

X5 Group Q2 2022 net sales increase 18.6%

Q2 2022 HIGHLIGHTS

+18.6% y-o-y



Total net sales increased by RUB 101.7 billion

11.7% y-o-y increase in like-for-like (LFL¹) sales

6.9% contribution to sales growth from a 7.1% increase in selling space

+300 new stores



X5 net new stores in Q2 2022

Including 238 proximity stores, 3 supermarkets and 64 hard discounters. 2 hypermarkets net and 3 dark kitchens net were closed

6.8 RUBBLN 28X y-o-y



Chizhik net sales in Q2 2022

The new hard discounter format, Chizhik, demonstrated positive results, with sales density² at RUB 663 thousand per square meter, which is 138% higher than that of the proximity format

+19.3% y-o-y



Net offline retail sales for Pyaterochka

+11.3% y-o-y



Net offline retail sales for Perekrestok

14.7 RUBBLN +38.4% y-o-y



Digital business net sales³

+0.4 p.p. to the consolidated revenue growth rate

Amsterdam

18 July 2022

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 second quarter (Q2) and six months (H1) ended 30 June 2022.⁴

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

2. Calculated as net retail sales over the last 12 months divided by the average selling space at the end of each quarter starting at the beginning of the period.

3. Vprok.ru Perekrestok, 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.

NET SALES PERFORMANCE

Sales of offline and digital businesses⁵

RUB MLN	Q2 2022	Q2 2021	CHANGE Y-O-Y	H1 2022	H1 2021	CHANGE Y-O-Y
Pyaterochka	530,236	444,444	19.3%	1,013,645	847,932	19.5%
Perekrestok	91,048	81,809	11.3%	182,338	164,645	10.7%
Karusel	4,464	8,450	(47.2%)	9,894	18,194	(45.6%)
Chizhik	6,818	245	28x	10,917	363	30x
Offline net sales	632,565	534,948	18.2%	1,216,793	1,031,134	18.0%
Digital businesses' net sales	14,711	10,630	38.4%	33,546	21,087	59.1%
Total net sales	647,276	545,578	18.6%	1,250,339	1,052,221	18.8%

Net retail sales⁶ by format

Including express delivery, but excluding Vprok.ru Perekrestok and 5Post sales

RUB MLN	Q2 2022	Q2 2021	CHANGE Y-O-Y	H1 2022	H1 2021	CHANGE Y-O-Y
Pyaterochka	534,318	447,612	19.4%	1,023,511	854,322	19.8%
Perekrestok (excl. Vprok.ru)	95,345	84,344	13.0%	191,910	169,429	13.3%
Karusel	4,464	8,454	(47.2%)	9,894	18,203	(45.7%)
Chizhik	6,818	245	28x	10,917	363	30x
Net retail sales ⁷	641,466	540,888	18.6%	1,237,233	1,042,618	18.7%

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

6. 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 Q1 2022 financial results.

7. Including Mnogo Lososya.

Q2 2022 LFL store performance by format

% change y-o-y⁸

	Q2 2022			H1 2022		
	SALES	TRAFFIC	BASKET	SALES	TRAFFIC	BASKET
Pyaterochka	12.3	0.9	11.4	12.5	2.4	9.9
Perekrestok	9.0	(1.5)	10.6	8.5	(0.6)	9.1
Karusel	(14.6)	(16.0)	1.6	(9.3)	(14.7)	6.3
X5 Group	11.7	0.6	11.0	11.7	2.0	9.5

Q2 2022 monthly net RUB retail sales by format

% or multiple change y-o-y

	APRIL 2022	MAY 2022	JUNE 2022
Pyaterochka	19.2	19.8	18.9
Perekrestok	11.7	12.4	9.7
Karusel	(47.8)	(47.0)	(46.7)
Chizhik	33x	30x	23x
Offline business total	18.1	18.8	17.8
Digital business total	37.2	40.5	37.5
Total	18.5	19.3	18.2

8. Excluding Vprok.ru Perekrestok.

AVERAGE TICKET AND NUMBER OF CUSTOMER VISITS⁹

Q2 2022 average ticket and customer visits by offline format

AVERAGE TICKET, RUB	Q2 2022	Q2 2021	CHANGE Y-O-Y	H1 2022	H1 2021	CHANGE Y-O-Y
Pyaterochka	438.6	394.1	11.3%	445.1	405.3	9.8%
Perekrestok	655.1	591.4	10.8%	677.1	621.0	9.0%
Karusel	1,045.5	984.0	6.2%	1,072.6	959.5	11.8%
Chizhik	689.1	476.5	44.6%	694.0	477.0	45.5%
X5 Group	465.1	419.5	10.8%	474.0	434.1	9.2%
# OF CUSTOMERS, MLN						
Pyaterochka	1,402.1	1,304.0	7.5%	2,643.4	2,418.8	9.3%
Perekrestok	167.2	162.8	2.7%	324.9	311.3	4.4%
Karusel	4.9	9.9	(50.3%)	10.6	21.8	(51.3%)
Chizhik	11.3	0.6	19x	17.9	0.9	21x
X5 Group	1,585.5	1,477.5	7.3%	2,996.9	2,752.8	8.9%

Q2 2022 average monthly ticket and customer visits by offline format

% or multiple change y-o-y

AVERAGE TICKET	APRIL 2022	MAY 2022	JUNE 2022
Pyaterochka	9.7	12.5	11.7
Perekrestok	10.0	12.1	10.2
Karusel	8.6	9.4	0.3
Chizhik	46.9	48.5	38.9
X5 Group	9.3	12.0	11.0
# OF CUSTOMER VISIT			
Pyaterochka	9.1	6.6	6.9
Perekrestok	3.4	3.0	1.8
Karusel	(51.7)	(51.7)	(47.1)
Chizhik	22x	20x	17x
X5 Group	8.7	6.5	6.8

9. Excluding Vprok.ru Perekrestok.

EXPANSION DYNAMICS

Selling space and number of stores by format

SELLING SPACE, SQUARE METRES (SQ. M)	AS AT 30-JUN-22	AS AT 31-DEC-21	CHANGE VS 31-DEC-21, %	AS AT 30-JUN-21	CHANGE Y-O-Y, % OR MULTIPLE
Pyaterochka	7,271,291	7,048,488	3.2	6,782,960	7.2
Perekrestok	1,109,171	1,098,905	0.9	1,058,533	4.8
Karusel	100,931	128,063	(21.2)	160,923	(37.3)
Chizhik	44,129	20,327	117.1	4,008	11x
X5 Group¹⁰	8,639,691	8,409,757	2.7	8,065,772	7.1
NUMBER OF STORES					
Pyaterochka	18,558	17,972	3.3	17,268	7.5
Perekrestok	986	990	(0.4)	968	1.9
Karusel	26	33	(21.2)	40	(35.0)
Chizhik	153	72	112.5	15	10x
X5 Group¹⁰	19,779	19,121	3.4	18,324	7.9

Selling space and number of stores added by format

SELLING SPACE, SQUARE METERS	NET ADDED Q2 2022	NET ADDED Q2 2021	CHANGE Y-O-Y	NET ADDED H1 2022	NET ADDED H1 2021	CHANGE Y-O-Y
Pyaterochka	87,838	126,080	(30.3%)	222,803	241,337	(7.7%)
Perekrestok	13,028	38,679	(66.3%)	10,266	44,673	(77.0%)
Karusel	(8,051)	(35,210)	(77.1%)	(27,132)	(61,196)	(55.7%)
Chizhik	18,768	2,770	7x	23,802	3,028	8x
X5 Group¹⁰	111,275	127,880	(13.0%)	229,934	225,716	1.9%
NET # OF STORES						
Pyaterochka	238	308	(22.7%)	586	559	4.8%
Perekrestok	3	28	(89.3%)	(4)	35	n/a
Karusel	(2)	(9)	(77.8%)	(7)	(16)	(56.3%)
Chizhik	64	10	6x	81	11	7x
X5 Group¹⁰	300	341	(12.0%)	658	617	6.6%

10. Including Vprok.ru Perekrestok dark stores and Mnogo Lososya dark kitchens.

DIGITAL BUSINESSES' PERFORMANCE

VPROK.RU PEREKRESTOK	Q2 2022	Q2 2021	CHANGE Y-O-Y	H1 2022	H1 2021	CHANGE Y-O-Y
GMV ¹¹ , RUB mln	6,269	5,056	24.0	14,033	10,317	36.0
Number of orders, ths	1,280	1,000	28.0	2,924	2,171	34.7
Average ticket, RUB	4,745	4,877	(2.7)	4,627	4,596	0.7
EXPRESS DELIVERY						
GMV ¹¹ , RUB mln	9,642	6,813	41.5	22,601	13,292	70.0
Number of orders, ths	5,357	4,239	26.4	12,611	8,342	51.2
Average ticket, RUB	1,776	1,526	16.4	1,748	1,522	14.8
5POST						
Number of parcels, ths	5,022	4,678	7.4%	13,401	8,658	54.8%
MNOGO LOSOSYA						
Net sales, RUB mln	522	233	123.8%	1,002	301	3x
Number of orders, ths	358	207	73.1%	705	257	103.4%
Average ticket, RUB	1,748	1,498	16.7%	1,759	1,612	9.1%

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

KEY DRIVERS FOR Q2 2022 RESULTS

External environment

- Food inflation in Q2 2022 was 19.5% year-on-year (13.5% in Q1 2022). The growth rate of food prices slowed down throughout the quarter (17.8% in June). Deflationary factors included the strengthening of the ruble and the growth of supply in certain categories, such as fruit and vegetable products, eggs and sugar.
- The increase in inflation in April led to a decrease in real wages and pensions by 7.2% and 8.8% year-on-year, respectively. The growth of nominal wages is gradually slowing down on the back of the employment growth.
- The unemployment rate in May broke the April record and decreased from 4.0% to 3.9% - with a consistently high number of people employed (71.9 million).
- People are switching to a model of lean consumption driven by a reduction in real disposable incomes. Sales of food products in real terms in April and May decreased by 1.7% and 1.8% year-on-year, respectively.
- The Bank of Russia in Q2 2022 lowered the key rate from 20% to 9.5%.

Offline business development

- Pyaterochka's offline net sales demonstrated strong growth by 19.3% year-on-year, with LFL sales increasing by 12.3% in Q2 2022. LFL traffic increased by 0.9% year-on-year, while the LFL basket increased by 11.4% year-on-year as a result of normalisation of customer behaviour as compared to Q1 2022 and accelerating inflation in Q2 2022. Pyaterochka's network continued to expand, with 285 new stores in Q2 2022 (on a gross basis).
- Perekrestok's offline net sales increased by 11.3% year-on-year in Q2 2022, with LFL sales growth at 9.0% in Q2 2022, affected by decreasing traffic in shopping malls (approximately half of Perekrestok supermarkets are located in shopping malls).
- Chizhik's net sales increased by 28 times year-on-year in Q2 2022. The network opened 64 new stores during the period and reached 153 stores as of 30 June 2022. We expect a strong acceleration of openings in H2 2022.
- In Q2 2022, Karusel's offline net sales decreased by 47.2%, driven by downsizing as part of the format's transformation programme, with LFL sales down by 14.6% mainly due to activities in some of the remaining Karusel stores preparing for closure.
- Over 10 thousand self-checkout machines at Pyaterochka proximity stores are connected to the Faster Payments System (FPS) as of 30 June 2022. The system provides an option to use a mobile phone to make a payment and increases customer convenience and loyalty.

Expansion and retail portfolio improvement

- X5 continues to focus on strengthening its positions in key regions of operations and expanding its presence and its market share organically as well as through selected tactical M&A opportunities.
- 285 gross new-concept Pyaterochka stores were opened in Q2 2022, in addition 8 Pyaterochka stores were refurbished in line with the new concept. The total number of stores operating under the new concept reached 5,314, or 29% of the Pyaterochka store base, as of 30 June 2022.
- One Perekrestok supermarket was opened following refurbishment in Q2 2022. As of 30 June 2022, 237 supermarkets, or 24% of the Perekrestok store base, were operating under the new concept.
- In June 2022, X5 acquired 15 PRISMA stores in St Petersburg from SOK RETAIL INT. OY, a Finnish holding company that has announced its withdrawal from Russia. Almost all stores were rebranded into X5's Perekrestok supermarkets by the end of June.
- In Q2 2022, as part of the Company's ongoing rationalisation programme, X5 closed 47 proximity stores, 10 supermarkets, two hypermarkets and five dark kitchens.
- In Q2 2022, X5 opened two new distribution centres in the Bryansk region (35 ths sq. m) and Voronezh region (12 ths sq. m) to serve the proximity and hard discounter formats, respectively.

Loyalty programmes

- X5 continued to develop its loyalty card programmes. In total, X5's three retail formats had 59.9 million active¹² loyalty card users in Q2 2022, down 14.5% year-on-year on the back of limited functionality due to a transition to a new software system. Loyalty card penetration in sales in June reached 65% at Pyaterochka, 80% at Perekrestok and 90% at Karusel.
- In June, X5 started transferring its loyalty programmes to a new processing system based on domestic technologies. X5 will fully migrate to the new processing system as early as this summer, including the in-app use of loyalty cards, and will kick off the development of the loyalty programme's functionality.

Development of digital businesses

- X5 completed the restructuring of its online businesses into a separate business unit, X5 Digital, which will manage the technological platform of express delivery from Pyaterochka and Perekrestok as well as Vprok.ru Perekrestok including respective infrastructure.
- In Q2 2022, X5 digital services had a total of 16.1 million MAUs, an increase of 17% year-on-year.
- The combined GMV of Vprok.ru Perekrestok and express delivery services in Q2 2022 reached RUB 15.9 billion, up 34.1% year-on-year, including VAT and gross of promo codes and bonuses with express delivery GMV growing 41.5% year-on-year.
- Total digital business revenue (including Vprok.ru Perekrestok, express delivery, 5Post and Mnogo Lososya) grew 38.4% year-on-year in Q2 2022 and contributed 0.4 p.p. to the consolidated quarterly revenue growth rate of 18.6%. Vprok.ru Perekrestok and express delivery successfully fulfilled 100 thousand orders on peak days in April.
- X5 continues the rapid expansion of express delivery services from Pyaterochka proximity stores and Perekrestok supermarkets. As of 30 June 2022, express delivery service was available from 1,718 stores (1,007 Pyaterochka stores and 711 Perekrestok supermarkets) as well as 45 dark stores in 54 regions, compared with 1,450 stores and 36 regions a year earlier. X5 aims to continue development of its express delivery services to provide its customers the unique convenience of the omnichannel shopping experience.
- In Q2 2022 the total number of Vprok.ru Perekrestok orders increased by 28.0% year-on-year and reached 1.3 million in Q2 2022.
- In Q2 2022, 5Post's e-commerce delivery service revenue increased by 12.8% year-on-year with growth slowing down as a result of a temporary reduction in number of parcels from international providers during the quarter. Orders fulfilled by 5Post reached 5 million in Q2 2022, with over 23 thousand pickup points in operation, including over 5 thousand multi-parcel lockers. Parcel lockers and pickup points in stores generate additional LFL traffic of up to 2%–3%.
- The Mnogo Lososya ready-to-eat digital service, which became part of X5 Group in late March 2021, continued expanding. As of the end of June, it was operating 54 dark kitchens (including four franchisees).

12. Customers who made at least one purchase during the last quarter.

NOTE TO EDITORS

X5 Retail Group N.V. (LSE and MOEX: FIVE; Expert RA, ruAA+) 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 Perekrestok, 5Post and Mnogo Lososya.

As of 30 June 2022, X5 had 19,779 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 18,558 Pyaterochka proximity stores, 986 Perekrestok supermarkets and 153 Chizhik hard discounters. The Company operates 48 DCs and 4,347 Company-owned trucks across the Russian Federation.

X5 is one of the largest employers in Russia. The Company employs over 325 thousand people.

For the full year 2021, revenue totalled RUB 2,204,819 million (USD 29,935 million*), EBITDA pre-IFRS 16 reached RUB 161,024 million (USD 2,186 million*), and net profit pre-IFRS 16 for the period amounted to RUB 48,513 million (USD 659 million*). In Q1 2022, revenue totalled RUB 604,230 million (USD 7,020 million**), adjusted EBITDA pre-IFRS 16 reached RUB 70,179 million (USD 815 million**), and net profit pre-IFRS 16 amounted to RUB 2,499 million (USD 29 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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