



Q3 2021 Financial Results

> X5 RETAIL GROUP

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I. HIGHLIGHTS

STRATEGIC HIGHLIGHTS



- **Market leader** in Russian food retail, **12.8% market share in 12M 2020**
- **Strategy is aimed at maintaining leadership**



- X5 is a **multi-format** retailer with focus on two largest segments of the Russian food retail - proximity and supermarkets
- **Balanced approach to expansion**
- **Fast growth of online supermarket**; express delivery in pilot stage



- Constant adaptation of **value proposition** to Russian consumers' changing needs and current macro environment, including expansion of fresh assortment, widening local assortment, development of loyalty programmes



- Significant **investments in logistics and transport**: in the last 3 years X5 opened **12 DCs** and currently operates **43 DCs**
- adding new links in the value chain and operating a fleet of **4,178 owned trucks** as of 30 September 2021



- Development and implementation of the **Big Data** strategy based on loyalty cards information
- Focus on **innovation, digitalization and automation** of business processes



- **Dividend policy** since September 2017
- 2020 dividend **RUB 50.0 bln / RUB 184.13 per GDR**, which represents **127.6% of net profit under IAS 17**

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KEY RESULTS Q3 2021



- **11.7%** revenue growth in Q3 2021 (11.4% net retail sales growth in Q3 2021)



- **7.5%** YoY selling space growth in Q3 2021 (**+353** new stores added, net)



- **4.8%** LFL sales growth in Q2 2021



- **23%** of X5 stores operate in new concept as of Q3 2021 (new CVP launched in 2019)



- **12.9%** adj. EBITDA margin in Q3 2021



- **+1.0%** YoY loyal customers; **61.6 mln** active loyalty card users as of 30 September 2021, across formats

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- **1.5x** Net debt / EBITDA as of 30 September 2021



- **96%** of net store additions in Q3 2021 was **organic growth**
- **97%** of net store additions **in lease**

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- **59.6 thousand daily online** orders in Q3 2021, **up 3.2 times** YoY



- **+156.9%** digital sales in Q3 2021, contributed 1.3 p.p. to sales growth rate

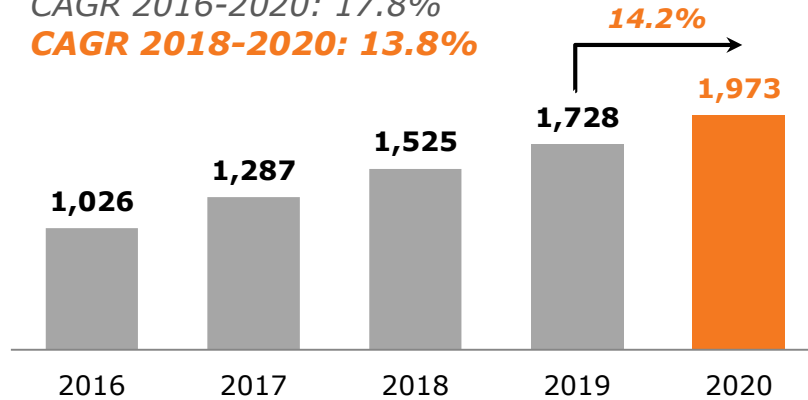


OPERATIONAL HIGHLIGHTS (ANNUAL)

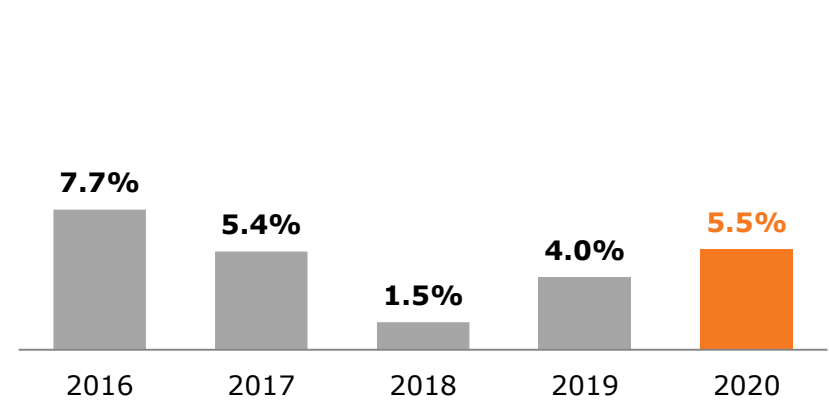
Net retail sales dynamics, RUB bn

CAGR 2016-2020: 17.8%

CAGR 2018-2020: 13.8%



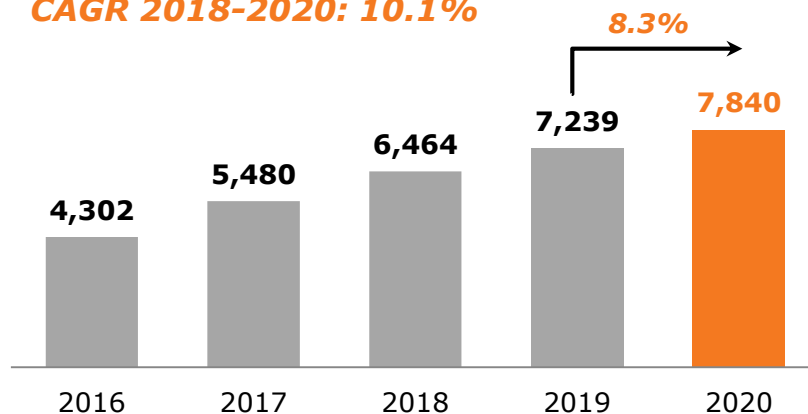
LFL sales, % y-o-y growth



Selling space, th. sq. m

CAGR 2016-2020: 16.2%

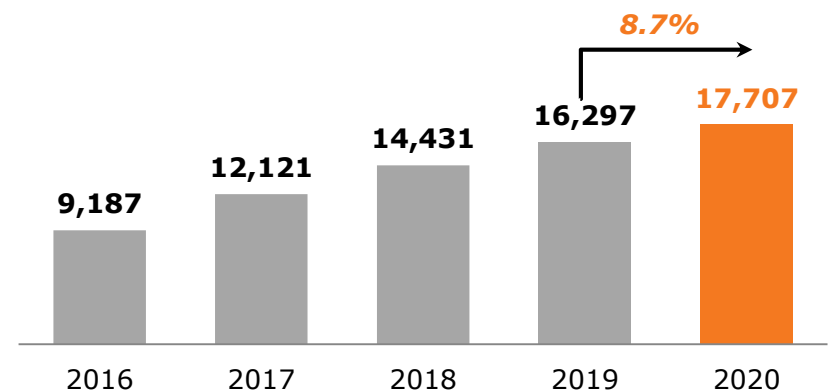
CAGR 2018-2020: 10.1%



Number of stores, end of period

CAGR 2016-2020: 17.8%

CAGR 2018-2020: 10.8%



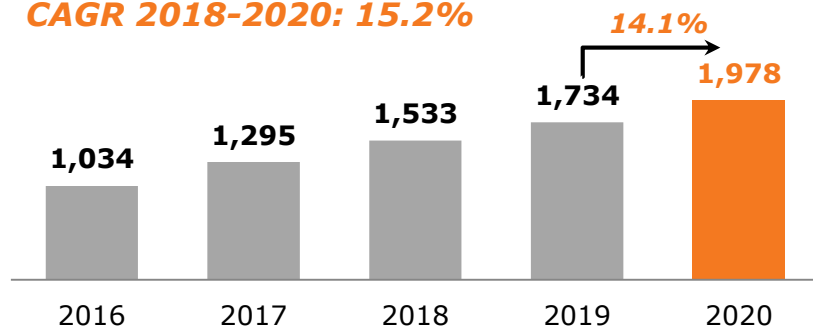
Source: X5 data

FINANCIAL HIGHLIGHTS (ANNUAL)

Revenue dynamics, RUB bn

CAGR 2016-2020: 17.6%

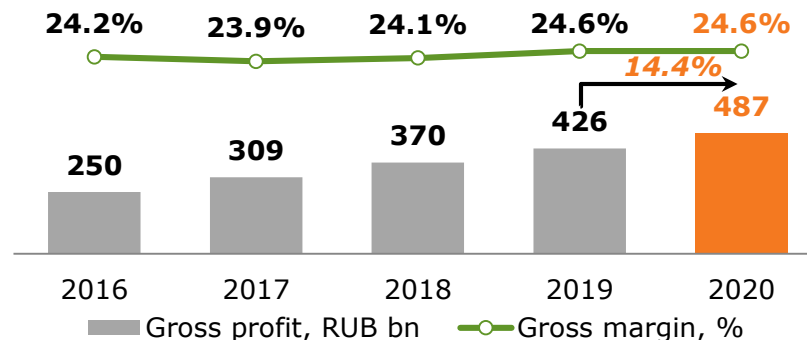
CAGR 2018-2020: 15.2%



Gross profit & gross margin

CAGR 2016-2020: 18.2%

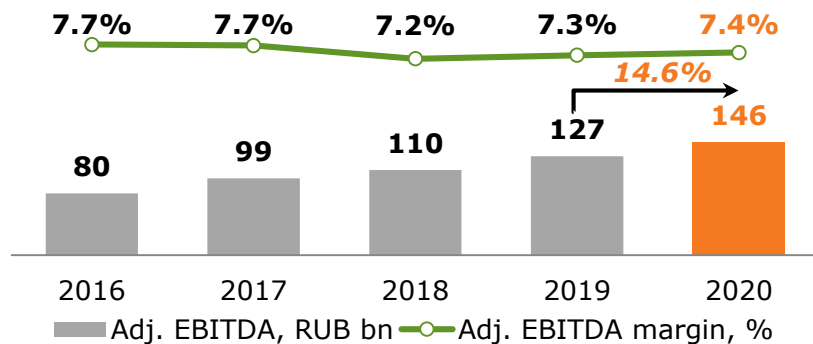
CAGR 2018-2020: 14.8%



Adj. EBITDA & adj. EBITDA margin^[1]

CAGR 2016-2020: 16.4%

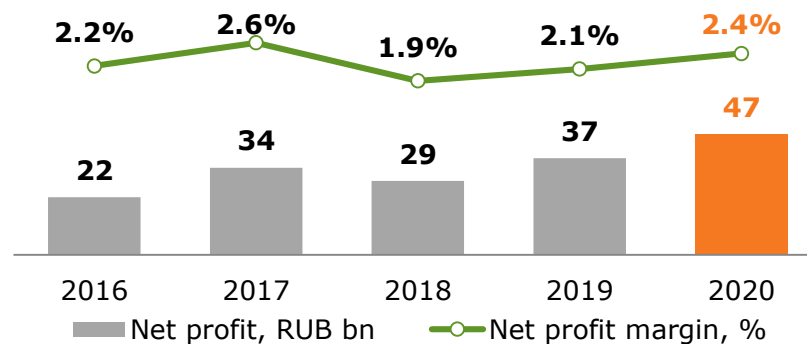
CAGR 2018-2020: 15.3%



Adj. Net profit and adj. net profit margin^[2]

CAGR 2016-2020: 20.4%

CAGR 2018-2020: 27.8%



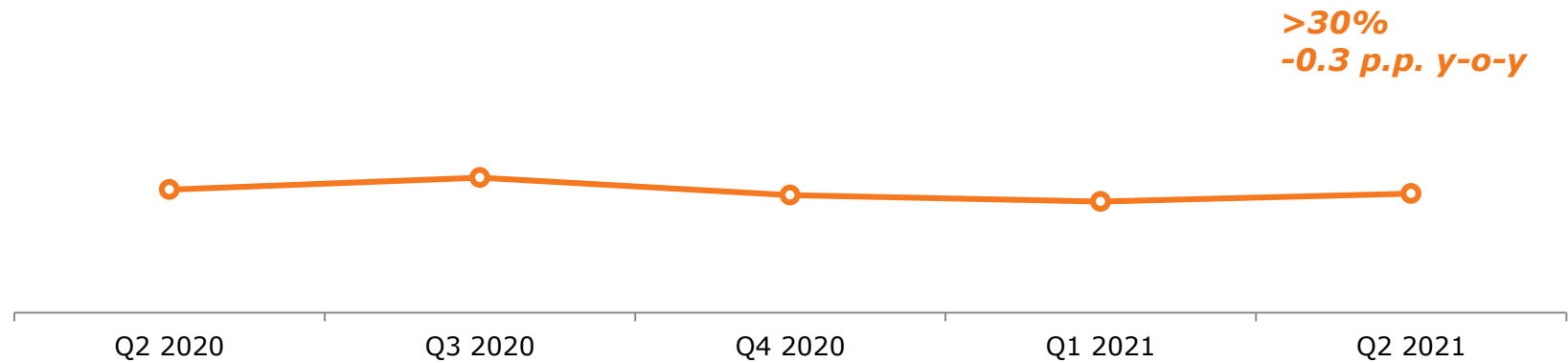
Source: X5 data

[1] – Adjusted for LTI, exit share-based payments and other one-off remuneration payments

[2] – Adjusted net profit is net profit before one-off impacts from Karusel transformation and tax accrual due to X5 reorganisation in previous periods.

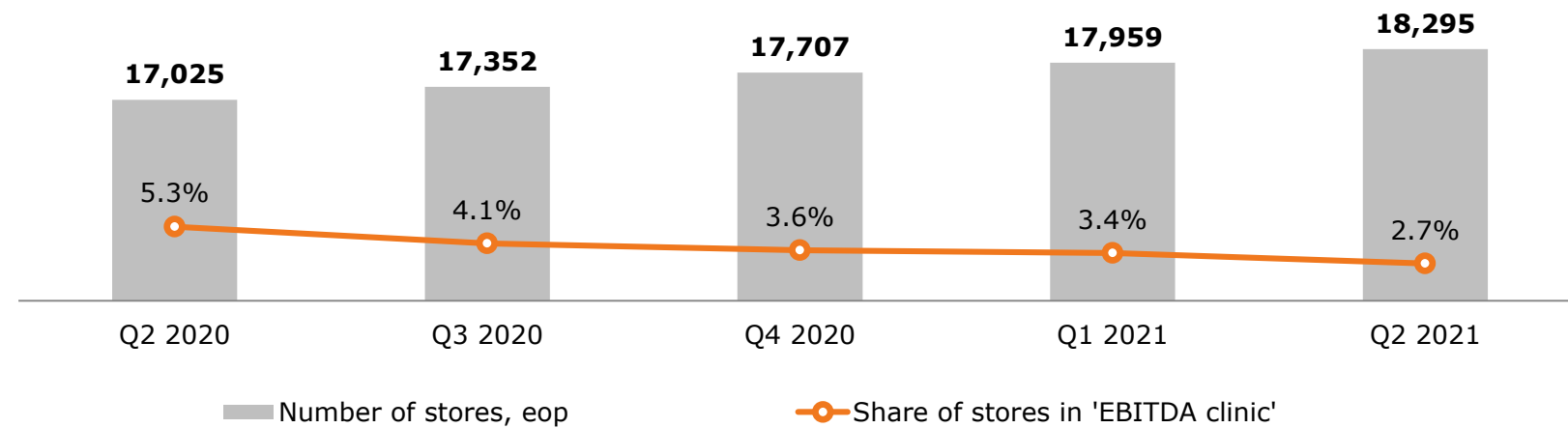
QUALITY OF NEW OPENINGS

Cash return on new store opened



Note: Opened 12-36 months ago

Share of stores in 'clinic'



Source: X5 data

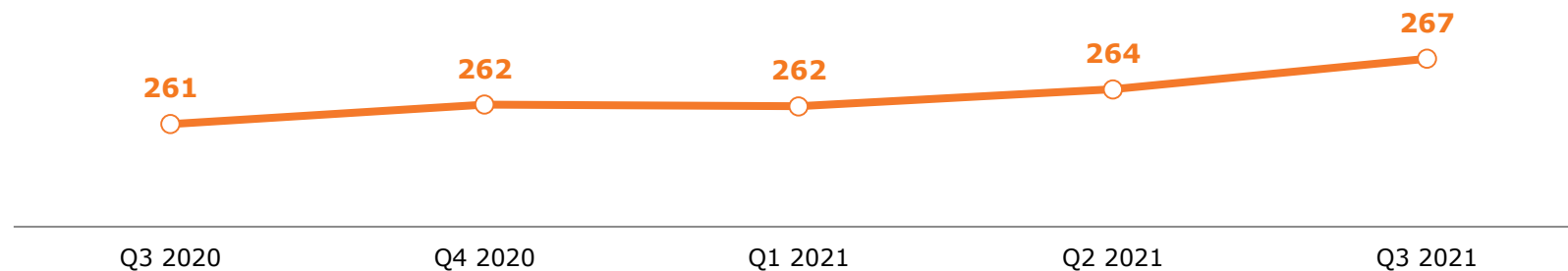


SALES DENSITY STABILISATION

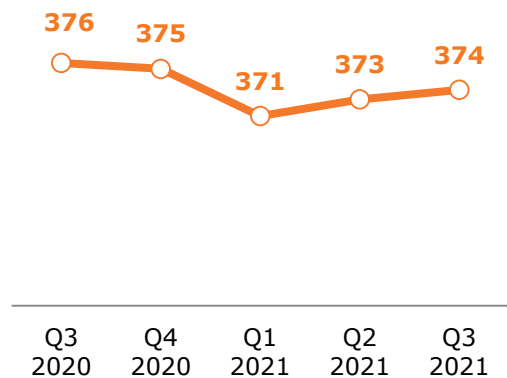
IMPACT OF REGIONAL MIX

Unit: '000 RUB/m² (annualised)

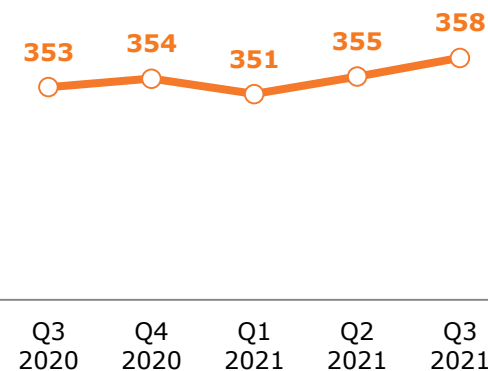
Overall



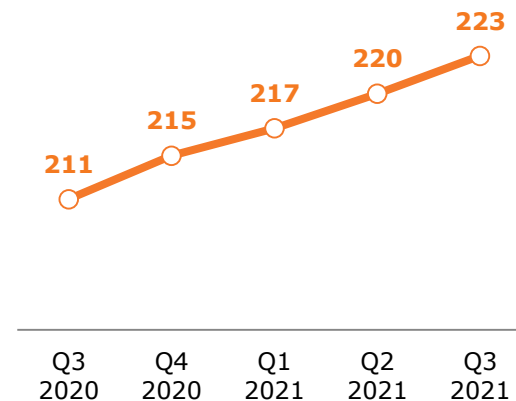
Moscow & Moscow region



St Petersburg & Leningrad region



Rest of Russia



Source: X5 data

Sales densities are consistently improving during 2020 and 2021



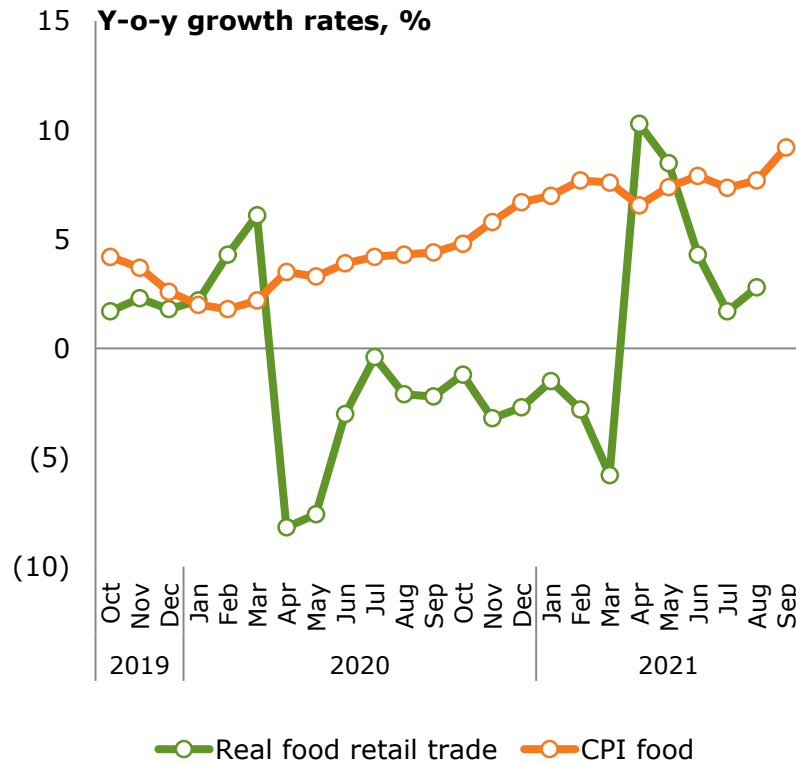


II. MARKET OVERVIEW

MACRO ENVIRONMENT (1/2)

Real food retail trade growth in Q2 2021 was driven by the low base effect

The increase in real disposable income in Q2 2021 was driven by the low base effect



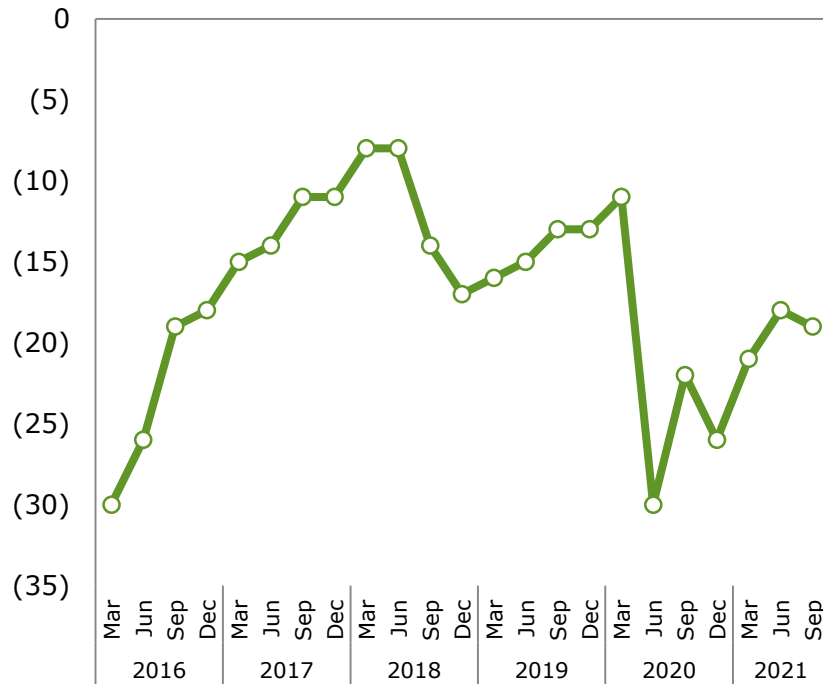
Source: Rosstat

H1 2021 food retail trade value was +17.8% (+10.2% in real terms) due to the low base effect. Food inflation averaged 7.4% in H1 2021



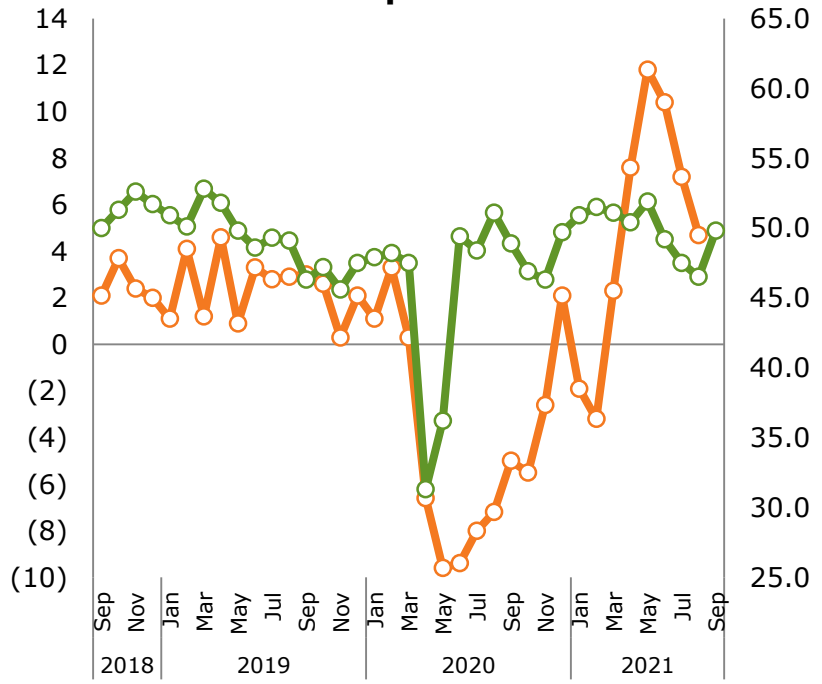
MACRO ENVIRONMENT (2/2)

Consumer sentiment deteriorated in Q2 2020 driven by the situation with COVID-19 and started improving in H2 due to the easing of pandemic related restrictions



—○— Consumer confidence index (Rosstat, %)

The main factor behind the decline in industrial production in 2020 was the reduction in domestic and foreign demand, which began in March, as well as restrictions on the work of enterprises in various fields



—○— Industrial production (y-o-y, %)

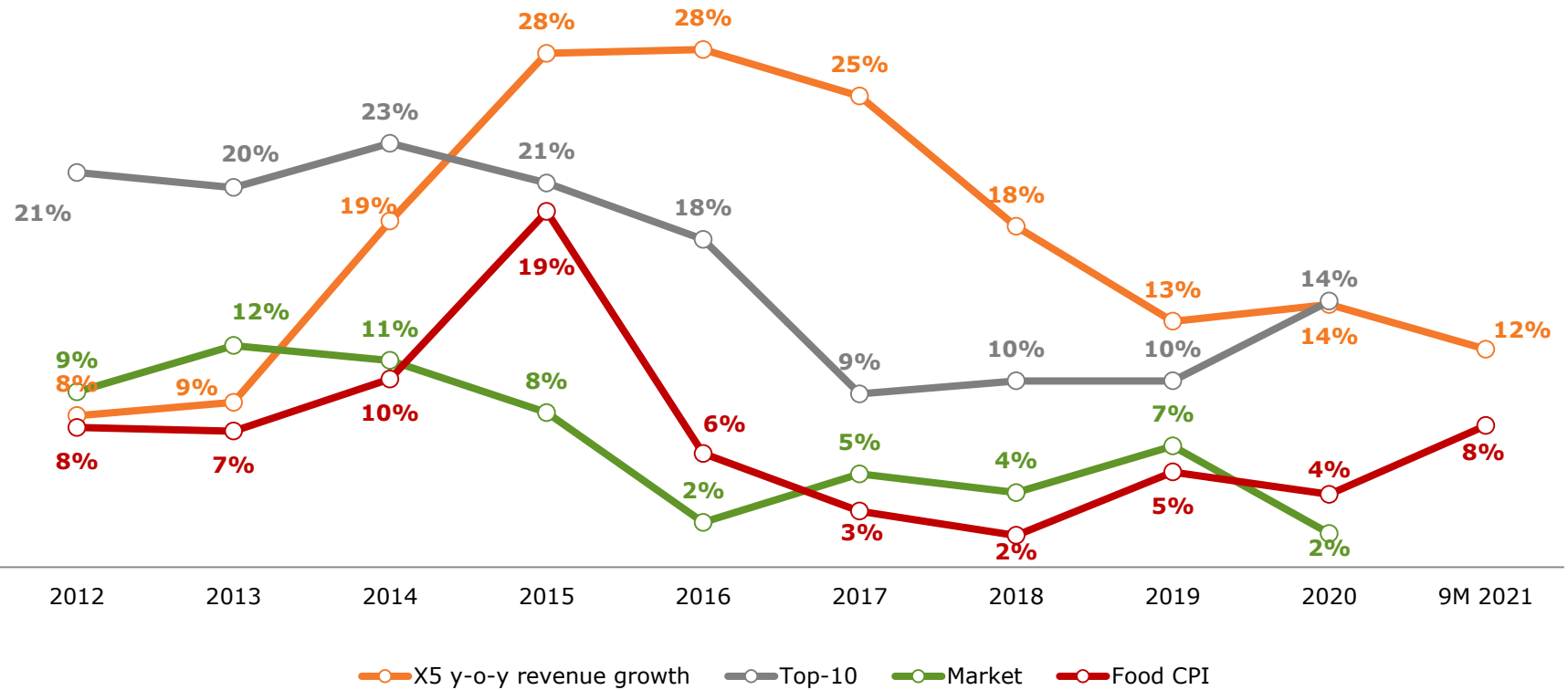
—○— IHS Markit Manufacturing PMI (SA, right scale)

Source: Rosstat, FOM



Key macro risk is weak consumer demand

X5 VS. RUSSIAN FOOD RETAIL IN TOP-LINE GROWTH













Source: Infoline, X5 analysis

Starting from 2015, X5 has constantly outperformed the market and competition



RUSSIAN RETAIL MARKET SNAPSHOT

Top 10 Russian food retailers

#	Company name		% market share 2020	% market share 2019
1	 X5	↑	12.8%	11.5%
2	 Magnit	↑	8.8%	7.6%
3	 DKBR	↑	6.6%	5.7%
4	 Lenta	↑	2.7%	2.5%
5	 Auchan	↔	1.5%	1.5%
6	 Светофор	↑	1.3%	0.7%
7	 Metro	↑	1.2%	1.1%
8	 O`KEY	↑	1.1%	1.0%
9	 Monetka	↑	0.8%	0.7%
10	 ВкусВилл	↑	0.8%	0.6%
Total Top 10		↑	37.4%	33.3%

Source: InfoLine

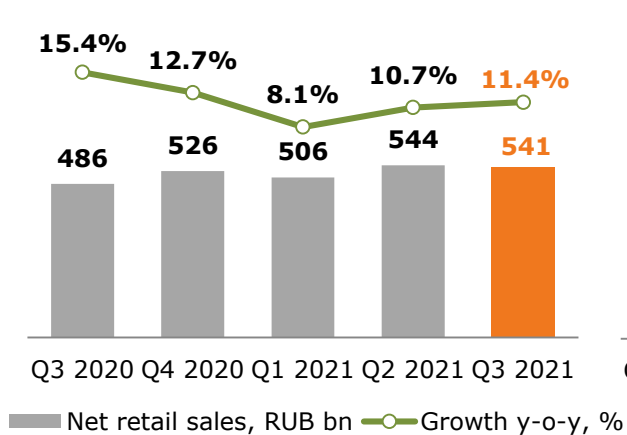
X5's market share in offline food retail increased from 11.5% in 2019 to 12.8% in 2020



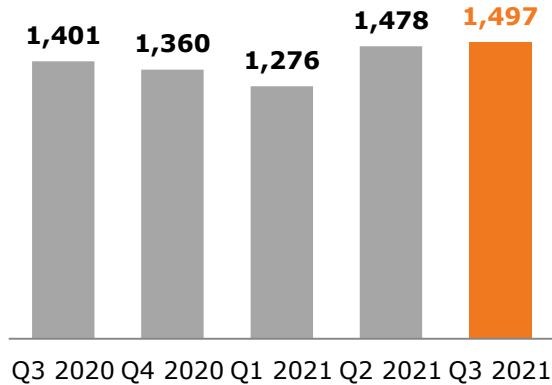
**III. OPERATIONAL RESULTS
Q3 2021**

X5 OPERATIONAL SUMMARY (QUARTERLY)

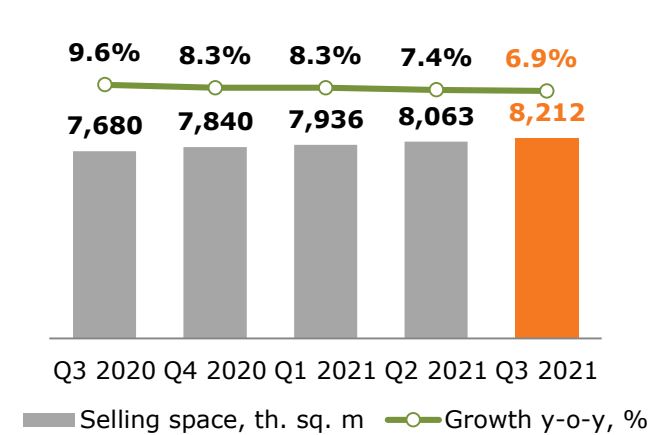
Net retail sales



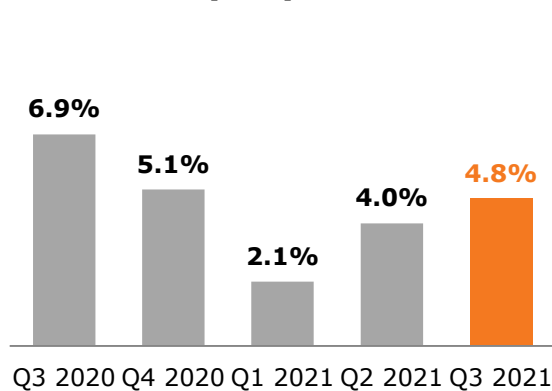
Traffic, mln customers



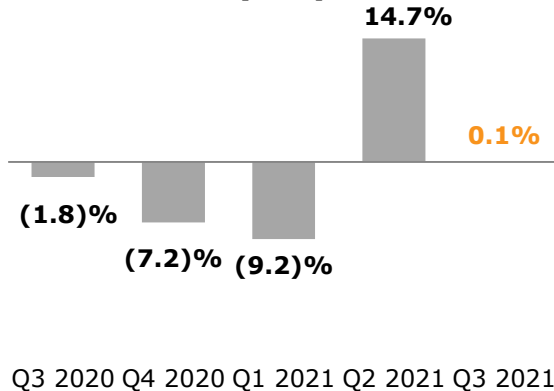
Net selling space (eop)



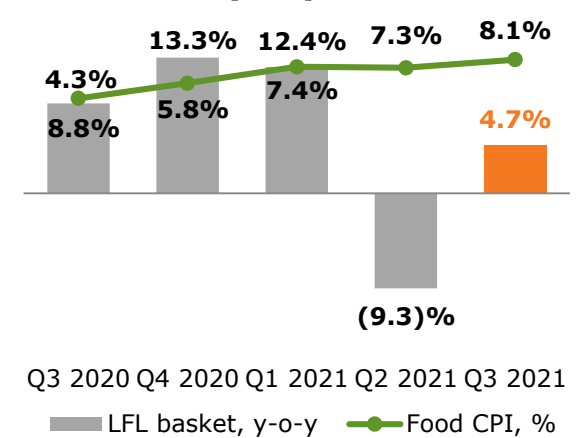
LFL sales, y-o-y



LFL traffic, y-o-y



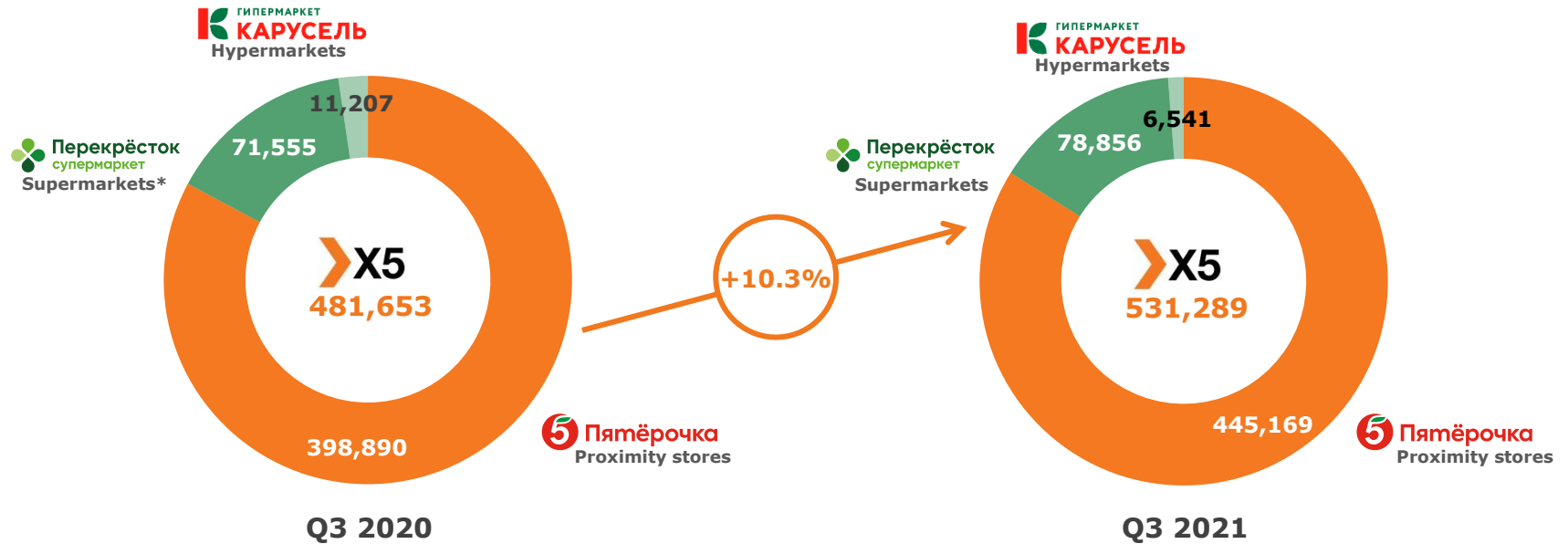
LFL basket, y-o-y



Source: X5 data

Q3 2021 RESULTS: X5 NET RETAIL SALES SUMMARY

Net retail sales breakdown by retail format, RUB mln



KEY DRIVERS

- Pyaterochka, which continues to meet customers' needs in a challenging macro environment, was the key driver for X5's growth thanks to:
 - Value proposition that is one of the best-adapted to Russian consumers' needs
 - Smart expansion programme



*Excluding Vprok.ru Perekrstok
Source: X5 data

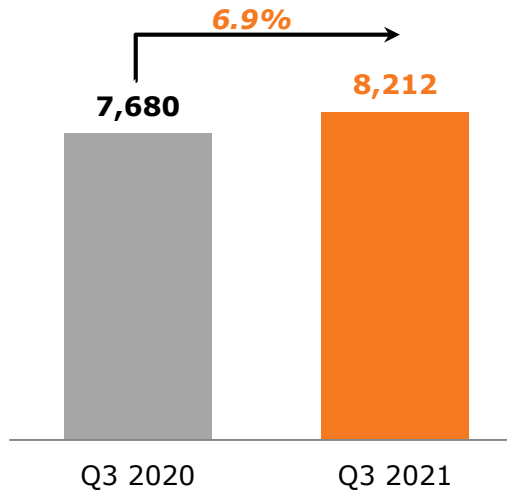


Net retail sales growth of 10.3% was driven by a 4.8% increase in like-for-like sales and a 6.5% sales growth contribution from a 6.9% rise in selling space

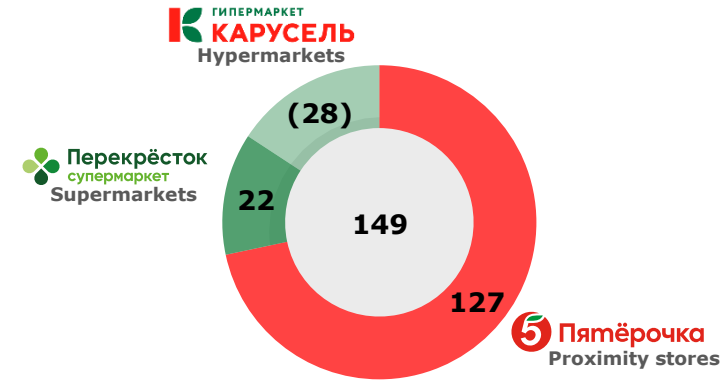
Q3 2021 RESULTS: EXPANSION SUMMARY

- Total store base increased to 18,648 stores as of 30 September 2021
- Pyaterochka was the main driver for the store base increase with a 127 th. sq. m selling space addition in Q3 2021

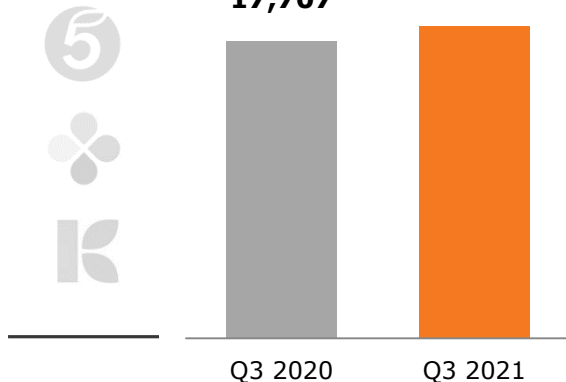
Net selling space, th. sq. m



Net selling space added in Q3 2021, th. sq. m

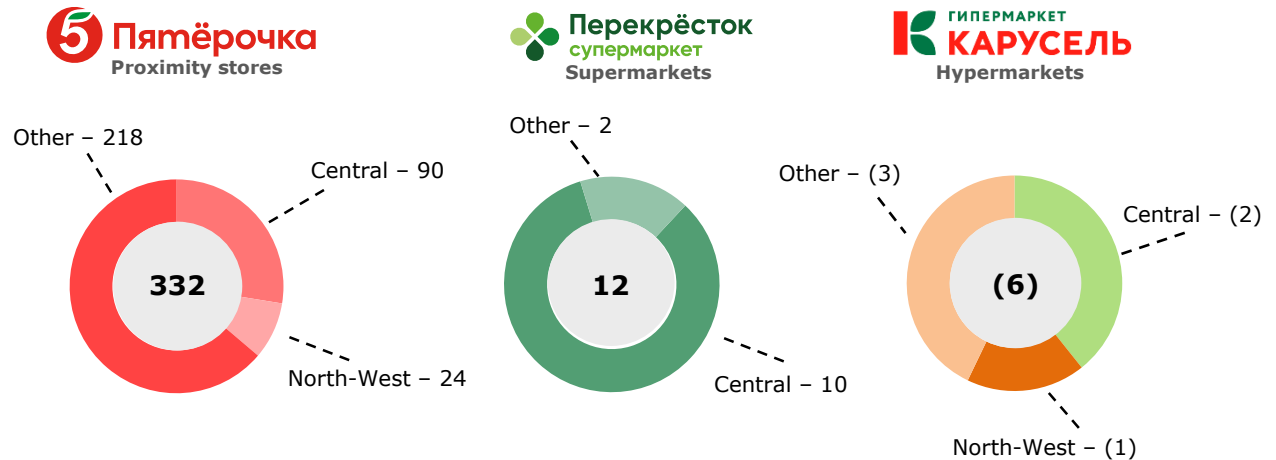


Total stores base



Source: X5 data

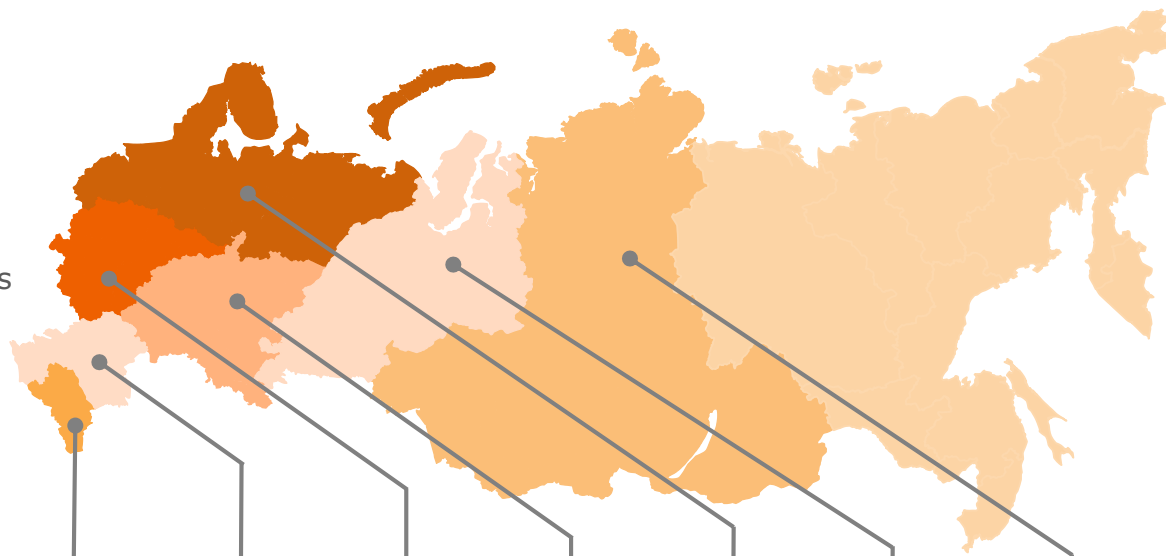
Stores added (net) in Q3 2021 by formats and by regions







X5 REGIONAL PRESENCE

X5 today

- Multi-format presence in **seven** Federal Districts
- Total stores – 18,648, including:
 - 17,600 Pyaterochka stores
 - 980 Perekrystok supermarkets
 - 34 Karusel hypermarkets



Format	Unit	North Caucasus	Southern	Central	Volga	North Western	Ural	Siberian	Total
 Пятёрочка		353	1,813	6,385	4,671	1,816	1,568	994	17,600
 Перекрёсток супермаркет	Number of stores, #	9	60	547	140	148	76	-	980
 ГИПЕРМАРКЕТ КАРУСЕЛЬ		1	1	22	7	3	-	-	34
 X5 RETAIL GROUP	Net retail sales (Q3 2021), %	1.2%	7.4%	47.8%	19.1%	13.8%	7.4%	3.4%	100%

Source: X5 data

X5 DISTRIBUTION CAPABILITIES

Warehouse space as of 30 September 2021

Federal district	Space, th. sq. m	# of DCs
Central	561	14
North-Western	150	6
Volga	230	9
Ural	157	7
Southern	143	5
Siberian	70	2
Total	1,311	43

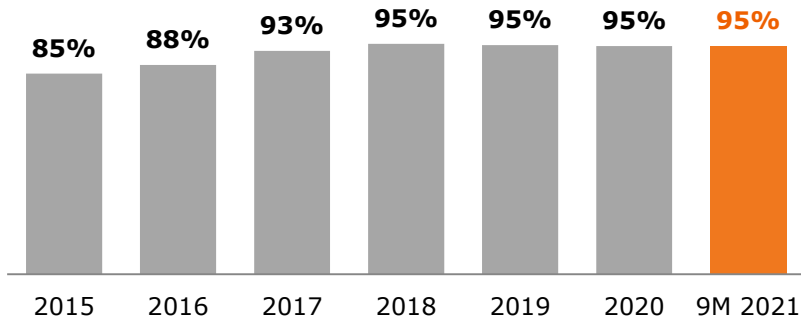


Centralisation levels

5

4

3



Source: X5 data

Highlights for 9M 2021

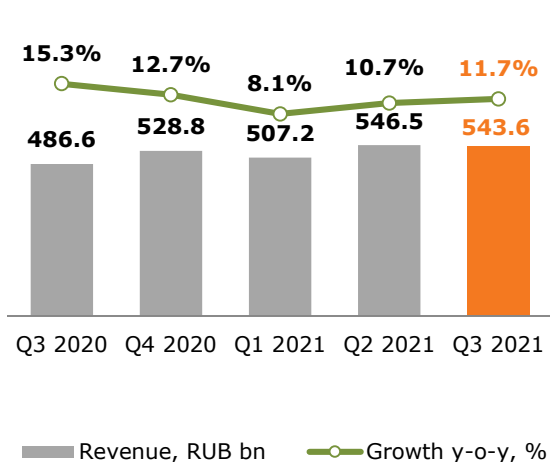
- X5 continued the implementation of the new Logistics and Transportation Strategy covering the period until 2025.
- As of 30 September 2021 the Company owned 4,178 trucks.



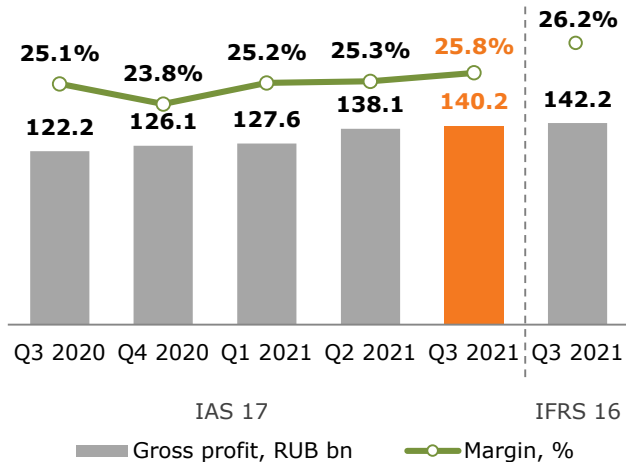
**IV. FINANCIAL RESULTS
Q3 2021**

X5 QUARTERLY FINANCIAL HIGHLIGHTS (QUARTERLY)

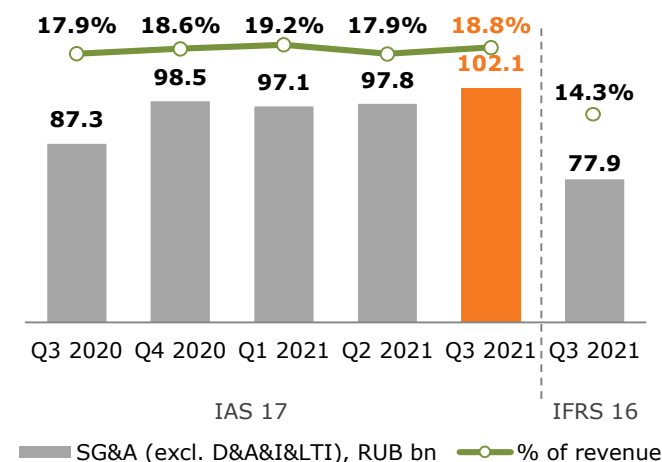
Revenue



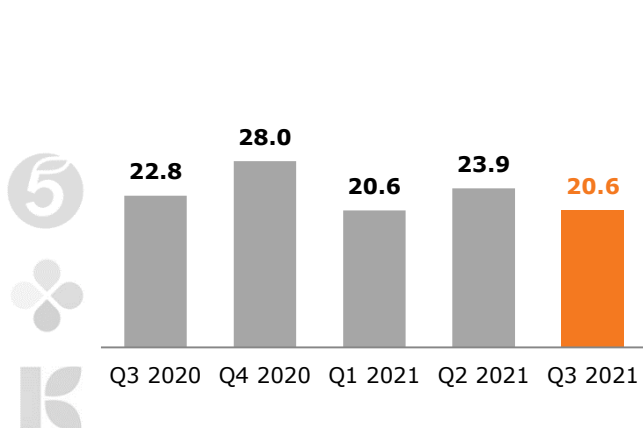
Gross profit & gross margin



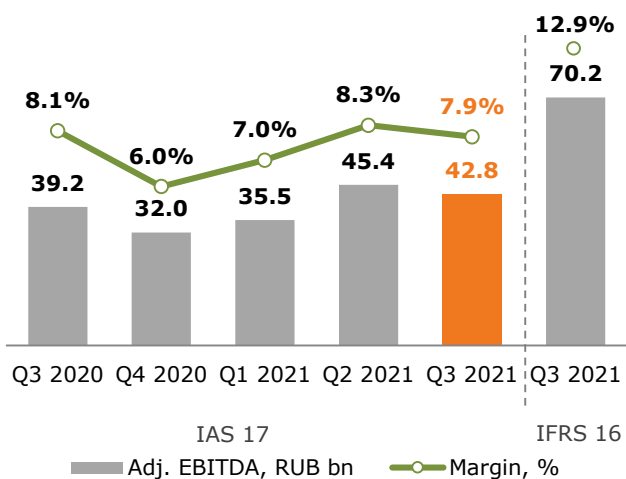
SG&A (excl. D&A&I<I)^[1]



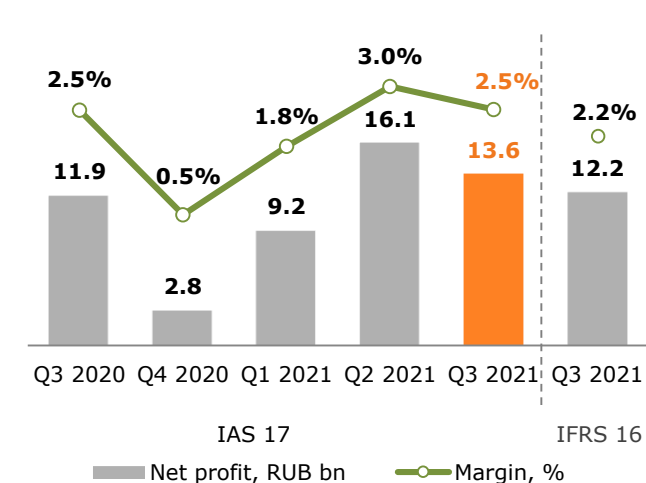
Capital expenditures, RUB bn



Adj. EBITDA & EBITDA margin^[2]



Net profit & net profit margin



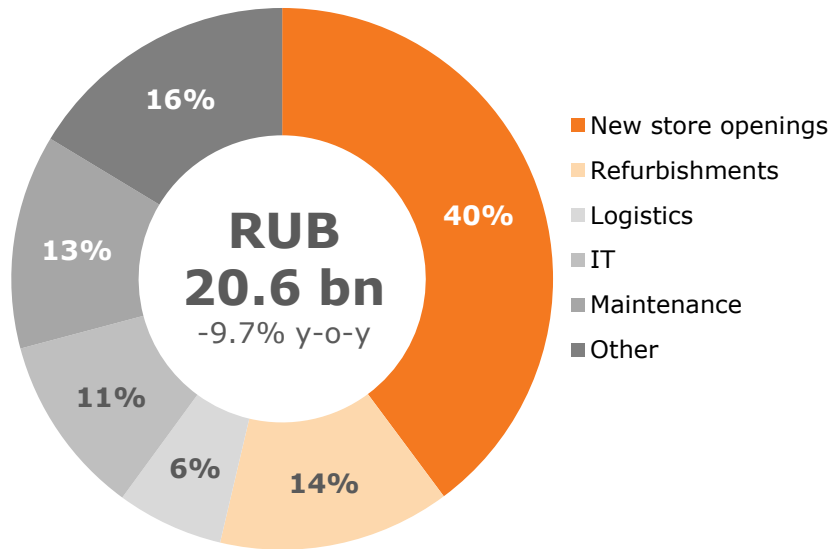
Source: X5 data

[1] - Adjusted for impact from Karusel transformation

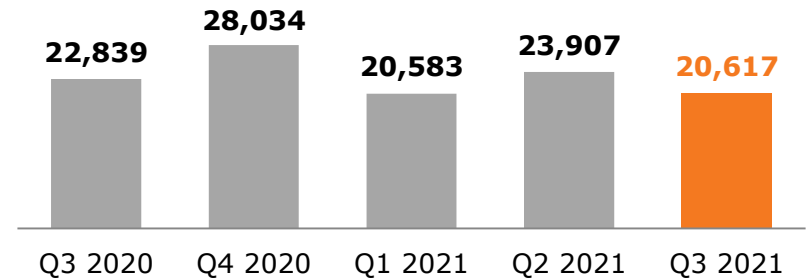
[2] - Adjusted for LTI, exit payments and share-based payments, other one-off remuneration payments and impact from Karusel transformation

X5 CAPITAL EXPENDITURES

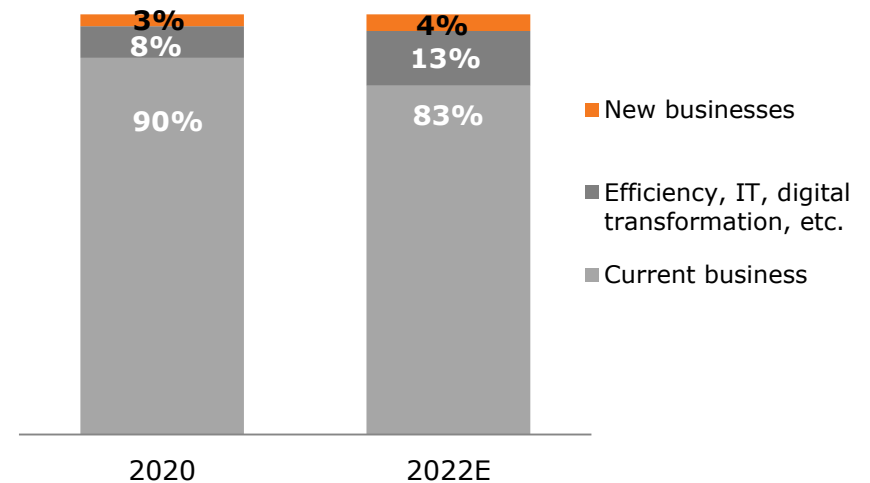
Capex breakdown, Q3 2021



Capex dynamics by quarter, RUB mln



Expected change in Capex structure



Source: X5 data (prepared under IAS 17)

In Q3 2021 the capex programme focused mainly on organic expansion, refurbishments and maintenance



X5 DEBT STRUCTURE

Debt profile

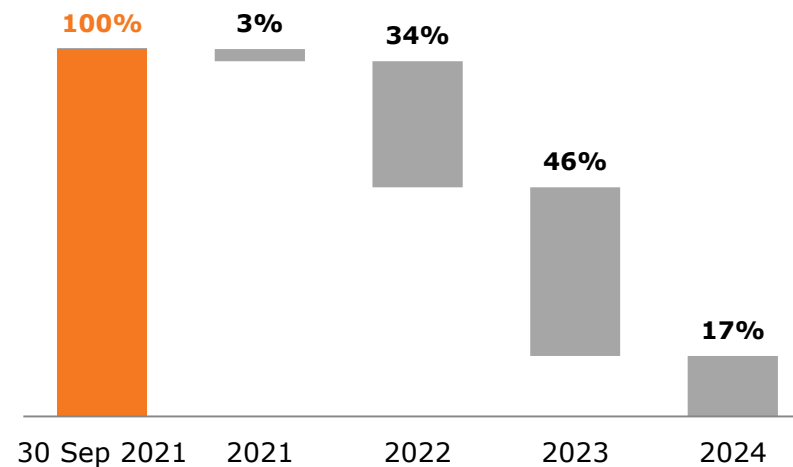
RUB mln	30 Sep 2021	30 Sep 2020
Total Debt	242,928	228,291
Short-Term Debt	67,983	75,520
<i>% of total debt</i>	<i>28.0%</i>	<i>33.1%</i>
Long-Term Debt	174,945	152,771
<i>% of total debt</i>	<i>72.0%</i>	<i>66.9%</i>
Net Debt	230,031	216,619

Covenants & liquidity update

Covenant metrics & liquidity sources	30 Sep 2021	30 Sep 2020
Net Debt / EBITDA (IAS 17)	1.50x	1.53x
Cash & cash equiv., RUB mln	12,897	11,672
Available credit limits, RUB mln	493,779	487,835

Source: X5 data

Debt portfolio maturity



Highlights

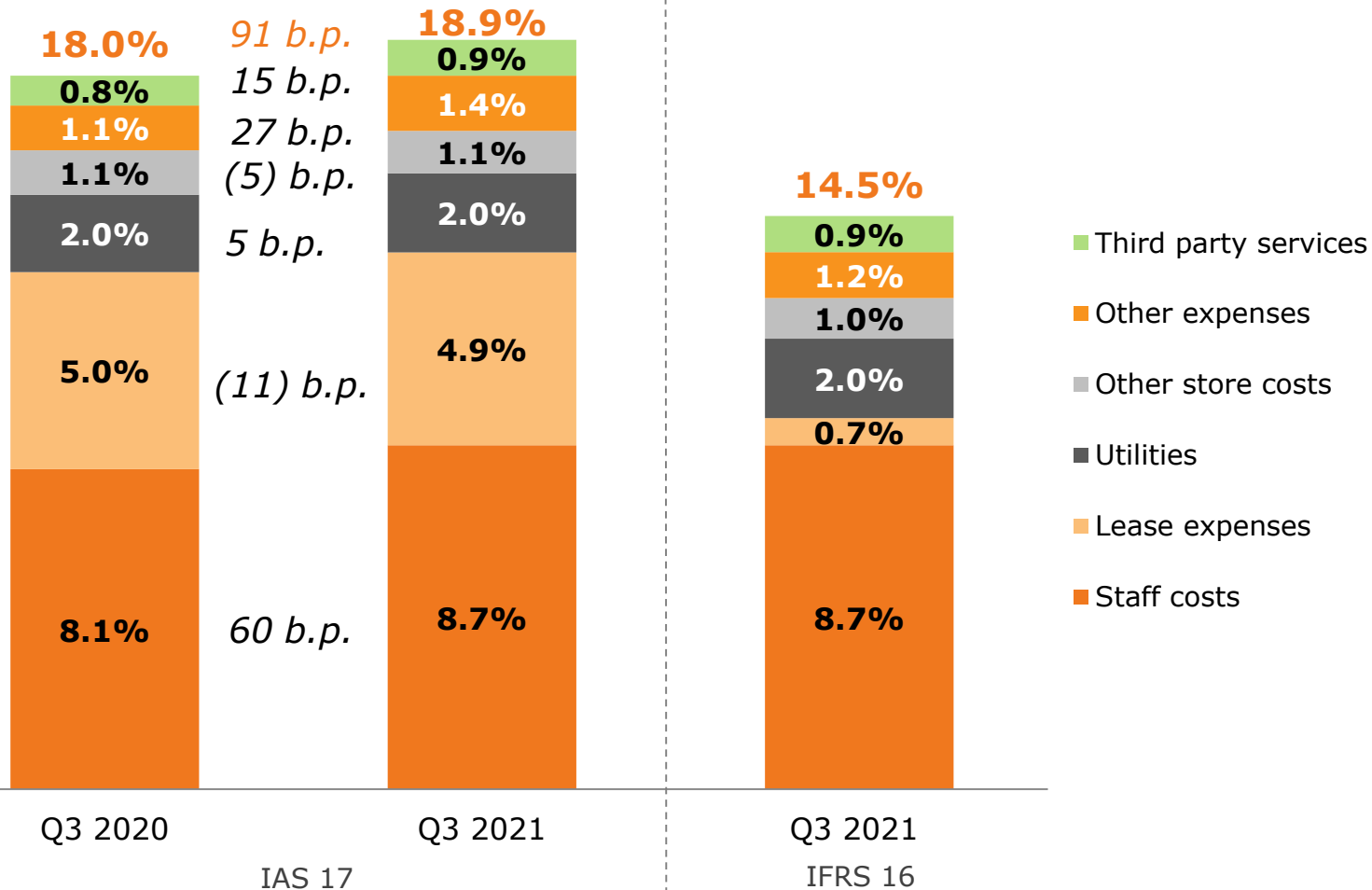
- X5's debt portfolio is 100% RUB-denominated
- The majority of the X5's loans and all bonds have fixed interest rates
- X5's available credit limits amounted to RUB 493.8 bln



Q3 2021: ADJUSTED SG&A^[1] EXPENSES ANALYSIS

Q3 2021 analysis

as percentage of revenue



Source: X5 data

[1] – Adjusted for D&A&I, LTI, exit share-based payments and impact from Karusel transformation



FINANCIAL STATEMENTS (1/3)

PROFIT AND LOSS STATEMENT

	IAS 17				IFRS 16
RUB mln	Q3 2021	Q3 2020	+ / (-)	+ / (-), %	Q3 2021
Revenue	543,586	486,641	56,945	11.7%	543,586
Net retail sales	540,718	485,552	55,165	11.4%	540,718
COGS	(403,423)	(364,415)	(39,008)	10.7%	(401,416)
Gross profit	140,163	122,226	17,937	14.7%	142,170
<i>Gross profit margin</i>	25.8%	25.1%		67 b.p.	26.2%
SG&A	(121,770)	(105,147)	(16,623)	15.8%	(116,375)
EBITDA	41,822	38,702	3,120	8.1%	69,195
<i>EBITDA margin</i>	7.7%	8.0%		(26) b.p.	12.7%
Operating profit	23,110	21,324	1,786	8.4%	31,684
<i>Operating margin</i>	4.3%	4.4%		(13) b.p.	5.8%
Net profit	13,647	11,949	1,698	14.2%	12,225
<i>Net profit margin</i>	2.5%	2.5%		6 b.p.	2.2%

Source: X5 data

FINANCIAL STATEMENTS (2/3)

BALANCE SHEET (IFRS 16)

RUB mln	30 Sep 2021	30 Sep 2020
Total current assets	190,547	171,545
Cash & cash equivalents	12,897	11,672
Inventories	146,278	128,683
Total non-current assets	989,257	942,860
Right of use asset	496,173	462,607
Net PP&E	324,745	319,549
Goodwill	105,022	104,020
Total assets	1,179,804	1,114,405
Total current liabilities	402,870	378,992
ST debt	67,983	75,520
ST finance lease payables	69,704	66,188
Trade accounts payable	169,268	149,237
Total non-current liabilities	677,282	622,310
LT debt	174,945	152,771
LT finance lease payable	497,997	464,068
Total liabilities	1,080,152	1,001,302
Total equity	99,652	113,103
Total liabilities & equity	1,179,804	1,114,405

Source: X5 data

FINANCIAL STATEMENTS (3/3)

CASH FLOW STATEMENT (IAS 17 AND IFRS 16)

RUB mln	IAS 17				IFRS 16
	Q3 2021	Q3 2020	+/(-)	+/(-), %	Q3 2021
Net cash generated from operating activities	45,055	24,547	20,508	83.5%	61,087
Net cash from operating activities before changes in working capital	42,250	38,104	4,146	10.9%	68,450
Change in Working Capital, incl.:	4,765	(3,400)	8,165	(240.1)%	4,917
Decrease/(increase) in trade and other accounts receivable	(2,146)	(2,088)	(58)	2.8%	(2,154)
Decrease/(increase) in inventories	(4,254)	(217)	(4,037)	1,860.4%	(4,254)
Increase/(decrease) in trade payable	8,448	(169)	8,617	(5,098.8)%	8,448
Increase/(decrease) in other accounts payable	2,717	(926)	3,643	(393.4)%	2,877
Net interest and income tax paid	(1,960)	(10,157)	8,197	(80.7)%	(12,280)
Net cash used in investing activities	(21,708)	(20,659)	(1,049)	5.1%	(21,454)
Net cash generated from/(used in) financing activities	(23,295)	(3,509)	(19,786)	-	(39,581)
Effect of exchange rate changes on cash & cash equivalents	(3)	(9)	6	-	(3)
Net increase/(decrease) in cash & cash equivalents	49	370	(321)	(86.8)%	49

Source: X5 data



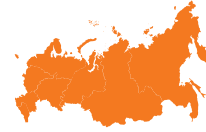
**APPENDIX
PERFORMANCE SUMMARY OF KEY
FORMATS**

PYATEROCHKA PROXIMITY STORES SUMMARY (1/3)

RUSSIA'S #1 PROXIMITY NETWORK BY REVENUE



17,600 stores as of 30 September 2021, 7.4% increase y-o-y



6,909 th. sq. m of selling space as of 30 September 2021, +7.7% y-o-y



Q3 2021 net retail sales – RUB 448.1 bn, 12.1% increase y-o-y



1,325 mln of customer visits in Q3 2021, +6.7% y-o-y



Pyaterochka as % of X5's Q3 2021 sales: **83%**



Q3 2021 LFL Results

- Sales: **5.0%**
- Traffic: **0.0%**
- Basket: **(5.0%)**



Average Pyaterochka check (offline): **RUB 388** (Q3 2021) 5.0% increase y-o-y



- Avg. net selling space: **393 sq. m.**
- **Pyaterochka sub-formats**
 - 250-330 sq. m.
 - 330-430 sq. m.
 - 430-620 sq. m.
 - 620-and more



Average number of SKUs: **4,500**



Capex per leased Pyaterochka: **RUB 12-15 mln**

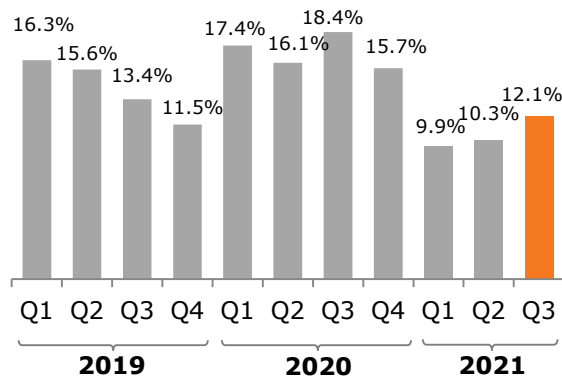


The proximity store for your daily shopping needs

PYATEROCHKA PROXIMITY STORES SUMMARY (2/3)

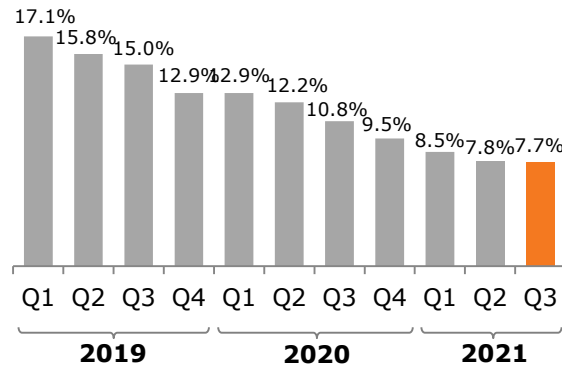
Q3 2021 net retail sales: 12.1% increase y-o-y

Net sales growth (% y-o-y)



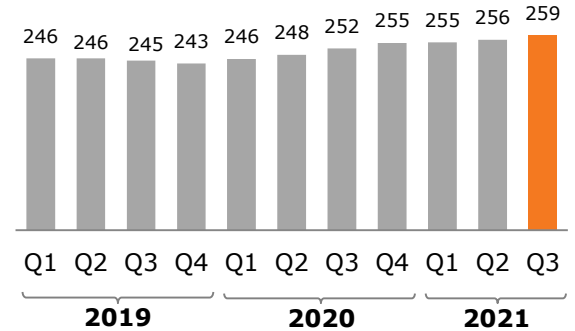
Q3 2021 selling space: 7.7% increase y-o-y

Net selling space growth (% y-o-y)



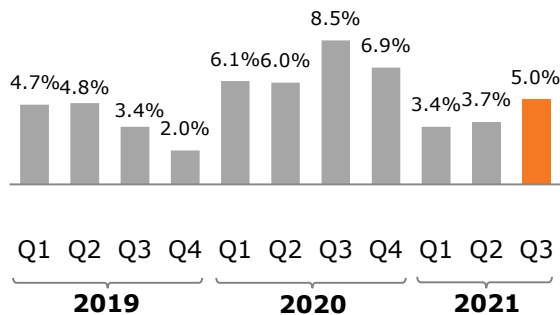
Q3 2021 sales densities: 2.8% increase y-o-y

Net sales densities (th. RUB/sq. m^[1])



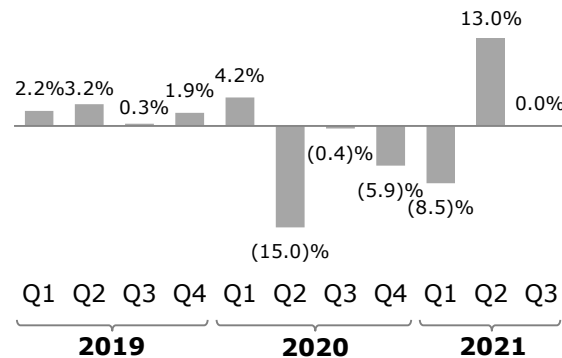
Q3 2021 LFL sales: 5.0% increase y-o-y

Total LFL sales growth (% y-o-y)



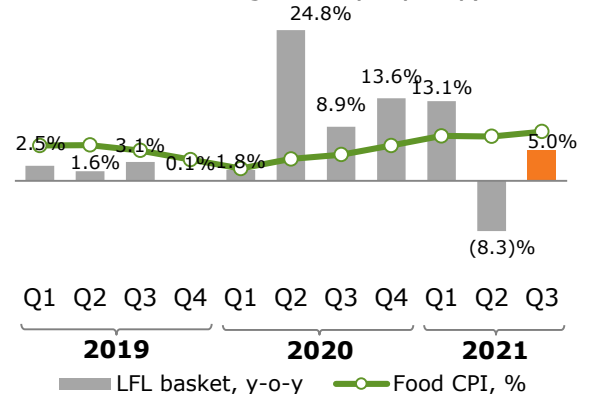
Q3 2021 LFL traffic: flat y-o-y

Total LFL traffic growth (% y-o-y)



Q3 2021 LFL basket: 5.0% increase y-o-y

Total LFL basket growth (% y-o-y)



Source: X5 data

[1] – Total net sales from trailing four quarters divided by average selling space of trailing four quarters



PYATEROCHKA PROXIMITY STORES SUMMARY (3/3)

FORMAT STRATEGY HIGHLIGHTS

- **Increase number of loyal customers and maximise share of their wallet:**
 - New **CVP** and further adaptation of **assortment**
 - **Leadership in NPS** and service level
 - Better **personnel turnover and engagement**
 - Focus on **operational efficiency**, incl. shrinkage
 - Roll-out of **personalised promo**
- **Improve efficiency and reduce costs:**
 - **Further** improvements in purchasing terms and opex per store/in logistics
 - **Lean and agile** approach
 - Higher share of **direct import**
 - Higher share of **private label** to >20% during the next 3-5 years
 - Improve efficiency of **regional model**

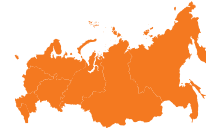


PEREKRESTOK SUPERMARKETS SUMMARY (1/4)

RUSSIA'S #1 SUPERMARKET



980 stores as of 30 September 2021, 8.3% increase y-o-y



1,081 th. sq. m. of selling space as of 30 September 2021, 10.5% increase y-o-y



Q3 2021 net retail sales of RUB 81.5 bn, 13.5% increase y-o-y



161 mln customers in Q3 2021, +11.3% y-o-y



Perekrestok of X5's Q3 2021 sales: **16%**



Q3 2021 LFL Results

- Sales: **4.5%**
- Traffic: **2.0%**
- Basket: **2.4%**



NPS 30 points in Q2 2021, 3 p.p. increase y-o-y



Average Perekrestok check (offline): **RUB 577** (Q3 2021), 2.1% decrease y-o-y



Avg. net selling space: **1,103 sq. m.**



Average number of SKUs: **8,000 – 15,000**



Capex per leased Perekrestok: **RUB 50-60 mln**

5

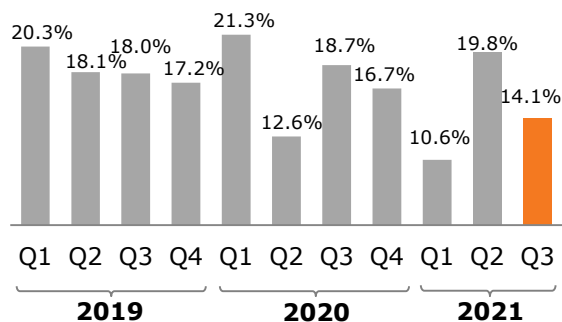


The main supermarket in every neighbourhood

PEREKRESTOK SUPERMARKETS SUMMARY (2/4)

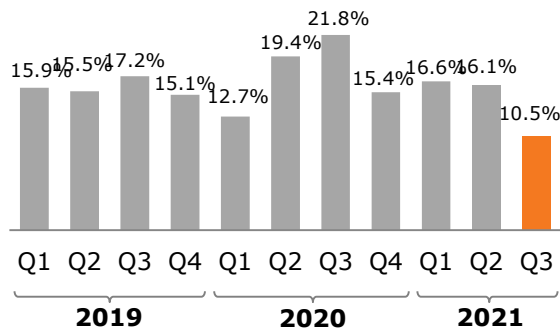
Q3 2021 net retail sales: 14.1% increase y-o-y

Net sales growth (% y-o-y)



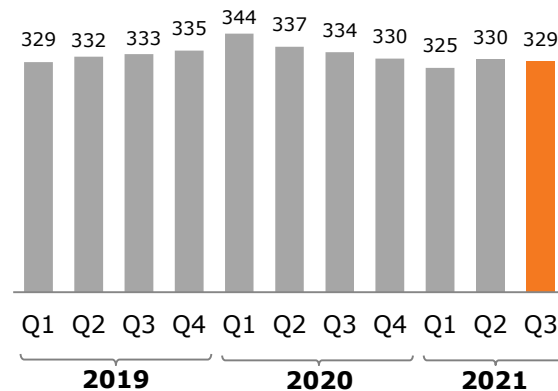
Q3 2021 selling space: 10.5% increase y-o-y

Net selling space growth (% y-o-y)



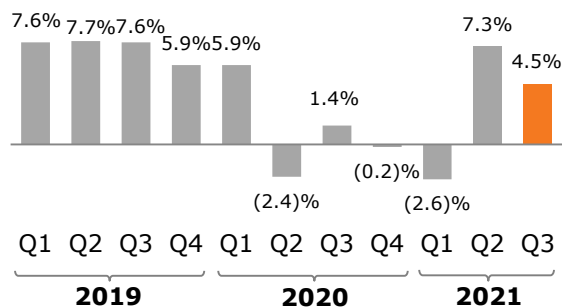
Q3 2021 sales densities: 1.5% decrease y-o-y

Net sales densities (th. RUB/sq. m^[1])



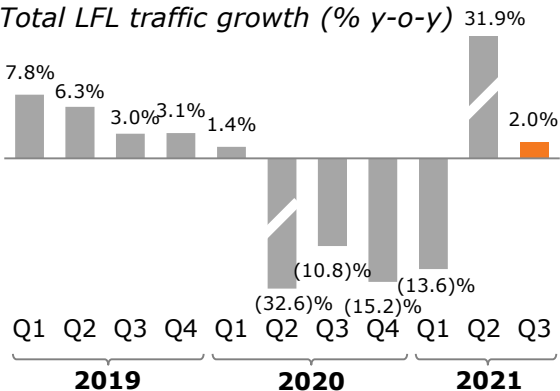
Q3 2021 LFL sales: 4.5% increase y-o-y

Total LFL sales growth (% y-o-y)



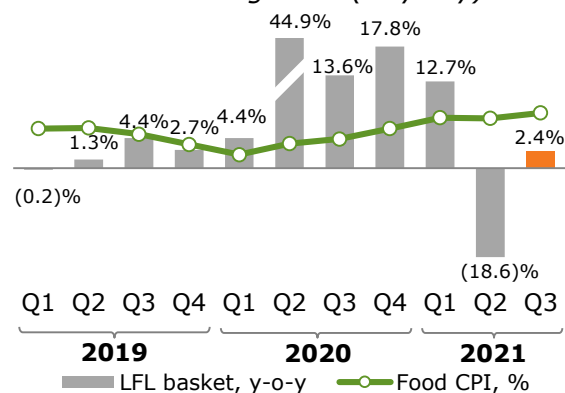
Q3 2021 LFL traffic: 2.0% increase y-o-y

Total LFL traffic growth (% y-o-y)



Q3 2021 LFL basket: 2.4% increase y-o-y

Total LFL basket growth (% y-o-y)



Source: X5 data

[1] – Total net sales from trailing four quarters divided by average selling space of trailing four quarters



PEREKRESTOK SUMMARY (3/4)

FORMAT STRATEGY HIGHLIGHTS

- **Value proposition and adapting to customer needs:**
 - Further adaptation of assortment with focus on **fresh, F&V, ready-to-eat**
 - **Omni-channel** development
 - Targeted **loyalty system** and **personalised** promo
 - **Best-in-class service**, further increase of NPS
 - **Comfort and positive emotions** from shopping
 - Chain expansion with aim of being **closer to the customer**
- **Improve efficiency and reduce costs:**
 - **Further** improvements in purchasing terms and opex
 - Increase the share of **private labels**
 - Increase the share of **direct import**
 - **Further improve logistics** (forecasting, stock replenishment system)



5



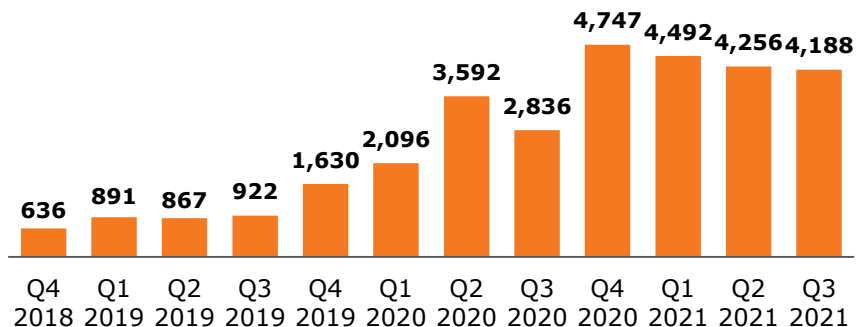
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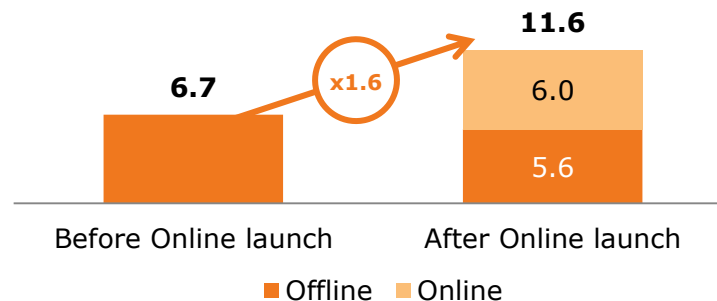
PEREKRESTOK SUMMARY (4/4):

VPROK.RU PEREKRESTOK

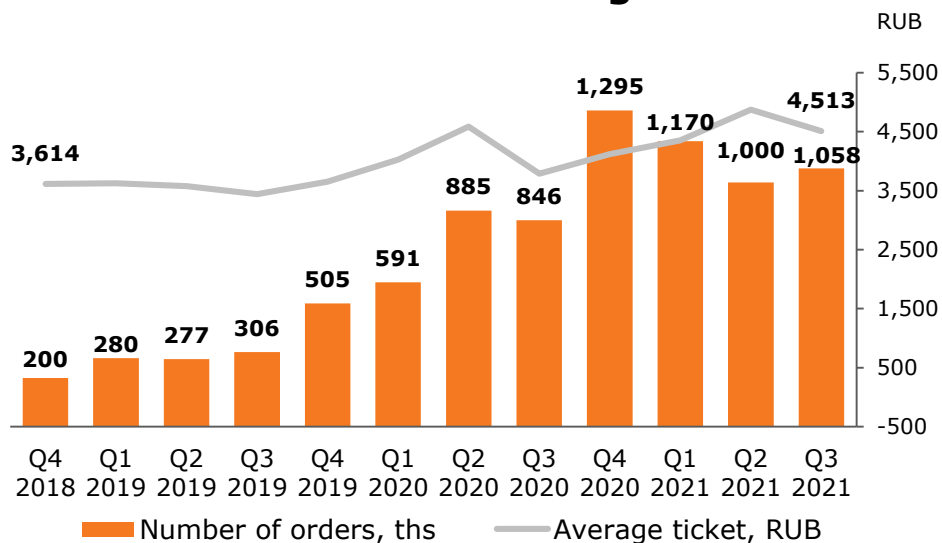
Net sales, RUB mln



Average customer spending per month, RUB ths



Number of orders and average ticket



X5 online targets

- Increase number of darkstores to 12 by 2022 (from 5 in Dec 2020)
- Increase assortment and develop sales on external marketplaces

