



## Extraordinary General Meeting of Shareholders of X5 Retail Group N.V.

The Management Board of X5 Retail Group N.V. (the "Company") invites the Company's shareholders and holders of global depository receipts ("GDR holders") to an extraordinary general meeting of shareholders of the Company to be held at Zuidplein 196, 1077 XV Amsterdam, The Netherlands at 11.00 am CET on **1 November 2024** (the "EGM").

### Agenda

1. Opening
2. Consultation with GDR holders with respect to the Company's shareholding in X5 Corporate Center PJSC (formerly X5 Corporate Center LLC, hereinafter "X5CC"), which shareholding was transferred to X5CC as per the decision of the Moscow Court of Arbitration pursuant to Russian Federal Law No. 470-FZ. GDR holders are requested to express their preference by voting for one of the following options:
  - A. The Company recuperates 10.22% <sup>1</sup> of the shares in X5CC (the "Remaining X5CC Shares")  
*Or*
  - B. The Company opts to receive a cash compensation for the Remaining X5CC Shares  
*Or*
  - C. Abstain
3. Any other business and conclusion

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### Record date and voting procedures

Persons with the right to express their preference by voting at the EGM are considered to be those persons who on **4 October 2024** after processing of all debit and credit entries up to and including that day (the "Record Date") are registered as holders of global depository receipts ("GDRs") in the register of GDR holders maintained by The Bank of New York Mellon (the "Depository").

The register of GDR holders maintained by the Depository indicates the persons entitled to GDRs on the Record Date and entitled to give voting instructions to the Depository pursuant to the GDR Terms and Conditions. GDR holders may instruct the Depository with regard to the exercise of voting rights with respect to their Deposited Shares (as defined in the GDR Terms and Conditions) by completing, signing and returning to the Depository the relevant voting documentation forwarded by the Depository to the GDR holders. The deadline for providing instructions to the Depository will be specified by the Depository in the information provided to GDR holders.

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<sup>1</sup> Percentage based on information provided by X5CC as to the number of GDR holders that have assumed direct ownership in X5CC



The Depositary will procure the exercise of voting instructions received from GDR holders by the relevant deadline in accordance with the GDR Terms and Conditions and the normal processes of the Depositary.

GDR holders who wish to attend and vote in person at the EGM will, on request, be granted an exclusive proxy to do so by the Depositary. A GDR holder to whom such exclusive proxy has been granted must notify the Management Board of the Company of their intention to attend and vote at the EGM and must provide the Management Board with a copy of such proxy at least five (5) days prior to the EGM. GDR holders who intend to vote in this manner must provide sufficient proof of identification on admission to the EGM. In addition, if the exclusive proxy has been granted by the Depositary to a GDR holder which is a legal entity, the person who represents such legal entity at the EGM must provide sufficient proof that he/she is duly authorised to do so by means of a statement from a local lawyer or notary admitted to practice in the jurisdiction of the GDR holder, duly executed and legalised in accordance with the laws of such jurisdiction.

GDR holders who do not give their voting instructions to the Depositary shall, in accordance with clause 5.5 of the Deposit Agreement and Condition 12.5 of the GDR Terms and Conditions, be deemed to have instructed the Depositary to give a discretionary proxy to a person designated by the Company who shall vote on such GDRs in the best interest of the Company and its GDR holders.

Please note that, whereas the proposed options under agenda item 2 are listed as voting items, the EGM should be considered as a consultation with the GDR holders of which the outcome will be an important, though not decisive factor in the final decision-making of the Management Board when acting in the best interests of the Company and its - eligible - GDR holders.

### **Important notice from the Company**

**As it is currently not possible to distinguish between voting instructions received from GDR holders -or their ultimate beneficial owners- that have received, directly or indirectly, shares in X5CC (“X5CC Shareholders”) and other GDR holders, the Company requests all X5CC Shareholders to vote “abstain”. The X5CC Shareholders have a direct interest in X5CC and should therefore no longer exercise (or direct the exercise of) any shareholder rights in the Company and/or benefit from any proceeds resulting from the Company.**

**The Company requests all GDR holders that are not X5CC Shareholders and that wish to exercise their shareholder rights in the Company, including the right to receive future proceeds, to complete the Declaration Form attached to this convocation and return it to the Company by 31 December 2024 either by ordinary mail or to [info@x5.com](mailto:info@x5.com). Any GDR holder returning the form is requested to provide certified evidence of ownership, including chain of ownership for GDRs acquired after 3 May 2024 to make sure that such GDRs were not acquired from X5CC Shareholders.**

Amsterdam, 26 September 2024

Frank Lhoëst     Quinten Peer  
Members of the Management Board



## **EXPLANATORY NOTES TO THE AGENDA**

**Consultation with GDR holders with respect to the Company's shareholding in X5 Corporate Center PJSC (formerly X5 Corporate Center LLC, hereinafter "X5CC"), which shareholding was transferred to X5CC as per the decision of the Moscow Court of Arbitration pursuant to Russian Federal Law No. 470-FZ.**

On 25 April 2024 the Moscow Regional Court of Arbitration ruled to suspend the Company's shareholder rights in respect of its subsidiary X5CC pursuant to Russian Federal Law No. 470-FZ (the "Russian Law") and transferred the Company's shares in X5CC to X5CC itself, resulting in the Company's immediate loss of ownership and control in X5CC (the "Court Decision").

The Court Decision stipulated that Russian -direct or indirect- holders of the Company's GDRs were required to assume direct ownership in X5CC proportionate to their shareholding interest in the Company, whilst the Company's non-Russian GDR holders were granted an option to do so. The closing date for non-Russian GDR holders to exercise the option to assume direct ownership in X5CC was 3 September 2024.

The Court Decision also stipulated that all shares in X5CC for which direct ownership was not assumed in accordance with the previous paragraph will be transferred back to the Company on or after 31 December 2024 (the "Shareholding Scenario"), unless the Company opts to receive cash compensation for such shares (the "Cash Compensation").

GDR holders are requested to express their preference by voting for one of the following options:

### **A. The Company recuperates 10.22% of the shares in X5CC (the "Remaining X5CC Shares")**

Based on information provided by X5CC, the Company understands that for 89.78% of the shares in X5CC direct ownership has been assumed by the Company's GDR holders, and that 10.22% of the shares in X5CC is recognized as X5CC treasury stock and may be returned to the Company. If the Company does not opt for the Cash Compensation as per item B, the Remaining X5CC Shares shall return into its full ownership on 31 December 2024.

When considering whether to express a preference for this scenario, GDR holders should consider all relevant factors, risks and uncertainties, which the Company believes include the following:

- The date provided in the Russian Law of transferring the Remaining X5CC Shares to the Company may be delayed if the Russian Law is amended, and a delay is granted by the Moscow Regional Court of Arbitration following the filing of a relevant claim. Extension of such restriction shall result in the Remaining X5CC Shares remaining in control of X5CC without any corporate rights reinstated;
- If the Remaining X5CC Shares are transferred to the Company, such shares will be placed on a regulated securities account with no ability for the Company to sell or dispose of these shares without an approval of the Subcommittee of the Governmental Commission on Control of Foreign Investments in the Russian Federation (the "Subcommittee"). Such approval shall most likely be subject to additional taxes, levies, discounts (potentially exceeding the expected 50% discount as described below under option B), and/or other terms may be imposed on the proceeds of such sale;
- Any dividends relating to the Remaining X5CC Shares shall be paid into a restricted bank account in Russia and may only be used for payment of Russian indebtedness, Russian taxes and buying Russian sovereign securities. Without dividend payments, the Company's going concern could only be secured by either capital contributions from the Company's shareholders or a deposit fee collected by the depository. If the Company is unable to continue as a going concern it shall be forced to enter into liquidation or potentially insolvency



proceedings. It is anticipated that a liquidator would most likely be unable to either distribute the Remaining X5CC Shares among the Company's eligible GDR holders or sell them at favourable commercial terms for a cash distribution;

- Further escalation of legal sanctions or restrictions may result in temporary or permanent loss of control and/or ownership of the Remaining X5CC Shares, without compensation.

## **B. The Company opts to receive a cash compensation for the Remaining X5CC Shares**

When considering this scenario, GDR holders should consider all relevant factors, risks and uncertainties, which the Company believes include the following:

- In accordance with the Russian Law, the Cash Compensation must be made at market value of the GDRs as determined by an independent appraisal. Based on an appraisal carried out by JSC KEPT (ex-KPMG Russia) as of 3 May 2024, the market value was determined at RUB 2,517 per GDR (the “Appraised Market Value”);
- In accordance with temporary counter sanction orders by the Russian government, the Cash Compensation is subject to approval by the Subcommittee (as defined above). Based on its resolutions and earlier cases the Subcommittee is expected to apply a discount of 50% of the market value of the GDRs;
- Prior to payment of the Cash Compensation by X5CC to the Company, X5CC shall settle all outstanding intercompany debts between X5CC and the Company by deducting these from the Cash Compensation;
- Payment of the Cash Compensation by X5CC to the Company may be subject to a Russian withholding tax up to 15% since the nature of the payment is not immediately clear from the applicable legislation (certain tax deductions may be available to decrease the effective tax amount);
- The cross-border payment of the Cash Compensation to the Company shall be subject to foreign exchange risks, and currency conversion and banking transaction costs;
- Upon receipt of the Cash Compensation by the Company, any further onward distribution to eligible GDR holders of the Company will be net of reservations to cover the Company's going concern needs, including any material tax amounts (if any) as well as 15% dividend withholding tax in the Netherlands.

**PLEASE NOTE that all factors, risks and uncertainties reflected in this document are based on information, opinions and advice provided by external (legal) advisors, market information and information provided by X5CC and may not be complete or conclusive. GDR holders should conduct their own analysis and take their own advice on these matters. The Management Board recognises that due to geopolitical developments the situation may change at any time which may materially impact the options provided.**

## **C. Abstain**

GDR holders -or their ultimate beneficial owners- who assumed direct ownership in X5CC are considered to be non-eligible for any shareholder rights in the Company, including any future proceeds, resulting from either the Cash Compensation or the Shareholding Scenario, and are therefore requested to vote “abstain”. This allows the Company to have meaningful guidance from all other GDR holders.

## **View of the Company**

The Company recognises that the current situation is extremely challenging and surrounded by uncertainties due to the current geopolitical situation, which makes the choice between the Shareholding Scenario and the Cash



Compensation extremely complex. Whilst the Shareholding Scenario in principle reflects the concept of a long term outlook, the Company believes that the current political environment – both in- and outside Russia – and the cash position of the Company creates a situation where it is more likely than not that in such scenario GDR holders will not be able to retrieve any return on their investment, with even substantial risks of permanent loss of ownership of the shares of the Company in X5CC. Therefore, taking into account all risks and uncertainties, the Company believes that the Cash Compensation scenario is more likely to lead to the better outcome for those GDR holders who did not assume direct ownership in X5CC.

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