

X5 LAUNCHES TOUCH-FREE SHOPPING VIA MOBILE APP

Moscow, 8 September 2020 – X5 Retail Group, a leading Russian food retailer that operates the Pyaterochka, Perekrestok, and Karusel retail chains, has launched a contactless shopping system that is accessible via mobile devices. The Express Scan technology was developed in-house by X5 to boost customer safety and create a "no wait" and checkout-free shopping experience.

The solution will be piloted at 60 Pyaterochka and 30 Perekrestok stores in Moscow. Making a purchase is as easy as scanning a product and paying for it with the mobile phone before exiting the store, with no need to use a regular checkout. To connect to the contactless shopping system, customers can download X5's Express Scan app and register using X5 ID¹, which will enable them to scan products using their phone. The closest Express Scan-enabled store can be found using the app's interactive map.

The Pyaterochka and Perekrestok loyalty programmes have already been integrated into Express Scan. It also supports a specific store's promotions and allows customers to earn points as they usually do. The app also features full descriptions of products (contents, country of origin, weight, etc.) and the current price.

The purchase is initiated and completed with the help of QR codes that are placed in the store entrance area. Customers add products to the basket by scanning barcodes with their phone cameras, and on exit they pay with a single tap in the app or using a self-checkout. Express Scan does not support the purchase of alcohol and tobacco products. Customers can link MasterCard, VISA and MIR cards to their app profile or pay using Apple Pay or Google Pay.

For the first time in Russia, regular proximity stores and supermarkets will serve as the base for a fully contactless shopping system that will be embedded into the existing IT architecture and operating processes. In essence, Express Scan is a software solution that does not require any additional equipment and possesses multifunctional development potential. It was developed by an in-house cross-functional team at X5.

"With the world still coping with a challenging epidemiological situation, personal safety comes to the forefront. This is especially true for retail, where it dictates the choice of location and channel for food purchases. At X5, we are attuned to the needs and the customer journey of our audiences, which enables us to provide them with an optimal service offering of fully contactless, fast and safe shopping powered by user-friendly scanning and mobile payment technologies – with no cashier interaction at all. Customers will be able to just walk in, pick any product, tap 'pay' and be on their way. Our new Express Scan service will be piloted simultaneously across two retail chains, which will allow us to test multiple usage scenarios and lay the groundwork for a new shopping model that is best suited to what our customers want out of the food market," said Igor Shekhterman, CEO of X5 Retail Group.

The pilot will run until the end of September, after which the Company will collect customer feedback and make decisions on fine-tuning and rolling out the service.

¹ X5 ID is a unified customer identification system that incorporates profile data in loyalty programmes of X5 chains and services

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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