

X5 reports **20.8%** revenue growth in 2023 **6.9%** adj. EBITDA margin pre-IFRS 16

+20.8% y-o-y

Revenue growth in 2023

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

+75.7% y-o-y

Digital business (express delivery, Vprok.ru, 5Post and Mnogo Lososya) net sales growth in 2023

Digital business net sales amounted to RUB **123.6** billion, which comprised **3.9%** of consolidated FY 2023 revenue

24.1% +3 b.p.

Gross margin pre-IFRS 16² in 2023

predominantly driven by higher commercial margin and lower shrinkage in Pyaterochka, partially offset by higher logistics costs and a higher share of the hard discounter format in revenue

6.9% -34 b.p.

Adjusted EBITDA³ margin pre-IFRS 16 in 2023

2.9% +86 b.p.

Net profit margin pre-IFRS 16 in 2023

0.87x

Net debt/EBITDA⁴ ratio pre-IFRS 16 as of 31 December 2023

Amsterdam

22 March 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 released its 2023 Annual Report, including consolidated financial statements audited by TSATR – Audit Services LLC ("B1"), prepared in accordance with International Financial Reporting Standards as adopted in the European Union, as well as unaudited 2023 Annual Report including consolidated and company financial statements prepared in accordance with International Financial Reporting Standards as adopted in the European Union and in accordance with the Dutch Civil Code.



Igor Shekhterman

X5 Chief Executive Officer



During 2023, X5 once again demonstrated strong results and a commitment to excellence despite ongoing market turbulence. We continued to cement our leadership in the Russian food retail market by developing our three key formats – the proximity store, supermarket and hard discounter – while growing our presence through organic expansion and strategic M&A. We also undertook a number of positive measures to boost efficiency and labour productivity in response to market constraints, and strengthened our focus on supporting the people and communities that we serve.

X5 continued to actively expand its retail network, which reached 24,472 stores across all formats, while further developing our online services to offer a first-class omnichannel shopping experience. In 2023, X5 posted double-digit revenue growth of 20.8% year-on-year and solid like-for-like sales performance of 9.6%, while maintaining EBITDA margin at 6.8%.

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. Express delivery sales from stores and dark stores that have operated for less than 12 full months are also included in LFL calculations.
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 asset sale and leaseback operations for the proportion of rights retained as recognised under IFRS 16.
3. Adjusted EBITDA pre-IFRS 16 is EBITDA pre-IFRS 16 before costs related to the LTI programme, share-based payments, other one-off remuneration payment expenses and the impact of the Karusel transformation.
4. Earnings before interest, taxes, depreciation, amortization and impairment.

Among the drivers of our strong performance was the Pyaterochka proximity store format, which expanded by 2,144 new stores and posted revenue growth of 17.3% year-on-year, as well as growth in like-for-like sales of 9.8% year-on-year. In 2023, the chain launched its first stores in the Russian Far East, making X5 the first nationwide food retailer to enter this region. This milestone development has brought Pyaterochka's wide selection of high-quality foods at affordable prices to the doorstep of local customers, while creating new jobs and opportunities for local suppliers.

Throughout the year, we continued to revamp the Perekrestok supermarket format to enhance its unique value proposition, drive efficiency gains and boost like-for-like sales. Perekrestok posted growth in like-for-like sales of 8.3% and revenue growth of 8.7% in 2023, amid an ongoing transformation that aims to build a more efficient business while maintaining the format's customer-centric focus.

A key focus over the year was the development of our hard discounter format, Chizhik, which has attracted growing customer demand thanks to its curated selection of high-quality and affordable products, including a variety of unique private labels. In 2023, Chizhik opened 983 new stores to reach a total of 1,500 stores nationwide, while its revenue increased threefold year-on-year. In line with X5's regional expansion strategy, our hard discounter launched operations in Siberia during the year and is poised for further significant growth in the region. The development of the Chizhik network remains a top priority for X5 in response to ongoing consumer demand.

Our digital businesses delivered net sales growth of 75.7% year-on-year and grew to account for 3.9% of consolidated revenue in 2023. As digital businesses remain a core part of our customer journey, we have focused on streamlining our online services, using both stores and dark stores, and improving the mobile app experience with an aim to become a leader in the online food retail segment, particularly in Moscow and the Moscow Region.

We continued the rapid expansion of express delivery services from Pyaterochka proximity stores and Perekrestok supermarkets to provide our customers with a seamless omnichannel shopping experience. At the same time, ongoing competition and the current pressure on margins in this segment have not yet allowed us to effectively translate top-line growth into better profitability.

In 2023, our online delivery logistics service, 5Post, entered Siberia and passed the milestone of 20,000 pickup points across Russia. With this move, 5Post has made online shopping more accessible for customers in Siberia while coming closer to reaching 100% coverage of its targeted geographic footprint.

An important part of our strategy is to maximise our presence at each step of the customer journey. In this regard, we have been developing a unified loyalty programme that serves as an umbrella for X5's businesses and services. In 2023, X5 integrated nearly all of its businesses – including express delivery services, our online media platform Food.ru, and the sushi delivery service Mnogo Lososya – into the updated X5 Club loyalty programme. Now customers can conveniently earn and

spend bonus points when shopping at Pyaterochka and Perekrestok, ordering meals or posting recipes on Food.ru, all from a single loyalty account. The expansion of our loyalty programme will drive new efficiency gains, create a highly tailored customer experience and offer better insights into customer needs.

Among the external challenges in 2023 was a notable shortage of operating personnel on the market, which resulted in a significant increase in labour costs. To offset the negative impact of this development on our margins, we introduced a number of initiatives to improve efficiency. Key measures included increasing automation in our in-store and logistics operations and introducing day and night non-contact picking, which enabled us to increase labour productivity by 9% in 2023.

Looking ahead to 2024, we do not foresee a substantial improvement in the labour market and therefore plan to continue our initiatives to boost the efficiency of X5's business processes. These include further rolling out automation in stores and logistics, scaling up contactless pickup, and increasing the number of self-service checkouts at our stores. We expect to see further growth in labour productivity thanks to these measures in 2024.

We also aim to continue growing our footprint in existing and new regions of presence via targeted M&A deals. In 2023, X5 acquired the retail operators Tamerlan and Victoria Baltia, which enabled X5 to expand its presence in southern Russia and gain a foothold in the highly promising Kaliningrad Region. M&As and strategic partnerships will help X5 to further solidify its leadership in the Russian food market and drive additional organic growth.

Our active expansion on the domestic market has gone hand in hand with a robust and growing commitment to community support and engagement. In 2023, X5 collected more than 936 tonnes of food and non-food items to more than 469,000 people in need through the Basket of Kindness and other charitable projects. X5 also carried out various initiatives to promote environmental awareness among customers, boost healthy food choices among school children, and turn our Pyaterochka stores into community centres. With the approval of X5's updated sustainable development strategy in September 2023, we have combined our more ambitious climate targets with a stronger emphasis on developing social programmes, supporting local communities and promoting inclusion.

Our focus on people remains a core value at X5 Group. Over the past year, our team members consistently displayed the professionalism and tireless commitment to customer service that lie at the heart of our company's success. We will continue to give back to our employees by fostering an environment that empowers them to grow and develop to their full potential.

I would like to thank all of X5's employees for their hard work and dedication over the past year, and extend my deep gratitude to our partners and investors for their continued cooperation and trust. I am confident that our focus on business efficiency, excellent customer service and social responsibility will further solidify our standing as a market leader in the year to come.



Key financial results highlights⁵ (pre-IFRS 16)

RUB mln	Q4 2023	Q4 2022	change, y-o-y, % or multiple	FY 2023	FY 2022	change, y-o-y, % or multiple
Revenue	881,216	705,183	25.0	3,145,859	2,605,232	20.8
incl. net retail sales ⁶	874,505	702,134	24.5	3,128,847	2,596,086	20.5
Pyaterochka (incl. express delivery) ⁷	685,594	560,440	22.3	2,491,009	2,122,793	17.3
Perekrestok (incl. express delivery)	119,760	104,400	14.7	418,938	385,495	8.7
Chizhik	41,661	15,233	3x	118,425	35,893	3x
Gross profit	212,340	158,047	34.4	757,776	626,744	20.9
Gross profit margin, %	24.1	22.4	168 b.p.	24.1	24.1	3 b.p.
Adj. EBITDA	54,740	36,574	49.7	217,952	189,468	15.0
Adj. EBITDA margin, %	6.2	5.2	103 b.p.	6.9	7.3	(34) b.p.
EBITDA	53,062	35,838	48.1	214,764	186,788	15.0
EBITDA margin, %	6.0	5.1	94 b.p.	6.8	7.2	(34) b.p.
Operating profit	29,273	13,825	111.7	130,104	97,632	33.3
Operating profit margin, %	3.3	2.0	136 b.p.	4.1	3.7	39 b.p.
Net profit	19,034	5,853	3x	90,284	52,248	72.8
Net profit margin, %	2.2	0.8	133 b.p.	2.9	2.0	86 b.p.

5. 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.

6. 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, Vprok.ru, Krasny Yar and Slata. Including Karusel in Q4 and FY 2022.

7. Including Pokupochka, PokupALKO, Victoria, Kvartal, Deshevo and CASH.

Revenue

Revenue growth reached 25.0% year-on-year in Q4 2023. Net retail sales increased by 24.5%, driven by a combination of 12.1% selling space growth and 13.2% LFL sales growth, while X5's digital business sales grew by 89.4% y-o-y.

Selling space by format, square metres (sqm)

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	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 Group⁹	10,206,011	9,107,479	12.1

Q4 and FY 2023 LFL store performance by format, % change y-o-y

In Q4 2023, LFL sales increased by 13.2% year-on-year, supported by solid LFL results for Pyaterochka and Perekrestok at 13.0% and 14.4%, respectively. The LFL basket was the main driver of LFL sales in Q4 2023, with LFL traffic in positive territory at 3.0% year-on-year.

	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 Group¹⁰	13.2	3.0	9.9	9.6	4.6	4.8

For more details on net retail sales performance, please refer to X5's [Q4 2023 Trading Update](#).

Gross profit margin

Gross profit margin pre-IFRS 16 increased by 168 b.p. year-on-year to 24.1% in Q4 2023, mainly due to a higher commercial margin driven by the low base effect of Q4 2022 and assortment optimisation in Pyaterochka, as well as lower shrinkage in all formats.

Gross profit margin pre-IFRS 16 for FY 2023 remained flat year-on-year at 24.1%. The growth of commercial margin on the back of assortment optimisation and promotions, as well as lower shrinkage in Pyaterochka, was offset by higher logistics costs and a higher share of the hard discounter format in revenue.

8. Including Pokupochka, PokupALKO, Victoria, Kvartal, Deshevo and CASH.

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

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

Selling, general and administrative (SG&A) expenses (excl. D&A&I and the impact of the Karusel transformation) (pre-IFRS 16)

RUB mln	Q4 2023	Q4 2022	change, y-o-y, %	FY 2023	FY 2022	change, y-o-y, %
Staff costs	(77,442)	(58,057)	33.4	(266,357)	(209,940)	26.9
% of revenue	8.8	8.2	56 b.p.	8.5	8.1	41 b.p.
incl. LTI and share-based payments	(1,735)	(729)	138.0	(5,056)	(2,517)	100.9
staff costs excl. LTI and share-based payments as % of revenue	8.6	8.1	46 b.p.	8.3	8.0	34 b.p.
Lease expenses	(36,342)	(30,581)	18.8	(134,995)	(117,825)	14.6
% of revenue	4.1	4.3	(21) b.p.	4.3	4.5	(23) b.p.
Utilities	(15,316)	(14,224)	7.7	(61,518)	(51,309)	19.9
% of revenue	1.7	2.0	(28) b.p.	2.0	2.0	(1) b.p.
Other store costs	(8,118)	(6,677)	21.6	(28,030)	(24,573)	14.1
% of revenue	0.9	0.9	(3) b.p.	0.9	0.9	(5) b.p.
Third-party services	(11,342)	(7,600)	49.2	(26,256)	(19,796)	32.6
% of revenue	1.3	1.1	21 b.p.	0.8	0.8	7 b.p.
Other expenses	(17,074)	(10,257)	66.5	(50,125)	(36,714)	36.5
% of revenue	1.9	1.5	48 b.p.	1.6	1.4	18 b.p.
SG&A (excl. D&A&I and the impact of the Karusel transformation)	(165,634)	(127,396)	30.0	(567,281)	(460,157)	23.3
% of revenue	18.8	18.1	73 b.p.	18.0	17.7	37 b.p.
SG&A (excl. D&A&I, LTI, share-based payments and the impact of the Karusel transformation)	(163,899)	(126,667)	29.4	(562,225)	(457,640)	22.9
% of revenue	18.6	18.0	64 b.p.	17.9	17.6	31 b.p.

In Q4 2023, SG&A expenses excluding D&A&I, LTI, share-based payments and the impact of the Karusel transformation pre-IFRS 16 as a percentage of revenue increased by 64 b.p. to 18.6%, mainly driven by higher staff costs, other expenses, and third party services as a percentage of revenue.

Staff costs (excluding LTI and share-based payments) as a percentage of revenue increased by 46 b.p. year-on-year in Q4 2023 to 8.6%, mainly due to the indexation of salaries for store employees.

LTI and share-based payment expenses amounted to RUB 1,735 million in Q4 2023, up by 138% from RUB 729 million in Q4 2022, driven by the introduction of the LTI programme for new businesses and an increase in accruals for the 2021–2023 LTI programme on the back of updated KPIs and a reassessment of the probability of achieving these KPIs.

Lease expenses pre-IFRS 16 as a percentage of revenue in Q4 2023 decreased by 21 b.p. year-on-year to 4.1%, mainly due to a positive operating leverage effect for fixed lease rates, partially compensated by a higher number of revenue-linked leases.

Utilities costs as a percentage of revenue in Q4 decreased by 28 b.p. year-on-year to 1.7%, driven by the optimisation of electricity consumption and cleaning costs.

Other store costs pre-IFRS 16 as a percentage of revenue in Q4 2023 decreased by 3 b.p. year-on-year, mainly due to the optimisation of store security operations.

Third-party service expenses pre-IFRS 16 as a percentage of

revenue in Q4 2023 increased by 21 b.p. year-on-year to 1.3%, mainly due to higher marketing expenses and promotional activities.

Other expenses pre-IFRS 16 as a percentage of revenue in Q4 2023 increased by 48 b.p. year-on-year to 1.9%, due to a growing share of courier service costs and aggregator commissions for express delivery, and a higher reverse franchising agency fees.

In 2023, SG&A expenses excluding D&A&I, LTI, share-based payments and the impact of the Karusel transformation pre-IFRS 16 as a percentage of revenue increased by 31 b.p. to 17.9%, mainly driven by higher staff costs, other expenses, and third-party services as a percentage of revenue.

Lease/sublease and other income¹¹

As a percentage of revenue, the Company's income from leases, subleases and other operations pre-IFRS 16 totalled 0.7%, representing a decrease of 3 b.p. year-on-year in Q4 2023. This was driven by a negative operating leverage effect for fixed lease rates.

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

EBITDA and EBITDA margin (pre-IFRS 16)

RUB mln	Q4 2023	Q4 2022	change, y-o-y, %	FY 2023	FY 2022	change, y-o-y, %
Gross profit	212,340	158,047	34.4	757,776	626,744	20.9
Gross profit margin, %	24.1	22.4	168 b.p.	24.1	24.1	3 b.p.
SG&A (excl. D&A&I, LTI, share-based payments and the effect of the Karusel transformation)	(163,899)	(126,667)	29.4	(562,225)	(457,640)	22.9
% of revenue	18.6	18.0	64 b.p.	17.9	17.6	31 b.p.
Net impairment gain on financial assets	11	(48)	n/a	(97)	(346)	(72.0)
% of revenue	(0.00)	0.01	(1) b.p.	0.00	0.01	(1) b.p.
Lease/sublease and other income (excl. the effect of the Karusel transformation)	6,288	5,242	20.0	22,498	20,710	8.6
% of revenue	0.7	0.7	(3) b.p.	0.7	0.8	(8) b.p.
Adj. EBITDA	54,740	36,574	49.7	217,952	189,468	15.0
Adj. EBITDA margin, %	6.2	5.2	103 b.p.	6.9	7.3	(34) b.p.
LTI, share-based payments and other one-off remuneration payment expenses and SSC	(1,735)	(729)	138.0	(5,056)	(2,517)	100.9
% of revenue	0.2	0.1	9 b.p.	0.2	0.1	6 b.p.
Effect of the Karusel transformation	57	(7)	n/a	1,868	(163)	n/a
% of revenue	0.01	(0.00)	1 b.p.	0.06	(0.01)	7 b.p.
EBITDA	53,062	35,838	48.1	214,764	186,788	15.0
EBITDA margin, %	6.0	5.1	94 b.p.	6.8	7.2	(34) b.p.

D&A&I

Depreciation, amortisation and impairment costs pre-IFRS 16 decreased as a percentage of revenue by 42 b.p. year-on-year to 2.7% in Q4 2023, totalling RUB 23,789 million. This was mainly attributable to the fact that revenue growth outpaced growth in the gross book value of assets, as well as the optimisation of the Company's refurbishment plan. In 2023, depreciation, amortisation and impairment costs pre-IFRS 16 decreased by 73 b.p. year-on-year to 2.7%, totalling RUB 84,660 million.

Non-operating gains and losses (pre-IFRS 16)

RUB mln	Q4 2023	Q4 2022	change, y-o-y, % or multiple	FY 2023	FY 2022	change, y-o-y, % or multiple
Operating profit	29,273	13,825	111.7	130,104	97,632	33.3
Net finance costs	(2,515)	(3,204)	(21.5)	(9,445)	(18,439)	(48.8)
Net FX result	454	(1,795)	n/a	(2,185)	(2,699)	(19.0)
Profit before tax	27,212	8,826	3x	118,474	76,494	54.9
Income tax expense	(8,178)	(2,973)	3x	(28,190)	(24,246)	16.3
Net profit	19,034	5,853	3x	90,284	52,248	72.8
Net profit margin, %	2.2	0.8	133 b.p.	2.9	2.0	86 b.p.

Net finance costs pre-IFRS 16 in Q4 2023 decreased by 21.5% year-on-year to RUB 2,515 million, driven by higher interest income on short-term financial investments, partially compensated by higher interest costs due to increased interest rates on the Russian capital market.

The net FX result totalled RUB 454 million pre-IFRS 16 in Q4 2023, compared with negative RUB 1,795 million in Q4 2022, due to the appreciation of the rouble.

In Q4 2023, income tax expense pre-IFRS 16 increased by a factor of three year-on-year due to the increase in profit before tax.

In FY 2023, the effective tax rate pre-IFRS 16 was 23.8%, down from 31.7% in 2022.

Key cash flow highlights (pre-IFRS 16)

RUB mln	Q4 2023	Q4 2022	change, y-o-y, % or multiple	FY 2023	FY 2022	change, y-o-y, % or multiple
Net cash from operating activities before changes in working capital	54,155	35,270	53.5	213,464	187,026	14.1
Change in working capital	16,311	7,235	125.4	22,901	4,088	6x
Adj. net interest and income tax paid ¹²	(15,071)	(6,850)	120.1	(41,969)	(35,887)	16.9
Interest received on short-term financial investments	3,515	-	n/a	5,747	-	n/a
Net interest and income tax paid	(11,556)	(6,850)	68.8	(36,222)	(35,887)	0.9
Adj. net cash flows generated from operating activities ¹²	55,395	35,655	55.4	194,396	155,227	25.2
Net cash flows generated from operating activities	58,910	35,655	65.2	200,143	155,227	28.9
Adj. net cash used in investing activities ¹³	(48,030)	(26,062)	84.3	(128,561)	(76,295)	68.5
(Payment for)/Repayment of short-term financial investments	(33,515)	(30,000)	11.7	(65,747)	-	n/a
Net cash used in investing activities	(81,545)	(56,062)	45.5	(194,308)	(76,295)	154.7
Net cash generated from/(used in) financing activities	9,002	23,824	(62.2)	(8,617)	(61,641)	(86.0)
Effect of exchange rate changes on cash and cash equivalents	(11)	137	n/a	302	(98)	n/a
Net increase in cash and cash equivalents	(13,644)	3,554	n/a	(2,480)	17,193	n/a

12. Adjusted for interest received on short-term financial investments.

13. Adjusted for cash used for short-term financial investments.

In Q4 2023, the Company's net cash from operating activities before changes in working capital pre-IFRS 16 increased by RUB 18,885 million and totalled RUB 54,155 million. The higher positive change in working capital pre-IFRS 16 of RUB 16,311 million in Q4 2023 vs. RUB 7,235 million in Q4 2022 was driven by a lower increase in inventories due to logistical problems caused by unfavorable weather conditions, and a higher increase in trade account payables due to business growth and the impact of an additional non-working day at the end of December.

Working capital highlights (IFRS 16)

RUB mln	31-Dec-23	31-Dec-22	31-Dec-21
Inventories	236,826	208,661	166,840
Trade, other accounts receivable and prepayments	27,924	21,382	20,190
Trade accounts payable	290,232	238,641	212,949
Provisions and other liabilities	157,071	130,450	104,673
Short-term contract liabilities	1,458	3,767	2,392

Adjusted net interest and income tax paid pre-IFRS 16 in Q4 2023 increased by 120.1% year-on-year and totalled RUB 15,071 million. This was due to an increase in interest rates on the Russian capital market on the back of the key rate increase, as well as an increase in income tax due to business growth.

As a result, adjusted net cash flow generated from operating activities pre-IFRS 16 totalled RUB 55,395 million, up from RUB 35,655 million in Q4 2022.

In 2023, net cash flows generated from operating activities pre-IFRS 16 totalled RUB 200,143 million, up 28.9% from RUB 155,227 million in 2022.

In Q4 2023, adjusted net cash used in investing activities pre-IFRS 16, which predominantly consists of payments for

property, plant and equipment, increased to RUB 48,030 million due to renewal of the truck fleet. For 2023, adjusted net cash used in investing activities pre-IFRS 16 increased to RUB 128,561 million from RUB 76,295 million in 2022.

Net cash generated from financing activities pre-IFRS 16 totalled RUB 9,002 million in Q4 2023, compared with net cash generated from financing activities of RUB 23,824 million in Q4 2022. In 2023, net cash used in financing activities pre-IFRS 16 decreased to RUB 8,617 million from RUB 61,641 million in 2022.

Liquidity update

RUB mln	31-Dec-23	% of total	31-Dec-22	% of total	31-Dec-21	% of total
Pre-IFRS 16						
Total debt	228,229		234,532		294,338	
Short-term debt	100,833	44.2	87,146	37.2	87,767	29.8
Long-term debt	127,396	55.8	147,386	62.8	206,571	70.2
Net debt	187,454		191,277		268,276	
Net debt/EBITDA	0,87x		1,02x		1,67x	
IFRS 16						
Lease liabilities	670,961		591,160		577,363	
Net debt/EBITDA	2,49x		2,58x		3,16x	

The Company's net debt/EBITDA ratio pre-IFRS 16 was 0.87x as of 31 December 2023.

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

As of 31 December 2023, the Company had access to RUB 549,740 million in available lines of credit with major banks.

Effect of IFRS 16 on X5 Group's financial statements

Effect on gross profit

Gross profit and gross margin under IFRS 16 are higher by RUB 2,832 million and 32 b.p. compared to pre-IFRS 16 in Q4 2023 (RUB 10,264 million and 33 b.p. in 2023), respectively, due to the lease for distribution centres, which is a part of cost of sales pre-

IFRS 16, but is excluded from the gross profit calculation under IFRS 16 in order to align the presentation of depreciation of right-of-use assets and other assets.

Effect on EBITDA, operating profit and finance costs

Lease expenses, other store costs, third party services and other expenses in the total amount of RUB 31,162 million are excluded from SG&A expenses under IFRS 16 in Q4 2023 (RUB 117,984 million in 2023). Additional depreciation of RUB 20,660 million related to leased assets has been added to SG&A costs under IFRS 16 in Q4 2023 (RUB 81,296 million in 2023).

IFRS 16 increases the Company's EBITDA significantly, as lease expenditure previously recognised in the income statement is excluded. Adjusted EBITDA margin under IFRS 16 is 391 b.p. higher compared to pre-IFRS 16 amount in Q4 2023 (411 b.p. in 2023). Interest expense on liabilities is recognised in finance costs, below the EBITDA level under IFRS 16.

Net financial costs under IFRS 16 in Q4 2023 exceed the pre-IFRS 16 amount by RUB 17,053 million due to the interest expense on lease liabilities (RUB 60,742 million in 2023).

Effect on net profit

The positive net FX result under IFRS 16 is RUB 567 million higher compared to pre-IFRS 16 amount in Q4 2023 (negative RUB 1,969 million in 2023) due to revaluation of foreign currency liabilities resulting from lease contracts denominated in foreign currencies.

Net profit and net profit margin under IFRS 16 are lower by RUB 2,181 million and 25 b.p. compared to pre-IFRS 16 amount in Q4 2023 (RUB 11,691 million and 37 b.p. in 2023) as a result of additional depreciation and interest expense.

IFRS 16 results in lower income tax expense due to lower profit before tax. The effective tax rate under IFRS 16 is 31.2% in Q4 2023 and 24.3% in 2023.

Effect on cash flow statement

IFRS 16 affects the presentation of the cash flow statement but not the net change in cash result, as principal payments on leases are classified as financing activities, prepayments are classified as investing activities, and interest payments are considered interest paid in operating activities.

APPENDIX

Key financial results highlights (IFRS 16)

RUB mln	Q4 2023	Q4 2022	change, y-o-y, % or multiple	FY 2023	FY 2022	change, y-o-y, % or multiple
Revenue	881,216	705,183	25.0	3,145,859	2,605,232	20.8
incl. net retail sales ¹⁴	874,505	702,134	24.5	3,128,847	2,596,086	20.5
Pyaterochka (incl. express delivery) ¹⁵	685,594	560,440	22.3	2,491,009	2,122,793	17.3
Perekrestok (incl. express delivery)	119,760	104,400	14.7	418,938	385,495	8.7
Chizhik	41,661	15,233	3x	118,425	35,893	3x
Gross profit	215,172	160,332	34.2	768,040	635,196	20.9
Gross profit margin, %	24.4	22.7	168 b.p.	24.4	24.4	3 b.p.
Adj. EBITDA	89,158	66,841	33.4	347,345	305,529	13.7
Adj. EBITDA margin, %	10.1	9.5	64 b.p.	11.0	11.7	(69) b.p.
EBITDA	87,480	66,105	32.3	344,157	302,849	13.6
EBITDA margin, %	9.9	9.4	55 b.p.	10.9	11.6	(68) b.p.
Operating profit	43,031	24,368	76.6	178,201	138,118	29.0
Operating profit margin, %	4.9	3.5	143 b.p.	5.7	5.3	36 b.p.
Net profit	16,853	2,083	8x	78,593	45,188	73.9
Net profit margin, %	1.9	0.3	162 b.p.	2.5	1.7	76 b.p.

14. 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, Vprok.ru, Krasny Yar and Slata. Including Karusel in Q4 and FY 2022.

15. Including Pokupochka, PokupALKO, Victoria, Kvartal, Deshevo, and CASH.

Selling, general and administrative (SG&A) expenses (excl. D&A&I and the impact of the Karusel transformation) (IFRS 16)

RUB mln	Q4 2023	Q4 2022	change, y-o-y, %	FY 2023	FY 2022	change, y-o-y, %
Staff costs	(77,442)	(58,057)	33.4	(266,357)	(209,940)	26.9
% of revenue	8.8	8.2	56 b.p.	8.5	8.1	41 b.p.
incl. LTI and share-based payments	(1,735)	(729)	138.0	(5,056)	(2,517)	100.9
staff costs excl. LTI and share-based payments as % of revenue	8.6	8.1	46 b.p.	8.3	8.0	34 b.p.
Lease expenses	(7,838)	(5,424)	44.5	(26,922)	(19,624)	37.2
% of revenue	0.9	0.8	12 b.p.	0.9	0.8	10 b.p.
Utilities	(15,316)	(14,224)	7.7	(61,518)	(51,309)	19.9
% of revenue	1.7	2.0	(28) b.p.	2.0	2.0	(1) b.p.
Other store costs	(7,899)	(6,454)	22.4	(27,168)	(23,685)	14.7
% of revenue	0.9	0.9	(2) b.p.	0.9	0.9	(5) b.p.
Third-party services	(11,467)	(7,702)	48.9	(26,710)	(20,187)	32.3
% of revenue	1.3	1.1	21 b.p.	0.8	0.8	7 b.p.
Other expenses	(14,510)	(8,219)	76.5	(40,622)	(30,118)	34.9
% of revenue	1.6	1.2	48 b.p.	1.3	1.2	14 b.p.
SG&A (excl. D&A&I and the impact of the Karusel transformation)	(134,472)	(100,080)	34.4	(449,297)	(354,863)	26.6
% of revenue	15.3	14.2	107 b.p.	14.3	13.6	66 b.p.
SG&A (excl. D&A&I, LTI, share-based payments and the impact of the Karusel transformation)	(132,737)	(99,351)	33.6	(444,241)	(352,346)	26.1
% of revenue	15.1	14.1	97 b.p.	14.1	13.5	60 b.p.

EBITDA and EBITDA margin (IFRS 16)

RUB mln	Q4 2023	Q4 2022	change, y-o-y, %	FY 2023	FY 2022	change, y-o-y, %
Gross profit	215,172	160,332	34.2	768,040	635,196	20.9
Gross profit margin, %	24.4	22.7	168 b.p.	24.4	24.4	3 b.p.
SG&A (excl. D&A&I, LTI, share-based payments and the effect of the Karusel transformation)	(132,737)	(99,351)	33.6	(444,241)	(352,346)	26.1
% of revenue	15.1	14.1	97 b.p.	14.1	13.5	60 b.p.
Net impairment gain on financial assets	11	(48)	n/a	(97)	(346)	(72.0)
% of revenue	(0.00)	0.01	(1) b.p.	0.00	0.01	(1) b.p.
Lease/sublease and other income (excl. the effect of the Karusel transformation)	6,712	5,908	13.6	23,643	23,025	2.7
% of revenue	0.8	0.8	(8) b.p.	0.8	0.9	(13) b.p.
Adj. EBITDA	89,158	66,841	33.4	347,345	305,529	13.7
Adj. EBITDA margin, %	10.1	9.5	64 b.p.	11.0	11.7	(69) b.p.
LTI, share-based payments and other one-off remuneration payment expenses and SSC	(1,735)	(729)	138.0	(5,056)	(2,517)	100.9
% of revenue	0.2	0.1	9 b.p.	0.2	0.1	6 b.p.
Effect of the Karusel transformation	57	(7)	n/a	1,868	(163)	n/a
% of revenue	0.01	(0.00)	1 b.p.	0.06	(0.01)	7 b.p.
EBITDA	87,480	66,105	32.3	344,157	302,849	13.6
EBITDA margin, %	9.9	9.4	55 b.p.	10.9	11.6	(68) b.p.

Non-operating gains and losses (IFRS 16)

RUB mln	Q4 2023	Q4 2022	change, y-o-y, % or multiple	FY 2023	FY 2022	change, y-o-y, % or multiple
Operating profit	43,031	24,368	76.6	178,201	138,118	29.0
Net finance costs	(19,568)	(16,798)	16.5	(70,187)	(68,417)	2.6
Net FX result	1,021	(3,457)	n/a	(4,154)	(2,032)	104.4
Profit before tax	24,484	4,113	6x	103,860	67,669	53.5
Income tax expense	(7,631)	(2,030)	4x	(25,267)	(22,481)	12.4
Net profit	16,853	2,083	8x	78,593	45,188	73.9
Net profit margin, %	1.9	0.3	162 b.p.	2.5	1.7	76 b.p.

Key cash flow highlights (IFRS 16)

RUB mln	Q4 2023	Q4 2022	change, y-o-y, % or multiple	FY 2023	FY 2022	change, y-o-y, % or multiple
Net cash from operating activities before changes in working capital	88,149	64,872	35.9	341,711	300,768	13.6
Change in working capital	17,528	7,702	127.6	24,443	5,924	4x
Adj. net interest and income tax paid ¹⁶	(32,095)	(20,420)	57.2	(102,624)	(85,768)	19.7
Interest received on short-term financial investments	3,515	-	n/a	5,747	-	n/a
Net interest and income tax paid	(28,580)	(20,420)	40.0	(96,877)	(85,768)	13.0
Adj. net cash flows generated from operating activities ¹⁶	73,582	52,154	41.1	263,530	220,924	19.3
Net cash flows generated from operating activities	77,097	52,154	47.8	269,277	220,924	21.9
Adj. net cash used in investing activities ¹⁷	(47,808)	(25,935)	84.3	(127,864)	(75,978)	68.3
(Payment for)/Repayment of short-term financial investments	(33,515)	(30,000)	11.7	(65,747)	-	n/a
Net cash used in investing activities	(81,323)	(55,935)	45.4	(193,611)	(75,978)	154.8
Net cash generated from/(used in) financing activities	(9,407)	7,200	n/a	(78,448)	(127,655)	(38.5)
Effect of exchange rate changes on cash and cash equivalents	(11)	137	n/a	302	(98)	n/a
Net increase in cash and cash equivalents	(13,644)	3,556	n/a	(2,480)	17,193	n/a

16. Adjusted for interest received on short-term financial investments.

17. Adjusted for cash used for short-term financial investments.

Dividends

In view of restrictions that limit X5's ability to upstream funds from its Russian subsidiaries to the Dutch parent company, the Supervisory Board will not declare a dividend with respect to the financial year 2023. While the Company remains committed to its long-term goal of returning company profits to shareholders, the

Supervisory Board believes it would be in the Company's best interest to temporarily deviate from its dividend policy as long as current uncertainties and regulatory conditions prevail.

Publication of 2023 Annual report

On 22 March X5 released two sets of 2023 Annual report:

1. 2023 Annual Report including consolidated financial statements audited by B1, which is in compliance with the FCA requirements, and
2. 2023 Annual Report including consolidated and company financial statements prepared in accordance with the Dutch Civil Code, unaudited.

B1 is not eligible to perform audit under Dutch Civil Code requirements therefore the Company released a separate set of statutory reporting documents for Dutch regulatory purposes. As described on page 226 of the 2023 Annual Report, the auditor's report of the Company's 2023 consolidated and company financial statements, as required under article 2:393

Dutch Civil Code, is absent pending completion of the work to be conducted on the audit of the Company's 2022 Financial Statements by Reanda Audit & Assurance B.V., and their subsequent potential re-appointment as the Company's auditor for the 2023 Financial Statements. Pending the issue of an audit opinion by a Dutch auditor, and in view of the Company being of the opinion that the 2023 Financial Statements give a true and fair view of the financial position and results of the Group, the Company has decided, for transparency purposes, to submit its 2023 Annual Report to the Company's Annual General Meeting of Shareholders without auditor's report. The Company will submit its 2023 Financial Statements with the Dutch auditor's report if and when such report will be issued.

Related party transactions

For a description of the related party transactions entered into by the Company, please refer to note 8 of the consolidated financial statements.

Risks and Uncertainties

X5's risk management programme provides executive management with a periodic and in-depth understanding of X5's key business risks and the risk management systems and internal controls in place to mitigate these risks. For a detailed description of key risks that the Company faces, please refer to the 2023 Annual Report. It should be noted that there are additional risks that management believe are immaterial or

otherwise common to most companies, or that it is currently unaware of. The Company has assessed the risks for the first half of 2024 and believes that the risks identified are in line with those presented in the 2023 Annual Report. For a description of the financial risks faced by the Company, please refer to note 31 of the audited consolidated financial statements and the Company's 2023 Annual Report.

Annual Report and Accounts

The Annual Report and Accounts, including the full set of audited consolidated financial statements and notes thereto, prepared in accordance with International Financial Reporting Standards as adopted in the European Union, are available on X5's corporate website at:

<https://www.x5.ru/en/investors/annual-reports/>

To access the 2023 Annual Report please click here:

<http://www.rns-pdf.londonstockexchange.com/rns/9380H1-2024-3-22.xhtml>

Information on Alternative Performance Measures

For more information on Alternative Performance Measures, which provide readers with a more detailed and accurate understanding of the Company's financial and operating performance, please refer to pages 75-78 of the 2023 Annual Report.

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, Chizhik hard discounters, and Krasny Yar and Slata stores. 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 2023, revenue totalled RUB 3,145,859 million (USD 36,903 million*), EBITDA pre-IFRS 16 reached RUB 214,764 million (USD 2,519 million*), and net profit pre-IFRS 16 for the period amounted to RUB 90,284 million (USD 1,059 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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