

X5 INTRODUCES DIGITAL SELF-CHECKOUT

Moscow, 28 August 2019 – X5 Retail Group, a leading Russian food retailer, has designed a next generation self-checkout solution at its innovation lab. This is the first hardware and software product that X5 created all by itself, and the Company has already installed 67 devices at 11 Pyaterochka stores. Compared to similar self-service systems, X5's machines cost less to mass-produce while offering superior functionality.

The next generation self-checkout terminals feature the latest technologies: a high-quality 22.5" Full HD multi-touch screen, larger-sized 2D scanner that promptly reads any barcode type, stereo speakers and a microphone for sound-based applications and voice services, and a 3D camera. The self-checkout machines are not equipped with banknote acceptors, meaning they do not require encashment services and they make purchases faster thanks to cashless payments. The design of the new generation self-checkout is based on similar machines at fast food chains, which have become a staple for the Russian consumer. Servicing and maintaining the device is considerably cheaper than third-party solutions, as it uses the same proprietary checkout software that is found in the hundreds of thousands of traditional checkouts operating at X5 stores.

The second implementation phase will include the integration of a weighing platform and installation of software for fast QR code payments. The self-checkout can be adapted to accommodate new usage scenarios and payment methods thanks to its 3D camera for Face ID purchases. The interface was developed using web technologies, making it possible to use the machines for advertising, promoting personalised offers, and interacting directly with the customer.

"Thousands of Pyaterochka shoppers can already enjoy the experience of using the new self-checkout machine, which significantly speeds up purchases, reduces queues, and improves checkout efficiency. It is an easily scalable solution that makes for an overall better store environment: it takes less resources to service more shoppers, who end up saving time and enjoying their purchase more," said Ivan Melnik, Innovations Director at X5 Retail Group.

A set of 4–6 self-service machines, which occupy the same amount of space as one traditional checkout can handle up to 30% of store traffic. Next generation self-checkouts help improve NPS (customer satisfaction), enhance cashiers' performance and increase store throughput. Operating a set of several self-checkouts requires one assistant employee who walks customers through the process, including weighing products and, when necessary, monitoring the purchase and approving the sale of alcohol or tobacco. A pilot at the lab store showed that most frequent shoppers learn the accessible interface of the new self-checkout during their very first visit and then use the technology regularly.

After the first testing phase winds up on 30 September, the Company will collect customer feedback and make decisions on fine-tuning the product and rolling it out to other stores. X5 plans to bring the next generation self-checkouts to all of its formats.

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 2019, X5 had 15,260 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 14,385 Pyaterochka proximity stores, 785 Perekrestok supermarkets and 90 Karusel hypermarkets. The Company operates 42 DCs and 3,952 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 H1 2019, revenue totalled RUB 843,175 mln (USD 12,905 mln), adjusted EBITDA reached RUB 66,072 mln (USD 1,011 mln), and net profit amounted to RUB 22,805 mln (USD 349 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).

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