



# Investor Presentation

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# X5 is a leading Russian food retailer

## 9M 2023 Highlights

#1 Russian food retailer by revenue

**13.2% market share<sup>1</sup>**

vs 9.5% in 2017

**23,466 stores**

in 72 Russian regions  
+16.0% y-o-y

**>364 ths**

employees

Loyal customer base

**74.7 mln**

active loyalty card users  
>60% of adult population

**24.8 mln**

MAUs of X5 digital services in Q3 2023  
+35.8% y-o-y

**>19 mln**

average daily purchases

New and digital businesses

**+69.4% y-o-y**

digital businesses' sales growth to **RUB 81.8 bln**

**>186 ths**

average number of daily online orders

**>3,000**

hard discounters in the next three years

Strong financials

**19.2%**

revenue growth y-o-y

**7.1%**

EBITDA margin (pre-IFRS 16)

**+4.2 p.p.**

adj. ROIC<sup>2</sup> growth y-o-y

1. FY 2022 numbers

2. ROIC = NOPAT / average (equity + net debt, including short-term financial investment), adjusted for impact from Karusel transformation, tax on investments and tax accrual related to X5's reorganisation in previous periods

# X5 businesses

**X5Клуб**  
Loyalty programme

**Перекрёсток**  
955 Supermarkets

**Пятёрочка**  
20,761 Proximity stores

**Слата**  
**Красный Яр**  
601 Stores

**Много лосося**  
66 Dark kitchens (incl. 3 franchisees)

**Express delivery**  
7,779 Stores  
44 Dark stores

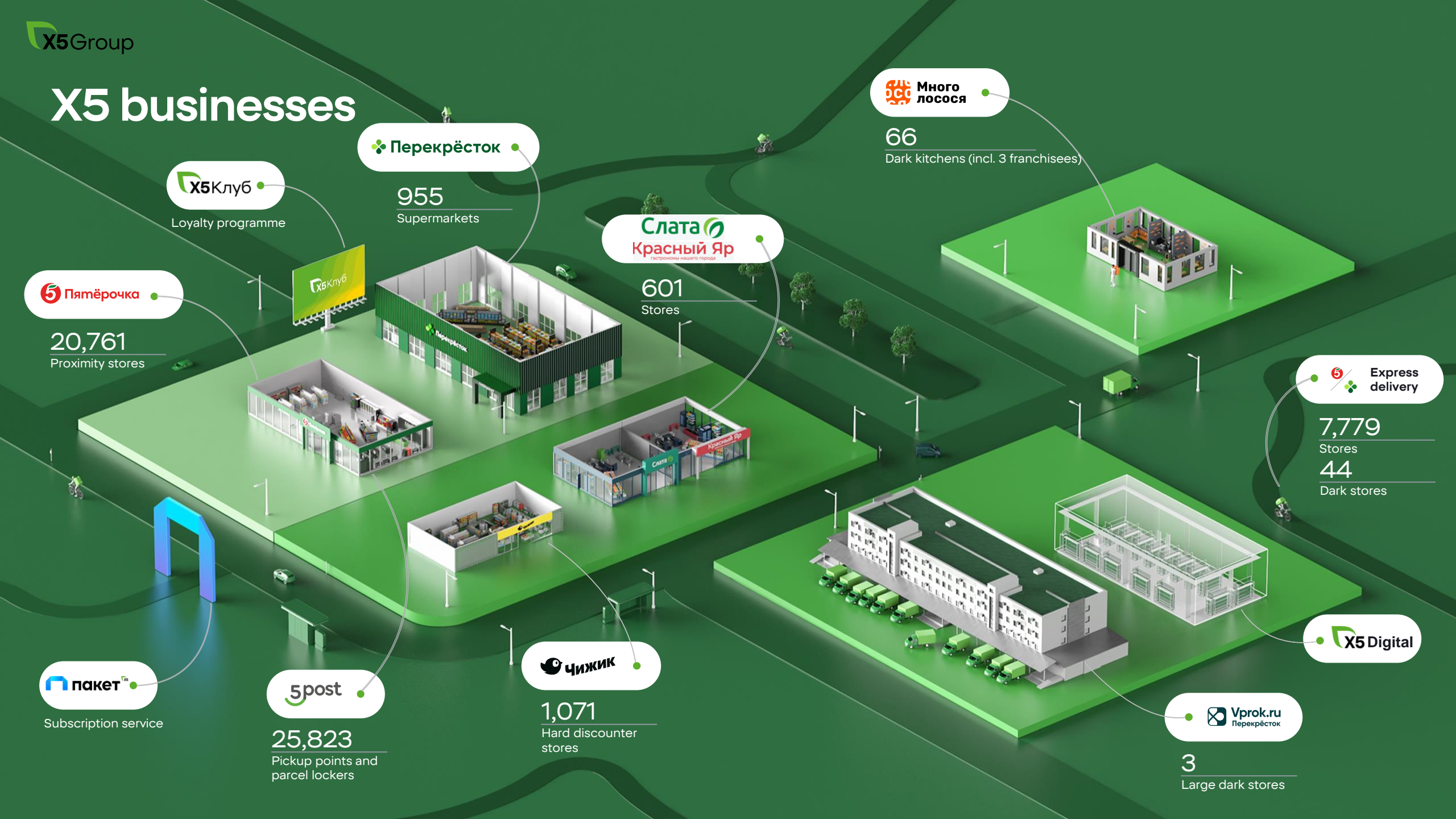
**пакет**  
Subscription service

**5post**  
25,823 Pickup points and parcel lockers

**ЧИЖИК**  
1,071 Hard discounter stores

**X5 Digital**

**Vprok.ru**  
Перекрёсток  
3 Large dark stores



# Pyaterochka 5

Proximity stores



**20,761**

Stores

**>4 THS**

SKUs

**392 SQM**

Average selling space

# Perekrestok

Supermarkets

13%

Share of revenue  
(9M 2023)



955

Stores

8-15 THS

SKUs

1,117 SQM

Average selling space

# Chizhik

Hard discounter stores

3%

Share of revenue  
(9M 2023)



1 071

Stores

750–800

SKUs

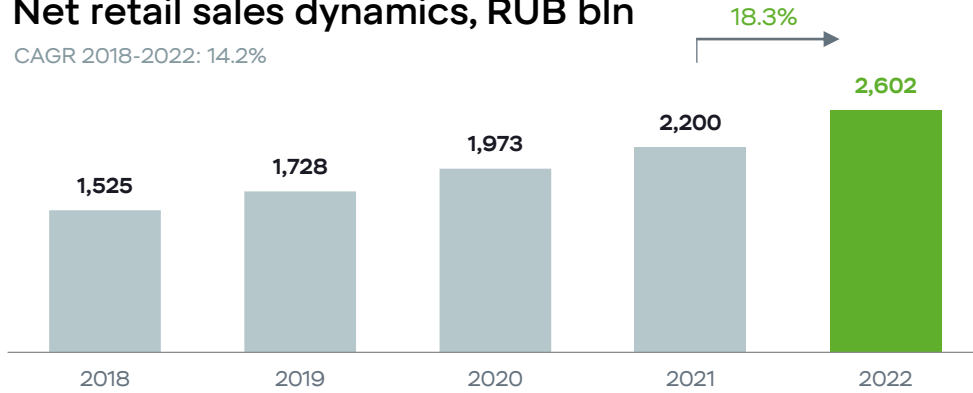
296 SQM

Average selling space

# Track record of strong operational performance...

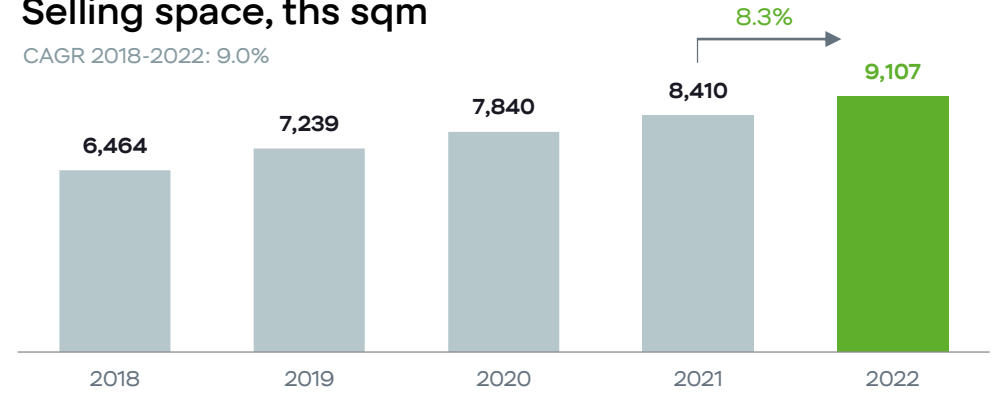
Net retail sales dynamics, RUB bln

CAGR 2018-2022: 14.2%

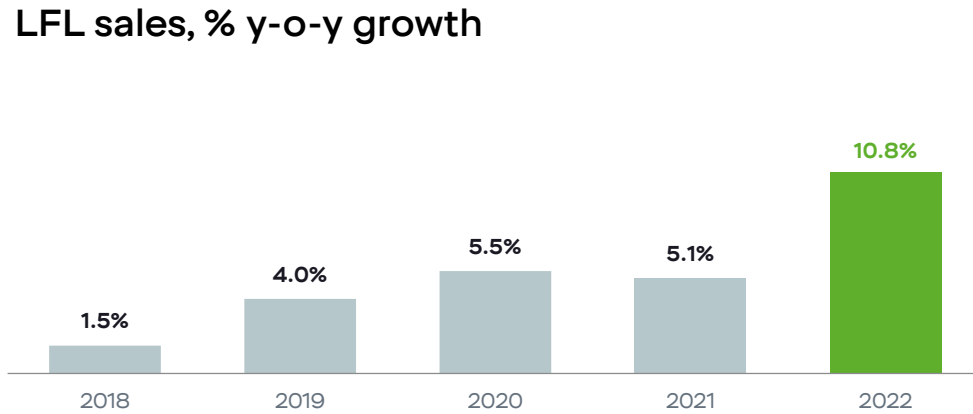


Selling space, ths sqm

CAGR 2018-2022: 9.0%

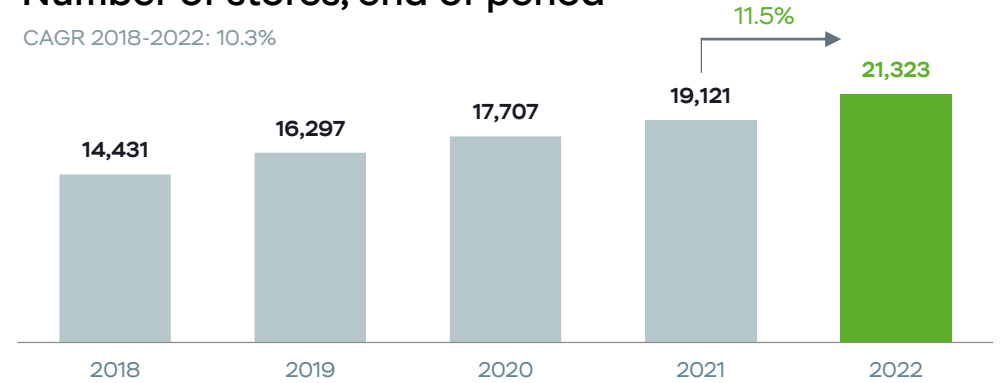


LFL sales, % y-o-y growth



Number of stores, end of period

CAGR 2018-2022: 10.3%

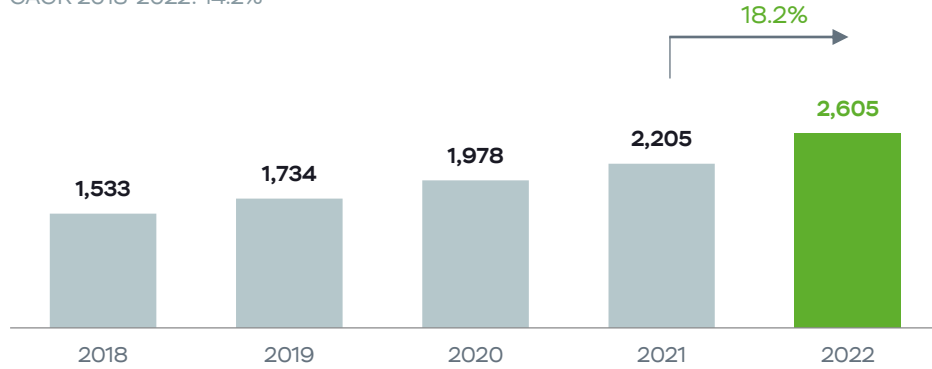




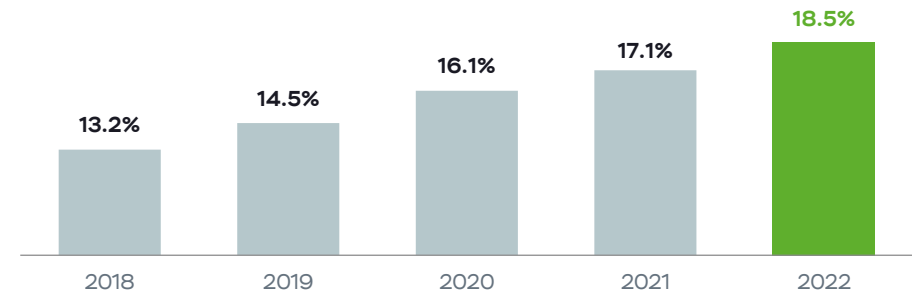
# ...supported by robust profitability

## Revenue CAGR exceeding 14% in 2018-22

CAGR 2018-2022: 14.2%

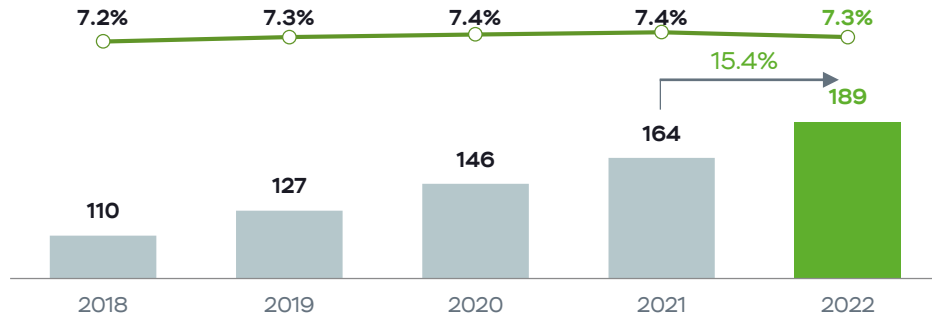


## Adj. ROIC<sup>2</sup> has increased by 5 p.p. since 2018

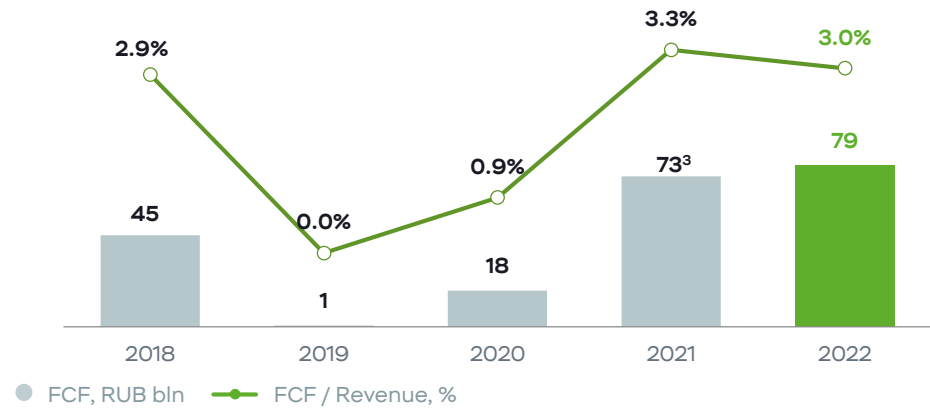


## Adj. EBITDA margin<sup>1</sup> consistently above 7%

CAGR 2018-2022: 13.4%



## FCF at record high level



● Adj. EBITDA,<sup>1</sup> RUB bln    ● Adj. EBITDA margin, %

● FCF, RUB bln    ● FCF / Revenue, %

Source: X5 data

- Adjusted for LTI, exit share-based payments and other one-off remuneration payments
- ROIC = NOPAT / average (equity + net debt, including short-term financial investment), adjusted for impact from Karusel transformation, tax on investments and tax accrual related to X5's reorganisation in previous periods
- Adjusted for short-term financial investments

# X5 uses its core strengths to create upside potential...

## Our strengths



### Strong brands

X5 brands were among the top Russian brands\* in 2021, with Pyaterochka in 1<sup>st</sup> place



### Strong presence in growing market segments

X5 is the leader in the format that has seen the most growth – convenience (43% of the market in 2021) – and is entering the fastest-growing format – hard discounters (32% y-o-y growth)



### Strong team

Experienced managers and entrepreneurs



### Diverse and reliable supply base

- X5 successfully partners with the largest FMCG and grocery suppliers, relying upon a growing base of local suppliers including producers of private labels
- As the largest food retailer in Russia, X5 has the best possible purchasing terms with suppliers



### Operational efficiency

Continuously strengthening operational efficiency and maintaining EBITDA at the level of 7%+ combined with aggressive geographical expansion

## Upside potential



Driving LFL sales growth above food CPI level



Accelerated expansion in the fast-growing hard discounter segment



Adapting Pyaterochka's CVP to customer needs, to increase the proposition to the low-mid-income segment



Organisational model development to achieve more speed and greater flexibility



Growing efficiency of operating and capital expenses



Positive unit economics for digital businesses

Sustaining market leadership and strong financial performance

# ...and is committed to key strategic objectives

## 1 Leadership in the food market

- Focus on the largest and fastest-growing market segments: convenience and hard discounters
- Further improving the CVP to reflect changes in the market environment and customer trends by leveraging operational and capex efficiency
- Increasing sales density, growing LFL sales above CPI
- Expanding both organic and non-organic market share growth, incl. regional M&A opportunities

## 2 Digitalisation

- Focus on express delivery from stores and dark stores, the largest and fastest-growing segment of e-grocery
- Achieving positive unit economics of express delivery
- Digitalisation projects to improve operational efficiency in stores, logistics operations and the back office

## 3 Focus on efficiency

- Ensuring sourcing leverage and scalability of infrastructure
- Driving operational efficiency and synergies across all business units
- Increasing efficiency of capital investments and working capital optimisation

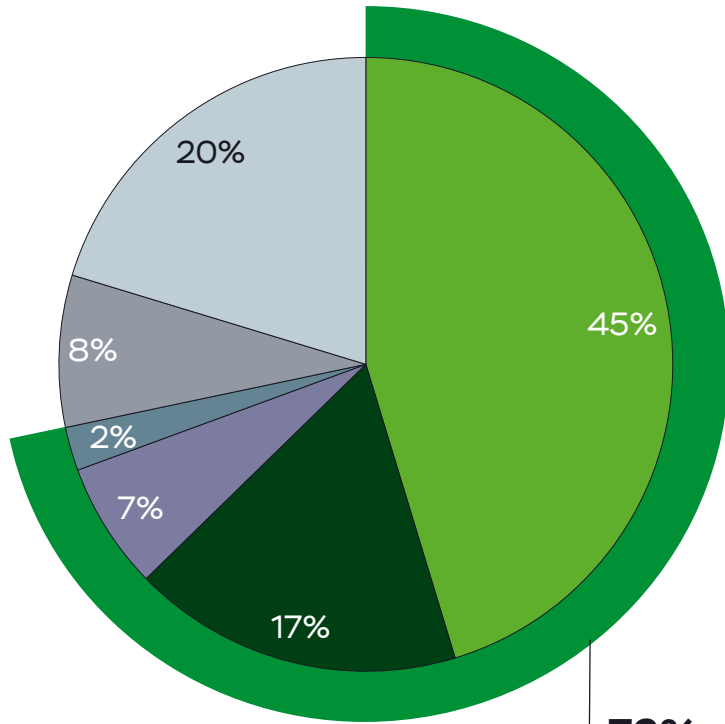
## 4 Care for the community

- Providing reliable food supply
- ESG targets are integrated into X5's business processes
- Regular ESG reporting under GRI standards

# 1 Focus on the fastest-growing market segment

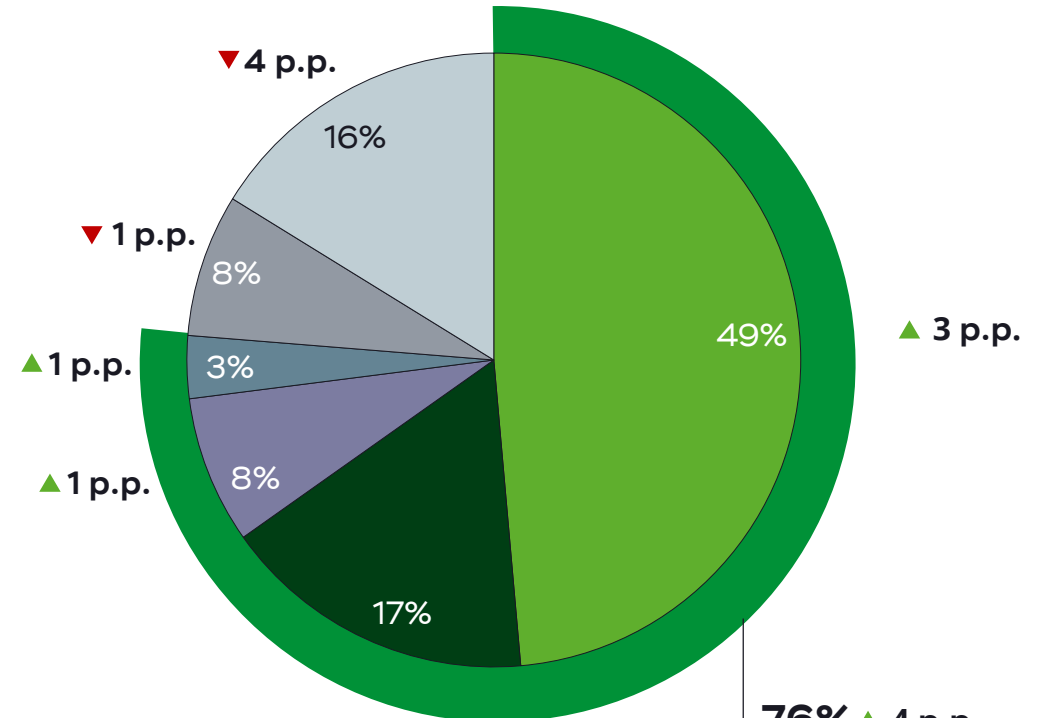
Diverse grocery business with growth potential across convenience, hard discounter and online segments

2022



**72%**  
share of grocery market  
addressable by X5

2023E

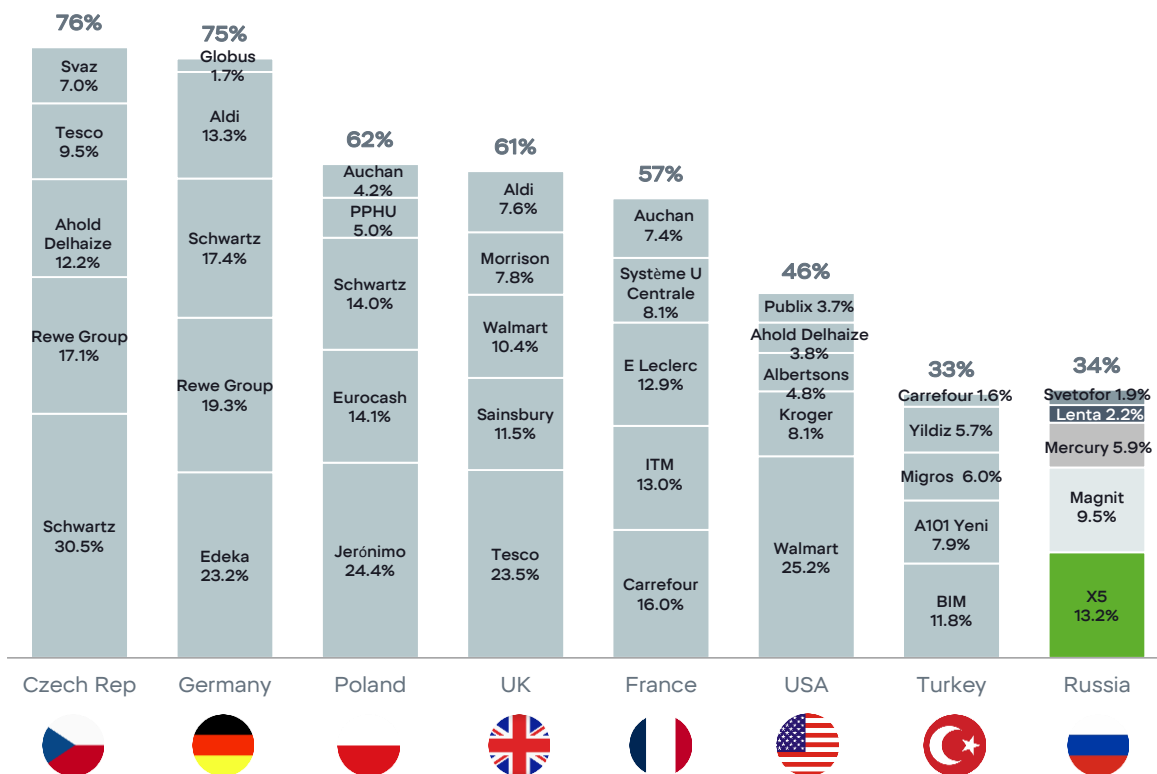


**76% ▲ 4 p.p.**  
share of grocery market  
addressable by X5

- Convenience
  - Supermarkets
  - Other (Hard Discounters, variety and other.)
  - Online (without aggregators)
  - Hypermarkets
  - Traditional trade
- ▲ x p.p. - y-o-y growth

# 1 Market consolidation is the key source of growth for the top players

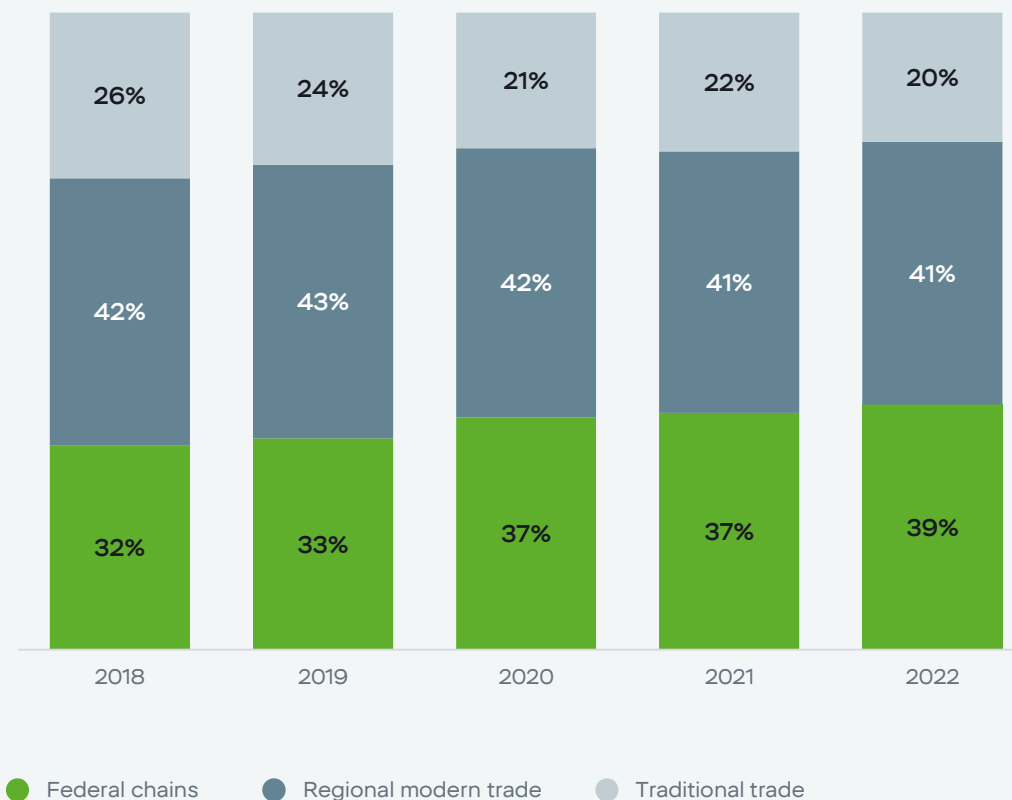
Potential for growth in the market shares of top-5 players\*



Source: Euromonitor, Infoline (for Russian market only), Company reports, X5 analysis

\* 2022 data for Russia, 2021 data for other countries

Continued shift to modern trade and the growing role of nationwide players

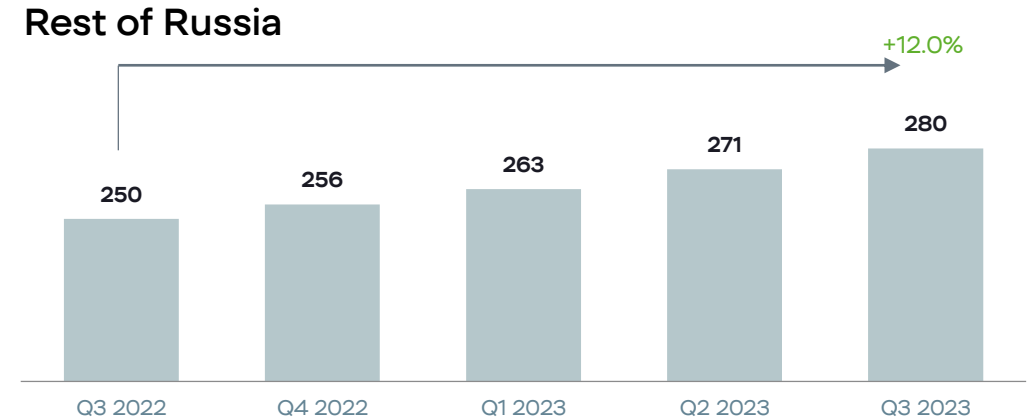
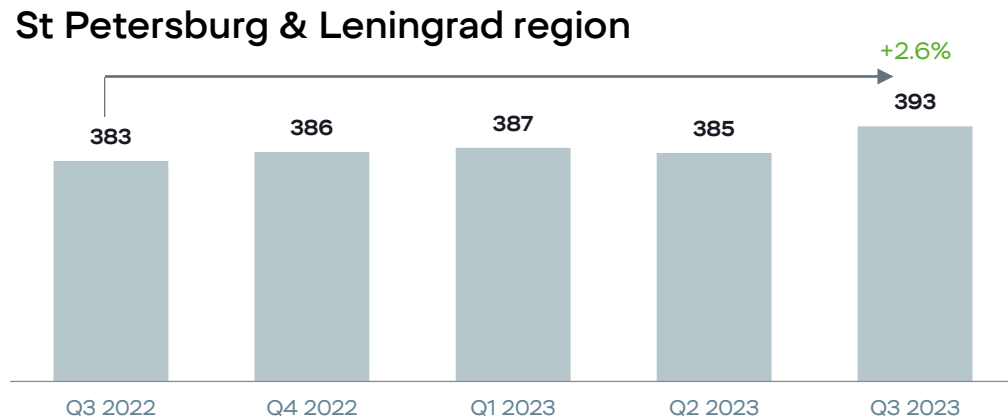
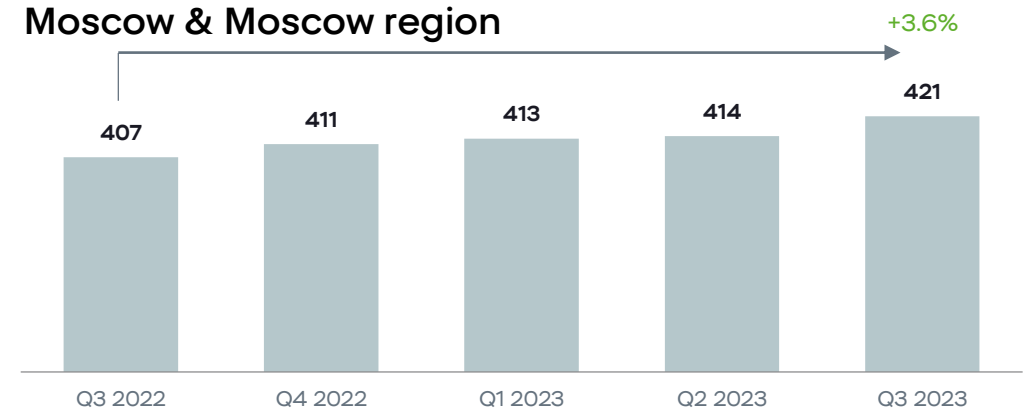
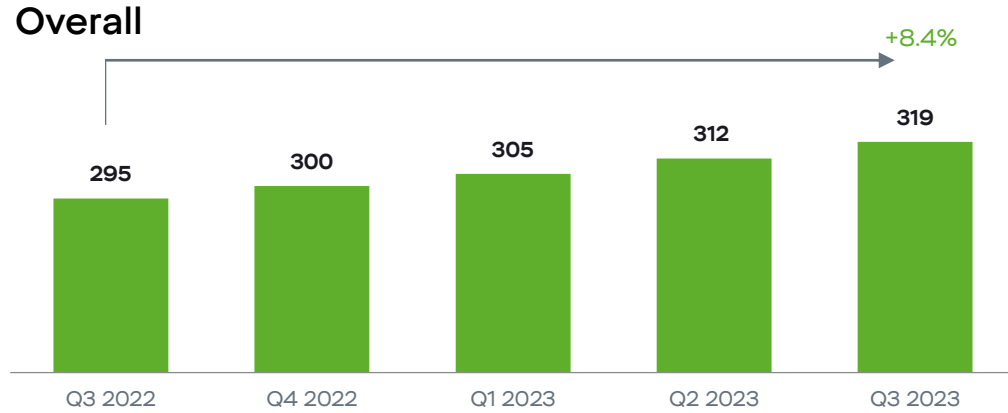


Source: Infoline

# 1 Growth and profitability supported by improving sales density

Maintain sales density leadership in proximity segment in key geographies (Moscow and St Petersburg)

Unit: '000 RUB/sqm (annualised)

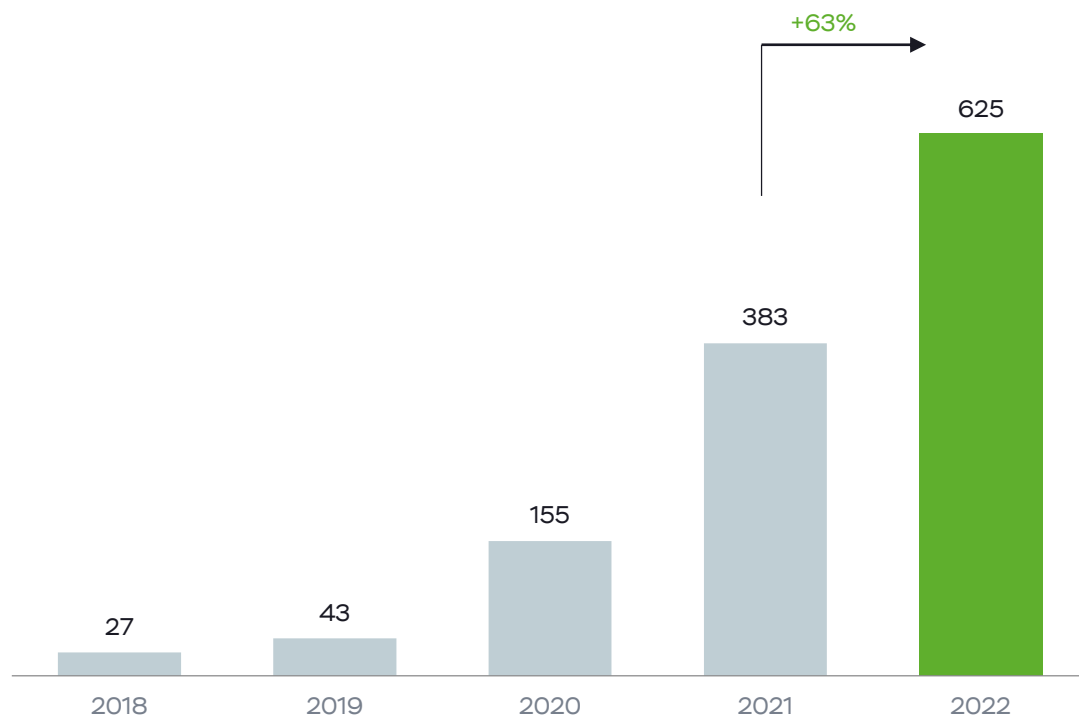


Source: X5 data

## 2 X5 is among the leaders in e-grocery

### Fastest-growing food retail segment

RUB bln



Source: Infoline

- X5 Digital oversees express delivery technology platform, small dark-store of express delivery and large dark-store infrastructure under Vprok.ru brand
- Offering a range of e-grocery services: express delivery, click&collect and scheduled delivery
- Launched in 2020, express delivery service is available from 6,509 stores in 69 regions
- Successful pilot of multi-format dark stores (Pyaterochka and Perekrestok)
- Continuous improvement in unit economics on the back of scale and operational efficiency
- Partnered with SberMarket, Delivery Club and Yandex Eats in 2022 to expand its online delivery offering
- Delivered over 219 thousand on peak days in June 2023
- X5 digital services reached 21.4 million MAUs in Q2 2023

# 3 Focus on efficiency

## Key EBITDA drivers

### Private labels and direct import share growth

Delivering assortment differentiation and gross margin improvement through private label and direct import development

### Regional growth contribution

EBITDA margin in new regions increase through DC and other costs utilisation

### Driving commercial function efficiency

Automation of category management, personalised promo, pricing and customer value management using big data capabilities; using cross-format synergies in the commercial function

### Operating costs optimisation

Leveraging the scale of the business, cross-format synergies and driving efficiency initiatives to deliver lean and efficient retail operations

### Improving personnel efficiency

Driving productivity growth via process simplification and automation

## Capex drivers

### Continue ambitious space expansion

Focus on Pyaterochka proximity format and aggressive Chizhik rollout with 3,000+ stores in the next 3 years

### Smart refurbishments

Extended store life cycle in terms of equipment renewal and repairs

### Driving business efficiency

Key process digitalisation with high investment returns (IRR >100%)

### Logistics development

Renewal of the truck park and opening of new DCs in line with expansion plans; increasing transport utilisation

### New businesses

supporting and strengthening the core X5 formats



# 4 Sustainable development is X5's strategic priority – 2022 progress against strategic goals



## Planet

**-13.7%**

GHG emissions (Scope 1 + Scope 2) per sqm of selling space  
2022 vs 2019  
2023 goal: -10%

**68%**

of private labels in sustainable packaging<sup>1</sup>  
2023 goal: >50%

**93%**

of recyclable waste from X5 operations was sent for recycling  
2023 goal: up to 95%

**18%**

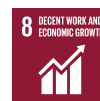
of non-expired food waste was sent for reprocessing<sup>2</sup>  
2023 goal: up to 20%



## Health

**46%**

Share of FRESH and F&V products  
2023 goal: up to 50%



## Employees

**82.5%<sup>2</sup>**

Employee engagement  
2023 goal: >75%

**Platinum employer**

in Forbes Best Employers ranking  
2023 goal: Become the #1 employer in the Russian food retailers ranking



## Communities

**100%**

of Pyaterochka stores engage in the Help for Lost People programme  
2023 goal: 100%

**170%**

Families received food aid as part of the Basket of Kindness project vs 2019  
2023 goal: Grow the number of families receiving food aid through the Basket of Kindness social project by 100% annually

**71%**

Share of SMEs among X5 suppliers  
2023 goal: Develop partnership programmes with small and medium sized businesses, farmers, and local producers

<sup>1</sup> Measured using data uploaded to the Supplier Portal. Sustainable packaging is the recommended packaging, which is recyclable or made of recycled feedstock, among other materials.

<sup>2</sup> Result for 2021. The company did not conduct employee engagement survey in 2022..

# 5 X5 updated its strategic ESG goals to 2025



## Planet

**-15%**

**2025 goal:**

Reduce GHG emissions (Scope 1 and 2) intensity per sqm of selling space by 15% compared with 2019 through improved energy efficiency

**5%**

**2025 goal:**

Increase the share of renewable and low carbon energy used in X5 operations to 5%

**60%**

**2025 goal:**

of private-label packaging made sustainable



## Health



**2025 goal:**

Increase sales of healthy lifestyle products



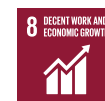
**2025 goal:**

Develop principles and practices to monitor that suppliers source goods responsibly



**2025 goal:**

Increase the number of regions covered by Pyaterochka's healthy lifestyle lessons for school students



## Employees

**80%**

**2025 goal:**

Maintain an employee engagement rate of at least 80% as the business grows



**2025 goal:**

Enhance the recognition and appeal of X5 Group's employer brand and the employer brands of Company asset



## Communities

**10%**

**2025 goal:**

Grow the number of beneficiaries of food aid programmes by 10% annually



**2025 goal:**

Roll out the Safety Zone programme to all Pyaterochka and Perekrestok stores



**2025 goal:**

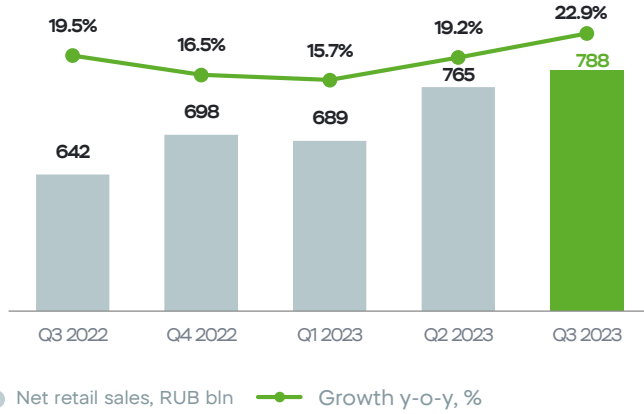
Expand community care programmes; in particular, develop the Local Community Centres programme at Pyaterochka

# Q3 2023 Results

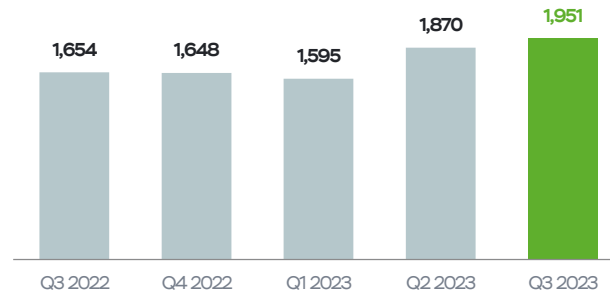


# Double-digit top-line growth supported by strong LFL sales dynamics...

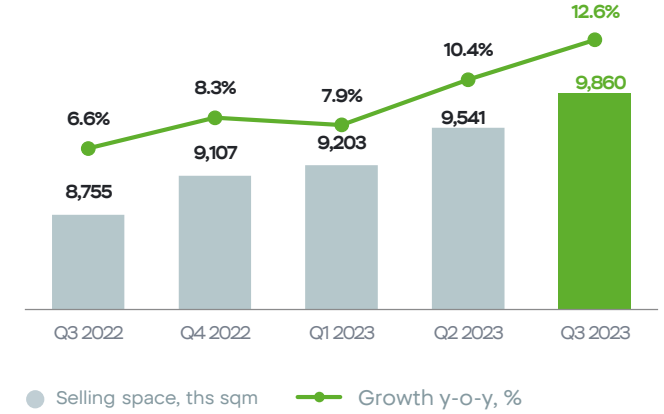
Net retail sales<sup>1</sup>



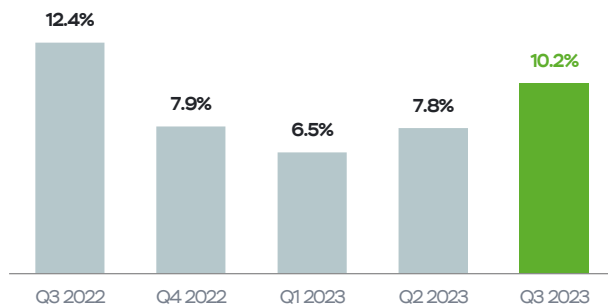
Traffic, mln customers



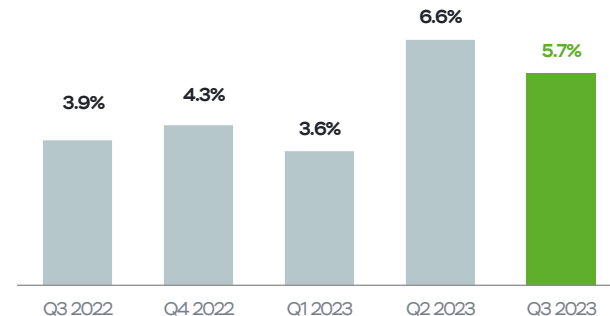
Net selling space (eop)



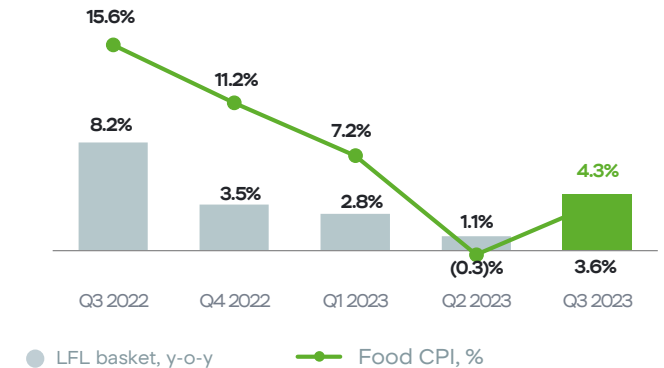
LFL sales, y-o-y



LFL traffic, y-o-y



LFL basket, y-o-y



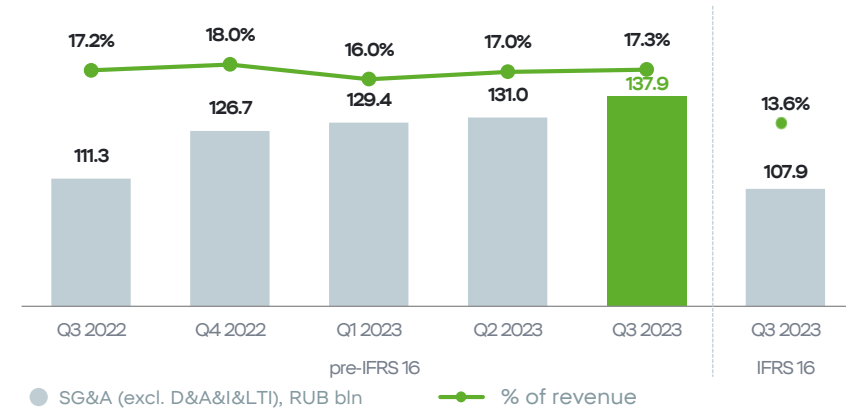
<sup>1</sup> Excluding Vprok.ru Perekrestok

# ...combined with stable profitability

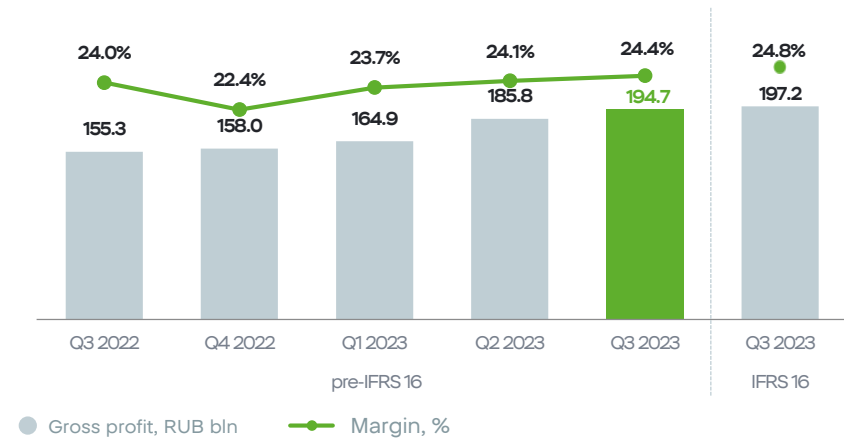
### Revenue



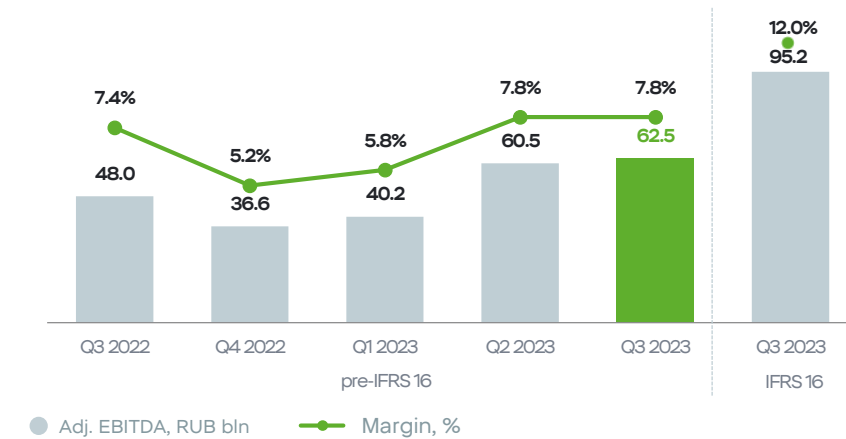
### SG&A (excl. D&A&I&LTI)<sup>1</sup>



### Gross profit & gross margin



### Adj. EBITDA & EBITDA margin<sup>2</sup>

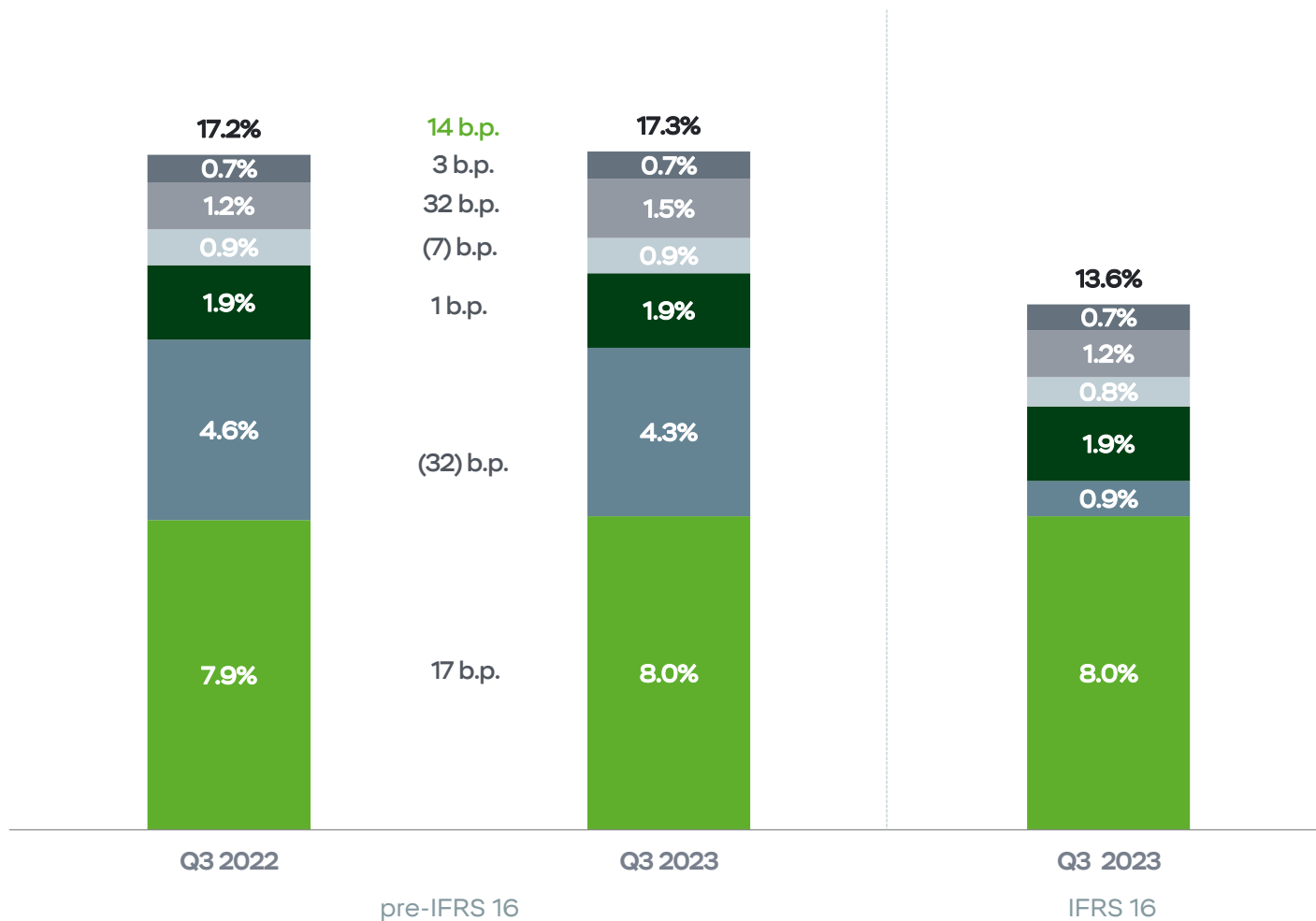


1. Adjusted for impact from Karusel transformation

2. Adjusted for LTI, exit payments and share-based payments, other one-off remuneration payments and impact from Karusel transformation

# Q3 2023: Adjusted SG&A<sup>1</sup> expense analysis

Q3 2023 analysis  
as a percentage of revenue



## Key Q3 2023 highlights

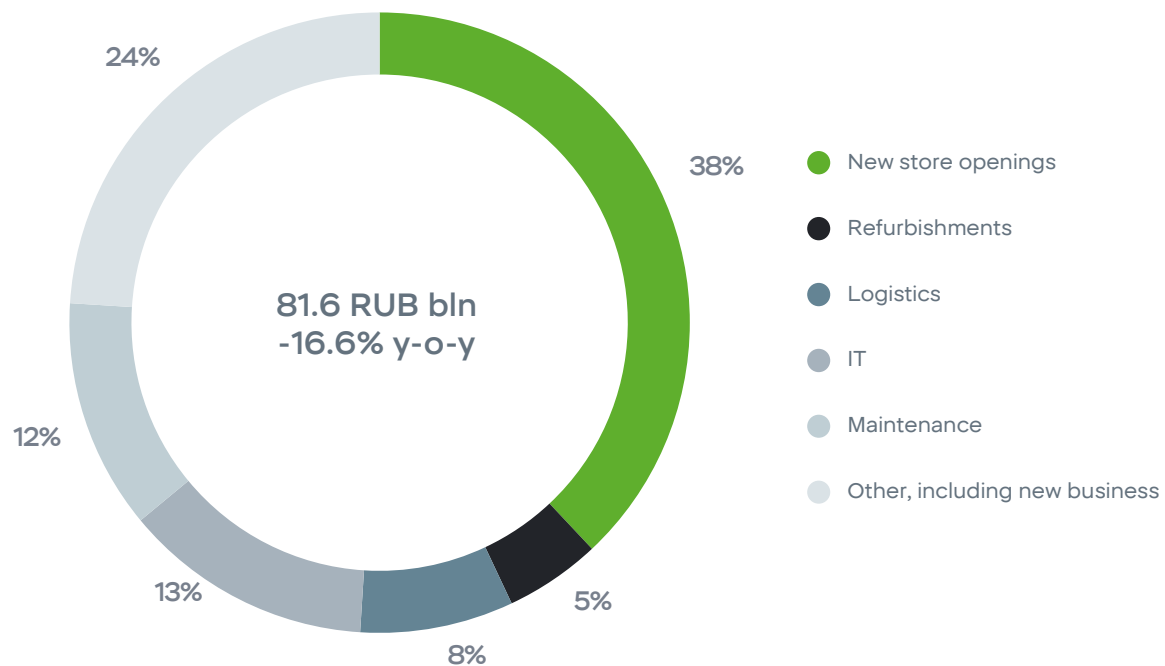
- ▲ **Staff costs (excluding LTI and share-based payments):** a negative operating leverage effect as well as the hiring of additional store personnel at Perekrestok on the back of the new CVP.
- ▼ **Lease expenses:** a positive operating leverage effect for fixed lease rates partially compensated by a higher number of revenue-linked leases.
- ▼ **Other store costs:** the optimisation of store security operations.
- ▲ **Third-party service expenses:** the normalisation of marketing expenses vs Q3 2022.
- ▲ **Other expenses:** a growing share of courier service costs and aggregator commissions for express delivery, also includes higher reverse franchising agency fees

- Staff costs
- Lease expenses
- Utilities
- Other store costs
- Other expenses
- Third-party services

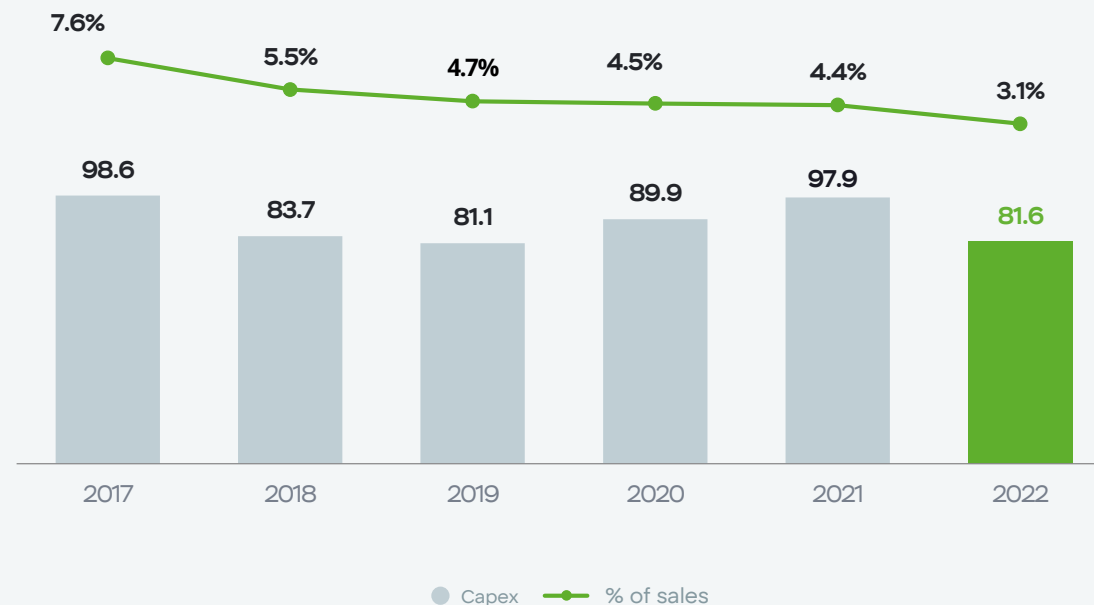
<sup>1</sup> Adjusted for D&A&I, LTI, exit share-based payments and impact from Karusel transformation

# X5 capital expenditures

Capex breakdown, 2022



Capex dynamics by year, RUB bln



Prioritising projects with highest return, consistent delivery of capex (as % of revenue) reduction

# X5 debt structure

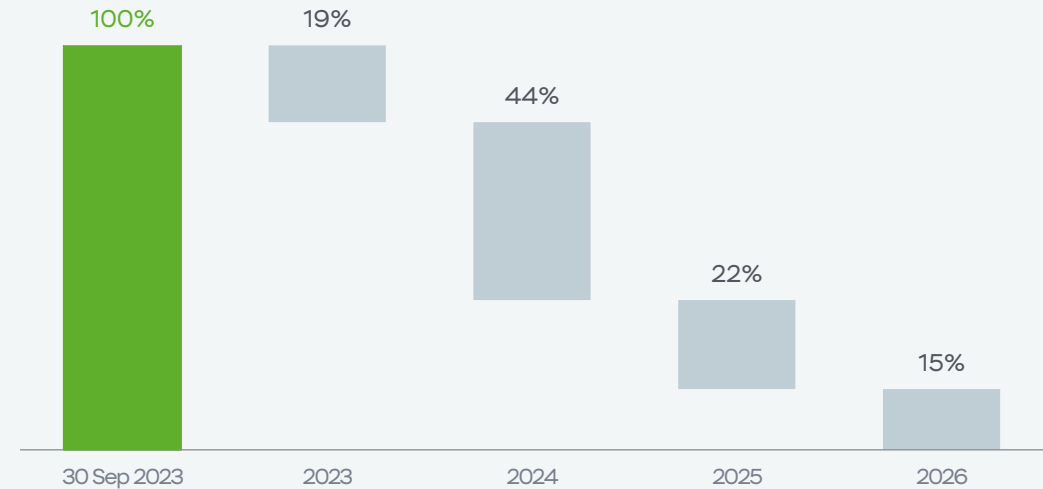
## Debt profile

RUB mln	30 Sep 2023	30 Sep 2022
<b>Total debt</b>	<b>219,003</b>	<b>208,945</b>
Short-term debt	119,987	70,497
% of total debt	54.8%	33.7%
Long-term debt	99,016	138,448
% of total debt	45.2%	66.3%
<b>Net debt (pre-IFRS 16)</b>	<b>164,584</b>	<b>169,246</b>

## Covenants & liquidity update

Covenant metrics & liquidity sources	30 Sep 2023	30 Sep 2022
Net debt / EBITDA (pre-IFRS 16)	0.83x	0.89x
Cash & cash equiv., RUB mln	54,419	39,699
Available credit limits, RUB mln	494,816	469,884

## Debt portfolio maturity



## Highlights

- X5’s debt portfolio is 100% RUB-denominated
- 73% of X5’s borrowings have fixed interest rates
- X5’s available credit limits amounted to RUB 495 bln



# Appendix



# Pyaterochka – key format highlights (Q3 2023)

## Key results

**20,761** stores

+10.1% y-o-y

**640** RUB bln

Net retail sales +18.7% y-o-y

**8.0%**

H1 2023 EBITDA margin (pre-IFRS 16)

## Operating highlights

**+10.4%**

LFL sales

**+6.1%**

LFL traffic

**+4.1%**

LFL ticket

**1,669** mln

customer visits  
+13.9% y-o-y

**440** RUB

average ticket +4.2% y-o-y

**-7 b.p.**

reduction in shrinkage in 2022

**+18.5%**

labour productivity growth in 2022

## CVP

**4,500**

SKUs

**392** sqm

average selling space

**59%**

loyalty card  
penetration in traffic

**77%**

Loyalty card  
penetration in sales

**24%**

private label share

**+3.7** points

increase in NPS y-o-y

# Perekrestok – key format highlights (Q3 2023)

## Key results

**955** stores

-1.6% y-o-y

**97** RUB bln

Net retail sales +9.1% y-o-y

**6.7%**

H1 2023 EBITDA margin (pre-IFRS 16)

## Operating highlights

**+9.5%**

LFL sales

**+2.2%**

LFL traffic

**+7.2%**

LFL ticket

**168** mln

customer visits  
+1.7% y-o-y

**662** RUB

average ticket +7.7% y-o-y

**+10.9%**

labour productivity growth in 2022

## CVP

**8-15** ths

SKUs

**1,117** sqm

average selling space

**66%**

loyalty card  
penetration in traffic

**81%**

loyalty card  
penetration in sales

**18%**

private label share

**-2.7** points

increase in NPS y-o-y

# Chizhik – key format highlights

**250–300** sqm

of store selling space

**8–10** RUB mln

net capex per store (excl. VAT)

**750–800** SKU

in the assortment

**EDLP**

price strategy

**7**

employees per store

**75%**

target share of private label assortment

## Q3 2023 results

**1,071**

**3x**

Stores

**31** RUB bln

**3x**

Net retail sales

**555** RUB

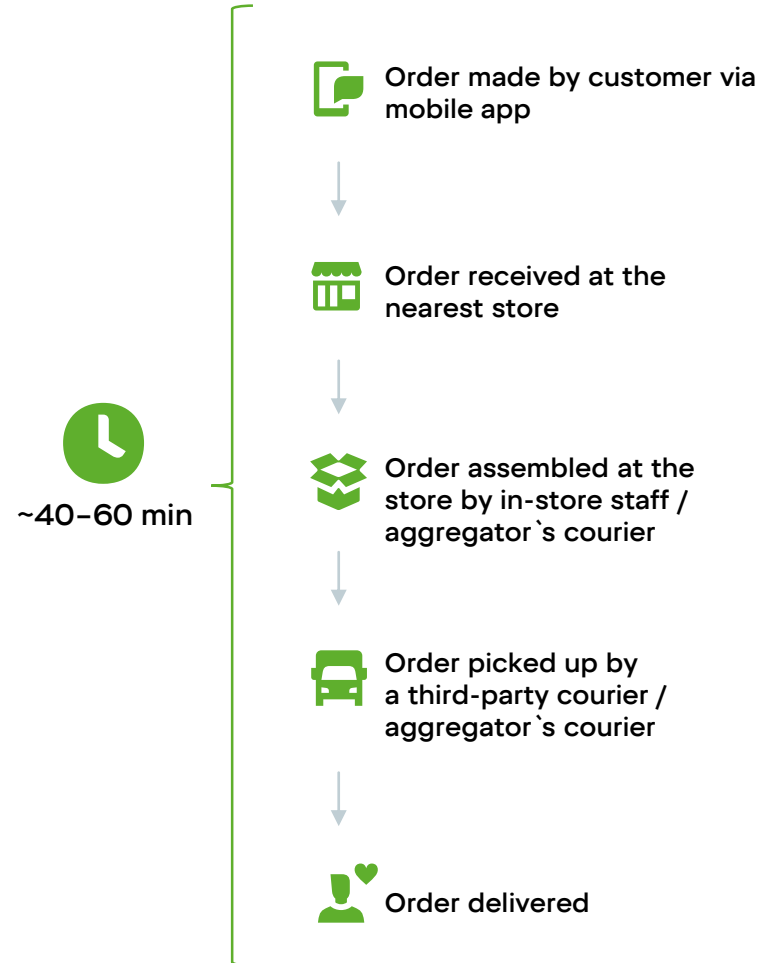
Average ticket

**471** RUB / sqm

Sales density

# Express delivery

## Business model overview



## Key operating metrics Q3 2023

<b>GMV</b>	<b>RUB 25.9 bln</b>
Orders per day	202.2 ths
<b>Average ticket</b>	<b>RUB 1,368</b>
Stores	7,828
<b>Click to delivery</b>	<b>50-60 min</b>
SKUs per order	12-14
<b>Store assortment</b>	<b>&gt;5,000 SKUs</b>
<b>Delivery charge</b>	RUB 99 fixed (partially subsidised by X5) Free of charge for orders above RUB 1,700 in all regions except for Moscow and St Petersburg
<b>Delivery aggregators</b>	<b>SberMarket , Delivery Club and Yandex Eats</b>
Regions of operations	69



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