

O'Key Group net retail revenue increases 11.5%, DA! discounters revenue growth accelerates to 68.5% in Q2 2022

Q2 2022 Operating Highlights

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 second quarter (Q2) and the first six months (H1) of 2022.

RUB **49.6** bn  **GROUP**

Total Group net retail revenue increased by 11.5% YoY

RUB **35.4** bn  **OKEY**

O'KEY hypermarkets net retail revenue declined -1.7% YoY, due mainly to lower traffic to shopping malls and changes in the product mix on the shelves, largely offset by 4 newly opened hypermarkets

RUB **14.1** bn  **DA!**

DA! discounters net retail revenue jumped by 68.5% YoY, thanks to LFL revenue growth and the chain expansion

RUB **1.4** bn  **OKEY**

Total online sales grew by 42.8% YoY

4.0%  **OKEY**

Total online sales share in O'KEY revenue

+37.1% YoY  **DA!**

DA! discounters LFL revenue

243 stores  **GROUP**

The Group operated as of June 30, 2022: 79 O'KEY hypermarkets and 164 DA! discounters

+4 stores  **OKEY**

O'KEY hypermarkets opened in April 2022 in Moscow Region

+7 stores  **DA!**

DA! discounters opened in Q2 2022

H1 2022 operational highlights

RUB **96.8** bn  

Total Group net retail revenue increased by 10.4% YoY

RUB **71.3** bn  

O'KEY hypermarkets net retail revenue decreased -1.1% YoY

RUB **25.5** bn  

DA! discounters net retail revenue rose by 63.2% YoY

RUB **3.0** bn  

Total online sales rose by 53.6% YoY

4.3%  

Total online sales share in O'KEY revenue

+35.2%  

DA! discounters delivered LFL net retail revenue growth

Key events after the reporting date

In July 2022, Expert RA affirmed the credit rating of "ruA-" with a Stable outlook for O'KEY LLC, the main operating subsidiary of O'KEY Group S.A. The rating agency noted an improvement in the Group's revenue and EBITDA, with the discounters' EBITDA more than doubling in the financial year 2021.

The full text of the announcement is available at <https://okeygroup.lu/press-center/press-releases/2022/1807/>.

Group Net Retail Revenue in Q2 2022

RUB, mln (excl. VAT)	Q2 2022	Q2 2021	Δ YoY, %
O'KEY Group	49,562	44,437	11.5%
O'KEY hypermarkets	35,414	36,041	(1.7%)
DA! discounters	14,148	8,396	68.5%

Group Net Retail Revenue Metrics for Q2 2022

Net retail revenue, %	Q2 2022 vs. Q2 2021, %		
	Net retail revenue	Traffic	Average ticket
O'KEY Group	11.5%	5.8%	5.4%
O'KEY hypermarkets	(1.7%)	(10.7%)	10.0%
DA! discounters	68.5%	43.2%	17.5%

Group LFL Net Retail Revenue Performance in Q2 2022

LFL net retail revenue, %	Q2 2022 vs. Q2 2021, %		
	Net retail revenue	Traffic	Average ticket
O'KEY Group	4.0%	(3.0%)	7.2%
O'KEY hypermarkets	(3.8%)	(11.5%)	8.8%
DA! discounters	37.1%	15.9%	17.9%

Note: Q2 2022 LFL metrics are calculated based on 74 O'KEY and 120 DA! stores.

Group Net Retail Revenue in H1 2022

RUB, mln (excl. VAT)	H1 2022	H1 2021	Δ YoY, %
O'KEY Group	96,814	87,698	10.4%
O'KEY hypermarkets	71,300	72,061	(1.1%)
DA! discounters	25,514	15,637	63.2%

Group Net Retail Revenue Metrics for H1 2022

Net retail revenue, %	H1 2022 vs. H1 2021, %		
	Net retail revenue	Traffic	Average ticket
O'KEY Group	10.4%	4.8%	5.3%
O'KEY hypermarkets	(1.1%)	(10.5%)	10.6%
DA! discounters	63.2%	42.1%	14.9%

Group LFL Net Retail Revenue Performance in H1 2022

LFL net retail revenue, %	H1 2022 vs. H1 2021, %		
	Net retail revenue	Traffic	Average ticket
O'KEY Group	4.8%	(2.3%)	7.3%
O'KEY hypermarkets	(1.8%)	(10.4%)	9.6%
DA! discounters	35.2%	16.9%	15.4%

Group Stores and Selling Space in H1 2022

Stores and Selling Space	H1 2022	H1 2021	Net change	Change, %
Number of stores, EoP	243	199	44	22.1%
O'KEY hypermarkets	79	77	2	2.6%
DA! discounters	164	122	42	34.4%
Total selling space (sq m), EoP	638,638	602,164	36,474	6.1%
O'KEY hypermarkets	527,922	519,369	8,553	1.6%
DA! discounters	110,716	82,795	27,921	33.7%

Group net retail revenue

The Group's net retail revenue rose by 11.5% YoY to RUB 49,562 mln, driven mainly by DA! discounters and

O'KEY online revenue growth and supported by both the hypermarket and discounter chains' expansions.

O'KEY hypermarkets and online operational results

Net retail revenue of O'KEY hypermarkets decreased by 1.7% YoY to RUB 35,414 mln in Q2 2022. The decline was due to a 3.8% decrease in O'KEY's LFL net retail revenue in the quarter, which was largely offset by new store openings in April 2022.

During Q2 2022, we kept our promotional activity in hypermarkets limited to secure sufficient stock levels, ensure full on-shelf availability, and protect our margins in a highly inflationary and turbulent environment. The average ticket growth was supported by limited promos and inflation and offset partially by a smaller average basket and changes in the sales mix on the shelves. However, we see that customers are adapting to the new product offering and the environment, which has already had a positive impact on our sales dynamics in July.

In Q2 2022, shopping malls in Moscow and St Petersburg and their surroundings saw decline in

customer footfall, both YoY and QoQ, due to the geopolitical and global economic headwinds the market faced. We see that, in order to support traffic in shopping malls, landlords are actively reshaping their portfolios of tenants attracting new partners and brands.

O'KEY's total online sales, including our own and external delivery services, rose by 42.8% YoY to RUB 1,427 mln in Q2 2022. The share of total online sales in O'KEY's net retail revenue grew by 1.2 pps YoY to 4.0% in Q2 2022 compared to 2.8% in Q2 2021. In Q2 2022, in order to further optimise online order delivery time and costs, the company opened six new pick-up points in its hypermarkets in Moscow and in St Petersburg. As of the end of Q2 2022, the company had 19 zones in its hypermarkets to cater for both online order pick-up and home delivery.

DA! discounters operational results

DA! discounters delivered a strong 68.5% YoY growth in net retail revenue, which reached RUB 14,148 mln in Q2 2022 on the back of a 37.1% LFL revenue growth and a 33.7% YoY increase in the chain's selling space. The LFL revenue growth was driven by rising brand recognition and customer loyalty thanks to the chain's active expansion, as well as its well-balanced offering of products at the best possible

prices with a special focus on own brands. The share of own brands in the discounters' net retail revenue amounted to approx. 50% in Q2 2022.

The discounters' share in the Group's net retail revenue rose by 9.7 pps YoY to 28.5% in Q2 2022. The Company expects the DA! discounter chain to be one of the key drivers of the Group's top- and bottom-line growth.

Group expansion

In Q1 2022, in the course of ongoing real estate portfolio revision and optimisation, the Group closed 3 O'KEYs – two stores in Saratov and one in Moscow.

In Q2 2022, the Group opened 4 hypermarkets in the Moscow Region to replace the stores it had acquired from X5 Group and solidify O'KEY presence in Central Russia.

In H1 2022, the Group also opened 12 discounters (net of closures) under the DA! brand in Central Russia.

As of 30 June 2022, the Group operated 79 O'KEY hypermarkets and 164 DA! discounters, with a total selling space of 638,638 sq m.

For further information, please contact:**For investors****Natalya Belyavskaya**

Head of Investor Relations

+7 495 663 66 77 ext. 266

Natalya.Belyavskaya@okmarket.ruwww.okeygroup.lu**For media****Alla Ivantsova**

Head of Public Relations

+7 495 663 66 77 ext. 496

alla.golovatenko@okmarket.ruwww.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 30 June 2022, the Group operated 243 stores across Russia (79 hypermarkets and 164 discounters) with the total selling space of 638,638 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 ten 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, 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 – 49.11%, GSU Ltd – 34.14%, free float and other holders – 16.75%.

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