



# Investor Presentation

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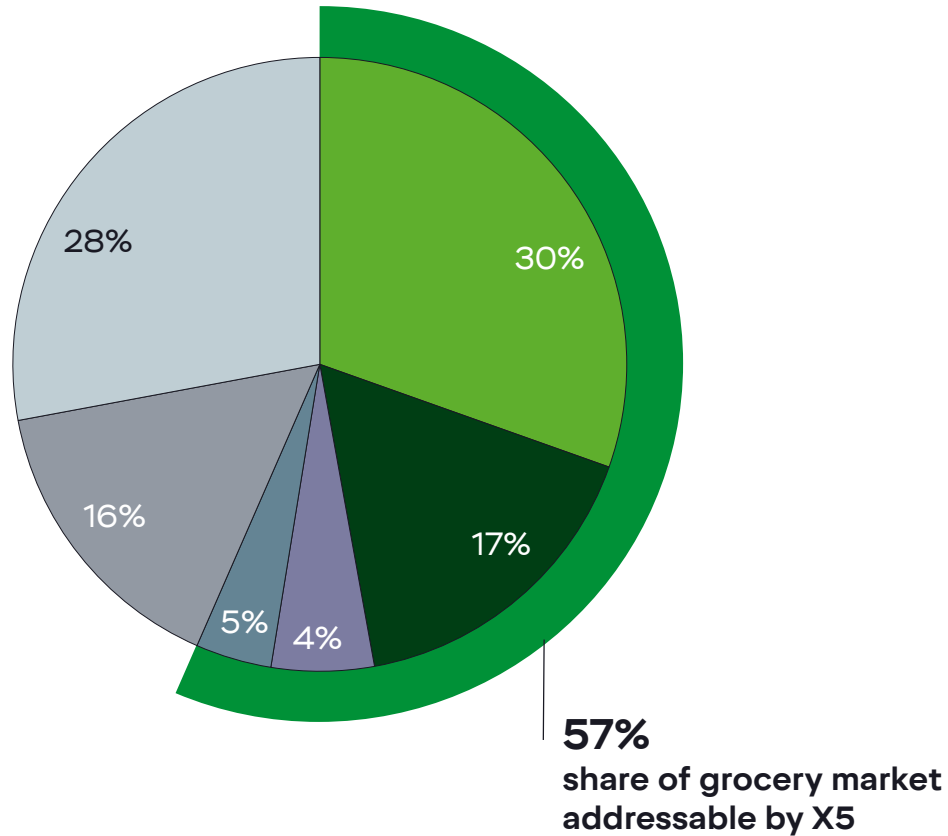
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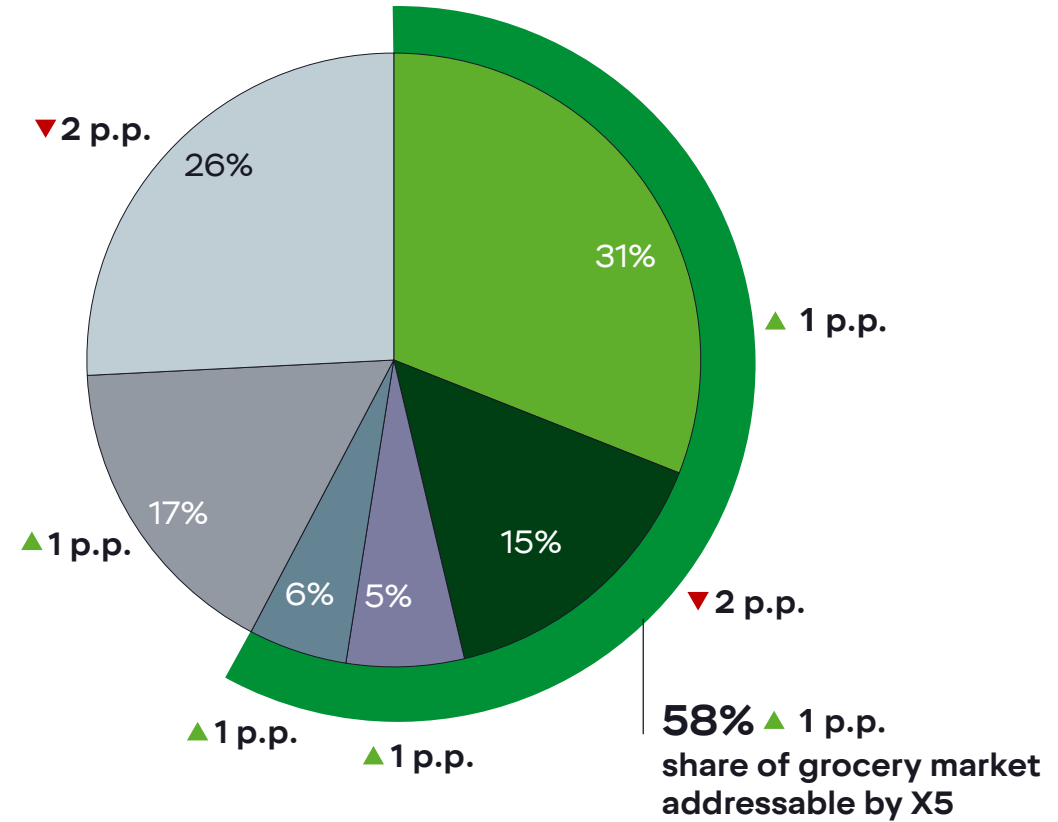
# Focus on the fastest-growing market segment

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

2023



2024E

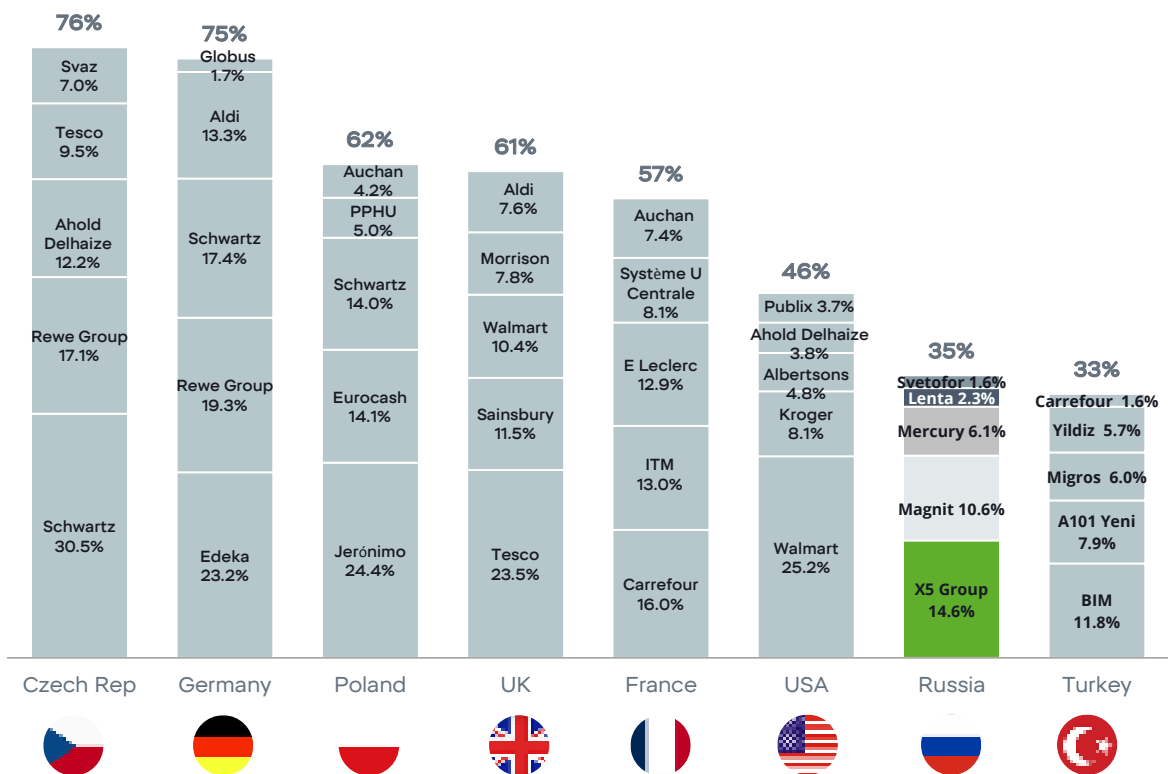


■ Convenience 
 ■ Supermarkets 
 ■ E-grocery 
 ■ Hard discounters 
 ■ Specialists 
 ■ Other (e.g., hypermarkets, traditional trade)

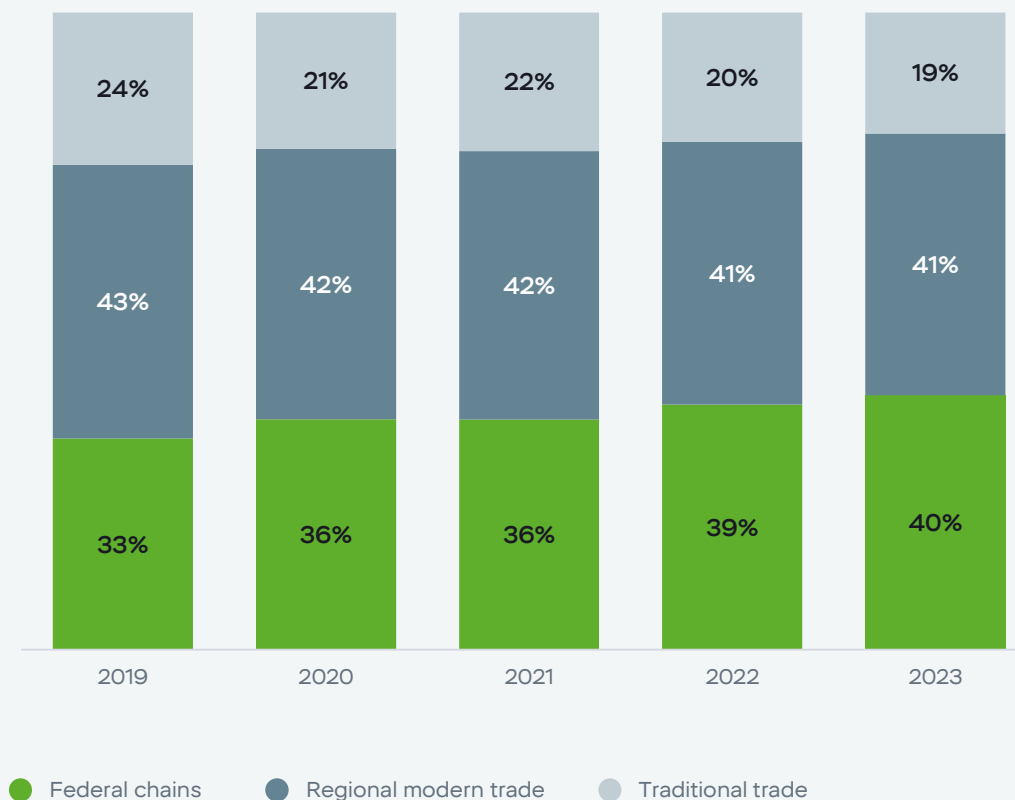
▲ x p.p. - y-o-y growth

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

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



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



Source: Infoline

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

\* 2023 data for Russia, 2021 data for other countries

# Macro-trend: Online

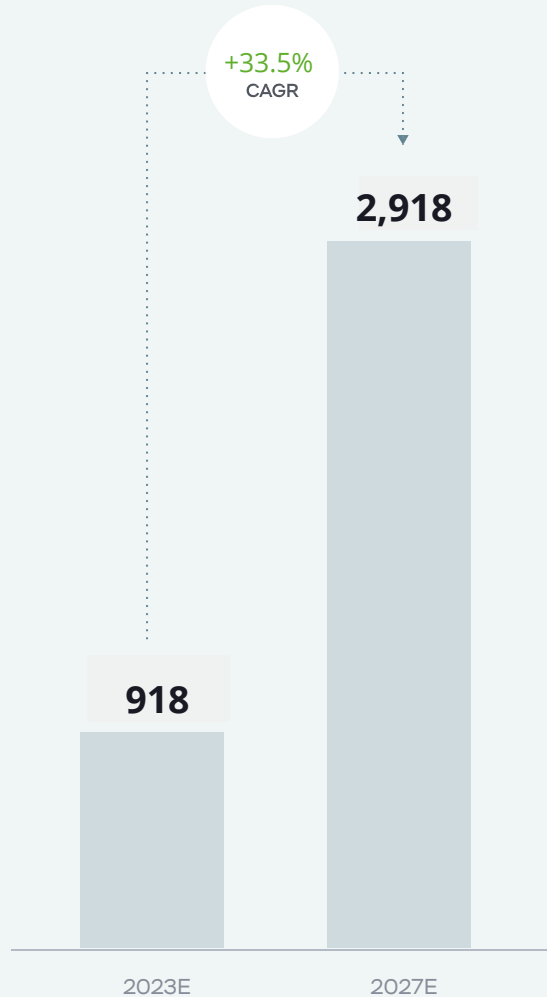
E-grocery share continues to grow, current run-rate estimates twofold growth by 2026.

**X5's ambition** is to create the most efficient e-grocery business on the market

ONLINE SHARE IN THE FOOD RETAIL MARKET, %



Online market, RUB bln



Sources: INFOLine

## MARKET GROWTH DRIVERS



Regions is a key growth potential



Express delivery – the largest and growing segment



The share of stock up purchases in online is declining



The ultra-fast delivery segment is provided by two players – Samokat and Yandex Lavka

## TRENDS IN CONSUMER PREFERENCES



The option to buy online is becoming a standard, however, the consumer is not always ready to pay for it



The customers order more often but with a lower average ticket, particularly as a result of free and fast delivery



Retailers are forced to invest in free delivery and find new solutions to ensure profitability of the channel

# X5 is a leading Russian food retailer

## FY 2023 Highlights

#1 Russian food retailer by revenue

**14.6%** market share

vs 9.5% in 2017

**24,472** stores

in 72 Russian regions  
+14.8% y-o-y

**>372** ths

employees

Loyal customer base

**77.0** mln

active loyalty card users  
>60% of adult population

**34.9** mln

MAUs of X5 digital services in 2023  
+70.4% y-o-y

**20** mln

average daily purchases

New and digital businesses

**+75.7%** y-o-y

digital businesses' sales growth to **RUB 123.6 bln**

**>209** ths

average number of daily online orders

**1,500**

hard discounters as of 31 December 2023

Strong financials

**20.8%**

revenue growth y-o-y

**6.8%**

EBITDA margin (pre-IFRS 16)

**+7.5 p.p.**

adj. ROIC<sup>1</sup> growth y-o-y

1. 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 has a leading position in offline

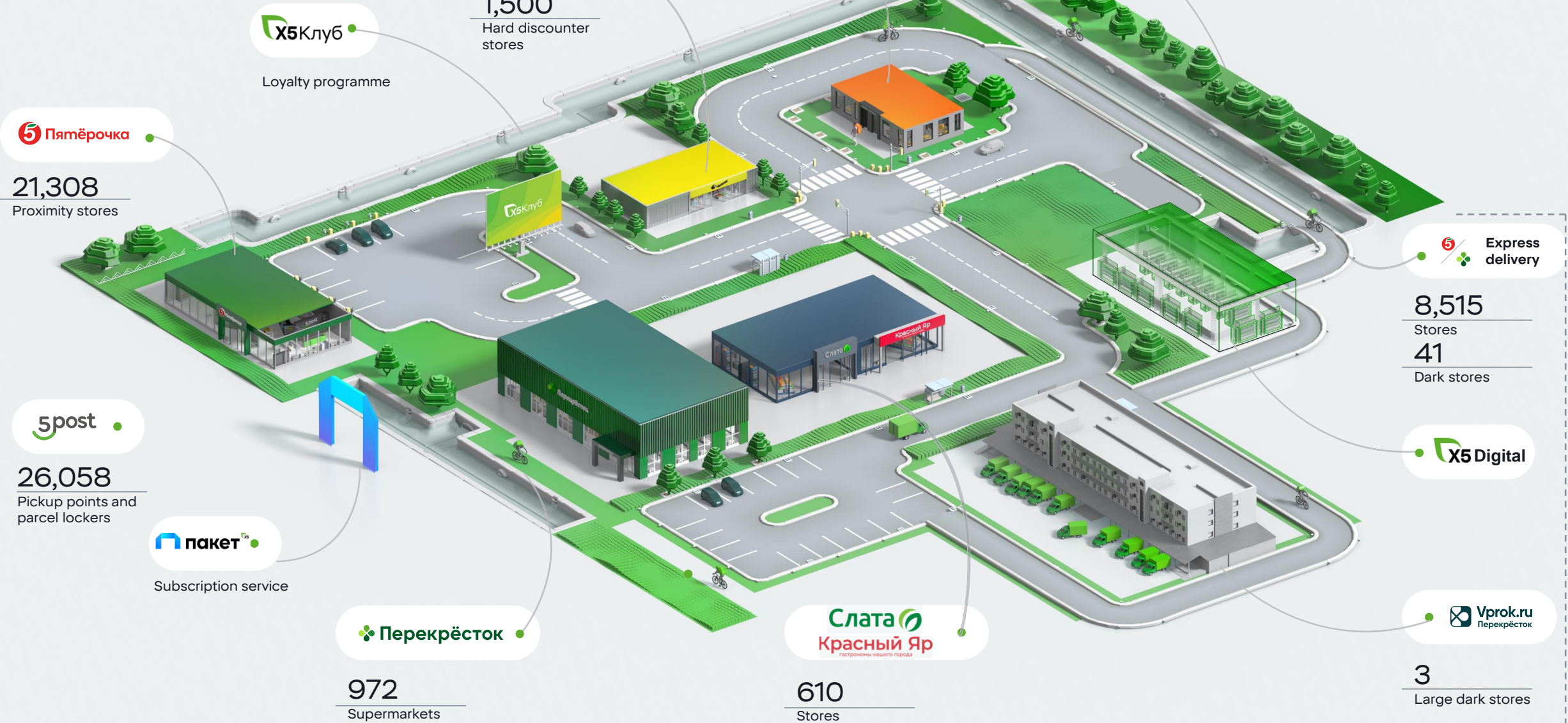
## TOP 10 Russian grocery retailers

	Company	Market share in 2023
1	 X5Group	14.6%
2	 МАГНИТ	10.6%
3	 Белое	6.1%
4	 лента	2.3%
5	 светофор	1.6%
6	 Лшан ГАРАНТ НИЗКИХ ЦЕН	1.2%
7	 ВкусВилл	1.2%
8	 METRO	1.0%
9	 монетка	1.0%
10	 О'КЕЙ	0.9%
Top 10		40.5%

## TOP 10 Russian e-grocery players

	Company	Market share in 2023
1	 САМОКАТ	15.9%
2	 ВкусВилл	14.6%
3	 X5Group	13.2%
4	 WILDBERRIES	10.8%
5	 OZON	9.5%
6	 Яндекс Лавка	6.9%
7	 лента	5.7%
8	 МАГНИТ	4.2%
9	 METRO	3.4%
10	 Лшан ГАРАНТ НИЗКИХ ЦЕН	2.3%
Top 10		86.6%

# X5 businesses



73  
Dark kitchens (incl. 3 franchisees)



1,500  
Hard discounter stores



Loyalty programme



21,308  
Proximity stores



26,058  
Pickup points and parcel lockers



Subscription service



972  
Supermarkets



610  
Stores



8,515  
Stores  
41  
Dark stores

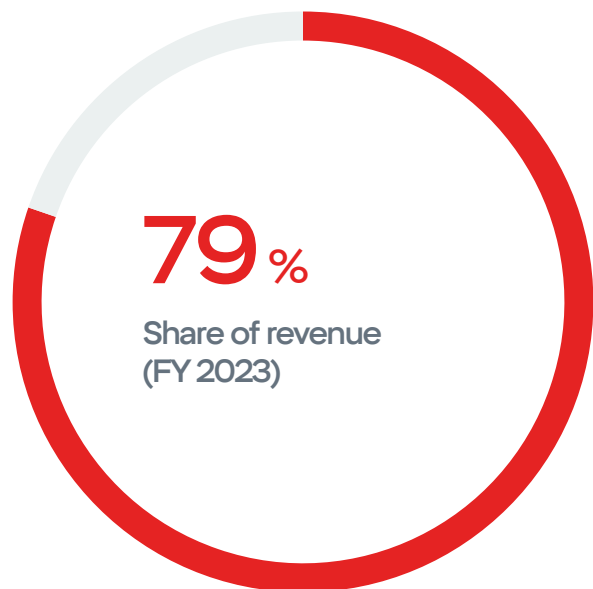


3  
Large dark stores



# Pyaterochka 5

Proximity stores



21,308

Stores

>4 THS

SKUs

391 SQM

Average selling space

# Perekrestok

Supermarkets

13%

Share of revenue  
(FY 2023)



972

Stores

11-14 THS

SKUs

1,116 SQM

Average selling space

# Chizhik

Hard discounter stores

4%

Share of revenue  
(FY 2023)



1,500

Stores

750-800

SKUs

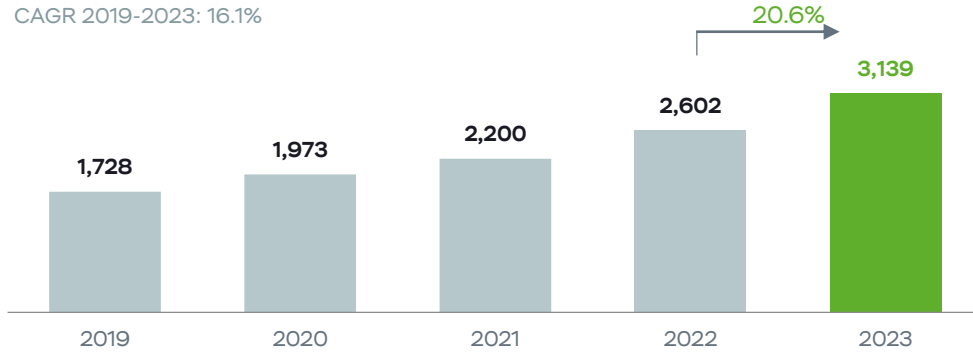
295 SQM

Average selling space

# Track record of strong operational performance...

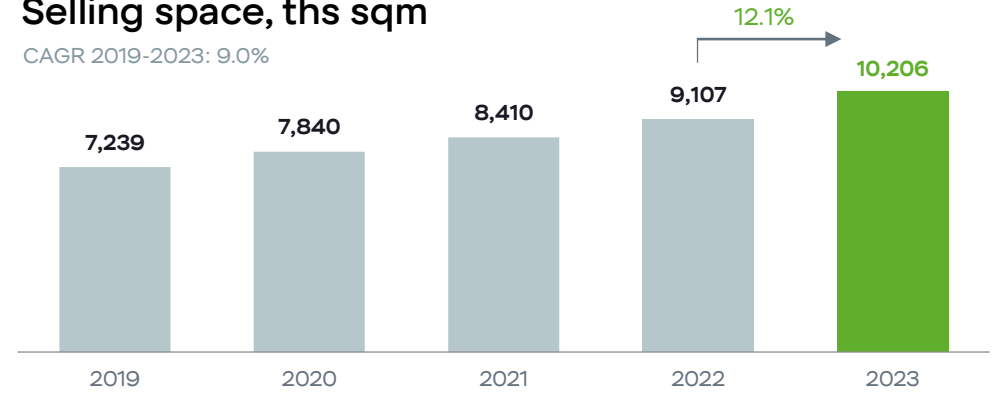
Net retail sales dynamics, RUB bln

CAGR 2019-2023: 16.1%

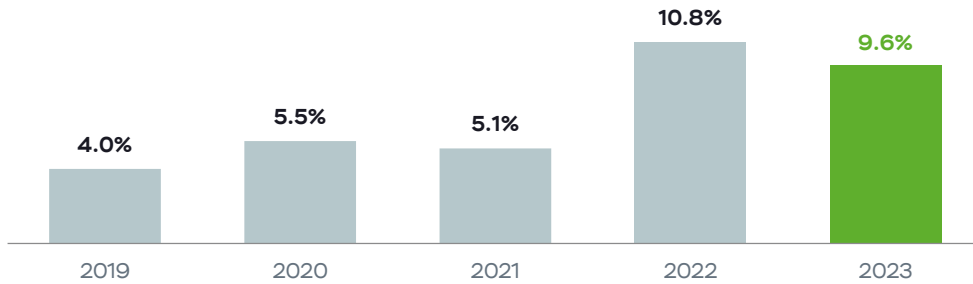


Selling space, ths sqm

CAGR 2019-2023: 9.0%

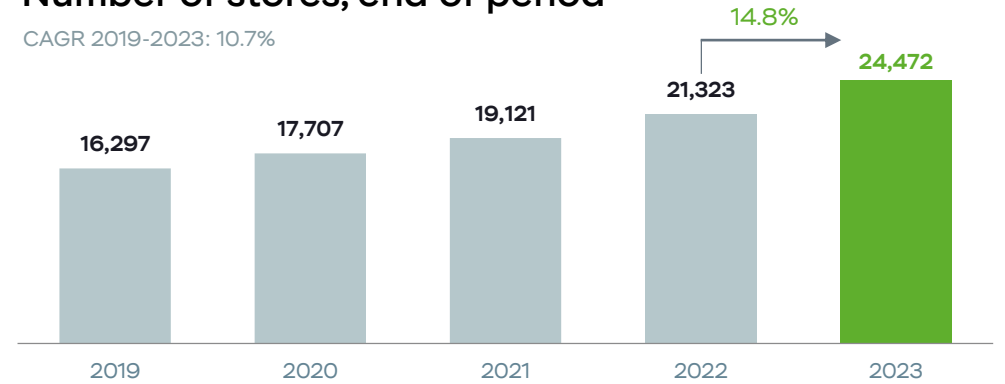


LFL sales, % y-o-y growth



Number of stores, end of period

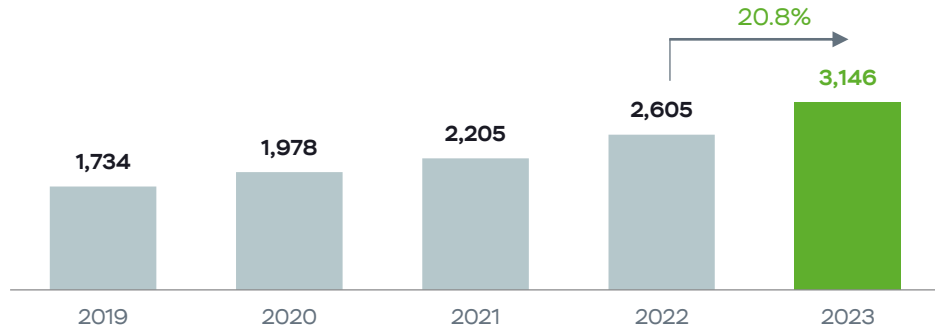
CAGR 2019-2023: 10.7%



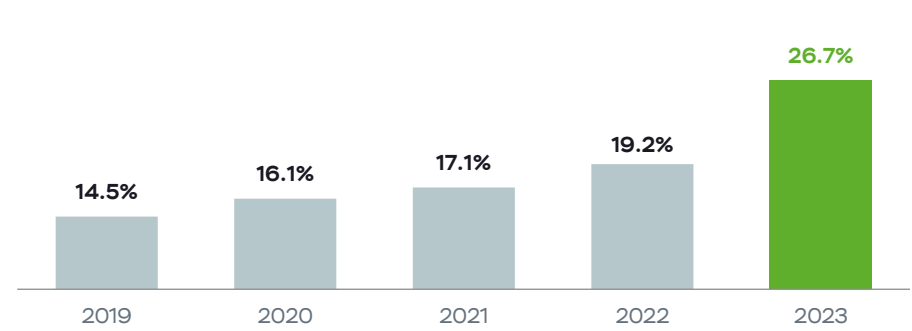
# ...supported by robust profitability

## Revenue CAGR exceeding 16% in 2019-23

CAGR 2019-2023: 16.1%

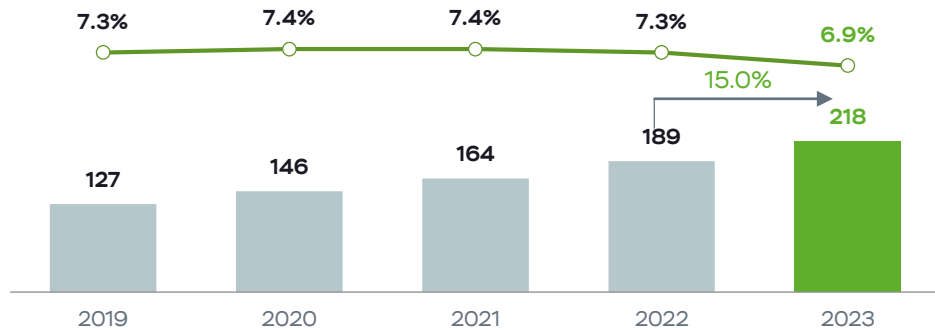


## Adj. ROIC<sup>2</sup> has increased by 12 p.p. since 2019

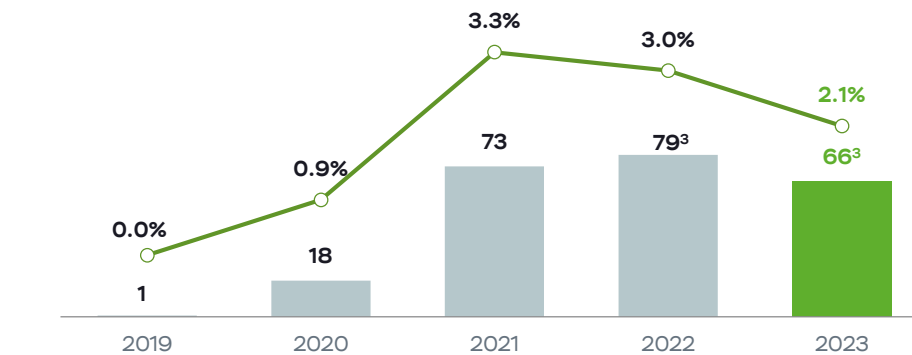


## Adj. EBITDA margin<sup>1</sup> consistently above 6.5%

CAGR 2019-2023: 14.4%



## FCF at a 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

# Strategic Priorities

## No. 1 by market share growth in food retail

### Maintaining Pyaterochka's growth momentum

We are maintaining Pyaterochka's high growth rates and are shifting its product assortment towards the low-price segment

### Expanding into new regions

We are expanding into new regions by striking alliance deals with local chains where we acquire a controlling stake

### Maintaining a strong customer focus

We continue to apply a customer-journey lens to keep the customer top-of-mind and develop services for each stage of the customer journey

### Sharpening Perekrestok's edge over competitors

We are sharpening Perekrestok's competitive edge through its unique assortment and focus on large cities

### Expanding e-grocery business and driving efficiency gains

We are building the most efficient e-grocery business in the market

### Developing new formats

We are creating new areas of growth through new formats

### Driving Chizhik's aggressive growth

We are aggressively growing the Chizhik chain and aim for a leadership position in the hard discount segment

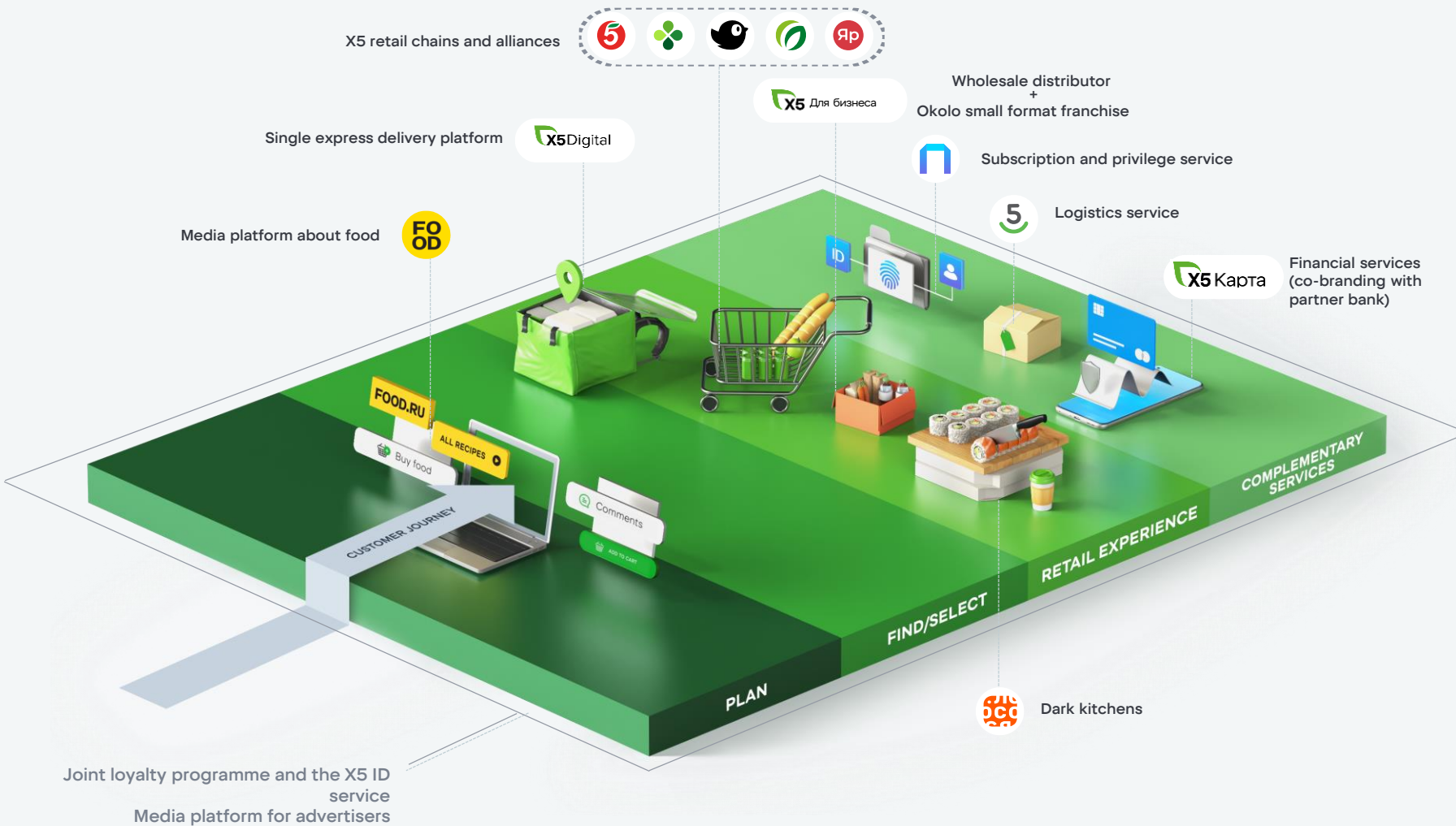
### Fostering a partnership approach

We are implementing a partnership approach to store management

### Managing our business portfolio

We are managing the Company as a portfolio of saleable businesses

# Building X5's presence at each step of the customer journey



X5 is strategically focused on consistently expanding its presence at each step of the customer journey:

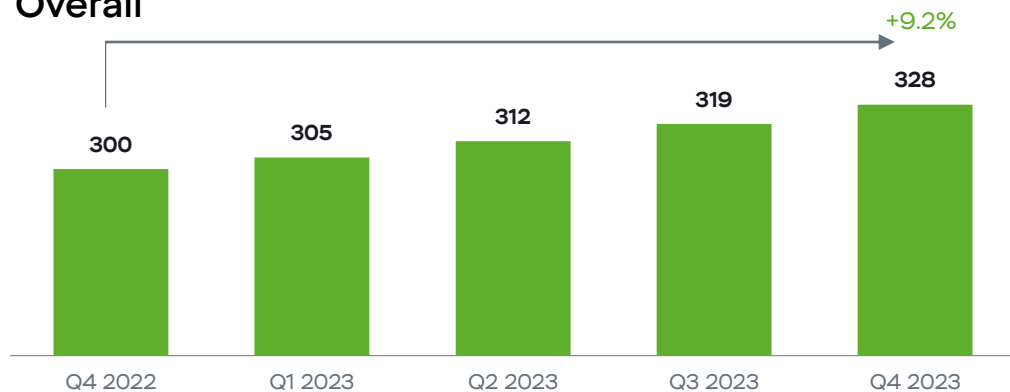
- Developing a single digital express delivery platform
- Piloting a wholesale distributor and Okolo small format
- Boosting logistics service efficiency: 5Post became a top-3 market leader, doubling its number of partners in 2023
- Developing the X5 Club joint loyalty programme
- Launching complementary B2B resources: a media platform for advertisers

# Growth and profitability supported by improving sales density

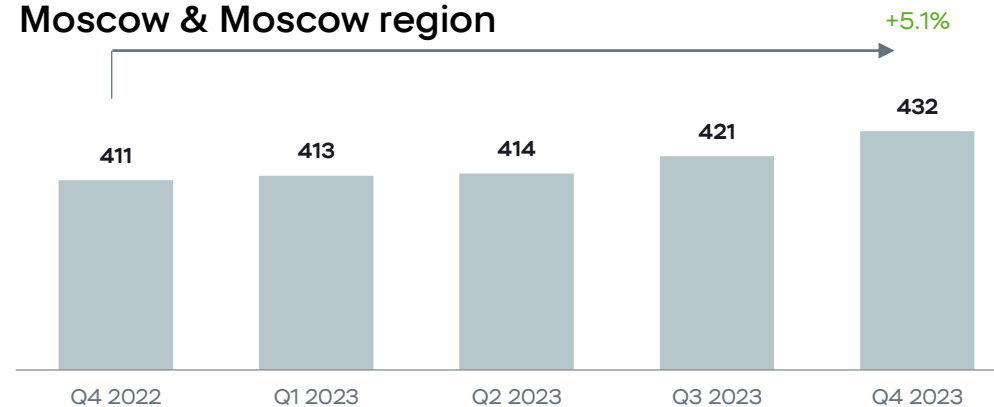
Maintain sales density leadership in proximity segment in key geographies (Moscow and St Petersburg)

Unit: '000 RUB/sqm (annualised)

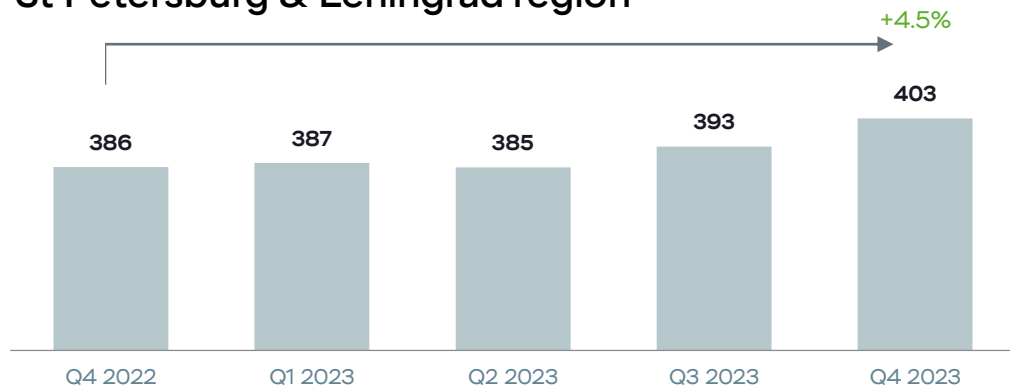
## Overall



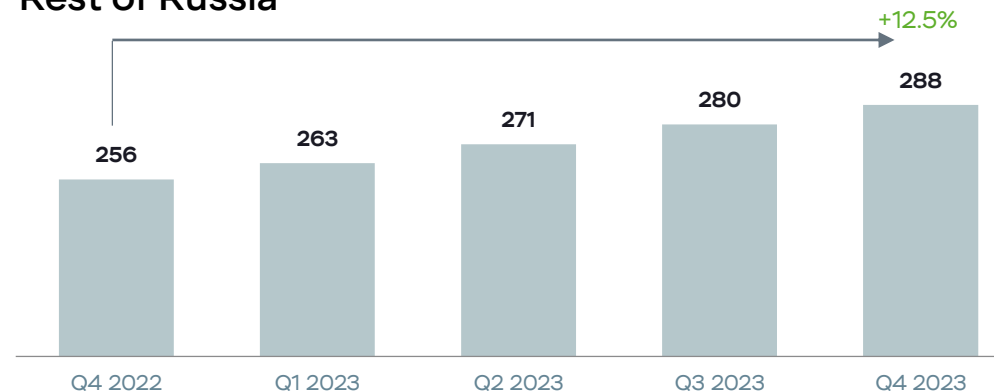
## Moscow & Moscow region



## St Petersburg & Leningrad region



## Rest of Russia



Source: X5 data



# 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



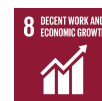
**2025 goal:**

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:**

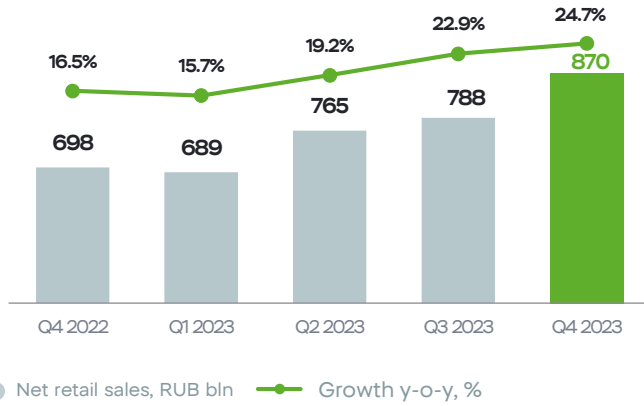
Expand community care programmes; in particular, develop the Local Community Centres programme at Pyaterochka

# Q4 2023 Results

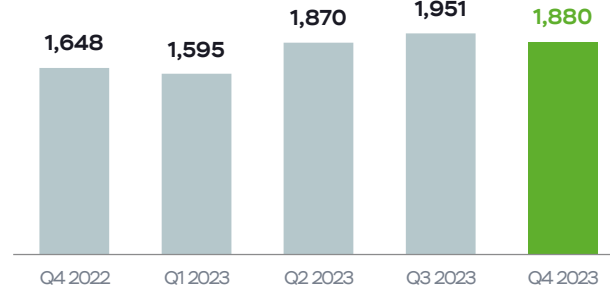


# Double-digit top-line growth supported by strong LFL sales dynamics...

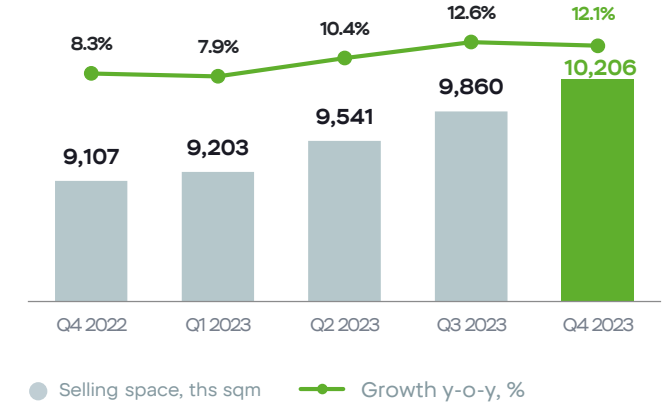
Net retail sales<sup>1</sup>



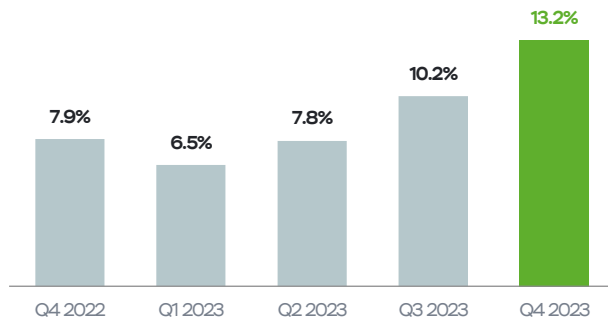
Traffic, mln customers



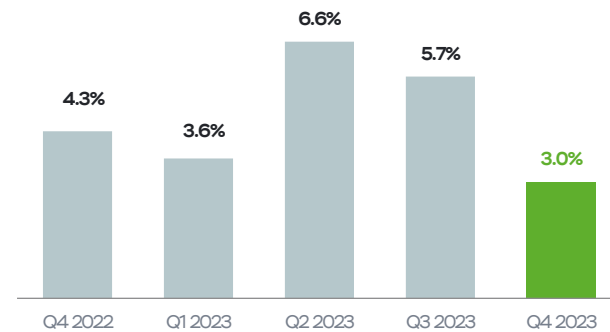
Net selling space (eop)



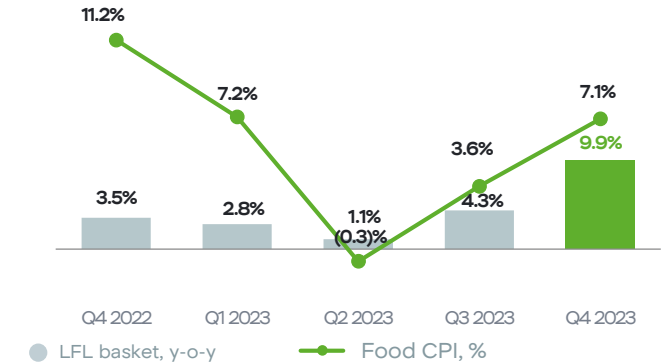
LFL sales, y-o-y



LFL traffic, y-o-y



LFL basket, y-o-y



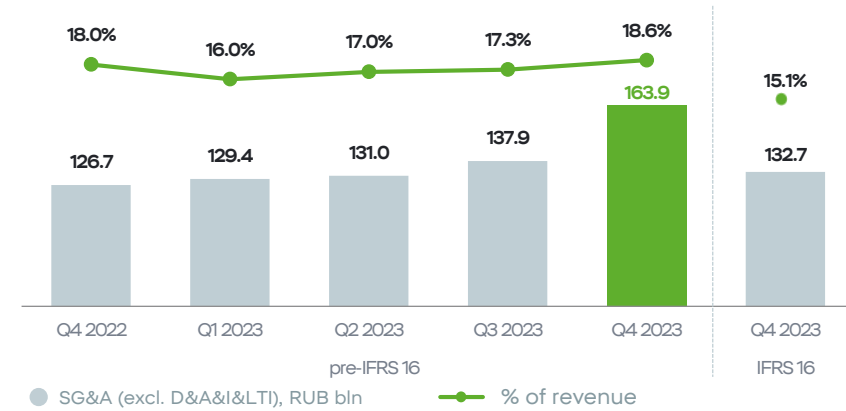
<sup>1</sup> Excluding Vprok.ru Perekrestok

# ...combined with stable profitability

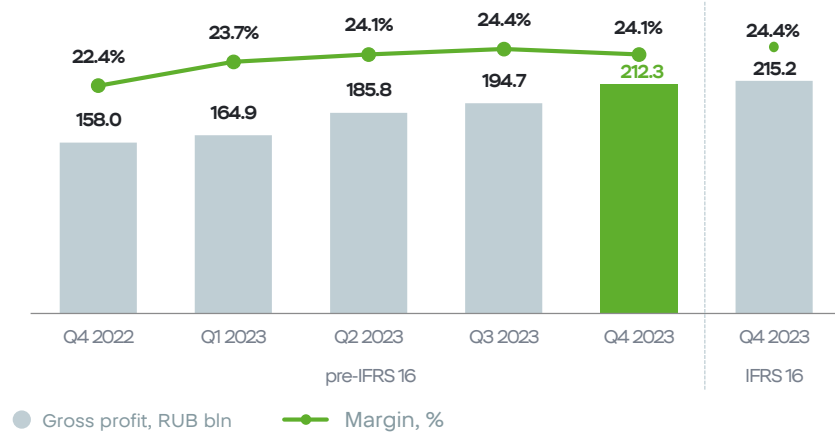
## Revenue



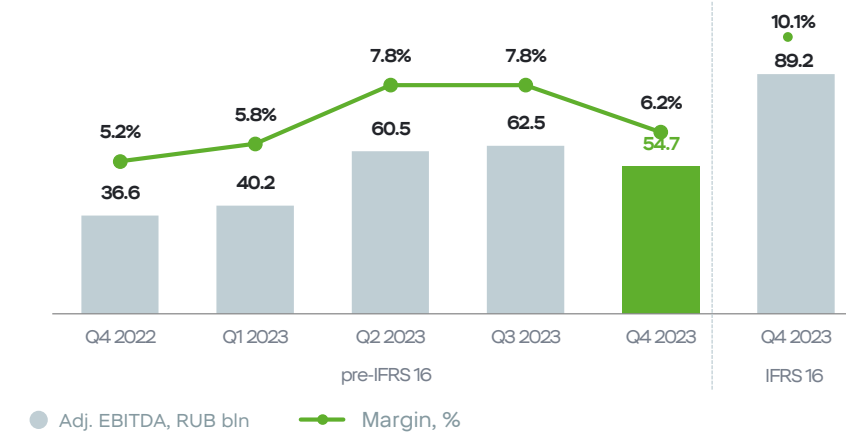
## SG&A (excl. D&A&I&LTI)<sup>1</sup>



## Gross profit & gross margin



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

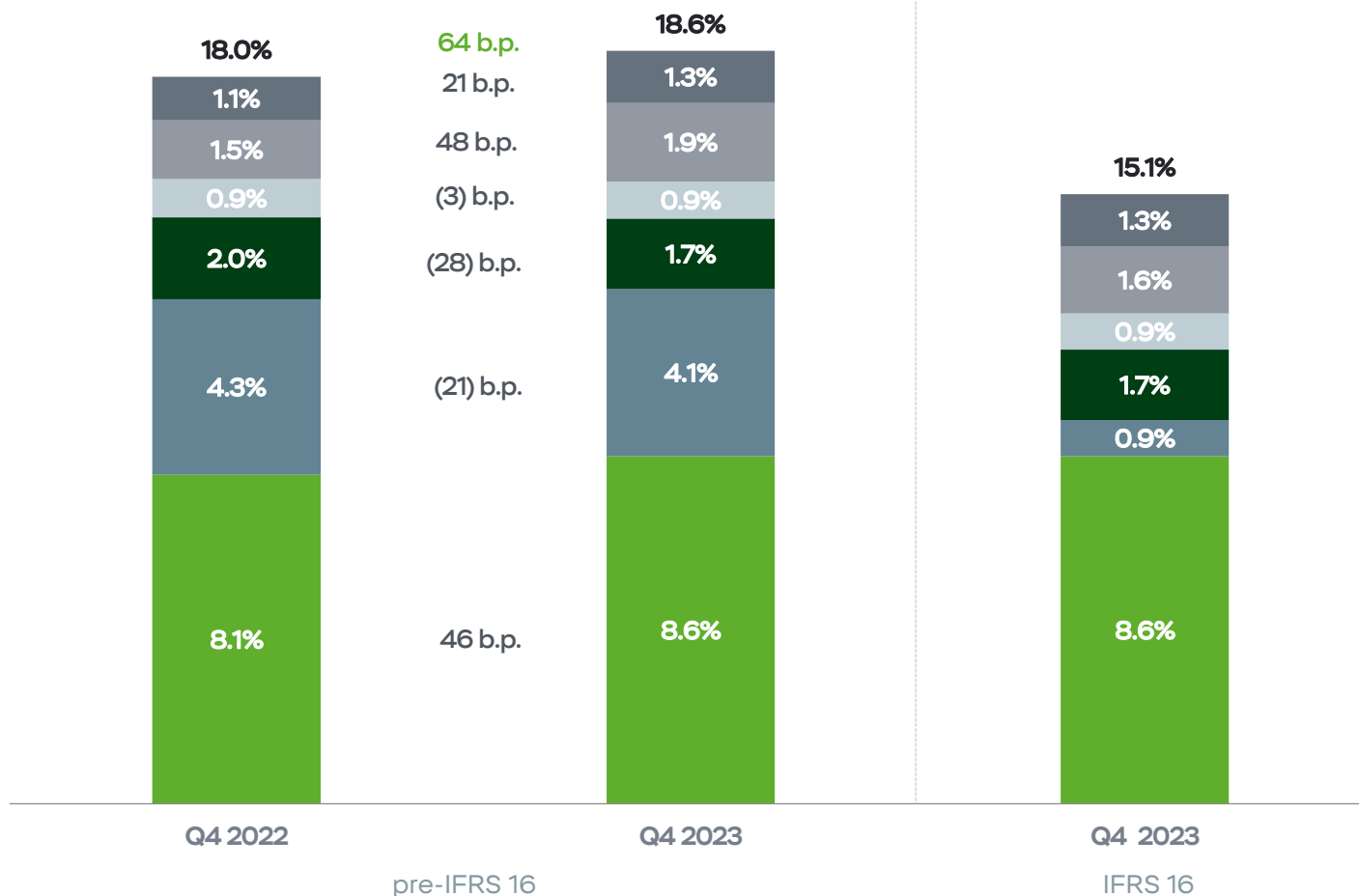


1. Adjusted for impact from Karusel transformation

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

# Q4 2023: Adjusted SG&A<sup>1</sup> expense analysis

Q4 2023 analysis  
as a percentage of revenue



## Key Q4 2023 highlights

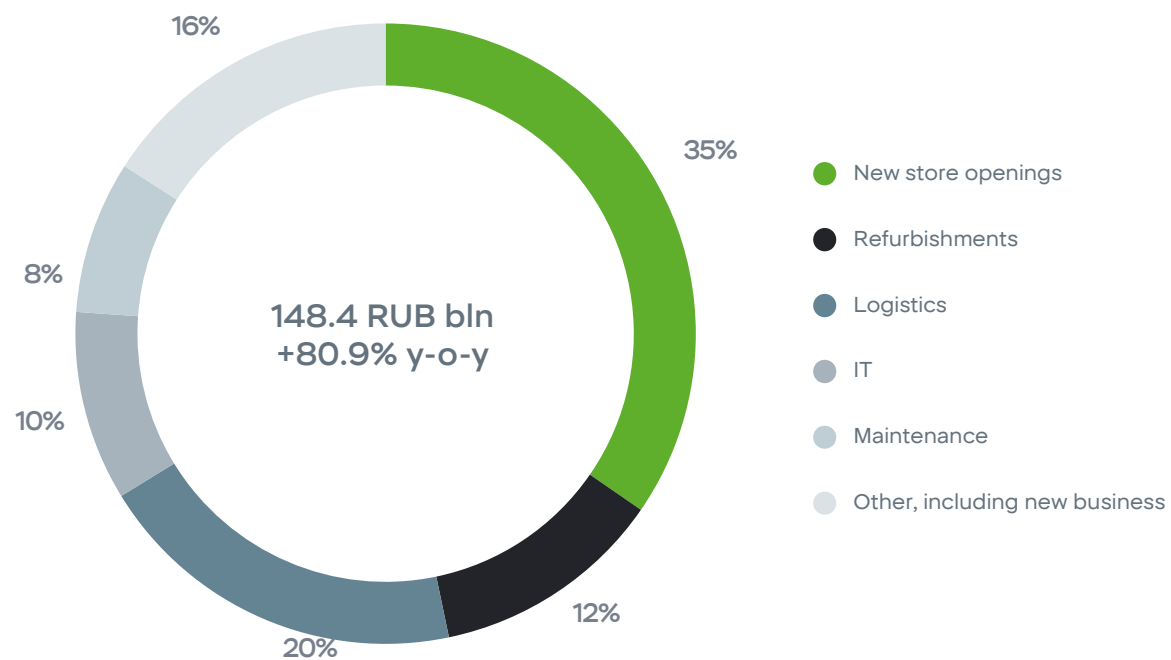
- ▲ **Staff costs (excluding LTI and share-based payments):** the indexation of salaries for store employees.
- ▼ **Lease expenses:** a positive operating leverage effect for fixed lease rates, partially compensated by a higher number of revenue-linked leases.
- ▼ **Utilities costs:** the optimisation of electricity consumption and cleaning costs.
- ▼ **Other store costs:** the optimisation of store security operations.
- ▲ **Third-party service expenses:** a higher marketing expenses and promotional activities.
- ▲ **Other expenses:** a growing share of courier service costs and aggregator commissions for express delivery, and a higher reverse franchising agency fees.

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

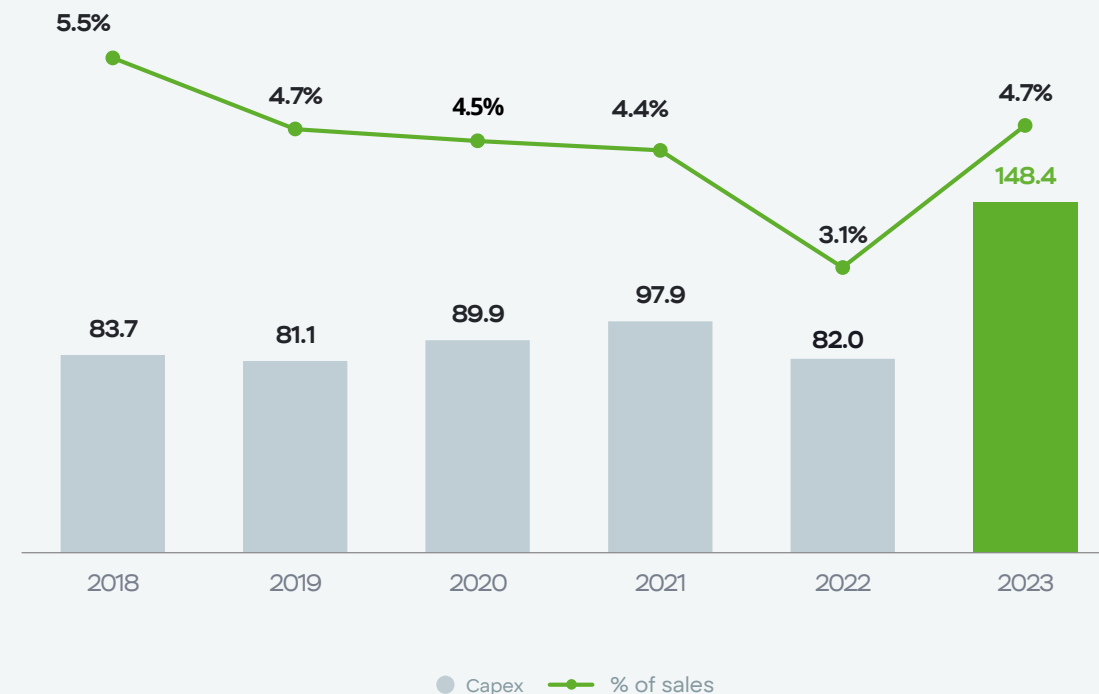
<sup>1</sup> Adjusted for D&A&I, LTI, exit share-based payments and impact from Karusel transformation

# X5 capital expenditures

Capex breakdown, 2023



Capex dynamics by year, RUB bln



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

# X5 debt structure

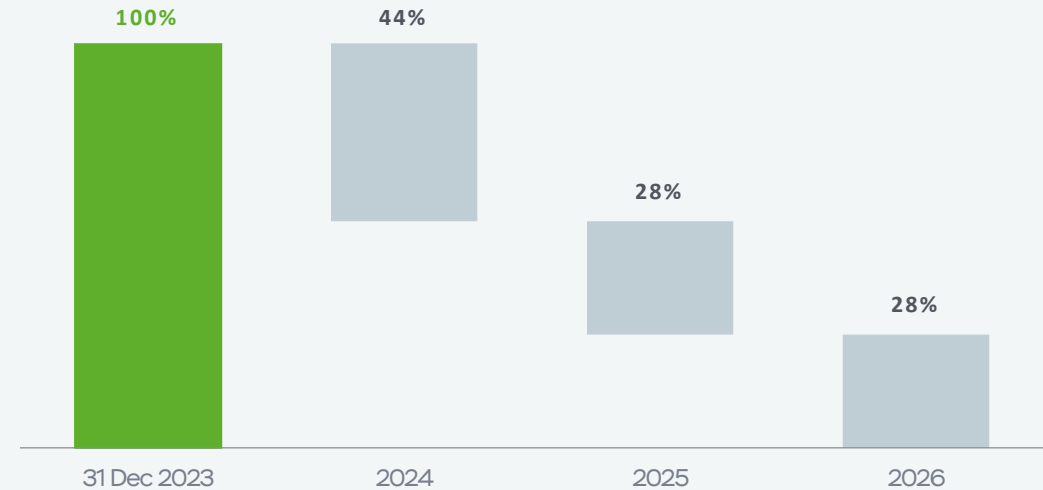
## Debt profile

RUB mln	31 Dec 2023	31 Dec 2022
<b>Total debt</b>	<b>228,229</b>	<b>234,532</b>
Short-term debt	100,833	87,146
% of total debt	44.2%	37.2%
Long-term debt	127,396	147,386
% of total debt	55.8%	62.8%
<b>Net debt (pre-IFRS 16)</b>	<b>187,454</b>	<b>191,277</b>

## Covenants & liquidity update

Covenant metrics & liquidity sources	31 Dec 2023	31 Dec 2022
Net debt / EBITDA (pre-IFRS 16)	0.87x	1.02x
Cash & cash equiv., RUB mln	40,775	43,255
Available credit limits, RUB mln	549,740	475,020

## Debt portfolio maturity



## Highlights

- X5’s debt portfolio is 100% RUB-denominated
- X5’s available credit limits amounted to RUB 550 bln

# Appendix





# Pyaterochka – key format highlights (Q4 2023)

## Key results

**21,308** stores

+11.2% y-o-y

**686** RUB bln

Net retail sales +22.3% y-o-y

**8.6%**

FY 2023 EBITDA margin (pre-IFRS 16)

## Operating highlights

**+13.0%**

LFL sales

**+3.0%**

LFL traffic

**+9.6%**

LFL ticket

**1,581** mln

customer visits  
+11.7% y-o-y

**498** RUB

average ticket +9.7% y-o-y

**-27 b.p.**

reduction in shrinkage in 2023

**+7.9%**

labour productivity growth in 2023

## CVP

**4,000**

SKUs

**391** sqm

average selling space

**70%**

loyalty card  
penetration in traffic

**85%**

Loyalty card  
penetration in sales

**24%**

private label share

**+9.4** points

increase in NPS y-o-y

# Perekrestok – key format highlights (Q4 2023)

## Key results

**972** stores

+0.1% y-o-y

**120** RUB bln

Net retail sales +14.7% y-o-y

**7.0%**

FY 2023 EBITDA margin (pre-IFRS 16)

## Operating highlights

**+14.4%**

LFL sales

**+3.0%**

LFL traffic

**+11.0%**

LFL ticket

**173** mln

customer visits  
+3.5% y-o-y

**792** RUB

average ticket +11.1% y-o-y

**+1.3%**

labour productivity growth in 2023

## CVP

**11-14** ths

SKUs

**1,116** sqm

average selling space

**77%**

loyalty card  
penetration in traffic

**90%**

loyalty card  
penetration in sales

**21%**

private label share

**+6.6** points

increase in NPS y-o-y

# Chizhik – key format highlights

**250–300** sqm

of store selling space

**~10–11** RUB mln

net capex per store (excl. VAT)

**750-800** SKU

in the assortment

**EDLP**

price strategy

**6**

employees per store

**77%**

share of own brand assortment

## Q4 2023 results

**1,500**

3x

Stores

**42** RUB bln

3x

Net retail sales

**616** RUB

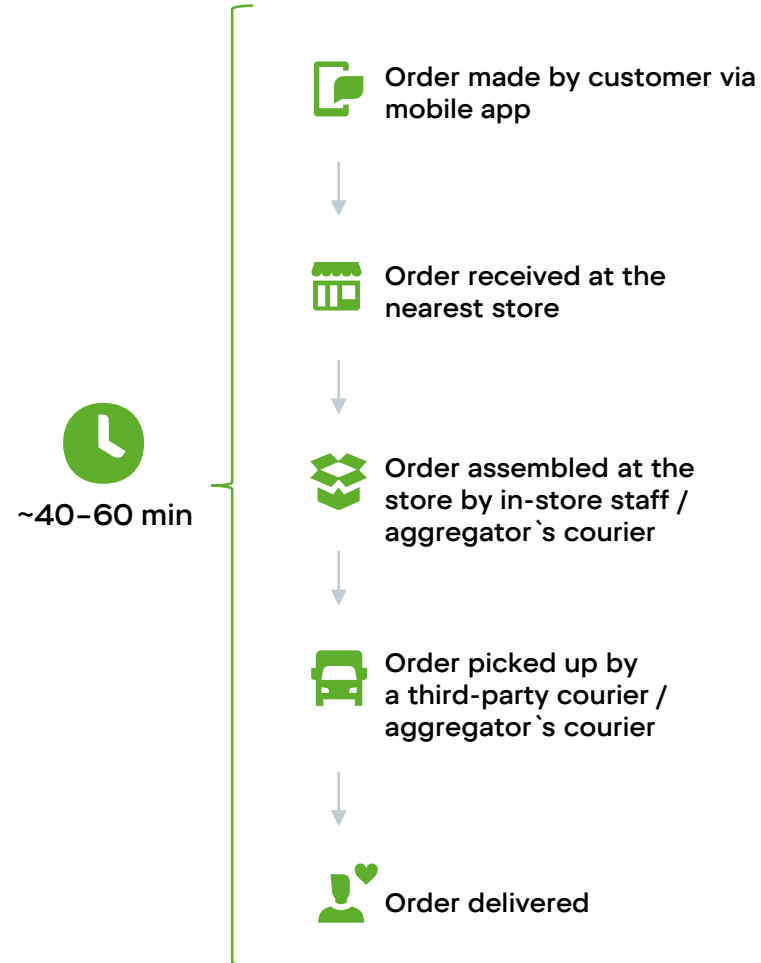
Average ticket

**447** RUB / sqm

Sales density

# Express delivery

## Business model overview



## Key operating metrics Q4 2023

<b>GMV</b>	<b>RUB 37.9 bln</b>
Orders per day	257.8 ths
<b>Average ticket</b>	<b>RUB 1,572</b>
Stores	8,515
<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 1,500 in all regions
<b>Delivery aggregators</b>	<b>SberMarket , Delivery Club and Yandex Eats</b>
Regions of operations	69



**X5 Investor Relations**

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