X5 Retail Group N.V.

Condensed Consolidated Interim Financial Information

Nine months ended 30 September 2018

The attached condensed consolidated interim statement of financial position, condensed consolidated interim statement of profit or loss, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of cash flows and condensed consolidated interim statement of changes in equity have been prepared on the basis of the X5 Retail Group NV accounting policies as disclosed in the audited annual financial statements for the year ended 31 December 2017. These accounting policies have been consistently applied in the preparation of these statements except for adoprion of new standards that are mandatory for financial annual periods beginning on 1 January 2018 and the fact that these statements do not comprise a full set of financial statements as required by International Financial Reporting Standards as adopted by the EU.

(expressed in millions of Russian Roubles, unless otherwise stated)

	30 September 2018	31 December 2017*
Assets		
Non-current assets		
Property, plant and equipment	295,547	278,928
Investment property	5,232	5,488
Goodwill	92,905	90,276
Other intangible assets	19,689	18,442
Other non-current assets	8,017	7,708
Deferred tax assets	5,254	5,143
	426,644	**405,985**
Current assets		
Inventories	99,755	99,300
Indemnification asset	27	106
Trade, other accounts receivable and prepayments	12,119	15,531
Current income tax receivable	4,658	2,384
VAT and other taxes receivable	10,535	14,347
Cash and cash equivalents	15,338	27,605
	142,432	**159,273**
Total assets	**569,076**	**565,258**
Equity and liabilities		
Equity attributable to equity holders of the parent		
Share capital	2,458	2,458
Share premium	46,192	46,212
Retained earnings	110,465	109,655
Share-based payment reserve	103	117
	159,218	**158,442**
Total equity	**159,218**	**158,442**
Non-current liabilities		
Long-term borrowings	161,197	135,622
Deferred tax liabilities	6,550	5,670
Long-term contract liabilities	3	5
Other non-current liabilities	435	1,344
	168,185	**142,641**
Current liabilities		
Trade accounts payable	119,516	130,766
Short-term borrowings	55,987	58,674
Interest accrued	2,014	1,642
Short-term contract liabilities	1,759	1,815
Current income tax payable	614	635
Provisions and other liabilities	61,783	70,643
	241,673	**264,175**
Total liabilities	**409,858**	**406,816**
Total equity and liabilities	**569,076**	**565,258**

* Certain amounts shown here do not correspond to the consolidated financial statements for the year ended 31 December 2017 and reflect adjustments recognised as a result of IFRS 9 and IFRS 15 adoption.

Svetlana Demyashkevich
Chief Financial Officer
23 October 2018

(expressed in millions of Russian Roubles, unless otherwise stated)

	Nine months ended 30 September	
	2018	**2017***
Revenue	1,109,582	933,303
Cost of sales	(841,642)	(710,305)
Gross profit	**267,940**	**222,998**
Selling, general and administrative expenses	(232,270)	(183,506)
Net impairment losses on financial assets	(375)	(162)
Lease/sublease and other income	7,543	6,012
Operating profit	**42,838**	**45,342**
Finance costs	(13,307)	(12,015)
Finance income	144	44
Net foreign exchange loss	(213)	(37)
Profit before tax	**29,462**	**33,334**
Income tax expense	(7,062)	(7,359)
Profit for the period	**22,400**	**25,975**
Profit for the period attributable to:		
Equity holders of the parent	22,400	25,975
Basic earnings per share for profit attributable to the equity holders of the parent (expressed in RUB per share)	329.95	382.63
Diluted earnings per share for profit attributable to the equity holders of the parent (expressed in RUB per share)	329.93	382.54

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Svetlana Demyashkevich
Chief Financial Officer
23 October 2018

(expressed in millions of Russian Roubles, unless otherwise stated)

	Nine months ended 30 September	
	2018	**2017**
Profit for the period	22,400	25,975
Total comprehensive income for the period, net of tax	**22,400**	**25,975**
Total comprehensive income for the period attributable to:		
Equity holders of the parent	22,400	25,975

Svetlana Demyashkevich
Chief Financial Officer
23 October 2018

(expressed in millions of Russian Roubles, unless otherwise stated)

	Nine months ended 30 September	
	2018	**2017***
Profit before tax	**29,462**	**33,334**
Adjustments for:		
Depreciation, amortisation and impairment of property, plant and equipment, investment property and intangible assets	34,988	27,050
Gain on disposal of property, plant and equipment, investment property and intangible assets	(202)	(95)
Finance costs, net	13,163	11,971
Net impairment losses on financial assets	375	162
Impairment of prepayments	135	92
Share-based compensation expense	56	50
Net foreign exchange loss	213	37
Other non-cash items	(464)	(39)
Net cash from operating activities before changes in working capital	**77,726**	**72,562**
Decrease in trade, other accounts receivable and prepayments	6,474	11,099
Increase in inventories	(455)	(11,152)
Decrease in trade payable	(11,184)	(21,799)
Increase in other accounts payable and contract liabilities	3,626	5,986
Net cash flows from operations	**76,187**	**56,696**
Interest paid	(12,362)	(10,833)
Interest received	52	43
Income tax paid	(8,098)	(8,308)
Net cash flows generated from operating activities	**55,779**	**37,598**
Cash flows from investing activities		
Purchase of property, plant and equipment	(53,090)	(53,268)
Acquisition of businesses, net of cash acquired	(12,824)	(5,218)
Proceeds from disposal of property, plant and equipment, investment property and intangible assets	549	728
Purchase of other intangible assets	(3,621)	(2,362)
Proceeds from disposal of available-for-sale financial investments	–	210
Net cash flows used in investing activities	**(68,986)**	**(59,910)**
Cash flows from financing activities		
Proceeds from loans	117,505	78,593
Repayment of loans	(94,810)	(62,700)
Purchase of treasury shares	(90)	(63)
Dividends paid to equity holders of the parent	(21,590)	–
Net cash flows generated from financing activities	**1,015**	**15,830**
Effect of exchange rate changes on cash and cash equivalents	(75)	6
Net decrease in cash and cash equivalents	**(12,267)**	**(6,476)**
Movements in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	27,605	18,190
Net decrease in cash and cash equivalents	(12,267)	(6,476)
Cash and cash equivalents at the end of the period	**15,338**	**11,714**

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23 October 2018

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	Attributable to equity holders of the parent						
	Number of shares	**Share capital**	**Share premium**	**Share-based payment reserve**	**Retained earnings**	**Total shareholders' equity**	**Total**
Balance as at 1 January 2017	**67,884,340**	**2,458**	**46,251**	**70**	**78,261**	**127,040**	**127,040**
Profit for the period	–	–	–	–	25,975	25,975	25,975
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**25,975**	**25,975**	**25,975**
Share-based payment compensation	–	–	–	50	–	50	50
Transfer and waiving of vested equity rights	2,408	–	(39)	(24)	–	(63)	(63)
Balance as at 30 September 2017	**67,886,748**	**2,458**	**46,212**	**96**	**104,236**	**153,002**	**153,002**
Balance as at 1 January 2018	**67,886,748**	**2,458**	**46,212**	**117**	**109,655**	**158,442**	**158,442**
Profit for the period	–	–	–	–	22,400	22,400	22,400
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**22,400**	**22,400**	**22,400**
Dividends	–	–	–	–	(21,590)	(21,590)	(21,590)
Share-based payment compensation	–	–	–	56	–	56	56
Transfer and waiving of vested equity rights	3,351	–	(20)	(70)	–	(90)	(90)
Balance as at 30 September 2018	**67,890,099**	**2,458**	**46,192**	**103**	**110,465**	**159,218**	**159,218**

Svetlana Demyashkevich
Chief Financial Officer
23 October 2018