

X5 SIGNS COOPERATION AGREEMENT WITH THE GOVERNMENT OF THE KALININGRAD REGION

Kaliningrad, 7 September 2020 – X5 Retail Group, a leading Russian food retailer that operates the Pyaterochka, Perekrestok, and Karusel retail chains, has entered into a cooperation agreement with the government of the Kaliningrad region. The document was signed by Kaliningrad region Governor Anton Alikhanov and X5 Retail Group CEO Igor Shekhterman.

The parties agreed to continue the development of social and economic infrastructure related to retail. The sides will work together to boost the retail industry in the region as a way to meet the population's demand for high-quality and affordable goods, as well as to improve the quality of life and social infrastructure in the Kaliningrad region.

Under the agreement, X5 Retail Group will continue to expand in the region, opening new stores, creating jobs for residents, and expanding cooperation with local producers. The partnership agreement also provides for the active adoption and use of cutting-edge technologies and implementation of social programmes for disadvantaged groups. Within its mandate, the regional government will support the development of the retail industry, use the Company's expertise and proposals, and hold joint events with retail chains and producers to share information. It will also assist X5 in implementing the Company's sustainable development strategy.

"The Kaliningrad region is the westernmost region where our retail formats operate. For me, the partnership agreement with the Kaliningrad region is of particular significance, as I am a native of this region and it plays an important role in the Company's development. We expect to open around 20 Pyaterochka stores in the region by the year's end, creating approximately 400 new jobs for local residents. We intend to further strengthen our cooperation with local producers, who already account for more than 40% of our stores' assortment in the region. In addition, we are planning initiatives to support socially vulnerable groups," said Igor Shekhterman, CEO of X5 Retail Group.

"The first Pyaterochka stores appeared relatively recently in our region. This is a positive development for the Kaliningrad region: the arrival of a federal retail chain of this scale will stimulate competition, which, I hope, will help reduce prices for consumers and improve the quality of service," said Anton Alikhanov, who also noted the active cooperation of X5 with local producers in the Kaliningrad region.

The first Pyaterochka stores in the Kaliningrad Region opened at the end of June this year. Currently, six Pyaterochka stores operate in the region, including four in Kaliningrad and one each in Zelenograd and Chernyakhovsk. Pyaterochka has already created around 150 new jobs in the region.

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 mln (USD 26,791 mln), Adjusted EBITDA under IAS 17 reached RUB 127,380 mln (USD 1,968 mln), and net profit under IAS 17 for the period amounted to RUB 25,908 mln (USD 400 mln). In Q1 2020, revenue totalled RUB 468,994 mln (USD 7,065 mln), adjusted EBITDA reached RUB 32,980 mln (USD 497 mln), and net profit amounted to RUB 8,175 mln (USD 123 mln).

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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