

Press release

16 May 2023

**O`KEY GROUP REPORTS 3.1% NET RETAIL REVENUE GROWTH,
DA! DISCOUNTERS DELIVER 25.1% REVENUE GROWTH IN Q1 2023**

O`KEY Group S.A. (AIX, LSE, MOEX: OKEY, the “Group” or the “Company”), one of Russia’s leading food retailers, has announced its unaudited operating results for the first quarter (Q1) of 2023.

All materials published by the Group are available on our website at www.okeygroup.lu.

Q1 2023 operating highlights

- Group net retail revenue¹ increased by 3.1% YoY to RUB 48.7 bn in Q1 2023, led by revenue growth at discounters and O`KEY online sales.
- O`KEY hypermarkets’ net retail revenue decreased by 3.8% YoY to RUB 34.5 bn in Q1 2023 vs RUB 35.9 bn in Q1 2022 on the back of a 5.9% YoY LFL revenue decrease. The decline resulted mainly from a high comparable base in February-March 2022, added by a year-on-year inflation slow down in Q1 2023.
- Total online sales grew by 19.1% YoY to RUB 1.9 bn and reached 5.6% of O`KEY’s net retail revenue in Q1 2023.
- DA! discounters’ showed net retail revenue growth of 25.1% YoY to RUB 14.2 bn in Q1 2023. This was led by both LFL net retail revenue increase and the chain’s expansion. DA! LFL revenue grew by 8.1% YoY in Q1 2023 (on the top of 33.0% LFL growth in Q1 2022).
- DA! discounters’ share in the Group’s revenue rose by 5.1 pps YoY to 29.2% in Q1 2023.

Key events after the reporting date

- In April 2023, the Group opened a new hypermarket under the O`KEY brand in St Petersburg. Read more about it at <https://www.okeygroup.lu/press-center/press-releases/2023/1849/>.
- In April 2023, the Company also opened 6 new DA! discounters in Russia’s Central Federal District.

¹ Hereinafter, net retail revenue, LFL net retail revenue, and the average ticket metrics are provided net of VAT.

Operating review

Group Net Retail Revenue in Q1 2023

Net Retail Revenue, RUB mln (excl. VAT)	Q1 2023	Q1 2022	YoY, %
O'KEY Group	48,725	47,252	3.1%
O'KEY hypermarkets	34,506	35,886	(3.8%)
DA! discounters	14,219	11,366	25.1%

Group Net Retail Revenue Metrics for Q1 2023

Net Retail Revenue, %	Q1 2023 vs Q1 2022		
	Net retail revenue	Traffic	Average ticket
O'KEY Group	3.1%	4.9%	(1.7%)
O'KEY hypermarkets	(3.8%)	(3.1%)	(0.8%)
DA! discounters	25.1%	18.2%	5.8%

Group LFL Net Retail Revenue Performance in Q1 2023

LFL Net Retail Revenue, %	Q1 2023 vs Q1 2022		
	LFL net retail revenue	LFL traffic	LFL average ticket
O'KEY Group	(2.6%)	(2.2%)	(0.4%)
O'KEY hypermarkets	(5.9%)	(4.9%)	(1.1%)
DA! discounters	8.1%	2.3%	5.7%

Note: Q1 2023 LFL metrics are calculated based on 75 O'KEY and 151 DA! stores.

The Group's net retail revenue grew by 3.1% YoY to RUB 48,725 mln, led mainly by discounters' LFL growth and expansion, supported by an increase in O'KEY's online sales in Q1 2023.

Net retail revenue of O'KEY hypermarkets declined by 3.8% YoY to RUB 34,506 mln in Q1 2023. The decline was attributable to a 5.9% decrease in O'KEY LFL net retail revenue mainly on the back of a high comparable base in Q1 2022 when customers were stock-piling some essential goods and non-food products. In addition, food inflation in Russia slowed down in Q1 2023 from high base in 2022. Thus, according to the Russian Federal State Statistics Service, food inflation in March 2023 decreased to 3.5% compared to 18.0% in March 2022.

As consumers have become more price sensitive, increasing demand for cheaper products and private labels, O'KEY continued to develop its product range and enhance its own branded products. The share of private labels in O'KEY revenue increased to 7.5% in Q1 2023 from 7.0% in Q1 2022. O'KEY also continuously works on the 'fresh' proposition to offer our customers the variety of high-quality products at affordable prices. The assortment of 'fresh', including fish, meat, poultry, dairy, pastries, ready-to eat meals, fruit and vegetables amounted to c.6,000 SKUs and their share in O'KEY revenue accounted for 51.6% in Q1 2023.

O'KEY total online sales increased by 19.1% YoY to RUB 1,927 mln in Q1 2023. The share of total online sales in O'KEY's net retail revenue grew by 1.1 pps YoY and reached 5.6% in Q1 2023.

O'KEY continues to optimise and modernise its store portfolio. In April 2023, the Group opened a new hypermarket with 5,215 sq m of selling space in St Petersburg. The store is based on a renewed concept that the Group has been implementing since 2020 to upgrade existing and new hypermarkets.

DA! discounters delivered a 25.1% YoY increase in net retail revenue to RUB 14,219 mln in Q1 2023, driven by a 8.1% LFL revenue growth, as well as the chain's expansion. The LFL revenue growth was led by both traffic and average ticket, offset partially by an effect of high comparable revenue in Q1 2022. During the Q1 2023, DA! further improved its own brands' recepies and packaging, developed its fresh offer and focused on the Every Day Low Price approach, keeping products accessible to all customers. The share of goods under own brands reached 51% in the discounters' revenue, while the share of fresh products amounted to 63% in Q1 2023.

The discounters' share in the Group's revenue rose by 5.1 pps YoY and reached 29.2% in Q1 2023. The Company expects discounter segment to remain one of the key growth drivers for the Group.

Group Stores and Selling Space in Q1 2023

Stores and Selling Space	Q1 2023	Q1 2022	Net change	Change, %
Number of stores, EoP	276	232	44	19.0%
O'KEY hypermarkets	78	75	3	4.0%
DA! discounters	198	157	41	26.1%
Total selling space (sq m), EoP	651,659	619,068	32,591	5.3%
O'KEY hypermarkets	518,530	512,994	5,536	1.1%
DA! discounters	133,129	106,074	27,055	25.5%

In Q1 2023, as part of ongoing real estate portfolio optimisation, the Group closed one O`KEY store in Surgut.

As of 31 March 2023, the Group operated 78 O`KEY hypermarkets and 198 DA! discounters, with a total selling space of 651,659 sq m.

In April 2022, the Group opened a new O`KEY hypermarket in St Petersburg, bringing the total number of O`KEY hypermarkets in the North-West Region to 27, including 25 stores in St Petersburg.

In April 2022, the Group also opened 6 new DA! discounters in Central Russia.

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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 March 2023, we operated 276 stores across Russia (78 hypermarkets and 198 discounters) with a total selling space of 651,659 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 has nine e-commerce pick-up points in Moscow and seventeen e-commerce pick-up points in St Petersburg. 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 21,900 people.

In 2022, the Group's revenue amounted to RUB 202.2 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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