

Press release
23 August 2024

O`KEY GROUP REPORTS 35.4% EBITDA GROWTH FOR THE FIRST HALF OF 2024

O`KEY Group S.A. (AIX, MOEX: OKEY, the “Group”), one of Russia’s leading food retailers, has announced its financial results for the first half (H1) of 2024 based on condensed consolidated interim 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.

H1 2024 financial highlights

- **Total Group revenue** increased by 6.2% YoY to RUB 105.7 bn driven mainly by retail revenue growth from both O`KEY hypermarkets and DA! discounters. The two formats demonstrated LFL revenue growth for the reporting period.
- **Group gross profit** rose by 6.7% YoY to RUB 24.2 bn, while **gross margin** grew by 0.1 pps to 22.9% mainly due to efficient procurement and shrinkage cost management.
- **Group EBITDA** increased by 35.4% YoY to RUB 9.6 bn, while **EBITDA margin** grew by 2.0 pps to 9.1% due to improved profitability in both business segments.
- **O`KEY hypermarkets EBITDA** grew by 18.6% YoY to RUB 6.5 bn, while **EBITDA margin** was up by 1.3 pps to 9.2% driven by revenue growth combined with optimised operating expenses.
- **DA! discounters EBITDA** nearly doubled YoY to RUB 3.2 bn, while **EBITDA margin** increased to 9.0% from 5.4% in the prior year. This was driven by both operating expenses optimisation and maturation of DA! stores opened in previous years.
- The Group posted a **net profit** of RUB 78 mln for H1 2024 compared to a **net loss** of about RUB 3.0 bn a year earlier.

Group profit and losses highlights in H1 2024

RUB mln	H1 2024	H1 2023	Δ YoY, %
Total Group revenue	105,653	99,478	6.2%
O`KEY	70,445	69,042	2.0%
DA!	35,208	30,436	15.7%
Gross profit	24,176	22,652	6.7%
<i>Gross profit margin, %</i>	22.9%	22.8%	0.1 pps
Selling, general and administrative expenses (SG&A)	(20,843)	(21,762)	(4.2%)
<i>SG&A, % of revenue</i>	19.8%	21.8%	(2.0 pps)
Other operating income/(expenses)	714	(389)	n/a
Finance costs, net	(4,018)	(3,250)	23.7%
Foreign exchange gain/(loss)	73	(881)	n/a
Net profit/(loss)	78	(2,977)	n/a
Group EBITDA	9,616	7,102	35.4%
<i>Group EBITDA margin, %</i>	9.1%	7.1%	2.0 pps
O`KEY EBITDA	6,459	5,447	18.6%
<i>O`KEY EBITDA margin, %</i>	9.2%	7.9%	1.3 pps
DA! EBITDA	3,157	1,656	90.7%
<i>DA! EBITDA margin, %</i>	9.0%	5.4%	3.6 pps

Group revenue

RUB mln	H1 2024	H1 2023	Δ YoY, %
Total Group revenue	105,653	99,478	6.2%
Retail revenue	104,568	98,463	6.2%
Rental income	1,085	1,015	6.9%

In H1 2024, **total Group revenue** increased by 6.2% YoY to RUB 105,653 mln led mainly by retail revenue growth. Group retail revenue was up 6.2% YoY to RUB 104,568 mln in H1 2024 driven by performance of both O`KEY hypermarkets and DA! discounters.

Group net retail revenue and LFL revenue

RUB mln	H1 2024	H1 2023	Δ YoY, %	LFL H1 2024 / H1 2023, %
O`KEY Group	104,568	98,463	6.2%	3.9%
O`KEY hypermarkets	69,383	68,054	2.0%	2.6%
DA! discounters	35,185	30,409	15.7%	6.9%

For more details, please refer to the Group's [Q2 2024 Trading Update](#).

Group gross profit increased by 6.7% YoY to RUB 24,176 mln in H1 2024. Group gross margin grew by 0.1 pps YoY to 22.9% due to consistent work on enhancing the efficiency of procurement, as well as shrinkage costs optimisation.

Group selling, general and administrative expenses

RUB mln	H1 2024	% of revenue	H1 2023	% of revenue	Δ YoY, pps
Personnel costs	8,727	8.3%	9,427	9.5%	(1.2)
Depreciation and amortisation	5,372	5.1%	5,717	5.7%	(0.6)
Communication and utilities	2,687	2.5%	2,702	2.7%	(0.2)
Advertising and marketing	958	0.9%	956	1.0%	(0.1)
Repairs and maintenance	846	0.8%	820	0.8%	-
Insurance and bank commissions	705	0.7%	646	0.6%	0.1
Operating taxes	441	0.4%	388	0.4%	-
Security expenses	372	0.4%	380	0.4%	-
Legal and professional expenses	291	0.3%	292	0.3%	-
Operating leases	227	0.2%	187	0.2%	-
Materials and supplies	168	0.2%	218	0.2%	-
Other costs	49	0.0%	28	0.0%	-
Total SG&A expenses	20,843	19.8%	21,762	21.8%	(2.0)

In H1 2024, the Group's **selling, general and administrative (SG&A) expenses** were down by 4.2% YoY to RUB 20,843 mln, while SG&A as a percentage of revenue decreased by 2.0 pps YoY to 19.8% mainly due to lower personnel, communication and utilities, and depreciation and amortisation costs.

Personnel costs decreased by 7.4% YoY to RUB 8,727 mln, and by 1.2 pps to 8.3% as a percentage of revenue. The decrease was largely due to cost optimisation on the Group level and a higher number of mature discounters hitting their turnover targets.

Communication and utilities costs decreased by 0.5% YoY to RUB 2,687 mln, and by 0.2 pps to 2.5% as a percentage of revenue, on the back of the Group's revenue growth rate outpacing utility tariffs inflation, as well as measures taken to boost the efficiency of utility usage.

Marketing costs remained almost unchanged YoY at RUB 958 mln, having decreased slightly as a percentage of revenue to 0.9%, thanks to effective management of various communication channels mix.

Group EBITDA grew by 35.4% YoY to RUB 9,616 mln, while **EBITDA margin** increased by 2.0 pps YoY to 9.1%, with a positive momentum in both business segments. **O'KEY hypermarkets EBITDA** increased by 18.6% YoY to RUB 6,459 mln, while **EBITDA margin** grew by 1.3 pps YoY to 9.2%. **DA! discounters EBITDA** nearly doubled YoY to RUB 3,157 mln compared to RUB 1,656 mln in H1 2023. **EBITDA margin** increased by 3.6 pps YoY to 9.0% from 5.4% in the prior year.

Depreciation and amortisation costs decreased by 6.0% YoY to RUB 5,372 mln, and by 0.7 pps to 5.1% as a percentage of revenue, mainly as a result of ongoing asset portfolio optimisation and review of the assets' useful life.

Other operating income was RUB 714 mln compared to other operating expenses of RUB 389 mln in the prior year. The increase was mainly due to the Group's renegotiation of lease terms in the hypermarket segment in H1 2024.

Net finance costs increased by 23.7% YoY to RUB 4,018 mln, which was mainly attributable to an increase in the weighted average interest rate driven by a gradual refinancing of loans raised when interest rates were low. A large part of interest expenses was attributable to non-current lease liabilities (under IFRS 16).

Net foreign exchange gain was RUB 73 mln compared to a foreign exchange loss of RUB 881 mln in the prior year. The gain came from the rouble appreciation in H1 2024 and was largely attributable to intragroup US dollar-denominated loans.

Group net profit amounted to RUB 78 mln in H1 2024 compared to a loss of RUB 2,977 mln in H1 2023.

Group cash flow

RUB mln	H1 2024	H1 2023
Net cash from / (used in) operating activities	4,424	(521)
Net cash used in investing activities	(831)	(2,249)
Net cash used in financing activities	(8,321)	(3,079)
Net decrease in cash and cash equivalents	(4,727)	(5,850)
Effect of exchange rate on cash and cash equivalents	(38)	(9)

Net cash from operating activities amounted to RUB 4,424 mln in H1 2024 compared to RUB 521 mln used in operating activities in H1 2023. The improvement was on the back of the Group's stronger turnover and profitability as well as due to working capital optimisation, including faster inventory turnover, in the reporting period.

Net cash used in investing activities totalled RUB 831 mln in H1 2024, down from RUB 2,249 mln in the prior year. In H1 2024, the Group invested RUB 484 mln (excluding VAT) in the hypermarket business and RUB 349 mln (excluding VAT) in the development of its discounter business.

Net cash used in financing activities increased to RUB 8,321 mln in H1 2024 from RUB 3,079 mln in the prior year. The growth was due to the scheduled repayment of the Group's loans in H1 2024.

As of 30 June 2024, the Group had RUB 17,560 mln 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 30 June 2024	As of 30 June 2023
EBITDA LTM	19,539	16,612
Total debt	45,891	48,442
Short-term debt ⁽¹⁾	4,999	6,198
Long-term debt	40,892	42,244
Cash and cash equivalents	6,761	5,921
Net debt	39,130	42,521
Total lease liabilities	24,099	25,215
Current lease liabilities	5,936	5,941
Non-current lease liabilities	18,163	19,274
Total interest-bearing liabilities (net of cash and cash equivalents)	63,230	67,735
Total interest-bearing liabilities (net of cash and cash equivalents) / EBITDA LTM	3.24x	4.08x

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

As of 30 June 2024, the **total interest-bearing liabilities (net of cash) to EBITDA ratio** decreased to 3.24x from 4.08x as of 30 June 2023, driven mainly by a decrease in net debt by RUB 3,391 mln YoY, as well as a growth in EBITDA for the last twelve months.

Group interim IFRS report

The Group's interim report, including the full set of IFRS interim 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, 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 30 June 2024, the Group had 296 stores across Russia (77 hypermarkets and 219 discounters) with a total selling space of 659,973 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 72 O`KEY hypermarkets across the country. 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 reached 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

These materials contain statements about future events and expectations that are forward-looking statements. These statements typically include words such as 'expects' and 'anticipates' and words of similar import. Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

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