

Press release

31 January 2023

O`KEY GROUP REPORTS 8.1% NET RETAIL REVENUE GROWTH, DA! DISCOUNTERS REVENUE UP 53.2% IN 2022

O`KEY Group S.A. (LSE, MOEX: OKEY, the “Group” or the “Company”), one of Russia’s leading food retailers, has announced its unaudited operating results for the fourth quarter (Q4) and the twelve months (12M) of 2022.

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

12M 2022 operating highlights

- Group net retail revenue¹ increased by 8.1% YoY to RUB 200.2 bn, driven by new store openings, strong LFL performance of DA! discounters and O`KEY’s online sales growth.
- O`KEY hypermarkets’ net retail revenue decreased by 2.3% YoY to RUB 146.9 bn, due to a LFL revenue decline, which was partially offset by revenue from new O`KEY stores.
- O`KEY total online sales rose by 32.6% YoY to RUB 6.2 bn, representing 4.2% of O`KEY’s net retail revenue.
- DA! discounters’ net retail revenue surged by 53.2% YoY to RUB 53.3 bn, boosted by a 26.8% increase in LFL revenue and a 26.7% expansion in selling space.
- DA! discounters’ share in the Group’s net retail revenue grew by 7.8 pps YoY to 26.6%. In the medium term, the Group expects up to a half of its revenue to come from discounters.
- In 12M 2022, the Group opened four new O`KEY hypermarkets in the Moscow Region and completed a full renovation of a hypermarket in Sochi. By the end of 2022, the Company operated 79 hypermarkets, of which nine had been refurbished in line with the modern concept.
- The Group opened 43 DA! stores, bringing the total to 194 by the end of 2022.

Q4 2022 operating highlights

- Group net retail revenue grew by 2.9% YoY to RUB 55.6 bn.
- O`KEY hypermarkets’ net retail revenue decreased by 5.3% to RUB 41.2 bn in Q4 2022 amid softer consumer demand, macroeconomic slowdown due to continuing geopolitical and macroeconomic turbulences.
- The YoY revenue dynamics in Q4 2022 was also affected by the relatively high base of Q4 2021, which saw a boost in customer footfall and average basket size across the two chains after the COVID-related restrictions had been eased.
- DA! discounters’ net retail revenue increased by 37.0% YoY to RUB 14.4 bn, supported by a 14.5% LFL net retail revenue growth and the chain’s expansion.

¹ Here and throughout this report, net retail revenue, LFL net retail revenue, and online revenue metrics are provided net of VAT.

Operating review

Group Net Retail Revenue in Q4 and 12M 2022

Net Retail Revenue, RUB mln (excl. VAT)	Q4 2022	Q4 2021	YoY, %	12M 2022	12M 2021	YoY, %
O`KEY Group	55,589	54,024	2.9%	200,201	185,172	8.1%
O`KEY hypermarkets	41,235	43,545	(5.3%)	146,904	150,383	(2.3%)
DA! discounters	14,355	10,479	37.0%	53,297	34,789	53.2%

Group Net Retail Revenue Metrics for Q4 and 12M 2022

Net Retail Revenue, %	Q4 2022 vs. Q4 2021			12M 2022 vs. 12M 2021		
	Net retail revenue	Traffic	Average ticket	Net retail revenue	Traffic	Average ticket
O`KEY Group	2.9%	5.4%	(2.4%)	8.1%	5.3%	2.7%
O`KEY hypermarkets	(5.3%)	(5.0%)	(0.3%)	(2.3%)	(8.5%)	6.8%
DA! discounters	37.0%	25.9%	8.8%	53.2%	36.0%	12.7%

Group Like-for-like Net Retail Revenue Performance in Q4 and 12M 2022

LFL Net Retail Revenue, %	Q4 2022 vs. Q4 2021			12M 2022 vs. 12M 2021		
	Net retail revenue	Traffic	Average ticket	Net retail revenue	Traffic	Average ticket
O`KEY Group	(2.8%)	(2.3%)	(0.5%)	2.1%	(2.5%)	4.6%
O`KEY hypermarkets	(6.9%)	(5.9%)	(1.1%)	(3.6%)	(9.0%)	5.9%
DA! discounters	14.5%	4.8%	9.3%	26.8%	12.0%	13.2%

Note: 12M 2022 LFL metrics are calculated based on 75 O`KEY and 141 DA! stores.

In 12M 2022, the Group's net retail revenue rose by 8.1% YoY to RUB 200,201 mln, led by the expansion of the two chains and growing DA! discounters' LFL revenue and O`KEY's online revenue.

Net retail revenue of O`KEY hypermarkets declined by 2.3% YoY to RUB 146,904 mln in 12M 2022, due to a 3.6% decrease in O`KEY's LFL net retail revenue amid continuing economic slowdown, softer consumer demand and the temporary absence of our premium customers. Due to inflation, consumers became more price sensitive, with the increased demand for goods in a lower price segment and O`KEY private labels.

In 2022, O`KEY continued to modernise its hypermarkets to keep up with the latest global retail trends. In April, the Group relaunched under the new concept the four hypermarkets in the Moscow Region it had acquired from X5 Group to strengthen O`KEY presence in Central Russia. In August, O`KEY completed renovation of its hypermarket in Sochi.

O`KEY's total online sales rose by 32.6% YoY to RUB 6,188 mln in 12M 2022. The share of total online sales in O`KEY's net retail revenue grew by 1.1 pps YoY to 4.2% in 12M 2022.

In 12M 2022, DA! discounters' net retail revenue increased by 53.2% YoY to RUB 53,297 mln, boosted by a 26.8% LFL revenue growth and a 26.7% YoY increase in selling space. The growth in LFL revenue was driven by improvements in customer traffic and average ticket as a result of the Company's efforts to raise brand awareness and offer a wide range of quality products at the best prices while maintaining a strong focus on private labels. The share of these products in the discounters' net retail revenue amounted to approximately 50% in 12M 2022.

The discounters' share in the Group's net retail revenue rose by 7.8 pps YoY to 26.6% in 12M 2022. The Company expects the DA! chain to remain a key driver of the Group's top- and bottom-line growth and to generate as much as a half of the Group's revenue in the medium term.

Group Stores and Selling Space in 12M 2022

Stores and Selling Space	12M 2022	12M 2021	Net change	Change, %
Number of stores, EoP	273	230	43	18.7%
O`KEY hypermarkets	79	78	1	1.3%
DA! discounters	194	152	42	27.6%
Total selling space (sq m), EoP	656,224	625,572	30,652	4.9%
O`KEY hypermarkets	525,829	522,650	3,179	0.6%
DA! discounters	130,395	102,922	27,473	26.7%

In 12M 2022, in course of an ongoing real estate portfolio optimisation, the Group closed three O`KEY stores and opened four hypermarkets in Central Russia. Also, as part of optimization, the selling space of the renovated hypermarket in Sochi was reduced by 2,093 sq m to 4,607 sq m.

In 12M 2022, the Group opened 42 discounters (net of 1 closure) under the DA! brand.

As of 31 December 2022, the Group operated 79 O`KEY hypermarkets and 194 DA! discounters with a total selling space of 656,224 sq m.

For more information, please contact:

Natalya Belyavskaya

Head of Investor Relations

+7 495 663 6677 ext. 266

natalya.belyavskaya@okmarket.ru

www.okeygroup.lu

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 2022, the Group operated 273 stores across Russia (79 hypermarkets and 194 discounters) with the total selling space of 656,224 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 nine e-commerce pick-up points in Moscow and seventeen 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 22,000 people.

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