

Press release
19 April 2024

O`KEY GROUP REPORTS AUDITED FINANCIAL RESULTS FOR FY 2023

O`KEY Group S.A. (AIX, LSE, MOEX: OKEY, the “Group”), one of Russia’s leading food retailers, has announced its financial results for the full year of 2023 based on audited consolidated financial statements.

All materials published by the Group are available on its website okeygroup.lu.

All results are according to IFRS 16, unless stated otherwise.

FY 2023 financial highlights

- **Total Group revenue** increased by 2.8% YoY to RUB 207.9 bn driven mainly by DA! discounters’ retail revenue growth.
- **Group gross profit** rose by 1.8% YoY to RUB 47.7 bn, while gross margin declined slightly YoY to 22.9%, mainly due to increased transportation costs offset partially by reduced shrinkage costs.
- **Group EBITDA** remained flat YoY at RUB 17.0 bn, while EBITDA margin decreased by 0.2pps YoY to 8.2%, mainly on the back of the abovementioned gross margin decline.
- Despite temporary pressure on profitability from the SG&A expenses of immature discounter stores, DA! discounters demonstrated a 20.3% YoY EBITDA growth and a 0.1 pps YoY increase in EBITDA margin in FY 2023.
- The Group reported **net loss** of RUB 2.9 bn in FY 2023 compared to a RUB 0.2 bn net profit in FY 2022 mainly due to a non-cash foreign exchange loss and an increase in finance costs.

Group profit and losses highlights in FY 2023

RUB mln	2023	2022	Δ YoY, %
Total Group revenue	207,865	202,171	2.8%
O`KEY	143,980	148,824	(3.3%)
DA!	63,885	53,347	19.8%
Gross profit	47,660	46,808	1.8%
Gross profit margin, %	22.9%	23.2%	(0.3pps)
Selling, general and administrative expenses	(42,516)	(40,390)	5.3%
SG&A, % of revenue	20.5%	20.0%	0.5pps
Other operating expenses, net	(292)	(667)	(56.3%)
Finance costs, net	(7,267)	(5,642)	28.8%
Foreign exchange (loss)/gain	(1,074)	313	n/a
Net (loss)/profit	(2,878)	242	n/a
Group EBITDA	17,026	17,020	-
Group EBITDA margin, %	8.2%	8.4%	(0.2pps)
O`KEY EBITDA	12,643	13,377	(5.5%)
O`KEY EBITDA margin, %	8.8%	9.0%	(0.2pps)
DA! EBITDA	4,383	3,643	20.3%
DA! EBITDA margin, %	6.9%	6.8%	0.1pps

Group revenue

RUB mln	2023	2022	Δ YoY, %
Total Group revenue	207,865	202,171	2.8%
Retail revenue	205,772	200,201	2.8%
O'KEY	141,947	146,904	(3.4%)
DA!	63,825	53,297	19.8%
Rental income	2,093	1,970	6.2%

Total Group revenue increased by 2.8% YoY to RUB 207,865 mln driven mainly by DA! discounters' retail revenue growth in FY 2023. The Group's rental income increased by 6.2% YoY to RUB 2,093 mln in FY 2023.

For more details regarding the net retail revenue dynamics in FY 2023, please refer to the Group's [Q4 2023 Trading Update](#).

Group gross profit

In FY 2023, **Group gross profit** increased by 1.8% YoY to RUB 47,660 mln, while gross margin decreased slightly YoY to 22.9%, mainly on the back of increased logistics costs offset partially by reduced shrinkage costs, as a percentage of revenue.

Group selling, general and administrative expenses

RUB mln	2023	% of revenue	2022	% of revenue	Δ YoY, pps
Personnel costs	17,649	8.5%	16,850	8.3%	0.2
Depreciation and amortisation	11,069	5.3%	10,662	5.3%	-
Communication and utilities	5,355	2.6%	4,587	2.3%	0.3
Advertising and marketing	2,200	1.1%	2,296	1.1%	-
Repairs and maintenance	1,780	0.9%	1,582	0.8%	0.1
Insurance and bank commissions	1,348	0.6%	1,260	0.6%	-
Security expenses	771	0.4%	785	0.4%	-
Operating taxes	718	0.3%	766	0.4%	(0.1)
Legal and professional expenses	674	0.3%	651	0.3%	-
Materials and supplies	441	0.2%	460	0.2%	-
Operating leases	440	0.2%	448	0.2%	-
Other costs	74	0.0%	43	0.0%	-
Total SG&A expenses	42,516	20.5%	40,390	20.0%	0.5

The Group's total SG&A expenses increased by 5.3% YoY to RUB 42,516 mln in FY 2023. SG&A expenses as a percentage of revenue rose by 0.5 pps YoY to 20.5% in FY 2023. The increase was mainly due to the temporary rise in personnel costs, communication and utilities expenses, and repairs and maintenance expenses as a percentage of revenue related to the discounter segment growth.

In FY 2023, **personnel costs** increased by 4.7% YoY to RUB 17,649 mln and, as a percentage of revenue, by 0.2 pps YoY to 8.5%. The growth was mainly associated with new discounter openings and salary indexation.

Communication and utilities expenses grew by 16.7% YoY to RUB 5,355 mln, and by 0.3 pps YoY as a percentage of revenue in FY 2023, mainly due to tariff inflation and discounter chain growth.

Repairs and maintenance expenses increased by 12.5% YoY to RUB 1,780 mln, and by 0.1 pps YoY as a percentage of revenue in FY 2023, largely as a result of the discounter chain growth.

Group EBITDA was almost flat YoY at RUB 17,026 mln, while EBITDA margin decreased by 0.2 pps YoY to 8.2% in FY 2023.

In FY 2023, **Depreciation and amortisation** increased by 3.8% YoY to RUB 11,069 mln mainly as a result of the discounter chain expansion.

Net finance costs increased by 28.8%, or by RUB 1,625 mln, YoY to RUB 7,267 mln in FY 2023. A substantial part of this growth (RUB 416 mln) was attributable to the right-of-use assets' foreseeable period of use reassessment related to the Group's long-term lease contracts (in accordance with IFRS 16). Another part of the net finance costs YoY growth (RUB 1,023 mln) came from the average net credit portfolio increase as a result of the discounter chain expansion and the weighted average rate growth on the back of the Bank of Russia interest rate increase. The latter affected new facilities and issued bonds in terms of the interest rates and a small part of the Group's credit portfolio such as credit lines with floating interest rates.

In FY 2023, **net foreign exchange loss** amounted to RUB 1,074 mln compared to a RUB 313 mln gain in FY 2022. The loss resulted from Russian rouble devaluation in FY 2023, and was largely attributable to intragroup US dollar-denominated loans, as well as lease contracts denominated in foreign currencies. Losses from import operations had a relatively small impact on the Group's results. Net foreign exchange loss has a non-cash nature.

Consequently, the Group reported a RUB 2,878 mln **net loss** in FY 2023 compared to the profit of RUB 242 mln in FY 2022.

Group cash flow

RUB mln	2023	2022
Net cash from operating activities	15,276	12,958
Net cash (used in) investing activities	(4,341)	(6,468)
Net cash (used in) financing activities	(11,158)	(3,885)
Net (decrease) / increase in cash and cash equivalents	(223)	2,605
Effect of exchange rate on cash and cash equivalents	(30)	(274)

Net cash from operating activities amounted to RUB 15,276 mln in FY 2023 compared to RUB 12,958 mln in FY 2022. The increase was due to revenue growth and efficient working capital management.

Net cash used in investing activities amounted to RUB 4,341 mln in FY 2023, showing a decrease in comparison with RUB 6,468 mln in FY 2022. In FY 2023, the Group invested over RUB 2,000 mln (excluding VAT) in the hypermarket business development and store renovation, and over RUB 2,800 mln (excluding VAT) in the development of its discounter business.

Net cash used in financing activities amounted to RUB 11,158 mln in FY 2023 compared to RUB 3,885 mln in FY 2022. Such evolution was due to the Group's regular credit portfolio refinancing in FY 2023.

As of 31 December 2023, the Group had RUB 16,560 mln worth of available credit lines in Russian roubles with fixed and floating interest rates. If necessary, proceeds from these facilities may be used to finance operating and investing activities.

Group net debt position

RUB mln	As of 31 December 2023	As of 31 December 2022
EBITDA	17,026	17,020
Total debt	47,131	45,486
Short-term debt ¹	6,003	9,961
Long-term debt	41,128	35,525
Cash & cash equivalents	11,526	11,779
Net debt	35,606	33,707
Total lease liabilities	26,722	22,545
Short-term lease liabilities	5,962	5,621
Long-term lease liabilities	20,760	16,924
Total interest-bearing liabilities (net of cash & cash equivalents)	62,328	56,251
Total interest-bearing liabilities (net of cash & cash equivalents) / EBITDA	3.66x	3.30x

[1] Short-term debt does not include interest accrued on loans and borrowings.

As of 31 December 2023, the **total interest-bearing liabilities (net of cash) to EBITDA ratio** grew to 3.66x from 3.30x as of 31 December 2022. The growth was mainly due to an increase in long-term lease liabilities attributable to the right-of-use assets' foreseeable period of use reassessment (in accordance with IFRS 16), as well as long-term debt increase.

Group audited consolidated IFRS report

The Group's audited report, including the full set of audited IFRS financial statements, can be found at <https://www.okeygroup.lu/investors/result-center/ifrs-statements/>.

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ABOUT O`KEY GROUP

O`KEY Group S.A. (AIX, LSE, MOEX: OKEY) is one of the leading grocery retailers in Russia, operating hypermarkets under the O`KEY brand and discounters under the DA! brand.

As of 31 December 2023, the Group operated 297 stores across Russia (77 hypermarkets and 220 discounters) with a total selling space of 663,865 sq m. O`KEY opened its first hypermarket in St Petersburg in 2002 and has since demonstrated continuous growth. It was the first Russian food retailer to launch e-commerce operations offering a full range of hypermarket products for home delivery. The Group operates e-commerce pick-up and delivery points in 36 O`KEY hypermarkets: twelve in Moscow, nineteen in St Petersburg, one in Sochi, and four in Krasnodar. In 2015, we launched the first discount chain in Russia under the DA! brand. The Group operates five distribution centres in Russia – three in Moscow and two in St Petersburg – and employs 19,200 people.

In 2023, the Group's revenue amounted to RUB 207.9 bn, and EBITDA stood at RUB 17.0 bn.

The O`KEY Group shareholder structure is as follows: NISEMAX Co Ltd – 49.11%. GSU Ltd – 34.14%, free-float and other holders – 16.75%.

DISCLAIMER

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None of the future projections, expectations, estimates or prospects in this announcement should be taken as forecasts or promises, nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in this announcement. We assume no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.