

X5 Group Q2 2023 net sales increase **19.1%** Digital business net sales up **83.7%**

Q2 2023 HIGHLIGHTS

+19.1% y-o-y



Total net sales increased by RUB **123.4** billion driven by **7.8%** y-o-y increase in like-for-like (LFL) sales and selling space expansion

+922 new stores



X5 net new stores in Q2 2023 including **699** proximity stores, **218** hard discounters and **5** dark kitchens

4x y-o-y



Chizhik net sales increased by RUB **19.8** billion, totalling RUB **26.6** billion in Q2 2023

Chizhik opened **218** stores in Q2 2023

+14.1% y-o-y



Net offline retail sales for Pyaterochka increased by RUB **74.6** billion, reaching RUB **604.8** billion

+1.5% y-o-y



Net offline retail sales for Perekrestok increased by RUB **1.4** billion, reaching RUB **92.4** billion

83.7% y-o-y



Digital business net sales² increased by RUB **12.3** billion, totalling RUB **27.0** billion

3.5% of total net sales

+1.5 p.p. of the consolidated revenue growth rate

Amsterdam

18 July 2023

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 second quarter (Q2) and six months (H1) ended 30 June 2023.³

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. Sales of the express delivery service from stores and dark stores that have operated for less than 12 full months are also included in LFL calculations.

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

3. 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 businesses⁴

RUB MLN	Q2 2023	Q2 2022	CHANGE Y-O-Y, % OR MULTIPLE	H1 2023	H1 2022	CHANGE Y-O-Y, % OR MULTIPLE
Pyaterochka	604,841	530,236	14.1	1,142,783	1,013,645	12.7
Perekrestok	92,426	91,048	1.5	186,170	182,338	2.1
Chizhik	26,559	6,818	4x	45,295	10,917	4x
Offline net sales ⁵	743,651	632,565	17.6	1,413,408	1,216,793	16.2
Digital businesses' net sales	27,018	14,711	83.7	52,628	33,546	56.9
Total net sales	770,669	647,276	19.1	1,466,036	1,250,339	17.3

Net retail sales⁶ by format

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

RUB MLN	Q2 2023	Q2 2022	CHANGE Y-O-Y, % OR MULTIPLE	H1 2023	H1 2022	CHANGE Y-O-Y, % OR MULTIPLE
Pyaterochka	616,986	534,318	15.5	1,165,898	1,023,511	13.9
Perekrestok	100,401	95,345	5.3	201,843	191,910	5.2
Chizhik	26,586	6,818	4x	45,330	10,917	4x
Net retail sales⁷	764,581	641,466	19.2	1,453,759	1,237,233	17.5

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

5. Including Krasny Yar and Slata. Including Karusel for Q2 2022 and H1 2022.

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 Q2 2023 financial results.

7. Including Mnogo Lososya, Krasny Yar and Slata. Including Karusel for Q2 2022 and H1 2022.

Q2 and H1 2023 LFL store performance by format

% change y-o-y

	Q2 2023			H1 2023		
	SALES	TRAFFIC	BASKET	SALES	TRAFFIC	BASKET
Pyaterochka	8.5	7.2	1.2	7.8	5.6	2.0
Perekrestok	4.6	2.3	2.3	4.3	1.8	2.5
X5 Group ⁸	7.8	6.6	1.1	7.2	5.2	1.9

Q2 2023 monthly net retail sales (RUB) by format

change y-o-y, % or multiple

	APRIL 2023	MAY 2023	JUNE 2023
Pyaterochka	13.6	14.2	14.3
Perekrestok	1.0	0.5	3.2
Chizhik	4x	4x	4x
Offline business total	16.8	17.5	18.4
Digital business total	67.0	87.6	98.7
Total	18.0	19.0	20.1

8. Excluding Krasny Yar and Slata, Vprok.ru and Mnogo Lososya; including Chizhik.

AVERAGE TICKET AND NUMBER OF CUSTOMER VISITS

Q2 and H1 2023 average ticket and customer visits by offline format

AVERAGE TICKET, RUB	Q2 2023	Q2 2022	CHANGE Y-O-Y, % OR MULTIPLE	H1 2023	H1 2022	CHANGE Y-O-Y, % OR MULTIPLE
Pyaterochka	442.7	438.6	0.9	453.1	445.1	1.8
Perekrestok	673.4	655.1	2.8	697.1	677.1	2.9
Chizhik	557.6	689.1	(19.1)	569.0	694.0	(18.0)
X5 Group ⁹	467.3	465.1	0.5	479.8	474.0	1.2
NUMBER OF CUSTOMER VISITS, MLN						
Pyaterochka	1,594.9	1,402.1	13.8	2,946.6	2,643.4	11.5
Perekrestok	170.3	167.2	1.8	330.7	324.9	1.8
Chizhik	54.2	11.3	5x	90.6	17.9	5x
X5 Group ⁹	1,869.5	1,585.5	17.9	3,464.6	2,996.9	15.6

Q2 2023 average monthly ticket and customer visits by offline format

change y-o-y, % or multiple

AVERAGE TICKET	APRIL 2023	MAY 2023	JUNE 2023
Pyaterochka	1.7	(0.7)	1.9
Perekrestok	2.5	0.6	5.4
Chizhik	(22.0)	(20.6)	(15.1)
X5 Group ⁹	1.0	(1.3)	1.8
NUMBER OF CUSTOMER VISITS			
Pyaterochka	12.5	15.7	13.0
Perekrestok	1.9	2.9	0.7
Chizhik	5x	5x	5x
X5 Group ⁹	16.6	19.8	17.3

EXPANSION DYNAMICS

Selling space and number of stores by format

SELLING SPACE, SQUARE METRES (SQ. M)	AS AT 30-JUN-23	AS AT 31-DEC-22	CHANGE VS 31-DEC-22, % OR MULTIPLE	AS AT 30-JUN-22	CHANGE Y-O-Y, % OR MULTIPLE
Pyaterochka	7,899,872	7,497,056	5.4	7,271,291	8.6
Perekrestok	1,067,171	1,085,496	(1.7)	1,107,702	(3.7)
Chizhik	239,559	152,370	57.2	44,129	5x
Joint dark stores	10,258	8,087	26.8	5,358	91.5
X5 Group¹⁰	9,541,021	9,107,479	4.8	8,643,579	10.4
NUMBER OF STORES					
Pyaterochka	20,248	19,164	5.7	18,558	9.1
Perekrestok	956	971	(1.5)	985	(2.9)
Chizhik	809	517	56.5	153	5x
Joint dark stores	9	7	28.6	4	125.0
X5 Group¹⁰	22,682	21,323	6.4	19,782	14.7

Selling space and number of stores added by format

SELLING SPACE, SQUARE METRES	NET ADDED Q2 2023	NET ADDED Q2 2022	CHANGE Y-O-Y, % OR MULTIPLE	NET ADDED H1 2023	NET ADDED H1 2022	CHANGE Y-O-Y, % OR MULTIPLE
Pyaterochka	265,139	87,838	3x	402,816	222,803	80.8
Perekrestok	(860)	13,028	n/a	(18,326)	8,797	n/a
Chizhik	65,191	18,768	3x	87,189	23,802	4x
Joint dark stores	-	3,889	n/a	2,171	5,358	(59.5)
X5 Group¹⁰	337,976	115,164	193.5	433,541	233,822	85.4
NET NUMBER OF STORES						
Pyaterochka	699	238	3x	1,084	586	85.0
Perekrestok	-	3	n/a	(15)	(5)	n/a
Chizhik	218	64	3x	292	81	4x
Joint dark stores	-	3	n/a	2	4	(50.0)
X5 Group¹⁰	922	303	3x	1,359	661	2x

10. Including Vprok.ru dark stores, Mnogo Lososya dark kitchens, Krasny Yar and Slata stores. Including Karusel for Q2 2022 and H1 2022.

DIGITAL BUSINESS PERFORMANCE

VPROK.RU	Q2 2023	Q2 2022	CHANGE Y-O-Y, %	H1 2023	H1 2022	CHANGE Y-O-Y, %
GMV, ¹¹ RUB mln	6,257	6,269	(0.2)	12,781	14,033	(8.9)
Number of orders, ths	1,060	1,280	(17.2)	2,212	2,924	(24.3)
Average ticket, RUB	5,775	4,745	21.7	5,637	4,627	21.8
EXPRESS DELIVERY						
GMV, ¹¹ RUB mln	23,302	9,642	141.7	45,147	22,601	99.8
Number of orders, ths	15,018	5,357	180.4	28,448	12,611	125.6
Average ticket, RUB	1,526	1,776	(14.1)	1,559	1,748	(10.8)
5POST						
Number of parcels, ths	6,399	5,022	27.4	12,372	13,401	(7.7)
MNOGO LOSOSYA						
GMV, ¹² RUB mln	1,682	952	76.6	3,199	1,719	86.1
Number of orders, ths	455	358	27.2	881	705	25.5
Average ticket, RUB	2,063	1,748	18.0	2,085	1,759	18.5

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

12. GMV is the value of delivered orders at their final prices (incl. VAT), gross of promo codes and bonuses applied, and including delivery and cafe points in Perekrestok stores. Sales at cafe points (incl. VAT) totalled RUB 692 mln in Q2 2023 and RUB 273 mln in Q2 2022 and are accounted for in Perekrestok's revenue (excl. VAT).

KEY DRIVERS OF Q2 2023 RESULTS

External environment

- Food deflation in Q2 2023 totalled 0.3% year-on-year (vs 7.2% year-on-year inflation in Q1 2023). The slowing growth in food prices was driven by the high base effect from Q2 2022, high stocks from last year's harvest and favourable expectations for next year's harvest.
- In physical terms, the food market shifted to growth, driven by decelerating inflation and a good harvest, and demonstrating a 4.2% year-on-year increase for April-May 2023.
- Real wages increased by 5% on average from February to April 2023 due to rising nominal incomes and decelerating inflation. Nominal wages increased amid labour shortages and a record drop in unemployment to 3.2% at the end of May 2023.
- The Bank of Russia left the key rate unchanged at 7.5% in Q2 2023 but has signalled tightening on the back of an increase in inflationary factors.

Offline business development

- Pyaterochka's offline net sales demonstrated strong growth of 14.1% year-on-year, with LFL sales increasing by 8.5% in Q2 2023. LFL traffic increased by 7.2% year-on-year, while the LFL basket increased by 1.2% year-on-year, driven by decelerating food inflation and the high base effect from Q2 2022. Pyaterochka's network continued to expand, with 740 new stores added in Q2 2023 (on a gross basis).
- Perekrestok's offline net sales increased by 1.5% year-on-year in Q2 2023 with LFL sales growth of 4.6% in Q2 2023, driven by equal contributions from increased LFL traffic and basket growth.
- Chizhik's offline net sales increased fourfold year-on-year in Q2 2023. The network opened 218 new stores during the period and had a total of 809 stores in 27 regions as of 30 June 2023. We expect a further acceleration of openings in H2 2023.

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.
- In Q2 2023, 442 gross new-concept Pyaterochka stores were opened; in addition, 210 Pyaterochka stores were refurbished in line with the new concept. The total number of stores operating under the new concept reached 7,312, or 36.1% of the Pyaterochka store base, as of 30 June 2023.
- Four gross new-concept Perekrestok supermarkets were opened in Q2 2023; in addition, three Perekrestok supermarkets were refurbished in line with the new concept. As of 30 June 2023, 265 supermarkets, or 27.7% of the Perekrestok store base, were operating under the new concept.
- In Q2 2023, as part of the Company's ongoing rationalisation programme, X5 closed 41 proximity stores, four supermarkets and one dark kitchen.
- In Q2 2023, X5 opened two new distribution centres in Krasnodar (44 ths sq. m) and Volgograd (48 ths sq. m) to serve its Pyaterochka proximity format, and opened two new distribution centres in Kazan (19 ths sq. m) and Volgograd (8 ths sq. m) to support the regional expansion of its Chizhik hard discounter format.
- In April 2023, X5 Group acquired Tamerlan, which operates the Pokupochka and PokupALKO retail chains in Russia's Southern Federal District and Stavropol Territory.
- Pyaterochka continued its expansion in the Far Eastern Federal District, with 23 new stores opened in Q2 2023.

Loyalty programme

- At the end of Q2 2023, X5's loyalty programme had 72.5 million active customers, while the programme's sales penetration reached 76.2%. The average ticket of the 1.9 million loyalty programme customers who selected favourite product categories was 7% higher than that of other loyalty programme customers.
- In Q2 2023, X5's express delivery services, Mnogo Lososya and Food.ru were integrated into the X5 Club loyalty programme.

Digital business development

- In Q2 2023, X5's digital services had a total of 21.4 million MAUs, an increase of 33.4% year-on-year.
- The combined GMV of Vprok.ru and express delivery services in Q2 2023 reached RUB 29.6 billion, up 85.8% year-on-year, including VAT and gross of promo codes and bonuses, with express delivery GMV growing 141.7% year-on-year.
- Total digital business revenue (including Vprok.ru, express delivery, 5Post and Mnogo Lososya) grew 83.7% year-on-year in Q2 2023 and contributed 1.5 p.p. to the consolidated quarterly revenue growth rate of 19.1%. Vprok.ru and express delivery successfully fulfilled over 219 thousand orders on peak days in June.
- X5 continues the rapid expansion of express delivery services from Pyaterochka proximity stores and Perekrestok supermarkets. As of 30 June 2023, express delivery was available from 6,509 stores (5,744 Pyaterochka stores and 765 Perekrestok supermarkets) as well as 45 dark stores in 69 regions, up from 1,718 stores and 45 dark stores in 54 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 an omnichannel shopping experience.
- In Q2 2023, the total number of Vprok.ru orders decreased by 17% year-on-year and totalled 1.1 million.
- In Q2 2023, 5Post's e-commerce delivery service revenue increased by 54.3% year-on-year, driven by an increasing number of new partners. 5Post's financial performance significantly improved due to a growing share of the service's domestic partners and the introduction of advertising services for partners. 5Post fulfilled 6.4 million orders in Q2 2023, with over 24 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. Parcel lockers and pickup points in stores generate additional LFL traffic of up to 2%-3%.
- The Mnogo Lososya ready-to-eat digital service was operating 64 dark kitchens (including three franchisees) and 284 cafe points at Perekrestok supermarkets at the end of June. Mnogo Lososya's online net sales increased by 50% year-on-year in Q2 2023.

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 June 2023, X5 had 22,682 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 20,248 Pyaterochka proximity stores, 956 Perekrestok supermarkets, 809 Chizhik hard discounters and 596 Krasny Yar and Slatka stores. The Company operates 59 DCs and 4,604 Company-owned trucks across the Russian Federation.

X5 is one of the largest employers in Russia. The Company employs over 358 thousand people.

For the full year 2022, revenue totalled RUB 2,605,232 million (USD 38,005 million*), EBITDA pre-IFRS 16 reached RUB 186,788 million (USD 2,725 million*), and net profit pre-IFRS 16 for the period amounted to RUB 52,248 million (USD 762 million*). In Q1 2023, revenue totalled RUB 696,364 million (USD 9,569 million**), adjusted EBITDA pre-IFRS 16 reached RUB 40,236 million (USD 553 million**), and net profit pre-IFRS 16 amounted to RUB 12,172 million (USD 167 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: 72.7738 USD/RUB