

X5 TO SPEED UP TESTING OF INNOVATIONS FOR SUPERMARKETS

Moscow, 20 November 2019 – X5 Retail Group ("X5" or the "Company"), a leading Russian food retailer (LSE and MOEX ticker: "FIVE"), is opening a lab based at a Perekrestok supermarket to conduct quick testing and R&D for emerging technologies.

The lab was created to enable X5 to explore opportunities to improve efficiency and test proprietary developments. It is also a place where pilot projects such as Smart Panels, video monitoring systems (F&V zones, queues and shelves), electronic shelf labels, AR and VR, as well as loyalty programmes can be further refined. Located next door to a Perekrestok supermarket, the lab is well equipped to test new solutions on-site, verify compatibility with X5's existing IT landscape and ensure smooth deployment. The technologies that prove to be effective in lab trials are then tested in a limited number of supermarkets. The new lab will also host agile training for project teams, themed activities and workshops for partners and suppliers.

"Perekrestok is increasingly embracing innovation, with stores hosting a number of tech pilots that are intended to drive development of the supermarket format and create a new customer experience. We are open to trying and using developments from leading start-ups from around the world, as well as solutions from the X5 innovation funnel. The new lab will enable us to test our ideas and solutions quickly and effectively and to accelerate the pace of deployment and scaling," said Denis Kharitonov, Head of IT and Strategic Projects at Perekrestok, at the lab opening ceremony.

The lab is located in the experimental large Perekrestok store at 8 Andropov Avenue in Moscow, which already offers the most advanced technologies piloted by the format, such as self-checkout systems, video monitoring to control queues, a self-scan system and a Click & Collect point for Perekrestok.ru.

Since October 2018, there has also been a Pyaterochka-based lab store. Located next to the shopping space, the lab office enables developers, service engineers, support staff, analysts and IT experts to conduct in-store testing. The opening of the lab allowed the proximity format to considerably step up the pace of deployment and scaling of innovative solutions.

Note to Editors:

X5 Retail Group N.V. (LSE and MOEX: FIVE, Fitch – ‘BB+’, Moody's – ‘Ba1’, S&P – ‘BB’, Expert RA – ‘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 2019, X5 had 15,752 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 14,850 Pyaterochka proximity stores, 811 Perekrestok supermarkets and 91 Karusel hypermarkets. The Company operates 43 DCs and 4,029 Company-owned trucks across the Russian Federation.

For the full year 2018, revenue totalled RUB 1,532,537 mln (USD 24,439 mln), Adjusted EBITDA reached RUB 109,871 mln (USD 1,752 mln), and net profit for the period amounted to RUB 28,642 mln (USD 457 mln). In 9M 2019, revenue totalled RUB 1,265,130 mln (USD 19,440 mln), adjusted EBITDA reached RUB 95,975 mln (USD 1,475 mln), and net profit amounted to RUB 25,043 mln (USD 385 mln).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.08%, treasury shares – 0.01%, Shareholders with less than 3% – 40.62%.

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).

For further details please contact:**Natalia Zagvozdina**

Head of Corporate Finance and IR
Tel.: +7 (495) 662-88-88 ext. 27-300
e-mail: Natalia.Zagvozdina@x5.ru

Andrey Vasin

Head of Investor Relations
Tel.: +7 (495) 662-88-88 ext. 13-151
e-mail: Andrey.Vasin@x5.ru