

X5 AGREES ON STRATEGIC ALLIANCE WITH KRASNY YAR AND SLATA

Moscow, 2 August 2022 – X5 Retail Group N.V. (“X5” or the “Company”, LSE and MOEX ticker: FIVE), a leading Russian food retailer that operates the Pyaterochka, Perekrestok and Chizhik retail chains, has agreed on the terms of a strategic partnership with Krasny Yar and Slata groups, which are among the leading retailers in Eastern Siberia. Requests for approval will be submitted to the Federal Antimonopoly Service of Russia.

As part of the strategic alliance, X5 will acquire controlling stakes in both groups. Upon receiving all the necessary permits from regulators, X5 will obtain 70% of Krasny Yar’s and Slata’s businesses. The companies will continue operating under their own brands and retain their business models. At the same time, some processes will be integrated with X5 to achieve synergies, including in procurement and logistics.

Krasny Yar Group includes 226 Krasny Yar and Baton stores in the Krasnoyarsk Territory, Tyva and Khakassia with total retail space of 103,500 sq m, while Slata accounts for 362 Slata and KhlebSol stores in the Irkutsk Region, Buryatia and the Transbaikal Territory, with total retail space of 132,300 sq m. In addition, both groups are tenants of a total of four distribution centres with a cumulative area of 56,200 sq m: one in Krasnoyarsk, two in the Irkutsk Region and one in the Transbaikal Territory.

The deal will enable X5 to significantly expand its footprint in Eastern Siberia. The Company launched its Pyaterochka chain in the Siberian Federal District in August 2016, and it was operating 1,095 stores in the district as at 30 June 2022. X5 also owns two distribution centres in the Siberian Federal District.

“X5 invests in business development through partnerships with regional leaders. While we seek to rely on their local expertise, our partners will benefit from the capabilities of X5, as the nation’s leading retailer, in procurement, logistics, data processes and other practices. This collaboration will enable us to improve the quality of our offering for Eastern Siberian customers and ensure an uninterrupted supply of affordable products to the region,” said Igor Shekhterman, CEO of X5.

“Slata will have a powerful strategic investor and a strong partner operating on a national scale. This will give us an opportunity to grow into a best-in-class business, with potential to synergise our capabilities, expertise and competencies while also delivering major improvements in the product offering and customer services in territories where Slata and KhlebSol operate,” said Vyacheslav Zayats, Chairman of the Board of Directors of Slata Group.

“In any partnership, the strengths of each party matter. Regional chains better understand the needs of their customers and have the best locations, while nationwide businesses have superior procurement expertise. This kind of synergy will provide solid opportunities for our companies to further develop this cooperation,” commented Dmitry Saenko, Chairman of the Board of Directors of Krasny Yar Group.

Note to Editors:

X5 Retail Group N.V. (LSE and MOEX: FIVE; RAEX: ruAA+) is a leading Russian food retailer. The Company operates proximity stores under the Pyaterochka brand, Perekrestok supermarkets and Chizhik hard discounters. X5 provides an omnichannel experience to its customers, integrating retail stores and e-commerce through its businesses Vprok.ru, 5Post and Mnogo Lososya.

As of 30 June 2022, X5 had 19,779 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 18,558 Pyaterochka proximity stores, 986 Perekrestok supermarkets and 153 Chizhik hard discounters. The Company operates 48 DCs and 4,347 Company-owned trucks across the Russian Federation.

X5 is one of the largest employers in Russia. The Company employs over 325 thousand people.

For the full year 2021, revenue totalled RUB 2,204,819 million (USD 29,935 million*), EBITDA pre-IFRS 16 reached RUB 161,024 million (USD 2,186 million*), and net profit pre-IFRS 16 for the period amounted to RUB 48,513 million (USD 659 million*). In H1 2022, revenue totalled RUB 1,252,180 million (USD 16,412 million**), adjusted EBITDA pre-IFRS 16 reached RUB 104,909 million (USD 1,375 million**), and net profit pre-IFRS 16 amounted to RUB 33,731 million (USD 399 million**).

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 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 Group N.V. speak only as of the date of this announcement. Save as required by any applicable laws or regulations, X5 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.

* FX rate: 73.6541 USD/RUB

** FX rate: 76.2975 USD/RUB

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