

Press release

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O`KEY GROUP REPORTS NET RETAIL REVENUE FOR Q3 2023

O`KEY Group S.A. (AIX, LSE, MOEX: OKEY, the “Group” or the “Company”), one of Russia’s leading food retailers, today announces its unaudited operating results for the third quarter (Q3) and the first nine months (9M) of 2023.

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

Q3 2023 operating highlights

- Group net retail revenue¹ increased by 2.2% YoY to RUB 48.8 bn in Q3 2023, driven by discounter and online revenue growth.
- O`KEY hypermarkets’ net retail revenue decreased by 4.1% YoY to RUB 33.0 bn in Q3 2023 on the back of a 2.9% YoY selling space and a 1.8% LFL revenue decrease.
- O`KEY’s total online sales grew by 16.9% YoY to RUB 1.5 bn and accounted for 4.6% of the hypermarkets’ net retail revenue in Q3 2023.
- DA! discounters’ net retail revenue increased by 18.3% YoY to RUB 15.9 bn in Q3 2023, led mainly by store openings.

DA! discounters’ share in the Group’s revenue rose by 4.4 pps YoY and reached 32.5% in Q3 2023.

9M 2023 operating highlights

- Group net retail revenue rose by 1.9% YoY to RUB 147.3 bn.
- O`KEY hypermarkets’ net retail revenue declined by 4.4% YoY to RUB 101.0 bn.
- O`KEY’s total online sales grew by 23.2% YoY to RUB 5.3 bn and reached 5.3% of O`KEY’s net retail revenue.
- DA! discounters’ net retail revenue rose by 18.9% YoY to RUB 46.3 bn, driven by a 2.0% LFL net retail revenue increase and the chain’s selling space growth.
- In 9M 2023, the Group opened 25 DA! stores. As of 30 September 2023, the Group operated 219 DA! discounters and 77 O`KEY hypermarkets with a total selling space of 659 thousand sq m.

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 Q3 and 9M 2023

Net Retail Revenue, RUB mln (excl. VAT)	Q3 2023	Q3 2022	YoY, %	9M 2023	9M 2022	YoY, %
O`KEY Group	48,849	47,797	2.2%	147,312	144,612	1.9%
O`KEY hypermarkets	32,960	34,369	(4.1%)	101,013	105,669	(4.4%)
DA! discounters	15,889	13,428	18.3%	46,298	38,942	18.9%

Group Net Retail Revenue Metrics for Q3 and 9M 2023

Net Retail Revenue, %	Q3 2023 vs. Q3 2022			9M 2023 vs. 9M 2022		
	Net retail revenue	Traffic	Average ticket	Net retail revenue	Traffic	Average ticket
O`KEY Group	2.2%	1.3%	0.8%	1.9%	2.7%	(0.8%)
O`KEY hypermarkets	(4.1%)	(7.8%)	4.0%	(4.4%)	(5.6%)	1.2%
DA! discounters	18.3%	14.3%	3.6%	18.9%	15.0%	3.4%

Group Like-for-like Net Retail Revenue Performance in Q3 and 9M 2023

LFL Net Retail Revenue, %	Q3 2023 vs. Q3 2022			9M 2023 vs. 9M 2022		
	Net retail revenue	Traffic	Average ticket	Net retail revenue	Traffic	Average ticket
O`KEY Group	(1.3%)	(5.4%)	4.4%	(2.2%)	(3.9%)	1.8%
O`KEY hypermarkets	(1.8%)	(6.9%)	5.5%	(3.8%)	(5.7%)	2.0%
DA! discounters	0.1%	(3.2%)	3.4%	2.0%	(1.3%)	3.4%

Note: Q3 2023 LFL metrics are calculated based on 78 O`KEY and 167 DA! stores.

The Group's net retail revenue increased by 2.2% YoY to RUB 48,849 mln in Q3 2023, led by DA! discounter and online sales growth.

Net retail revenue of O`KEY hypermarkets declined by 4.1% YoY to RUB 32,960 mln in Q3 2023. This was mainly due to a 2.9% YoY selling space reduction in 9M 2023, as well as a 1.8% LFL revenue decrease in Q3 2022. However, O`KEY's LFL revenue performance improved in Q3 2023 compared to 1H 2023, as the YoY dynamics of both customer traffic and average ticket had been recovering on a monthly basis over Q3 2023.

O`KEY's total online sales increased by 16.9% YoY to RUB 1,504 mln in Q3 2023. The share of total online sales in O`KEY's net retail revenue grew by 0.9 pps YoY to 4.6% in Q3 2023. As of the end of Q3 2023, the Company had 35 e-commerce points for online order pick-up and delivery in O`KEY hypermarkets from Moscow, St. Petersburg, Sochi and Krasnodar.

DA! discounters' net retail revenue grew by 18.3% YoY to RUB 15,889 mln in Q3 2023, showing a pickup in growth rate compared to 1H 2023. DA! discounters' LFL revenue was almost flat YoY, increasing by 0.1% in Q3 2023 (against the high base of 26.1% LFL revenue growth in Q3 2022).

In response to changes in consumer demand in 2023, in Q3, DA! discounters focused on family packaging offering the best price, the development of the middle segment in all categories, as well as worked on the quality of own bakery, taking into account changes in raw material prices. The emphasis was also made on improving the efficiency of logistics and the availability of goods on the shelves.

The DA! team sees own brands as the main driver for sales growth. For 9M 2023, in order to ensure sustainable business growth, DA! worked on the diversification of supply chain, expanding the range of private labels and exclusive imported goods, and also continued to adhere to the "every day low prices" (EDLP) pricing approach.

The discounters' share in the Group's revenue increased by 4.4 pps YoY to 32.5% in Q3 2023. The Company expects the discounter segment to remain one of the key growth drivers for the Group.

Group Stores and Selling Space in 9M 2023

Stores and Selling Space	9M 2023	9M 2022	Net change	Change, %
Number of stores, EoP	296	251	45	17.9%
O'KEY hypermarkets	77	79	(2)	(2.5%)
DA! discounters	219	172	47	27.3%
Total selling space (sq m), EoP	658,696	642,015	16,681	2.6%
O'KEY hypermarkets	510,768	525,829	(15,061)	(2.9%)
DA! discounters	147,928	116,186	31,742	27.3%

In 9M 2023, as part of the ongoing real estate portfolio review and optimisation, the Group closed 3 and opened 1 O'KEY hypermarket. Additionally, 3 O'KEY stores accomplished modernisation and related optimisation of their selling space in 9M 2023.

In 9M 2023, the Group opened 25 discounters (net of closures) under the DA! brand.

The Group increased its total number of stores by 45 YoY (net of closures), with the selling space growing by 16,681 sq m YoY in 9M 2023.

As of 30 September 2023, the Group operated 296 stores, including 77 O'KEY hypermarkets and 219 DA! discounters, with a total selling space of 658,696 sq m.

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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 30 September 2023, the Group operated 296 stores across Russia (77 hypermarkets and 219 discounters) with a total selling space of 658,696 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 35 O'KEY hypermarkets: twelve in Moscow, eighteen 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 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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