

X5 Group 2023 net sales increase **20.6%** Digital business net sales up **75.7%**

FY 2023 (PRELIMINARY) HIGHLIGHTS

+20.6% y-o-y



Total net sales was driven by a **9.6%** y-o-y increase in like-for-like (LFL¹) sales and selling space expansion

+3,149 new stores



X5 net new stores in 2023
Including **2,144** proximity stores, **1** supermarket, **983** hard discounters, **16** dark kitchens, **15** Krasny Yar and Slata stores, and **2** joint dark stores.
12 Karusel hypermarkets (net) were closed.

3x y-o-y



Chizhik net sales totalled RUB **118.4** billion in 2023

Chizhik opened **983** stores in 2023

+17.3% y-o-y



Net retail sales for Pyaterochka² totalled RUB **2.5** trillion

+8.7% y-o-y



Net retail sales for Perekrestok totalled RUB **418.9** billion

+75.7% y-o-y



Digital business net sales³ totalled RUB **123.6** billion

3.9% of total net sales

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

Q4 2023 (PRELIMINARY) HIGHLIGHTS

+24.7% y-o-y



Total net sales was driven by a **13.2%** y-o-y increase in like-for-like (LFL¹) sales and selling space expansion

+1,006 new stores



X5 net new stores in Q4 2023
Including **547** proximity stores, **17** supermarkets, **429** hard discounters, **4** dark kitchens, and **9** Krasny Yar and Slata stores

3x y-o-y



Chizhik net sales totalled RUB **41.7** billion in Q4 2023

Chizhik opened **429** stores in Q4 2023

+22.3% y-o-y



Net retail sales for Pyaterochka² totalled RUB **685.6** billion

+14.7% y-o-y



Net retail sales for Perekrestok totalled RUB **119.8** billion

+89.4% y-o-y



Digital business net sales³ totalled RUB **41.8** billion

4.8% of total net sales

+2.1 p.p. of the consolidated revenue growth rate

Amsterdam

24 January 2024

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 fourth quarter (Q4) and full year (FY) ended 31 December 2023⁴.

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. Including Pokupochka, Pokupalko, Victoria, Kvartal, Deshevo, CASH.

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.



Igor Shekhterman
X5 Chief Executive Officer

In 2023, X5 Group continued to demonstrate strong results in line with our key focus areas for the year. During this period we actively expanded our proximity store, hard discounter and online formats, began to grow our footprint in the Russian Far East, and strengthened X5's market presence through strategic acquisitions on local retail markets. We also completed the transformation of our Karusel hypermarket chain and closed the last Karusel-branded store to focus on our main three retail formats that best respond to changing customer needs.

Our Pyaterochka proximity store network continued its expansion, with 2,144 net new stores added in 2023. Net retail sales for Pyaterochka grew by 17.3% year-on-year in 2023. In March 2023, Pyaterochka launched its first stores in the Russian Far East. This made X5 the first nationwide food retailer to establish a presence in this territory and created more opportunities for local customers to access high-quality products at low prices.

Pyaterochka further strengthened its presence in this region with the acquisition of stores operated by the Amba retail chain in Q4 2023. Also in the fall of 2023, X5 acquired long leases of more than 100 stores of the Grozd retail chain in Southwestern Russia, which are planned to be integrated into the Pyaterochka network.

During this period, we continued to revamp our Perekrestok supermarket format to increase efficiency and boost like-for-like sales. In Q4 2023, like-for-like sales at Perekrestok stores increased by 14.4% year-on-year and by 8.8% year-on-year for the full year 2023. X5 plans to continue the transformation of its supermarket format with efficiency and customer convenience in mind.

X5's hard discounter format, Chizhik, continued to grow amid widespread consumer demand for high-quality and reasonably priced foods. In 2023, Chizhik opened 983 new stores and reached a total count of 1,500 stores throughout the country. In October 2023 the format opened its first stores in Siberia, with plans to actively expand its presence in the region. Meanwhile, Chizhik's net retail sales saw a three-fold increase year-on-year in 2023. Our hard discounter format has proven popular with customers thanks to its tailored selection of quality and affordable products, and the development of the Chizhik chain remains a top priority for X5.

In 2023, we encountered a significant shortage of operating personnel on the market and, as a result, a significant increase in labour costs. The negative impact of this factor on profitability was partially offset by projects to improve efficiency. Our key initiatives in this regard included increasing automation in stores and logistics, the introduction of day and night non-contact picking, and the resulting reduction in average headcount per store. These measures increased labour productivity by almost 10%. We do not expect a significant improvement in the labour market in 2024 and plan to continue our initiatives to improve the efficiency of X5's

business processes (automation in stores and logistics, scaling up contactless pickup, increasing the number of self-service checkouts and more). As a result of these initiatives, we expect further growth in labour productivity in 2024.

In 2023, we continued to expand into existing and new regions of presence through strategic M&As. In April, X5 acquired Tamerlan, the operator of several discounter chains and a supermarket chain in Southern Russia. And in August, X5 acquired the retail operator Victoria Baltia, which has enabled X5 to gain a foothold in the highly promising Kaliningrad Region. In parallel with organic growth, X5 will continue to pursue opportunities for business expansion through M&A as well as strategic partnerships on the domestic market.

Our online businesses continued to develop, with digital business net sales increasing by 75.7% year-on-year in 2023. A particular focus during this period was on expanding delivery services from X5's retail formats in order to provide our customers with an omnichannel shopping experience. At the same time, the continuing high level of competition and current pressure on profitability in this segment has not yet allowed us to effectively translate revenue growth into an improved financial result. Among other highlights, in 2023 X5's online delivery logistics service, 5Post, entered Siberia and surpassed the milestone of 20,000 pickup points across Russia. This move has enabled 5Post to approach 100% coverage of its targeted geographical footprint while making online deliveries for customers in Siberia easier, faster, and closer to home.

Another significant achievement during this period was the integration of nearly all X5 businesses into the updated X5 Club loyalty programme. Now, customers of most X5 businesses can conveniently accumulate and spend bonus points in a single unified system: these include express delivery services from Pyaterochka and Perekrestok, X5's online media platform Food.ru, and the sushi delivery service Mnogo Lososya.

In September 2023, X5 Group's Supervisory Board approved an updated Sustainable Development Strategy that sets out the company's sustainability targets to 2025. Under the strategy, X5 set new aims for energy efficiency and emissions reduction, among others, and placed a stronger emphasis on social programmes that include food aid, local community development and promoting inclusion. X5's sustainability initiatives earned the company high ESG ratings from the rating agencies ACRA and Expert RA in 2023.

Despite ongoing market headwinds, X5's results in 2023 have once again demonstrated our commitment to excellent customer service, strategic expansion and business efficiency. I would like to thank the entire X5 team for their contributions to the company's strong performance for the year and express my sincere gratitude to our partners and investors for continuing to place their trust in X5.

NET SALES PERFORMANCE

Sales of offline and digital businesses⁵

RUB MLN	Q4 2023	Q4 2022	CHANGE Y-O-Y, % OR MULTIPLE	FY 2023	FY 2022	CHANGE Y-O-Y, % OR MULTIPLE
Pyaterochka	664,022	551,900	20.3	2,432,093	2,100,019	15.8
Perekrestok	108,859	97,965	11.1	384,321	365,283	5.2
Chizhik	41,522	15,233	3x	118,207	35,892	3x
Offline net sales ⁶	836,189	681,935	22.6	3,014,928	2,531,369	19.1
Digital businesses' net sales	41,782	22,058	89.4	123,588	70,354	75.7
Total net sales	877,971	703,993	24.7	3,138,517	2,601,723	20.6

Net retail sales⁷ by format

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

RUB MLN	Q4 2023	Q4 2022	CHANGE Y-O-Y, % OR MULTIPLE	FY 2023	FY 2022	CHANGE Y-O-Y, % OR MULTIPLE
Pyaterochka	685,594	560,440	22.3	2,491,009	2,122,793	17.3
Perekrestok	119,760	104,400	14.7	418,938	385,495	8.7
Chizhik	41,661	15,233	3x	118,425	35,893	3x
Net retail sales⁸	869,772	697,568	24.7	3,112,023	2,576,578	20.8

Q4 and FY 2023 LFL store performance by format

% change y-o-y

	Q4 2023			FY 2023		
	SALES	TRAFFIC	BASKET	SALES	TRAFFIC	BASKET
Pyaterochka	13.0	3.0	9.6	9.8	4.9	4.7
Perekrestok	14.4	3.0	11.0	8.3	2.2	6.0
X5 Group⁹	13.2	3.0	9.9	9.6	4.6	4.8

Q4 2023 monthly net retail sales (RUB) by format

change y-o-y, % or multiple

	OCTOBER 2023	NOVEMBER 2023	DECEMBER 2023
Pyaterochka	19.1	20.8	20.9
Perekrestok	7.7	10.7	14.1
Chizhik	3x	3x	3x
Offline business total	22.9	22.3	22.6
Digital business total	99.8	93.0	79.9
Total	25.0	24.5	24.7

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

6. Including Krasny Yar and Slata. Including Karusel for Q4 2022 and FY 2022.

7. 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 Q4 2023 financial results.

8. Including Mnogo Lososya, Krasny Yar and Slata. Including Karusel for Q4 2022 and FY 2022.

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

AVERAGE TICKET AND NUMBER OF CUSTOMER VISITS

Q4 and FY 2023 average ticket and customer visits by offline format

AVERAGE TICKET, RUB	Q4 2023	Q4 2022	CHANGE Y-O-Y, % OR MULTIPLE	FY 2023	FY 2022	CHANGE Y-O-Y, % OR MULTIPLE
Pyaterochka	497.8	453.9	9.7	461.0	441.3	4.5
Perekrestok	792.4	713.0	11.1	712.8	670.6	6.3
Chizhik	615.6	609.8	1.0	580.7	630.3	(7.9)
X5 Group¹⁰	530.0	484.2	9.4	488.3	469.0	4.1
NUMBER OF CUSTOMER VISITS, MLN						
Pyaterochka	1,580.7	1,415.1	11.7	6,196.6	5,524.1	12.2
Perekrestok	173.0	167.1	3.5	672.0	657.6	2.2
Chizhik	77.0	28.5	3x	231.9	64.8	4x
X5 Group¹⁰	1,880.0	1,648.2	14.1	7,295.8	6,298.6	15.8

Q4 2023 average monthly ticket and customer visits by offline format

change y-o-y, % or multiple

AVERAGE TICKET	OCTOBER 2023	NOVEMBER 2023	DECEMBER 2023
Pyaterochka	8.5	9.0	11.4
Perekrestok	9.5	9.8	13.4
Chizhik	(0.4)	(0.4)	3.5
X5 Group¹⁰	8.2	8.9	11.3
NUMBER OF CUSTOMER VISITS			
Pyaterochka	12.4	12.7	10.0
Perekrestok	2.8	4.5	3.3
Chizhik	3x	3x	3x
X5 Group¹⁰	16.4	14.2	11.7

10. Including Krasny Yar and Slatá. Including Karusel for Q4 2022 and FY 2022.

EXPANSION DYNAMICS

Selling space and number of stores by format

SELLING SPACE, SQUARE METRES (SQ. M)	AS AT 31-DEC-23	AS AT 31-DEC-22	CHANGE VS 31-DEC-22, % OR MULTIPLE
Pyaterochka	8,339,205	7,497,056	11.2
Perekrestok	1,084,913	1,085,496	(0.1)
Chizhik	442,110	152,370	190.2
Joint dark stores	10,258	8,087	26.8
X5 Group¹¹	10,206,011	9,107,479	12.1
NUMBER OF STORES			
Pyaterochka	21,308	19,164	11.2
Perekrestok	972	971	0.1
Chizhik	1,500	517	190.1
Joint dark stores	9	7	28.6
X5 Group¹¹	24,472	21,323	14.8

Selling space and number of stores added by format

SELLING SPACE, SQUARE METRES (SQ.M)	NET ADDED Q4 2023	NET ADDED Q4 2022	CHANGE Y-O-Y, % OR MULTIPLE	NET ADDED FY 2023	NET ADDED FY 2022	CHANGE Y-O-Y, % OR MULTIPLE
Pyaterochka	199,236	111,224	79.1	842,149	448,568	87.7
Perekrestok	18,454	(7,509)	n/a	(584)	(13,409)	n/a
Chizhik	125,222	59,352	2x	289,740	132,043	2x
Joint dark stores	-	2,729	n/a	2,171	8,087	(73.2)
X5 Group¹¹	346,401	348,288	(0.5)	1,098,532	697,722	57.4
NET NUMBER OF STORES						
Pyaterochka	547	299	82.9	2,144	1,192	79.9
Perekrestok	17	-	n/a	1	(19)	n/a
Chizhik	429	201	2x	983	445	2x
Joint dark stores	-	3	n/a	2	7	(71.4)
X5 Group¹¹	1,006	1,093	(8.0)	3,149	2,202	43.0

11. Including Vprok.ru dark stores, Mnogo Lososya dark kitchens, Krasny Yar and Slata stores. Including Karusel for Q4 2022 and FY 2022.

DIGITAL BUSINESS PERFORMANCE

X5 DIGITAL	CHANGE			CHANGE		MULTIPLE
	Q4 2023	Q4 2022	Y-O-Y, % OR	FY 2023	FY 2022	
GMV, ¹² RUB mln	45,893	24,384	88.2	135,906	77,060	76.4
Number of orders, ths	24,977	11,598	115.3	74,633	34,422	116.8
Average ticket, RUB (Vprok.ru)	6,465	5,307	21.8	5,926	4,798	23.6
Average ticket, RUB (express delivery)	1,572	1,652	(4.9)	1,530	1,694	(9.7)
5POST						
Number of parcels, ths	10,655	6,866	55.2	29,619	25,986	14.0
MNOGO LOSOSYA						
GMV, ¹³ RUB mln	2,140	1,294	65.4	7,267	4,066	78.7
Number of orders, ths	502	400	25.5	1,842	1,481	24.4
Average ticket, RUB	2,399	1,970	21.8	2,228	1,915	16.3

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

13. 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 912 mln in Q4 2023 and RUB 458 mln in Q4 2022 (RUB 3,028 mln in 2023 and RUB 1,186 mln in 2022) and are accounted for in Perekrestok's revenue (excl. VAT).

KEY DRIVERS OF Q4 2023 RESULTS

External environment

- Food inflation in Q4 2023 totalled 7.1% year-on-year (vs 3.6% year-on-year in Q3 2023).
- In physical terms, the food market continued to grow, driven by rising real incomes and demonstrating a 5.6% year-on-year increase for October-November 2023.
- Real wage growth remains stable despite accelerating inflation. Nominal wages continue to grow steadily by an average of 13-17% year-on-year (according to Rosstat) amid labor shortages.
- The labour market remains strong. Unemployment declined to a record 2.9% in October-November, on the back of greater involvement of the population in economic activity. The number of employed individuals amounted to 74.0 million people.
- The Bank of Russia raised the key rate two times from 13% to 16% in Q4 2023 in response to accelerating inflation.

Offline business development

- Pyaterochka's offline net sales demonstrated strong growth of 20.3% year-on-year, with LFL sales (including express delivery) increasing by 13.0% in Q4 2023. LFL traffic increased by 3.0% year-on-year, while the LFL basket increased by 9.6% year-on-year, driven by accelerating inflation. Pyaterochka's network continued to expand, with 630 new stores added in Q4 2023 (on a gross basis).
- Perekrestok's offline net sales increased by 11.1% year-on-year in Q4 2023 with LFL sales (including express delivery) growth of 14.4% in Q4 2023, primarily driven by LFL basket growth.
- Chizhik's offline net sales increased threefold year-on-year in Q4 2023. The network opened 429 new stores during the period and had a total of 1,500 stores in 43 regions of Russia as of 31 December 2023.
- The Store Director-Partner programme continues to deliver solid results. The transformation of the store director's role generates additional revenue in terms of LFL sales as well as EBITDAR. At the end of December 2023, the programme covered 27% of Pyaterochka stores and 100% of Perekrestok supermarkets.

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 Q4 2023, 630 gross new-concept Pyaterochka stores were opened; in addition, 135 Pyaterochka stores were refurbished in line with the new concept. The total number of stores operating under the new concept reached 8,706, or 40.9% of the Pyaterochka store base, as of 31 December 2023.
- 17 gross new-concept Perekrestok supermarkets were opened in Q4 2023; in addition, 4 Perekrestok supermarkets were refurbished in line with the new concept. As of 31 December 2023, 292 supermarkets, or 30% of the Perekrestok store base, were operating under the new concept.
- In Q4 2023, as part of the Company's ongoing rationalisation programme, X5 closed 83 Pyaterochka proximity stores and one dark kitchen.
- In Q4 2023, X5 opened three new distribution centres in Omsk (29 ths. sq. m), Yekaterinburg (56 ths. sq. m) and Samara (71 ths. sq. m) to serve its Pyaterochka proximity format, and two new distribution centres in Novosibirsk (10.7 ths. sq. m) and Krasnogorsk (3 ths. sq. m) to support the regional expansion of its Chizhik hard discounter format. One distribution centre in Vidnoye (25.9 ths. sq. m) was transferred from the Pyaterochka proximity format to the Chizhik hard discounter format.
- In October 2023, X5 Group obtained long-term lease rights for more than 100 Grozd stores in Saratov and the Saratov region. In November 2023, Pyaterochka proximity stores obtained long-term lease rights for 71 Amba stores.

Loyalty programme

- At the end of Q4 2023, X5's loyalty programme had 77 million active customers, while the programme's sales penetration reached 85.7%. The average ticket of the 2.9 million loyalty programme customers who chose favourite product categories was 8% higher than that of other loyalty programme customers.

Digital business development

- In Q4 2023, X5's digital services had a total of 34.9 million MAUs, an increase of 70.4% year-on-year.
- The GMV of X5 Digital in Q4 2023 reached RUB 45.9 billion, increasing by 88.2% year-on-year, including VAT and gross of promo codes and bonuses.
- Total digital business revenue (including X5 Digital, 5Post and Mnogo Lososya) grew 89.4% year-on-year in Q4 2023 and contributed 2.1 p.p. to the consolidated quarterly revenue growth rate of 24.7%. X5 Digital successfully fulfilled over 352 thousand orders on peak days in December.
- X5 continues the rapid expansion of express delivery services from Pyaterochka proximity stores and Perekrestok supermarkets. As of 31 December 2023, express delivery was available from 8,515 stores (7,409 Pyaterochka stores, 923 Perekrestok supermarkets and 183 Chizhik hard discounters) as well as 41 dark stores in 69 regions, up from 4,483 stores and 45 dark stores in 64 regions a year earlier. X5 aims to continue to develop its express delivery services, as well as its partnerships with delivery aggregators, to provide its customers with the convenience of an omnichannel shopping experience.
- In Q4 2023, 5Post's e-commerce delivery service revenue increased by 96.2% 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 10.7 million orders in Q4 2023, with over 20 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 73 dark kitchens (including three franchisees) and 325 cafe points at Perekrestok supermarkets at the end of December. Mnogo Lososya's online net sales increased by 47.6% year-on-year in Q4 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 31 December 2023, X5 had 24,472 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, as well as a growing presence in the Russian Far East. Its store base includes 21,308 Pyaterochka proximity stores, 972 Perekrestok supermarkets, 1,500 Chizhik hard discounters and 610 Krasny Yar and Slata stores. The Company operates 62 DCs and 5,344 Company-owned trucks across the Russian Federation.

X5 is one of the largest employers in Russia. The Company employs over 372 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 9M 2023, revenue totalled RUB 2,264,643 million (USD 27,386 million**), adjusted EBITDA pre-IFRS 16 reached RUB 163,212 million (USD 1,974 million**), and net profit pre-IFRS 16 amounted to RUB 71,250 million (USD 862 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.

**For further details
please contact:**

Polina Ugryumova
Head of Corporate Finance and IR

Tel.: +7 (495) 662-88-88 ext. 13-312
e-mail: Polina.Ugryumova@x5.ru

Maria Yazeva
Investor Relations Officer

Tel.: +7 (495) 662-88-88 ext. 13-147
e-mail: Maria.Yazeva@x5.ru

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