Press Release 12 April 2022

O`Key Group reports **audited IFRS results** for FY 2021

FY 2021 Financial Highlights

O`KEY Group S.A. (LSE, MOEX: OKEY, the 'Group'), one of Russia's leading food retailers, has announced its financial results for the full year of 2021 based on audited consolidated financial statements.

+7.3% ^ YoY

Total Group revenue increased to **RUB 187.1 bn**

+2.6% ^ YoY

O`KEY revenue rose to **RUB 152.3 bn** driven by LFL revenue growth and expansion

+34.0% ^ YoY

DA! revenue soared to **RUB 34.8 bn** led by LFL revenue growth and selling space expansion

22.5%

Gross margin stood flat

+7.2% ^ YoY

Group gross profit increased to **RUB 42.1 bn**

1.7 ^ RUB bn

DA! discounters EBITDA more than doubled

+4.5% ^ YoY

Group EBITDA grew to **RUB 15.5 bn**

3.38× v

Group's net debt level improved to EBITDA ratio, as of December 31, 2021

8.3%

Group EBITDA margin

All materials published by the Group are available on its website, okeygroup.lu.
All results are presented under IFRS 16 unless stated otherwise.

Group Profit and Losses Highlights in FY 2021

RUB, mln	FY 2021	FY 2020	Δ YoY,%
Total, Group, revenue	**187,097**	**174,341**	**7.3%**
O`KEY	152,260	148,341	2.6%
DA!	34,837	26,000	34.0%
Gross,profit	**42,119**	**39,288**	**7.2%**
Gross, profit, margin, %	*22.5%*	*22.5%*	–
Selling, general, and, administrative, expenses	(35,718)	(32,792)	8.9%
SG&A, %, of revenue	*19.1%*	*18.8%*	*0.3 pp*
Other, operating, expenses, net	(1,410)	(1,457)	(3.3%)
Net, (loss)/profit	**4,991**	**5,039**	**(0.9%)**
Finance, costs, net	(4,798)	(4,884)	(1.8%)
Foreign, exchange, (loss)/gain	206	(1,787)	n/a
Net, (loss)/profit	**208**	**(1,444)**	**n/a**
Group, EBITDA	**15,504**	**14,832**	**4.5%**
Group, EBITDA, margin, %	*8.3%*	*8.5%*	*(0.2 pp)*
O`KEY,EBITDA	**13,839**	**14,048**	**(1.5%)**
O`KEY, EBITDA, margin, %	*9.1%*	*9,5%*	*(0.4 pp)*
DA!,EBITDA	**1,665**	**784**	**112.4%**
DA!, EBITDA, margin, %	*4.8%*	*3.0%*	*1.8 pp*

Group Net Retail Revenue and LFL revenue in 12M 2021

RUB mln	12M 2021	12M 2020	Δ YoY, %	LFL revenue,%
O`KEY Group	**185,172**	**172,676**	**7.2%**	**3.7%**
O`KEY hypermarkets	150,383	146,779	2.5%	1.4%
DA! discounters	34,789	25,896	34.3%	16.3%

For more details, please refer to the Group's Q4 2021 Trading Update.

Group Revenue

RUB mln	FY 2021	FY 2020	Δ YoY, %
Total Group revenue	**187,097**	**174,341**	**7.3%**
Retail revenue	185,172	172,738	7.2%
Rental income	1,925	1,603	20.1%

Group retail revenue rose by 7.2% YoY to RUB 185,172 mln in FY 2021 on the back of solid LFL performance of both O`KEY and DA!, supported by selling space expansion. Rental income rose by 20.1% YoY to RUB 1,925 mln in FY 2021. Total Group revenue increased by 7.3% YoY to RUB 187,097 mln.

Group Gross Profit

In FY 2021, Group gross profit rose by 7.2% YoY to RUB 42,119 mln, while gross margin stood flat YoY at 22.5%.

In FY 2021, logistics costs as a percentage of revenue increased by 0.4 pp YoY due to significant transportation tariffs inflation. However, the increase was fully offset by commercial margin improvement of 0.4 pp YoY in FY 2021. That was mainly led by ongoing assortment optimisation, as well as additional efficiencies in procurement and operational synergies between the formats.

Shrinkage costs as a percentage of revenue stood flat YoY thanks to the efficient supply chain and despite the substantial share of 'fresh' and 'ultra-fresh' products in the mix, which amounted to 52.1% of O`KEY's and over 60% of DA!'s net retail revenue in FY 2021.

Group Selling, General and Administrative Expenses

RUB mln	FY 2021	% of revenue	FY 2020	% of revenue	Δ YoY, pps
Personnel costs	15,388	8.2%	13,607	7.8%	0.4 pp
Depreciation and amortisation	8,904	4.8%	8,204	4.7%	0.05 pp
Communication and utilities	4,037	2.2%	3,720	2.1%	0.02 pp
Advertising and marketing	1,992	1.1%	2,124	1.2%	(0.15 pp)
Repairs and maintenance	1,399	0.7%	1,345	0.8%	(0.02 pp)
Insurance and bank commissions	1,094	0.6%	1,026	0.6%	–
Security expenses	730	0.4%	712	0.4%	–
Legal and professional expenses	709	0.4%	685	0.4%	–
Operating taxes	652	0.3%	735	0.4%	(0.07 pp)
Materials and supplies	409	0.2%	435	0.2%	–
Operating leases	313	0.2%	161	0.1%	0.07 pp
Other costs	51	0.0%	38	0.0%	–
Total SG&A	**35,718**	**19.1%**	**32,792**	**18.8%**	**0.3 pp**

The Group's total SG&A expenses increased by 8.9% YoY to RUB 35,718 mln in FY 2021. SG&A expenses as a percentage of revenue rose by 0.3 pp YoY to 19.1% in FY 2021, mainly on the back of wages indexation.

Personnel costs rose by 13.1% YoY to RUB 15,388 mln and, as a percentage of revenue, by 0.4 pp YoY to 8.2% in FY 2021, largely due to wages indexation in the hypermarket segment in the beginning of 2021 and the acceleration of DA! discounters` openings partially offset by the chain ramp-up.

Communication and utilities expenses increased by 8.5% YoY to RUB 4,037 mln, and by 0.1 pp YoY as a percentage of revenue in FY 2021. The increase mainly resulted from utilities tariffs indexation, as well as growing number of stores.

Advertising and marketing expenses declined by 6.2% YoY to RUB 1,992 mln, and, as a percentage of revenue, by 0.15 pp YoY to 1.1% on the back of the advertising channels mix optimisation refocusing on the Internet and social media in response to changing customer shopping habits and a growing e-grocery share.

Repairs and maintenance expenses increased by 4.0% YoY to RUB 1,399 mln, mainly due to hypermarket modernisation and discounter chain development. However, repairs and maintenance expenses as a percentage of revenue declined by 0.02 pp YoY to 0.7%.

Operating tax expenses decreased by 11.3% YoY to RUB 652 mln, and by 0.07 pp YoY as a percentage of revenue to 0.3%. The decline was mainly a result of a reduction in cadastral value of the property owned, as well as a decrease in the amount of non-deductible VAT compared to 2020.

In 2020, the Group re-negotiated the terms of lease payments with some landlords for the period of the pandemic-related lockdowns, which led to a decrease in variable rental costs. In 2021, the lease benefits were no longer in effect, and variable rent expenses rose by 0.07 pp YoY to 0.2% of revenue.

Depreciation and amortisation expenses increased by 8.5% YoY to RUB 8,904, and by 0.05 pp YoY to 4.8% of revenue, driven primarily by the discounter chain expansion.

Group EBITDA and EBITDA Margin

The Group's EBITDA grew by 4.5% YoY to RUB 15,504 mln. Group EBITDA margin stood at 8.3% in FY 2021.

O`KEY hypermarkets EBITDA reduced slightly by 1.5% YoY due to the factors described above, and amounted to RUB 13,839 mln in FY 2021.

DA! discounters EBITDA grew by 112.4% YoY to 1,665 mln in FY 2021, compared to RUB 784 mln in FY 2020. As the business continued to ramp up, DA! EBITDA margin improved by 1.8 pp YoY to 4.8% in FY 2021.

Group Net Profit

Other operating expenses (net of incomes) decreased by 3.3% YoY to RUB 1,410 mln in FY 2021. The decrease was mainly attributable to a year-on-year reduction of losses on noncurrent assets disposal, offset by a year-on-year increase in noncurrent assets impairment loss in FY 2021.

Net finance costs decreased by 1.8% YoY to RUB 4,798 mln in FY 2021, driven mainly by a decline in the weighted average interest rate. In addition, a substantial part of interest costs was attributable to non-current lease liabilities (under IFRS 16), which decreased in FY 2021.

In FY 2021, the Group recognised net foreign exchange gain of RUB 206 mln, compared to a RUB 1,787 mln loss in FY 2020. The Group's net foreign exchange gain was mainly attributable to lease contracts in foreign currencies, as well as foreign exchange gain from import operations, while USD-denominated intercompany loans with different functional currencies which were eliminated on consolidation had a relatively small impact on the Group's results. The foreign exchange gain/loss is of non-cash nature.

In FY 2021, the Group recorded a net profit of RUB 208 mln, compared to a loss of RUB 1,444 mln in FY 2020.

Group Cash Flow

RUB mln	FY 2021	FY 2020
Net cash from operating activities	13,813	11,946
Net cash used in investing activities	(3,927)	(3,755)
Net cash used in financing activities	(8,137)	(5,988)
Net increase in cash and cash equivalents	1,749	2,202
Effect of exchange rate on cash and cash equivalents	(15)	4

Net cash from operating activities amounted to RUB 13,813 mln in FY 2021 – an increase compared to RUB 11,946 mln in FY 2020, driven mainly by revenue growth.

Net cash used in investing activities amounted to RUB 3,927 mln in FY 2021, almost flat in comparison with RUB 3,755 mln cash used in FY 2020. In FY 2021, the Group invested approximately RUB 2.5 bn (net of VAT) in the development of its hypermarket business, including hypermarket modernisation and the acquisition of one hypermarket in Moscow, and approximately RUB 3.0 bn (net of VAT) in the development of its discounter chain. Proceeds from sale of land plots and lease rights on land plots amounted to RUB 1.5 bn in FY 2021.

Net cash used in financing activities amounted to RUB 8,137 mln in FY 2021, compared to RUB 5,988 mln in FY 2020. The increase resulted from the Group's regular credit portfolio refinancing in FY 2021.

As of 31 December 2021, the Group had RUB 18,550 mln of undrawn, committed borrowing facilities available in Russian roubles on a fixed and floating rate basis until March 2022 – October 2027, in respect of which all conditions have been met. Proceeds from these facilities may be used to finance operating and investing activities, if necessary.

Net increase in cash amounted to RUB 1,749 mln in FY 2021, versus a RUB 2,202 mln cash increase in FY 2020.

Group Net Debt Position

RUB mln	As of 31 December 2021	As of 31 December 2020
EBITDA	15,504	14,832
Total debt	**37,817**	**36,227**
Short-term debt[1]	6,172	4,419
Long-term debt	31,645	31,808
Cash & cash equivalents	**9,448**	**7,714**
Net debt	**28,369**	**28,514**
Total lease liabilities	**24,063**	**24,639**
Short-term lease liabilities	4,986	4,472
Long-term lease liabilities	19,077	20,167
Total interest-bearing liabilities (net of cash & cash equivalents)	**52,432**	**53,153**
Total interest-bearing liabilities (net of cash & cash equivalents) / EBITDA	**3.38**	**3.58**

The Group's financial position remained stable during the reporting period.

As of 31 December 2021, the total interest-bearing liabilities (net of cash) to EBITDA ratio reduced to 3.38× from 3.58x as of 31 December 2020.

As of 31 December 2021 and during the twelve-month period then ended, the Group complied with all of its loan covenants.

1 Краткосрочный долг приводится без учета процентов, начисленных по кредитам и займам.

Group Audited IFRS Report

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

For further information, please contact:

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ABOUT O`KEY GROUP

O`KEY Group S.A. (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 2021, the Group operated 230 stores across Russia (78 hypermarkets and 152 discounters) with the total selling space of 625,572 square meters. The Company opened its first hypermarket in St. Petersburg in 2002 and has since demonstrated continuous growth. O`KEY was the first Russian food retailer to launch e-commerce operations in St. Petersburg and Moscow, offering a full range of hypermarket products for home delivery.

The Group has seven e-commerce pick-up points in Moscow and six e-commerce pick-up points in St. Petersburg. In 2015, the Group 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. The Group employs more than 20,000 people.

In 2021, Group's revenue amounted to RUB 187.1 billion, while EBITDA reached RUB 15.5 billion.

The O`KEY Group shareholder structure is as follows: NISEMAX Co Ltd – 43.20%, GSU Ltd – 30.03%, free float and other holders – 26.77%.

DISCLAIMER

These materials contain statements about future events and expectations that are forward-looking statements. These statements typically contain 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.

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.