

X5 OPENS FIRST CASHIERLESS PYATEROCHKA

Moscow, 23 October 2020 – X5 Retail Group, a leading Russian food retailer, has opened its first cashierless Pyaterochka store with fully-automated checkout systems. The new Pyaterochka #naletu is located at 2 Velaskesa Boulevard in Moscow. This pilot store aims to address a new generation of shoppers who prefer to make quick and contactless purchases at stores located nearby. Once feedback from the trial period has been analysed, a decision will be made regarding the further development of this format.

The pilot store has about 80 square metres of selling space and is open from 7 am until midnight, seven days a week. To enter the store, customers need to first download Pyaterochka #naletu ("On the Fly"), the store's dedicated mobile app available via the App Store or Google Play, and log in with their X5 ID. The app generates a dynamic QR code, allowing the customer to enter the store, which has no sales personnel in it. Customers may select from around 900 products, including a fresh assortment and fresh brewed coffee. The product offering is geared towards consumers living in a modern metropolis and looking for digital innovation and maximum convenience when shopping for fresh, high quality products and everyday goods available in close proximity.

The pilot store uses X5's proprietary Express Scan technology, which enables Pyaterochka #naletu app users to pay using a bank card, Apple Pay or Google Pay. If they wish to, customers can also pay at a self-service checkout. For every purchase, customers earn points for the Helping Card loyalty programme.

The store functions as a kind of a smart home, with an IoT architecture that, through the use of special sensors, monitors the entrances, exits, the location of customers and lighting in the store. In addition, the sensors help to ensure social distancing and overall safety of the shoppers. Electronic shelf labelling makes it possible to quickly and remotely update price information. The store is also fitted with 24-hour CCTV, while the app offers a customer support chat and a specialist hotline.

Thanks to its extensive system of intelligent cameras and sensors, the store can easily monitor the flow of its goods, pinpointing whether customers have actually purchased goods or simply picked them up from the shelf and put them back. The neural network system can monitor everyone in the store simultaneously and in real time. Most of the store's technology solutions have been developed by X5 in-house.

"Today, we are launching the pilot of our fully automated store, incorporating the Company's most advanced and innovative technical systems and solutions. Some of these systems are already well known – self-checkout units, electronic shelf labelling, and the express scan system have been around for a number of years now. We have thoroughly tested the new technologies, and now, with the utmost confidence in their reliability, we are proud to offer our customers the chance to shop in our new, completely digital store. The new Pyaterochka #naletu store is well suited to millennial and generation Z lifestyles. The younger crowd are tech-savvy, consume huge amounts of online content and prefer the most up-to-date technology in all aspects of

their life. Most of all, they want to do things quickly and efficiently. I am confident that our digital store is perfect for them. We believe that local residents will also enjoy the new digital shopping experience. The ability to simply pop into the store, buy what you need and avoid unnecessary social interactions is just what customers need during this public health crisis. We are also planning to launch several similar pilot projects in other Moscow districts,” said Sergei Goncharov, General Director of Pyaterochka.

The store complies with the highest health and safety standards. All surfaces are regularly cleaned and disinfected. Hand sanitisers will be provided at the store entrance, and all customers will be required to wear a mask. Throughout the store’s first weeks, a specialist assistant will be on hand to distribute personal protective equipment and to answer all of the customers’ questions regarding the new store 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 several retail formats: the chain of proximity stores under the Pyaterochka brand, the supermarket chain under the Perekrestok brand and the hypermarket chain under the Karusel brand.

As of 30 June 2020, X5 had 17,025 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 16,096 Pyaterochka proximity stores, 867 Perekrestok supermarkets and 62 Karusel hypermarkets. The Company operates 42 DCs and 4,083 Company-owned trucks across the Russian Federation.

For the full year 2019, revenue totalled RUB 1,734,347 mn (USD 26,791 mn), Adjusted EBITDA under IAS 17 reached RUB 127,380 mn (USD 1,968 mn), and net profit under IAS 17 for the period amounted to RUB 25,908 mn (USD 400 mn). In H1 2020, revenue totalled RUB 962,625 mn (USD 13,876 mn), adjusted EBITDA reached RUB 74,834 mn (USD 1,079 mn), and net profit amounted to RUB 24,450 mn (USD 352 mn).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.09%, treasury shares – 0.01%, Shareholders with less than 3% – 40.61%.

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.

Elements of this press release contain or may contain inside information about X5 Retail Group N.V. within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014/EU).

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