

X5, BEELINE, M.VIDEO-ELDORADO GROUP AND HOFF JOIN EFFORTS TO SEEK AND ADOPT INNOVATIONS

Moscow, 25 February 2020 – X5 Retail Group, Beeline, M.Video-Eldorado Group and Hoff announce the creation of a joint project to scout and adopt innovations. The project, called Retail Innovation Tech Alliance (RITA), is going to look for new technology solutions both in Russia and on major global start-up platforms.

The partners will finance the project on equal terms.

RITA's Committee will select a Russian operator that will coordinate activities of the partners and arrange for the search and selection of promising solutions in Russia. The partners also plan to openly share their best practices and case studies on start-ups.

Leading international accelerator Lafayette Plug and Play is being considered as a project partner for innovation scouting in Europe, while Axis, another market leader, may be engaged to look for start-ups in Israel.

The Steering Committee, which will include one representative from each company, will define RITA's development strategy, approve its budget, and select winners of joint scouting programmes. These select winners will also be able to take part in two dedicated programmes of Lafayette Plug&Play in Paris. The plan for this year is to organise five joint selection rounds both domestically and abroad.

"Today, ideas no longer provide a competitive edge as information spreads very quickly. What really constitutes a competitive edge is the company's ability to swiftly bring an idea to the market. We believe that openness and partnership with other market players to search for innovative business ideas create new opportunities. We are ready for such partnerships and grateful to our partners for sharing our views. Our tech alliance will become a platform of opportunities for Russian and international start-ups, as well as a retail innovation hub," Vladimir Salakhutdinov, Director of Strategy at X5 Retail Group, commented on the launch of RITA. - *"Earlier, X5 Retail Group was the first Russian company to become an anchor partner of Lafayette Plug and Play in Europe. The three-year agreement provides for joint innovation scouting all over the world".*

"Along with supporting start-ups as a connectivity provider over several years, Beeline Innovation Lab acts as a full-fledged partner in the process of creating high-potential digital products. Beeline is exploring new and promising sources of revenue, focusing on digital products in such areas as 5G, AdTech/MarTech, FinTech, Media, AR/VR, home and mobile entertainment, new products for business, IoT and more. Partnering with key players of the retail market opens up opportunities for us to create new digital services for business and retail products that help users to meet their growing everyday needs," said George Held, Executive Vice President Digital and New Business Development at Beeline.

"Technical innovations are the base of M.Video-Eldorado's ONE RETAIL strategy that provides our customers with the best service and assortment. For many years we have been collaborating with accelerators and venture funds, piloting and leveraging startup solutions – blockchain, data analysis, biometrics. Emerging outside of the retail industry, such ideas create

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new prospects for developing customer relations, improving efficiency and finding new business opportunities. Going international and bringing together the expertise of major innovative companies will help us to take a broader look at the funnel and applicability of technology, as well as to be more flexible and adaptive to the needs and expectations of our customers," says Irina Ivanova, Chief Operational Officer at M.Video-Eldorado Group.

"Global experience shows that the speed of innovation deployment and the ability to adapt quickly are an essential competitive advantage that creates new business opportunities. Hoff has accelerated its digital transformation recently by optimising all of its business components, as well as by exploring and testing new tech solutions. RITA is a logical response to market challenges and a tool for interaction with innovative ecosystems in Russia and other countries. We are convinced that the alliance will benefit both its partners and the market as a whole," Mikhail Kuchment, co-founder of Hoff, commented on RITA's launch.

RITA partners will consider technology solutions in different business areas, including e-commerce, transport and logistics, consumer experience, quality of goods, point-of-sale operations, back office automation, marketing, digital entertainment, Internet of things and others. The new solutions are expected to boost the efficiency of existing business practices, accelerate and improve the quality of decision making, improve customer experience, and create promising new business models and opportunities.

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 31 December 2019, X5 had 16,297 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 15,354 Pyaterochka proximity stores, 852 Perekrestok supermarkets and 91 Karusel hypermarkets. The Company operates 42 DCs and 4,124 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 9M 2019, revenue totalled RUB 1,265,130 mln (USD 19,440 mln), adjusted EBITDA reached RUB 95,975 mln (USD 1,475 mln), and net profit amounted to RUB 25,043 mln (USD 385 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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