-IFRS 16)

Amsterdam

25 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 released its unaudited condensed consolidated interim financial information for the three months (Q3) and nine months (9M) ended 30 September 2022, in accordance with International Financial Reporting Standards as adopted by the European Union.



Igor Shekhterman

X5 Chief Executive Officer



In the second half of the year, we **are** focused on enhancing our customer value proposition, boosting like-for-like sales and growing our market share. In Q3, we prioritised the expansion of our Chizhik hard discounter format, which saw a 19-fold increase in revenue year-on-year in 9M 2022 and is showing results above our expectations. During the third quarter, we opened 163 new Chizhik stores and expect to accelerate store openings in the following quarter. Other areas of focus include the ongoing development of our Pyaterochka proximity store network and further development of our consolidated online business with profitability, efficiency and customer convenience in mind.

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. The pre-IFRS 16 financial measures are calculated by adjusting the applicable IFRS measures to include fixed lease expenses and fixed non-lease components of lease contracts and to exclude any gain on derecognition of right-of-use assets and lease liabilities, depreciation of right-of-use assets and interest on lease liabilities and gain/loss from sale of asset under sale and leaseback operations for the proportion of the rights retained recognised under IFRS 16.
3. Adjusted EBITDA is EBITDA before costs related to the LTI programme, share-based payments, other one-off remuneration payment expenses and the impact of the Karusel transformation.

Regarding the latter, we are leveraging our partnerships with delivery aggregators Delivery Club and SberMarket to grow our online customer base, and are expanding our own delivery services to more cities, having established a presence in 60 regions of Russia as of late September.

Inorganic expansion was another key focus area in Q3. In August, we agreed on a strategic partnership with Krasniy Yar and Slata, two leading retailers in Eastern Siberia. This partnership will significantly advance our plans to expand our offering to customers in the region. In September, X5 also signed a cooperation agreement with the Russian Far East and Arctic Development Corporation to launch operations in Russia's Far Eastern Federal District.

Throughout this time, X5 remains committed to meeting the needs of society. We continue to invest in the prices of socially important categories of goods to offset accelerating inflation and expect that this strategy, as well as our evolving customer value proposition, will continue to impact our commercial margin. We have also placed significant focus on the societal aspect of our ESG strategy through a number of social initiatives, which we consider to be particularly important at this time. In particular, during Q3 we launched a pilot food sharing project in partnership with Foodsharing and Foodbank Rus to donate food from our stores to individuals in need.

We continue to closely monitor the evolving market environment to ensure efficiency and uninterrupted performance of our business as well as secure best opportunities the market presents.

Profit and loss statement highlights⁴

RUB mln	IFRS 16			Pre-IFRS 16		
	Q3 2022	Q3 2021	change, y-o-y, % or multiple	Q3 2022	Q3 2021	change, y-o-y, % or multiple
Revenue	647,869	543,586	19.2	647,869	543,586	19.2
incl. net retail sales ⁵	646,013	540,718	19.5	646,013	540,718	19.5
Pyaterochka (incl. express delivery)	538,842	448,065	20.3	538,842	448,065	20.3
Perekrestok (incl. Vprok.ru and express delivery)	93,421	85,083	9.8	93,421	85,083	9.8
Karusel	3,445	6,546	(47.4)	3,445	6,546	(47.4)
Chizhik	9,742	723	13x	9,742	723	13x
Gross profit	157,418	142,170	10.7	155,268	140,163	10.8
Gross profit margin, %	24.3	26.2	(186) b.p.	24.0	25.8	(182) b.p.
Adj. EBITDA	77,496	70,177	10.4	47,986	42,804	12.1
Adj. EBITDA margin, %	12.0	12.9	(95) b.p.	7.4	7.9	(47) b.p.
EBITDA	77,036	69,195	11.3	47,526	41,822	13.6
EBITDA margin, %	11.9	12.7	(84) b.p.	7.3	7.7	(36) b.p.
Operating profit	35,982	31,684	13.6	25,182	23,110	9.0
Operating profit margin, %	5.6	5.8	(27) b.p.	3.9	4.3	(36) b.p.
Net profit	13,844	12,225	13.2	15,931	13,647	16.7
Net profit margin, %	2.1	2.2	(11) b.p.	2.5	2.5	(5) b.p.

4. 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.

5. Net retail sales represent 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. Including Mnogo Lososya

RUB mln	IFRS 16			Pre-IFRS 16		
	9M 2022	9M 2021	change, y-o-y, % or multiple	9M 2022	9M 2021	change, y-o-y, % or multiple
Revenue	1,900,049	1,597,289	19.0	1,900,049	1,597,289	19.0
incl. net retail sales ⁶	1,893,951	1,590,909	19.0	1,893,951	1,590,909	19.0
Pyaterochka (incl. express delivery)	1,562,353	1,302,386	20.0	1,562,353	1,302,386	20.0
Perekrestok (incl. Vprok.ru and express delivery)	296,036	262,084	13.0	296,036	262,084	13.0
Karusel	13,339	24,750	(46.1)	13,339	24,750	(46.1)
Chizhik	20,659	1,086	19x	20,659	1,086	19x
Gross profit	474,864	411,807	15.3	468,697	405,878	15.5
Gross profit margin, %	25.0	25.8	(79) b.p.	24.7	25.4	(74) b.p.
Adj. EBITDA	238,688	203,561	17.3	152,894	123,703	23.6
Adj. EBITDA margin, %	12.6	12.7	(18) b.p.	8.0	7.7	30 b.p.
EBITDA	236,744	200,755	17.9	150,950	120,897	24.9
EBITDA margin, %	12.5	12.6	(11) b.p.	7.9	7.6	38 b.p.
Operating profit	113,750	89,487	27.1	83,807	65,349	28.2
Operating profit margin, %	6.0	5.6	38 b.p.	4.4	4.1	32 b.p.
Net profit	43,105	34,783	23.9	46,395	38,943	19.1
Net profit margin, %	2.3	2.2	9 b.p.	2.4	2.4	0 b.p.

6. Including Mnogo Lososya.

Revenue

Revenue growth reached 19.2% year-on-year in Q3 2022. Net retail sales increased by 19.5%, driven by a combination of 6.6% selling space growth and 12.4% LFL sales growth, while X5's digital business sales grew by 38.4% y-o-y.

Selling space by format, square metres (sqm)

	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 Group⁷	8,755,302	8,409,757	4.1	8,215,983	6.6

Q3 and 9M 2022 LFL store performance by format, % change y-o-y

In Q3 2022, LFL sales performance accelerated year-on-year to 12.4%, supported by solid LFL results of Pyaterochka and Perekrestok at 13.7% and 6.3%, respectively, on the back of accelerated inflation.

The LFL basket was the main driver of LFL sales in Q3 2022, with LFL traffic in positive territory at 3.9% year-on-year, with Pyaterochka showing 4.4% year-on-year growth.

	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 Group⁸	12.4	3.9	8.2	11.9	2.7	9.0

For more details on net retail sales performance, please refer to X5's [Q3 2022 Trading Update](#).

Gross profit margin

Gross profit margin under IFRS 16 decreased by 186 b.p. year-on-year to 24.3% (decreased by 182 b.p. year-on-year to 24.0% pre-IFRS 16) in Q3 2022, mainly due to lower commercial margin on the back of CVP transformation and assortment adaptation in Pyaterochka, partially offset by improved logistics efficiency.

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

8. Including Chizhik and Karusel.

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

RUB mln	IFRS 16			Pre-IFRS 16		
	Q3 2022	Q3 2021	change, y-o-y, %	Q3 2022	Q3 2021	change, y-o-y, %
Staff costs	(51,595)	(47,257)	9.2	(51,595)	(47,257)	9.2
% of revenue	8.0	8.7	(73) b.p.	8.0	8.7	(73) b.p.
incl. LTI and share-based payments	(727)	(889)	(18.2)	(727)	(889)	(18.2)
staff costs excl. LTI and share-based payments as % of revenue	7.9	8.5	(68) b.p.	7.9	8.5	(68) b.p.
Lease expenses	(5,412)	(3,749)	44.4	(30,022)	(26,483)	13.4
% of revenue	0.8	0.7	15 b.p.	4.6	4.9	(24) b.p.
Utilities	(12,096)	(10,892)	11.1	(12,096)	(10,892)	11.1
% of revenue	1.9	2.0	(14) b.p.	1.9	2.0	(14) b.p.
Other store costs	(5,827)	(5,606)	3.9	(6,056)	(5,813)	4.2
% of revenue	0.9	1.0	(13) b.p.	0.9	1.1	(13) b.p.
Third-party services	(4,546)	(4,972)	(8.6)	(4,448)	(4,933)	(9.8)
% of revenue	0.7	0.9	(21) b.p.	0.7	0.9	(22) b.p.
Other expenses	(6,198)	(6,295)	(1.5)	(7,780)	(7,587)	2.5
% of revenue	1.0	1.2	(20) b.p.	1.2	1.4	(19) b.p.
SG&A (excl. D&A&I and the impact of the Karusel transformation)	(85,674)	(78,771)	8.8	(111,997)	(102,965)	8.8
% of revenue	13.2	14.5	(127) b.p.	17.3	18.9	(165) b.p.
SG&A (excl. D&A&I, LTI, share-based payments and the impact of the Karusel transformation)	(84,947)	(77,882)	9.1	(111,270)	(102,076)	9.0
% of revenue	13.1	14.3	(122) b.p.	17.2	18.8	(160) b.p.

RUB mln	IFRS 16			Pre-IFRS 16		
	9M 2022	9M 2021	change, y-o-y, %	9M 2022	9M 2021	change, y-o-y, %
Staff costs	(151,883)	(135,240)	12.3	(151,883)	(135,240)	12.3
% of revenue	8.0	8.5	(47) b.p.	8.0	8.5	(47) b.p.
incl. LTI and share-based payments	(1,788)	(2,495)	(28.3)	(1,788)	(2,495)	(28.3)
staff costs excl. LTI and share-based payments as % of revenue	7.9	8.3	(41) b.p.	7.9	8.3	(41) b.p.
Lease expenses	(14,200)	(10,156)	39.8	(87,244)	(77,953)	11.9
% of revenue	0.7	0.6	11 b.p.	4.6	4.9	(29) b.p.
Utilities	(37,085)	(33,052)	12.2	(37,085)	(33,052)	12.2
% of revenue	2.0	2.1	(12) b.p.	2.0	2.1	(12) b.p.
Other store costs	(17,231)	(16,418)	5.0	(17,896)	(17,058)	4.9
% of revenue	0.9	1.0	(12) b.p.	0.9	1.1	(13) b.p.
Third-party services	(12,485)	(13,999)	(10.8)	(12,196)	(13,795)	(11.6)
% of revenue	0.7	0.9	(22) b.p.	0.6	0.9	(22) b.p.
Other expenses	(21,899)	(19,057)	14.9	(26,457)	(22,391)	18.2
% of revenue	1.2	1.2	(4) b.p.	1.4	1.4	(1) b.p.
SG&A (excl. D&A&I and impact from the Karusel transformation)	(254,783)	(227,922)	11.8	(332,761)	(299,489)	11.1
% of revenue	13.4	14.3	(86) b.p.	17.5	18.7	(124) b.p.
SG&A (excl. D&A&I, LTI, share-based payments and impact from the Karusel transformation)	(252,995)	(225,427)	12.2	(330,973)	(296,994)	11.4
% of revenue	13.3	14.1	(80) b.p.	17.4	18.6	(117) b.p.

In Q3 2022, 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 decreased by 122 b.p. to 13.1% (decreased by 160 b.p. to 17.2% pre-IFRS 16), mainly driven by lower staff cost, utilities, other store costs, third-party services and other expenses as a result of the operating leverage effect as well as cost control measures.

Staff costs (excluding LTI and share-based payments) as a percentage of revenue decreased by 68 b.p. year-on-year in Q3 2022 to 7.9%, mainly due to the operating leverage effect on the back of accelerated revenue growth in Q3 2022, as well as a balanced approach to targeted salary increases.

LTI and share-based payment expenses amounted to RUB 727 million in Q3 2022, down by 18.2% from RUB 889 million in Q3 2021, as a result of the reassessment of the KPIs under the LTI programme.

Lease expenses under IFRS 16 as a percentage of revenue in Q3 2022 increased by 15 b.p. year-on-year to 0.8%, mainly due to a higher number of revenue-linked leases and reverse franchising agency fees. The decrease in pre-IFRS 16 lease expenses by 24 b.p. to 4.6% was caused by a positive operational leverage effect and measures taken to reduce lease expenses, partially compensated by a higher number of revenue-linked leases.

Utilities costs as a percentage of revenue in Q3 2022 decreased by 14 b.p. year-on-year to 1.9%, mainly due to electric lighting system optimisation initiatives, particularly in 24-hour operating stores.

Other store costs under IFRS 16 as a percentage of revenue in Q3 2022 decreased by 13 b.p. year-on-year (falling by 13 b.p.

pre-IFRS 16), mainly due to the positive operating leverage effect.

Third-party service expenses under IFRS 16 as a percentage of revenue in Q3 2022 decreased by 21 b.p. year-on-year to 0.7% (down 22 b.p. to 0.7% pre-IFRS 16), mainly due to lower marketing expenses.

Other expenses under IFRS 16 as a percentage of revenue in Q3 2022 decreased by 20 b.p. year-on-year to 1.0% (down 19 b.p. to 1.2% pre-IFRS 16), mainly due to the one-off effect from release of provisions.

Lease/sublease and other income⁹

As a percentage of revenue, the Company's income from leases, subleases and other operations under IFRS 16 totalled 0.8%, representing a decrease of 30 b.p. year-on-year in Q3 2022 (a decrease of 25 b.p. to 0.6% pre-IFRS 16), due to lower income from the sale of recyclable materials and lower fixed lease/sublease fees as percentage of revenue on the back of accelerated revenue growth in Q3 2022.

9. Mainly consists of lease/sublease income, income from the sale of recyclable materials and other one-off gains.

EBITDA and EBITDA margin

RUB mln	IFRS 16			Pre-IFRS 16		
	Q3 2022	Q3 2021	change, y-o-y, %	Q3 2022	Q3 2021	change, y-o-y, %
Gross profit	157,418	142,170	10.7	155,268	140,163	10.8
Gross profit margin, %	24.3	26.2	(186) b.p.	24.0	25.8	(182) b.p.
SG&A (excl. D&A&I, LTI, share-based payments and the effect of the Karusel transformation)	(84,947)	(77,882)	9.1	(111,270)	(102,076)	9.0
% of revenue	13.1	14.3	(122) b.p.	17.2	18.8	(160) b.p.
Net impairment losses on financial assets	(151)	(97)	55.7	(151)	(97)	55.7
% of revenue	(0.02)	(0.02)	1 b.p.	(0.02)	(0.02)	1 b.p.
Lease/sublease and other income (excl. the effect of the Karusel transformation)	5,176	5,986	(13.5)	4,139	4,814	(14.0)
% of revenue	0.8	1.1	(30) b.p.	0.6	0.9	(25) b.p.
Adj. EBITDA	77,496	70,177	10.4	47,986	42,804	12.1
Adj. EBITDA margin, %	12.0	12.9	(95) b.p.	7.4	7.9	(47) b.p.
LTI, share-based payments and other one-off remuneration payment expenses and SSC	(727)	(889)	(18.2)	(727)	(889)	(18.2)
% of revenue	0.1	0.2	(5) b.p.	0.1	0.2	(5) b.p.
Effect of the Karusel transformation	267	(93)	n/a	267	(93)	n/a
% of revenue	0.04	(0.02)	6 b.p.	0.04	(0.02)	6 b.p.
EBITDA	77,036	69,195	11.3	47,526	41,822	13.6
EBITDA margin, %	11.9	12.7	(84) b.p.	7.3	7.7	(36) b.p.

RUB mln	IFRS 16			Pre-IFRS 16		
	9M 2022	9M 2021	change, y-o-y, %	9M 2022	9M 2021	change, y-o-y, %
Gross profit	474,864	411,807	15.3	468,697	405,878	15.5
Gross profit margin, %	25.0	25.8	(79) b.p.	24.7	25.4	(74) b.p.
SG&A (excl. D&A&I, LTI, share-based payments and the effect of the Karusel transformation)	(252,995)	(225,427)	12.2	(330,973)	(296,994)	11.4
% of revenue	13.3	14.1	(80) b.p.	17.4	18.6	(117) b.p.
Net impairment losses on financial assets	(298)	(227)	31.3	(298)	(227)	31.3
% of revenue	0.02	0.01	0 b.p.	0.02	0.01	0 b.p.
Lease/sublease and other income (excl. the effect of the Karusel transformation)	17,117	17,408	(1.7)	15,468	15,046	2.8
% of revenue	0.9	1.1	(19) b.p.	0.8	0.9	(13) b.p.
Adj. EBITDA	238,688	203,561	17.3	152,894	123,703	23.6
Adj. EBITDA margin, %	12.6	12.7	(18) b.p.	8.0	7.7	30 b.p.
LTI, share-based payments and other one-off remuneration payment expenses and SSC	(1,788)	(2,495)	(28.3)	(1,788)	(2,495)	(28.3)
% of revenue	0.1	0.2	(6) b.p.	0.1	0.2	(6) b.p.
Effect of the Karusel transformation	(156)	(311)	(49.8)	(156)	(311)	(49.8)
% of revenue	(0.01)	(0.02)	1 b.p.	(0.01)	(0.02)	1 b.p.
EBITDA	236,744	200,755	17.9	150,950	120,897	24.9
EBITDA margin, %	12.5	12.6	(11) b.p.	7.9	7.6	38 b.p.

D&A&I

Depreciation, amortisation and impairment costs under IFRS 16 decreased as a percentage of revenue by 56 b.p. year-on-year to 6.3% (up 1 b.p. year-on-year to 3.4% pre-IFRS 16) in Q3 2022, totalling RUB 41,054 million (RUB 22,344 million pre-IFRS 16). This was mainly driven by a positive operating leverage effect, a reduced investment programme and a lower number of refurbishments compared to the same period of the previous year, partially offset by additional impairment. In 9M 2022, depreciation, amortisation and impairment costs under IFRS 16 decreased by 49 b.p. year-on-year to 6.5% (increased by 6 b.p. year-on-year to 3.5% pre-IFRS 16), totalling RUB 122,994 million (RUB 67,143 million pre-IFRS 16).

Non-operating gains and losses

RUB mln	IFRS 16			Pre-IFRS 16		
	Q3 2022	Q3 2021	change, y-o-y, % or multiple	Q3 2022	Q3 2021	change, y-o-y, % or multiple
Operating profit	35,982	31,684	13.6	25,182	23,110	9.0
Net finance costs	(16,300)	(14,757)	10.5	(3,453)	(4,411)	(21.7)
Net FX result	(1,512)	(79)	19x	(949)	(73)	13x
Profit before tax	18,170	16,848	7.8	20,780	18,626	11.6
Income tax expense	(4,326)	(4,623)	(6.4)	(4,849)	(4,979)	(2.6)
Net profit	13,844	12,225	13.2	15,931	13,647	16.7
Net profit margin, %	2.1	2.2	(11) b.p.	2.5	2.5	(5) b.p.

RUB mln	IFRS 16			Pre-IFRS 16		
	9M 2022	9M 2021	change, y-o-y, %	9M 2022	9M 2021	change, y-o-y, %
Operating profit	113,750	89,487	27.1	83,807	65,349	28.2
Net finance costs	(51,619)	(42,273)	22.1	(15,235)	(12,451)	22.4
Net FX result	1,425	698	104.2	(904)	216	n/a
Profit before tax	63,556	47,912	32.7	67,668	53,114	27.4
Income tax expense	(20,451)	(13,129)	55.8	(21,273)	(14,171)	50.1
Net profit	43,105	34,783	23.9	46,395	38,943	19.1
Net profit margin, %	2.3	2.2	9 b.p.	2.4	2.4	0 b.p.

Net finance costs under IFRS 16 in Q3 2022 increased by 10.5% year-on-year to RUB 16,300 million (down 21.7% year-on-year to RUB 3,453 million pre-IFRS 16), driven by increasing interest rates in Russian capital markets on the back of Central Bank key rate raise and increasing interest on lease liabilities partially offset by decreased interest cost due to decreased lower total debt.

The negative net FX result totalled RUB 1,512 million (RUB 949 million under pre-IFRS 16) in Q3 2022, compared with negative

RUB 79 million (negative RUB 73 million under pre-IFRS 16) in Q3 2021 due to the revaluation of accounts payable on imports driven by the depreciation of the rouble.

In 9M 2022, the effective tax rate under IFRS 16 was 32.2% (31.4% under pre-IFRS 16), up from 27.4% in 9M 2021 (26.7% under pre-IFRS 16) due to one-off effects.

Consolidated cash flow statement highlights

RUB mln	IFRS 16			Pre-IFRS 16		
	Q3 2022	Q3 2021	change, y-o-y, % or multiple	Q3 2022	Q3 2021	change, y-o-y, % or multiple
Net cash from operating activities before changes in working capital	75,322	68,450	10.0	46,847	42,250	10.9
Change in working capital	16,715	4,917	3x	14,849	4,765	3x
Net interest and income tax paid	(25,403)	(12,280)	106.9	(12,614)	(1,960)	6x
Net cash flows generated from operating activities	66,634	61,087	9.1	49,082	45,055	8.9
Net cash used in investing activities	(13,018)	(21,454)	(39.3)	(12,966)	(21,708)	(40.3)
Net cash used in financing activities	(52,512)	(39,581)	32.7	(35,010)	(23,295)	50.3
Effect of exchange rate changes on cash & cash equivalents	79	(3)	n/a	79	(3)	n/a
Net increase in cash and cash equivalents	1,183	49	24x	1,183	49	24x

RUB mln	IFRS 16			Pre-IFRS 16		
	9M 2022	9M 2021	change, y-o-y, %	9M 2022	9M 2021	change, y-o-y, %
Net cash from operating activities before changes in working capital	235,896	199,254	18.4	151,756	121,759	24.6
Change in working capital	(1,778)	1,000	n/a	(3,147)	662	n/a
Net interest and income tax paid	(65,348)	(46,037)	41.9	(29,037)	(16,287)	78.3
Net cash flows generated from operating activities	168,770	154,217	9.4	119,572	106,134	12.7
Adj. net cash used in investing activities ¹⁰	(50,043)	(63,820)	(21.6)	(50,233)	(64,498)	(22.1)
Repayment of short-term financial investments	30,000	-	n/a	30,000	-	n/a
Net cash used in financing activities	(134,855)	(97,430)	38.4	(85,465)	(48,669)	75.6
Effect of exchange rate changes on cash & cash equivalents	(235)	(78)	3x	(235)	(78)	3x
Net increase in cash and cash equivalents	13,637	(7,111)	n/a	13,639	(7,111)	n/a

10. Adjusted for repayment of short-term financial investments

In Q3 2022, the Company's net cash from operating activities before changes in working capital under IFRS 16 increased by RUB 6,872 million (up RUB 4,597 million under pre-IFRS 16) and totalled RUB 75,322 million (RUB 46,847 million under pre-IFRS 16), reflecting business growth. The positive change in working capital under IFRS 16 of RUB 16,715 million in Q3 2022 as compared to Q3 2021 was driven by a decrease in inventories on the back of assortment optimisation processes, as well as a higher increase in other accounts payable driven by deferred social tax payments.

Working capital highlights (under IFRS 16)

RUB mln	30-Sep-22	31-Dec-21	30-Sep-21
Inventories	172,706	166,840	146,278
Trade, other accounts receivable and prepayments	16,846	20,190	18,334
Trade accounts payable	196,068	212,949	169,268
Provisions and other liabilities	106,931	104,673	88,299

Net interest and income tax paid under IFRS 16 in Q3 2022 increased by 106.9% year-on-year (up 6-fold year-on-year pre-IFRS 16) and totalled RUB 25,403 million (RUB 12,614 million pre-IFRS 16), driven by higher income tax paid due to a one-off tax refund in Q3 2021.

As a result, net cash flow generated from operating activities under IFRS 16 totalled RUB 66,634 million in Q3 2022, up from RUB 61,087 million in Q3 2021 (RUB 49,082 million, up from RUB 45,055 million in Q3 2021 pre-IFRS 16).

In 9M 2022, net cash flows generated from operating activities under IFRS 16 totalled RUB 168,770 million, up 9.4% from RUB 154,217 million in 9M 2021 (and totalled RUB 119,572 million, up 12.7% from RUB 106,134 million in 9M 2021 pre-IFRS 16).

In Q3 2022, net cash used in investing activities, which predominantly consists of payments for property, plant and

equipment, under IFRS 16 decreased to RUB 13,018 million (to RUB 12,966 million under pre-IFRS 16) due to a lower number of refurbishments, the calendarisation of store openings and capex optimization. For 9M 2022, adjusted net cash used in investing activities under IFRS 16 decreased to RUB 50,043 million (RUB 50,233 million under pre-IFRS 16) from RUB 63,820 million (RUB 64,498 million under pre-IFRS 16) in 9M 2021.

Net cash used in financing activities under IFRS 16 totalled RUB 52,512 million (RUB 35,010 million pre-IFRS 16) in Q3 2022, compared with RUB 39,581 million (RUB 23,295 million pre-IFRS 16) in Q3 2021, driven by higher repayments of loans. In 9M 2022, net cash used in financing activities under IFRS 16 increased to RUB 134,855 million from RUB 97,430 million (and increased to RUB 85,465 million from RUB 48,669 million pre-IFRS 16) in 9M 2021.

Liquidity update

RUB mln	30-Sep-22	% of total	31-Dec-21	% of total	30-Sep-21	% of total
Total debt	208,945		294,338		242,928	
Short-term debt	70,497	33.7	87,767	29.8	67,983	28.0
Long-term debt	138,448	66.3	206,571	70.2	174,945	72.0
Net debt (pre-IFRS 16)	169,246		268,276		230,031	
Net debt/EBITDA (pre-IFRS 16)	0.89x		1.67x		1.50x	
Lease liabilities (IFRS 16)	564,067		577,363		567,701	
Net debt/EBITDA (IFRS 16)	2.41x		3.16x		3.05x	

The Company's net debt/EBITDA ratio under IFRS 16 was 2.41x (0.89x pre-IFRS 16) as of 30 September 2022.

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

As of 30 September 2022, the Company had access to RUB 469,884 million in available credit limits with major Russian and international banks.

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 9M 2022, revenue totalled RUB 1,900,049 million (USD 26,908 million**), adjusted EBITDA pre-IFRS 16 reached RUB 152,894 million (USD 2,165 million**), and net profit pre-IFRS 16 amounted to RUB 46,395 million (USD 657 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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* FX rate: 73.6541 USD/RUB

** FX rate: 70.6135 USD/RUB

X5 Retail Group N.V.

Condensed Consolidated Interim Financial Information

Nine months ended 30 September 2022

The attached condensed consolidated interim statement of financial position, condensed consolidated interim statement of profit or loss, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of cash flows and condensed consolidated interim statement of changes in equity have been prepared on the basis of the X5 Retail Group NV accounting policies as disclosed in the audited annual financial statements for the year ended 31 December 2021. These accounting policies have been consistently applied in the preparation of these statements except for adoption of new standards that are mandatory for financial annual periods beginning on 1 January 2022 and the fact that these statements do not comprise a full set of financial statements as required by International Financial Reporting Standards as adopted by the EU.

	30 September 2022	31 December 2021
Assets		
Non-current assets		
Property, plant and equipment	306,971	332,144
Right-of-use assets	486,617	502,325
Investment properties	4,435	4,461
Goodwill	105,507	105,028
Other intangible assets	35,842	39,006
Investments in associates and joint ventures	–	50
Other non-current assets	3,611	4,209
Deferred tax assets	19,444	23,047
	962,427	1,010,270
Current assets		
Inventories	172,706	166,840
Indemnification asset	462	435
Trade, other accounts receivable and prepayments	16,846	20,190
Current income tax receivable	1,568	4,057
VAT and other taxes receivable	6,844	8,802
Short-term financial investments	21,263	50,092
Cash and cash equivalents	39,699	26,062
	259,388	276,478
Total assets	1,221,815	1,286,748
Equity and liabilities		
Equity attributable to equity holders of the parent		
Share capital	2,458	2,458
Share premium	46,127	46,127
Retained earnings	82,031	38,926
Share-based payment reserve	166	118
	130,782	87,629
Total equity	130,782	87,629
Non-current liabilities		
Long-term borrowings	138,448	206,571
Long-term lease liabilities	493,431	507,099
Deferred tax liabilities	889	928
Other non-current liabilities	3,145	1,670
	635,913	716,268
Current liabilities		
Trade accounts payable	196,068	212,949
Short-term borrowings	70,497	87,767
Interest accrued	1,360	1,792
Short-term lease liabilities	70,636	70,264
Short-term contract liabilities	5,335	2,392
Current income tax payable	4,293	3,014
Provisions and other liabilities	106,931	104,673
	455,120	482,851
Total liabilities	1,091,033	1,199,119
Total equity and liabilities	1,221,815	1,286,748

Vsevolod Starukhin
Chief Financial Officer

25 October 2022

	Nine months ended 30 September	
	2022	2021
Revenue	1,900,049	1,597,289
Cost of sales	(1,425,185)	(1,185,482)
Gross profit	474,864	411,807
Selling, general and administrative expenses	(377,933)	(339,501)
Net impairment losses on financial assets	(298)	(227)
Lease/sublease and other income	17,117	17,408
Operating profit	113,750	89,487
Finance costs	(56,112)	(42,303)
Finance income	4,493	30
Net foreign exchange gain	1,425	698
Profit before tax	63,556	47,912
Income tax expense	(20,451)	(13,129)
Profit for the period	43,105	34,783
Profit for the period attributable to:		
Equity holders of the parent	43,105	34,783
Basic earnings per share for profit attributable to the equity holders of the parent (expressed in RUB per share)	634.94	512.38
Diluted earnings per share for profit attributable to the equity holders of the parent (expressed in RUB per share)	634.94	512.36

Vsevolod Starukhin
Chief Financial Officer

25 October 2022



X5 Retail Group N.V.
Condensed Consolidated Interim Statement of Comprehensive Income
for the nine months ended 30 September 2022
(expressed in millions of Russian Roubles, unless otherwise stated)

	Nine months ended 30 September	
	2022	2021
Profit for the period	43,105	34,783
Total comprehensive income for the period, net of tax	43,105	34,783
Total comprehensive income for the period attributable to:		
Equity holders of the parent	43,105	34,783

Vsevolod Starukhin
Chief Financial Officer

25 October 2022

	Nine months ended 30 September	
	2022	2021
Profit before tax	63,556	47,912
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment of property, plant and equipment, right-of-use assets, investment properties, other intangible assets and goodwill	122,991	111,268
Gain on disposal of property plant and equipment, investment properties and intangible assets and gain on derecognition of right-of-use assets	(1,638)	(2,617)
Finance costs, net	51,619	42,273
Net impairment losses on financial assets	298	227
Impairment of prepayments	289	132
Share-based compensation expense	48	67
Net foreign exchange gain	(1,425)	(698)
Other non-cash items	158	690
Net cash from operating activities before changes in working capital	235,896	199,254
Decrease in trade, other accounts receivable and prepayments and VAT and other taxes receivable	5,265	786
Increase in inventories	(5,866)	(1,885)
Decrease in trade payable	(16,288)	(1,604)
Increase in other accounts payable and contract liabilities	15,111	3,703
Net cash flows from operations	234,118	200,254
Interest paid	(55,408)	(41,046)
Interest received	3,267	25
Income tax paid	(13,207)	(5,016)
Net cash flows from operating activities	168,770	154,217
Cash flows from investing activities		
Purchase of property, plant and equipment and initial direct costs associated with right-of-use assets	(40,184)	(55,696)
Acquisition of businesses, net of cash acquired	(904)	(976)
Proceeds from disposal of property, plant and equipment, investment properties and intangible assets	2,147	3,346
Purchase of other intangible assets	(11,102)	(10,494)
Repayment of short-term financial investments	30,000	-
Net cash flows used in investing activities	(20,043)	(63,820)
Cash flows from financing activities		
Proceeds from loans	84,980	57,943
Repayment of loans	(170,445)	(76,572)
Purchase of treasury shares	-	(34)
Payments of principal portion of lease liabilities	(49,390)	(48,761)
Dividends paid to equity holders of the parent	-	(30,006)
Net cash flows used in financing activities	(134,855)	(97,430)
Effect of exchange rate changes on cash and cash equivalents	(235)	(78)
Net increase/(decrease) in cash and cash equivalents	13,637	(7,111)
Movements in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	26,062	20,008
Net increase/(decrease) in cash and cash equivalents	13,637	(7,111)
Cash and cash equivalents at the end of the period	39,699	12,897

Vsevolod Starukhin
Chief Financial Officer

25 October 2022



X5 Retail Group N.V.
Condensed Consolidated Interim Statement of Changes in Equity
for the nine months ended 30 September 2022
(expressed in millions of Russian Roubles, unless otherwise stated)

	Attributable to equity holders of the parent						Total
	Number of shares	Share capital	Share premium	Share-based payment reserve	Retained earnings	Total shareholders' equity	
Balance as at 1 January 2021	67,882,444	2,458	46,086	104	46,194	94,842	94,842
Profit for the period	–	–	–	–	34,783	34,783	34,783
Total comprehensive income for the period	–	–	–	–	34,783	34,783	34,783
Dividends	–	–	–	–	(30,006)	(30,006)	(30,006)
Share-based payment compensation	–	–	–	67	–	67	67
Transfer and waiving of vested equity rights	6,252	–	41	(75)	–	(34)	(34)
Balance as at 30 September 2021	67,888,696	2,458	46,127	96	50,971	99,652	99,652
Balance as at 1 January 2022	67,888,696	2,458	46,127	118	38,926	87,629	87,629
Profit for the period	–	–	–	–	43,105	43,105	43,105
Total comprehensive income for the period	–	–	–	–	43,105	43,105	43,105
Share-based payment compensation	–	–	–	48	–	48	48
Balance as at 30 September 2022	67,888,696	2,458	46,127	166	82,031	130,782	130,782

Vsevolod Starukhin
Chief Financial Officer

25 October 2022