

X5 OPENS HARD DISCOUNTER, CHIZHIK, WHERE CUSTOMERS WILL DETERMINE PRIVATE LABEL ASSORTMENT

Moscow, 29 October 2020 – X5 Retail Group, a leading Russian food retailer that operates the Pyaterochka, Perekrestok, and Karusel retail chains, announces the opening of its first two hard discount stores under the Chizhik brand. The new stores are located in Moscow (Dolgoprudnaya Street) and in Balashikha in the Moscow region (Mayakovsky Street).

The selling space of each store is around 250 sqm, with an assortment of approximately 800 in-demand SKUs. The new format is being built around a private label assortment that is expected to account for 60% of the offering. Private label goods will be introduced gradually, with the first batches planned to appear on Chizhik shelves in February 2021, after which their share will grow to 30% by the end of the year.

X5 will use the two pilot sites to iron out operational issues and develop the private label assortment based on customer feedback. Each product will undergo quality testing with a focus on consumer preferences, including comparisons with leading peer products across various categories. Only those private label goods that are deemed to be on par with or better than their counterparts will be allowed on Chizhik shelves. Customers will then have the opportunity to rate the private label products presented in the stores by leaving reviews via a special chatbot, which can be accessed through a QR code placed in the sales area. Individual products will be improved if necessary based on customer feedback, including through adapting ingredients, recipes, packaging and even the exclusion of the item from the product matrix.

The new format's pricing policy envisages a less expensive food basket compared to the market average and is built around the motto "low price every day". The store's visual design embodies simplicity and embraces modern trends with its wide aisles, easy-to-read price tags, and shelf-ready packaging of the goods on sale.

X5 Retail Group CEO Igor Shekhterman said:

"We are taking the best-selling goods and using them as a blueprint for our own high-quality labels that we are developing based on customer feedback, which enables us to meet shoppers' needs in a smart way. Chizhik is a retail chain for rational buyers who are committed to a pragmatic approach to shopping."

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 September 2020, X5 had 17,352 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 16,385 Pyaterochka proximity stores, 910 Perekrestok supermarkets and 57 Karusel hypermarkets. The Company operates 43 DCs and 4,072 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 9M 2020, revenue totalled RUB 1,449,266 mn (USD 20,476 mn), adjusted EBITDA reached RUB 114,044 mn (USD 1,611 mn), and net profit amounted to RUB 36,399 mn (USD 514 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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