

X5 GROUP Q2 2021 NET SALES INCREASE 10.6% DIGITAL BUSINESS NET SALES UP 105.7%

- ✓ Total sales increased by 10.6% year-on-year (y-o-y) in roubles (RUB), driven by a 9.5 ppt contribution to sales growth from offline sales and a 1.1 ppt contribution from digital businesses in Q2 2021.
- ✓ Pyaterochka offline net sales increased by 9.9% y-o-y, driven by 7.8% selling space expansion and LFL sales growth of 3.7% despite the high base effect of Q2 2020 when LFL sales growth was at 6.0% supported by COVID-related mobility restrictions.
- ✓ Perekrestok offline net sales increased by 17.4% y-o-y, driven by 16.1% selling space expansion and LFL sales growth of 7.3%, which reflected a recovery by stores located in shopping malls.
- ✓ X5 added 336 net new stores in Q2 2021; in addition, 368 proximity stores and eight supermarkets were refurbished to the new concepts, which continue to show positive customer response.
- ✓ Like-for-like (LFL)⁽¹⁾ offline sales increased by 4.0% in Q2 2021. Starting from April 2021, LFL traffic became the main driver of LFL sales due to a reversal in the previous trend: customers began making more frequent visits to stores with a normalised basket size compared to 2020.
- ✓ Revenue from digital businesses increased by 105.7% and totalled RUB 10.6 billion in Q2 2021. The share of digital businesses revenue in total sales reached 2% in Q2.
- ✓ The average number of total daily orders for Vprok.ru Perekrestok and express delivery services from Pyaterochka and Perekrestok stores exceeded 77 thousand on peak days in April 2021.
- ✓ Karusel continued downsizing as part of the hypermarket format transformation programme, its selling space declined by 34.9% y-o-y and LFL performance remained negative as many stores continue to prepare for planned closures.
- ✓ The final dividend payment for FY 2020 of RUB 110.49 per GDR was completed in June 2021.

Amsterdam, 16 July 2021 - 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 Karusel retail chains, today announces its preliminary consolidated net retail sales and operational results for the second quarter (Q2) and six months (H1) ended 30 June 2021⁽²⁾.

Net Sales Performance

Sales of offline and digital businesses⁽³⁾

RUB mln	Q2 2021	Q2 2020	change y-o-y, %	H1 2021	H1 2020	change y-o-y, %
Pyaterochka	444,461	404,404	9.9	847,949	774,347	9.5
Perekrestok	81,838	69,686	17.4	164,674	148,265	11.1
Karusel	8,450	13,837	(38.9)	18,194	31,636	(42.5)
Offline net sales	534,994	487,927	9.6	1,031,180	954,248	8.1
Vprok.ru Perekrestok	4,216	3,585	17.6	8,698	5,678	53.2
Express delivery	5,661	1,474	4x	11,137	1,578	7x
5Post (e-comm last mile)	472	87	5x	903	151	6x
Digital businesses net sales	10,583	5,146	105.7	21,039	7,407	184.0
Total net sales	545,577	493,073	10.6	1,052,219	961,655	9.4

(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 calculation starting from the day of the store's opening. We include all stores that fit our LFL criteria in each reporting period.

(2) Numbers in this press release are preliminary and have not been reviewed or audited by the Company's auditor.

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

Net retail sales⁽⁴⁾ by format (including express delivery, Chizhik and Mnogo Lososya, but excluding Vprok.ru Perekrestok and 5Post sales)

RUB mln	Q2 2021	Q2 2020	change y-o-y, %	H1 2021	H1 2020	change y-o-y, %
Pyaterochka	447,612	405,792	10.3	854,322	775,839	10.1
Perekrestok (excl. Vprok.ru Perekrestok)	84,344	69,772	20.9	169,429	148,351	14.2
Karusel	8,454	13,837	(38.9)	18,203	31,636	(42.5)
Net retail sales	540,888	489,401	10.5	1,042,618	955,826	9.1

Q2 & H1 2021 LFL store performance by format, % change y-o-y⁽⁵⁾

	Q2 2021			H1 2021		
	Sales	Traffic	Basket	Sales	Traffic	Basket
Pyaterochka	3.7	13.0	(8.3)	3.6	2.0	1.5
Perekrestok	7.3	31.9	(18.6)	2.1	5.4	(3.1)
Karusel	(7.4)	8.9	(15.0)	(10.1)	(7.7)	(2.6)
X5 Group	4.0	14.7	(9.3)	3.1	2.3	0.8

Q2 2021 monthly net RUB sales by format, % change y-o-y

	April 2021	May 2021	June 2021
Pyaterochka	6.7	11.8	11.2
Perekrestok	18.8	18.9	14.6
Karusel	(39.3)	(39.9)	(37.4)
Offline business total	7.1	11.3	10.5
Vprok.ru Perekrestok	48.2	(7.8)	23.2
Express delivery	4x	3x	4x
5Post (e-comm last mile)	6x	6x	5x
Digital businesses total	150.3	65.4	116.8
Total	8.5	12.0	11.5

Average Ticket and Number of Customer Visits⁽⁵⁾

Q2 & H1 2021 average ticket and customer visits by offline format

	Q2 2021	Q2 2020	change y-o-y, %	H1 2021	H1 2020	change y-o-y, %
Average Ticket, RUB						
Pyaterochka	394.1	430.4	(8.4)	405.3	399.6	1.4
Perekrestok	591.4	733.3	(19.4)	621.0	642.2	(3.3)
Karusel	984.0	1,119.8	(12.1)	959.5	941.7	1.9
X5 Group	419.5	465.8	(9.9)	434.1	433.2	0.2
# of Customers, mln						
Pyaterochka	1,304.0	1,082.3	20.5	2,418.8	2,229.7	8.5
Perekrestok	162.8	108.6	49.9	311.3	263.9	18.0
Karusel	9.9	14.2	(30.5)	21.8	38.6	(43.5)
X5 Group	1,477.5	1,205.1	22.6	2,752.8	2,532.2	8.7

(4) Net retail sales represent revenue from operations of X5-managed stores net of VAT. This number differs from revenue, which also includes proceeds from direct franchisees (royalty payments) and other revenue, which will be reported as part of X5's Q2 and H1 2021 financial results.

(5) Excluding Vprok.ru Perekrestok

Q2 2021 average monthly ticket and customer visits by offline format, % change y-o-y

	April 2021	May 2021	June 2021
Average Ticket			
Pyaterochka	(15.1)	(8.9)	(1.5)
Perekrestok	(27.3)	(21.9)	(9.4)
Karusel	(20.4)	(16.6)	3.1
X5 Group	(16.3)	(10.8)	(2.6)
# of Customer Visits			
Pyaterochka	26.4	23.2	13.1
Perekrestok	68.3	56.2	30.6
Karusel	(23.6)	(27.8)	(39.4)
X5 Group	29.5	25.4	14.2

Expansion Dynamics
Selling space and # of stores by format

	As at 30-Jun-21	As at 31-Dec-20	change vs 31-Dec-20, %	As at 30-Jun-20	change vs 30-Jun-20, %
Selling Space, square meters (sq. m.)					
Pyaterochka	6,782,960	6,541,622	3.7	6,289,962	7.8
Perekrestok	1,058,533	1,013,860	4.4	911,634	16.1
Karusel	160,923	222,119	(27.6)	247,191	(34.9)
X5 Group⁽⁶⁾	8,062,903	7,840,055	2.8	7,510,261	7.4
# of Stores					
Pyaterochka	17,268	16,709	3.3	16,096	7.3
Perekrestok	968	933	3.8	862	12.3
Karusel	40	56	(28.6)	62	(35.5)
X5 Group⁽⁶⁾	18,295	17,707	3.3	17,025	7.5

Selling space and # of stores added by format

	Net Added Q2 2021	Net Added Q2 2020	change, y-o-y, %	Net Added H1 2021	Net Added H1 2020	change, y-o-y, %
Selling Space, square meters (sq. m.)						
Pyaterochka	126,080	153,188	(17.7)	241,337	314,815	(23.3)
Perekrestok	38,679	36,835	5.0	44,673	32,877	35.9
Karusel	(35,210)	(48,277)	(27.1)	(61,196)	(116,887)	(47.6)
X5 Group⁽⁶⁾	127,324	183,270	(30.5)	222,847	271,144	(17.8)
Net # of Stores						
Pyaterochka	308	357	(13.7)	559	742	(24.7)
Perekrestok	28	19	47.4	35	14	150.0
Karusel	(9)	(11)	(18.2)	(16)	(29)	(44.8)
X5 Group⁽⁶⁾	336	367	(8.4)	588	728	(19.2)

(6) Including Vprok.ru Perekrestok dark stores and Chizhik stores

Digital Businesses Performance

	Q2 2021	Q2 2020	change y-o-y, %	H1 2021	H1 2020	change y-o-y, %
Vprok.ru Perekrestok						
GMV*, RUB mln	5,056	4,156	21.7	10,317	6,630	55.6
Number of orders, ths	1,000	885	13.0	2,171	1,476	47.0
Average ticket, RUB	4,877	4,587	6.3	4,596	4,362	5.3
Express Delivery						
GMV*, RUB mln	6,817	1,674	4x	13,297	1,792	7x
Number of orders, ths	4,239	901	5x	8,342	969	9x
Average ticket, RUB	1,527	1,848	(17.4)	1,523	1,840	(17.2)
5Post						
Net sales, RUB mln	472	87	5x	903	151	6x
Number of parcels, ths	4,678	902	5x	8,658	1,507	6x

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

Key Drivers for Q2 2021 Results

External environment

- Food inflation in Q2 2021 decelerated slightly to 7.3% compared to 7.4% in Q1 2021. However, y-o-y price growth remained high, primarily due to the shortage of vegetables and a rise in prices for meat and meat products, which was driven by growth in animal feed inputs.
- Overall inflation in Q2 2021 reached 6.0%, peaking at 6.5% y-o-y in June. Manufacturers compensate rising input costs, often related to global soft and other commodity prices, by increasing their selling prices of goods and services, which contributes to accelerating inflation. The regulator (the Central Bank of Russia) continued to tighten its monetary policy and raised the key policy rate to 5.5% in June, up 50 bp in the last action. The regulator continues to closely monitor inflation expectations and with no firm signs of inflation subsiding, another rate hike of 50+ bp could be expected in Q3 2021.
- Real wage growth totalled 7.8% for April 2021 driven by a low base effect from the same period last year. It was supported by the economic recovery and high demand for labour against a shortage of migrant labour due to COVID-19 restrictions.
- The unemployment rate in January-May decreased by 0.9 ppt to 4.9%.
- The migrant labour supply is slowly recovering. In May, the number of labour contracts signed with foreign citizens increased by more than a quarter.
- COVID vaccination statistics and COVID-related restrictions differ across Russian regions. In Moscow and the Moscow region, which accounted for 32% of X5 Group's retail sales in 2Q 2021, companies with retail operations have been requested to ensure that not less than 60% of all personnel (including supply chain and headquarters) should be vaccinated against COVID-19 by 15 July 2021. X5 Group is taking measures to promote vaccination in order to protect the health of its employees and ensure its uninterrupted operations. Emergency teams with not less than 60% vaccinated employees have been created to support stores and/or logistics operations in case new COVID-19 cases are detected among employees. Around 20 other regions also have mandatory vaccination requirements with different terms.

Loyalty programmes

- X5 continued to develop its loyalty card programmes. In total, X5's three retail formats had 62.9 million active⁽⁷⁾ loyalty card users in Q2 2021, up 12.9% y-o-y. Loyalty cards penetration in sales in June reached 79% at Pyaterochka, 83% at Perekrestok and 94% at Karusel. The average ticket of a customer with a loyalty card was over 2 times higher than the average ticket of a customer without a loyalty card in Pyaterochka in Q2 2021.

Offline business development

- Pyaterochka's offline net sales increased by 9.9% y-o-y, with LFL sales growth at 3.7% in Q2 2021, supported by LFL performance in the format's 3,560 new concept stores that is 5 ppt higher compared with old concept stores. LFL traffic increased by 13.0% y-o-y while LFL basket decreased by 8.3% y-o-y, driven by a reversal in the previous trend: customers are now making more frequent visits to stores, with a smaller basket size compared to 2020. The network continued to expand, with 354 stores (on a gross basis) in Q2 2021, in line with its plan to open c. 1,400 stores on a gross basis in 2021. The number of closures remained at a low level of 46 in Q2 2021, which reflects increased quality of new openings.
- Perekrestok's offline net sales increased by 17.4% in Q2 2021. LFL sales growth was positive in Q2 2021 at 7.3%, driven by a recovery at stores located in shopping malls, as approximately half of Perekrestok supermarkets are located in shopping malls, which were closed during the first wave of COVID in Q2 2020. The format's 166 refurbished Perekrestok stores saw strong LFL performance, which was 12 ppt higher compared with the old concept stores. Perekrestok continued its selling space expansion despite COVID-19 and converted 19 Karusel stores to Perekrestok during the 12 months ended 30 June 2021, which was the main driver of its 16.1% y-o-y selling space growth.
- In Q2 2021, Karusel's offline net sales decreased by 38.9%, driven by downsizing as part of the format's transformation programme, with LFL sales down by 7.4% due to activities in some of the remaining Karusel stores preparing for their closures.

Digital businesses development

- In Q2 2021, the total MAU of X5 digital services was 13.7 million, an increase of 82% y-o-y.
- The external environment in the e-grocery segment continued to be very competitive, with many technology players promoting their services with significant marketing budgets. This allowed for faster underlying segment growth and contributed to a structural shift towards fast/express delivery services for consumers.
- The combined GMV of Vprok.ru Perekrestok and express delivery services in Q2 2021 reached RUB 11.9 billion, up 104% y-o-y, including VAT and gross of promo-codes and bonuses. Expanding express delivery services contributed 85% of this growth, with 15% coming from the online hypermarket Vprok.ru Perekrestok.
- Total digital business revenue grew 105.7% y-o-y in Q2 2021 and contributed 1.1 p.p. to the consolidated quarterly revenue growth rate of 10.6%. Vprok.ru Perekrestok and express delivery successfully fulfilled more than 77 thousand orders per day during peak periods in April.
- Digital business net sales as a share of X5's consolidated net sales saw the fastest growth in Moscow and the Moscow region, where the share of digital sales for Q2 2021 reached 3.6%, compared with an average 2% contribution to the total sales for X5 Group.

(7) Customer who made at least one purchase during the last quarter

- X5 continues the rapid expansion of express delivery services from Pyaterochka proximity stores and Perekrestok supermarkets. As of 30 June 2021, express delivery service was available from 1,450 stores (864 Pyaterochka stores, 583 Perekrestok supermarkets and 3 Karusel hypermarkets) in 36 regions, compared with 439 stores and six regions a year ago. In addition, ready-to-eat food delivery was available from over 200 restaurants via the Okolo aggregator app. In Q2 2021, the number of orders for express delivery was 46.6 thousand per day, with an average ticket of RUB 1,527, which is down y-o-y due to the lifting of mobility restrictions that were in place in Q2 2020, and a delivery time of 50-60 min. The daily number of fulfilled orders during Q2 2021 peaked in April at almost 65 thousand orders on the busiest days.
- Vprok.ru Perekrestok continued to expand based on its existing infrastructure of 4 dark stores (2 in Moscow, 1 in St Petersburg, 1 in Nizhny Novgorod). The total number of Vprok.ru Perekrestok orders increased by 13% y-o-y and exceeded 1.0 million in Q2 2021, delivering growth despite the high base in Q2 2020. The average number of daily orders in Q2 2021 reached 11 thousand. The average Vprok.ru Perekrestok basket in Q2 2021 increased by 6.3% y-o-y, reflecting further expansion in the assortment to 69 thousand SKUs, but also a more normalised basket compared with Q2 2020 when a full lockdown was in place for most of the quarter.
- In Q2 2021, Vprok.ru Perekrestok expanded its regional delivery network to 42 regions by using existing 5Post infrastructure. The traditional delivery model was expanded to include a self-pickup option that enables customers to collect their orders made on Vprok.ru Perekrestok from 5Post parcel lockers or Pyaterochka checkout counters.
- Orders fulfilled by the 5Post e-commerce delivery service reached 4.7 million in Q2 2021 on the back of over 19 thousand pickup points in operation, equipped with over 5 thousand multi-parcel lockers. Additional LFL traffic generated by parcel lockers and pick-up points in stores is up to 2-3%.
- Mnogo Lososya ready-to-eat digital service, which became part of X5 Group in late March 2021, expanded to St Petersburg. As of the end of June it operated 30 dark kitchens (including 2 franchisees).

Expansion and retail portfolio improvement

- 368 Pyaterochka stores were refurbished into the new concept in Q2 2021, in addition to 348 gross new concept stores opened. The total number of stores operating under the new concept reached 3,560 or 21% of the Pyaterochka store base as of 30 June 2021. The new concept stores continue to demonstrate significantly higher LFL sales growth as well as 50% higher NPS compared to other Pyaterochka stores.
- Eight Perekrestok supermarkets were opened following refurbishment and six Karusel hypermarkets were transformed into Perekrestok supermarkets in Q2 2021. As of 30 June 2021, 166 supermarkets, or 17% of the Perekrestok store base, were operating under the new concept.
- In Q2 2021, as part of the Company's ongoing rationalisation programme, X5 closed 46 proximity stores, three supermarkets, nine hypermarkets (of which six were transferred to Perekrestok) and one small Vprok.ru Perekrestok dark store (5.0 ths sq. m).
- In Q2 2021, X5 opened two new distribution centres in the Kursk region (36 ths sq. m) and the Krasnoyarsk region (35 ths sq. m) to serve the proximity format.

Note to Editors:

X5 Retail Group N.V. (LSE and MOEX: FIVE, Fitch – ‘BB+’, Moody’s – ‘Ba1’, S&P – ‘BB+’, RAEX – ‘ruAA+’) is a leading Russian food retailer. The Company operates proximity stores under the Pyaterochka brand, Perekrestok supermarkets and Karusel hypermarkets. X5 provides an omnichannel experience to customers, integrating retail stores and e-commerce, through its businesses Vprok.ru Perekrestok, 5Post and Okolo.

As of 30 June 2021, X5 had 18,295 Company-operated stores. It has the leading market position in both Moscow and St Petersburg and a significant presence in the European part of Russia. Its store base includes 17,268 Pyaterochka proximity stores, 968 Perekrestok supermarkets and 40 Karusel hypermarkets. The Company operates 43 DCs and 4,128 Company-owned trucks across the Russian Federation.

X5 is one of the largest employers in Russia. The Company employs over 339 thousand people.

For the full year 2020, revenue totalled RUB 1,978,026 mln (USD 27,417 mln), EBITDA pre-IFRS 16 reached RUB 145,137 mln (USD 2,012 mln), and net profit pre-IFRS 16 for the period amounted to RUB 39,180 mln (USD 543 mln). In Q1 2021, revenue totalled RUB 507,191 mln (USD 6,822 mln), adjusted EBITDA pre-IFRS 16 reached RUB 35,475 mln (USD 477 mln), and net profit pre-IFRS 16 amounted to RUB 9,163 mln (USD 123 mln).

X5’s Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.10%, treasury shares – 0.01%, Shareholders with less than 3% – 40.60%.

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 Retail 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 Retail Group N.V. speak only as of the date of this announcement. Save as required by any applicable laws or regulations, X5 Retail 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:**Natalia Zagvozdina**

Head of Corporate Finance and IR
Tel.: +7 (495) 662-88-88 ext. 27-300
e-mail: Natalia.Zagvozdina@x5.ru

Andrey Vasin

Head of Investor Relations
Tel.: +7 (495) 662-88-88 ext. 13-151
e-mail: Andrey.Vasin@x5.ru