

Press release

28 April 2021

**O`KEY GROUP NET RETAIL REVENUE GROWS BY 1.9%,
DA! DELIVERS 27% REVENUE GROWTH AND ONLINE SALES DOUBLE IN Q1 2021**

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 first quarter (Q1) of 2021.

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

Q1 2021 operating highlights

- Group net retail revenue¹ increased by 1.9% YoY to RUB 43,232 mln in Q1 2021, driven by DA! discounters' revenue growth.
- DA! discounters delivered a 27.0% YoY net retail revenue growth to RUB 7,214 mln in Q1 2021. This was led by a 14.2% LFL net retail revenue increase and a 15.8% YoY expansion of selling space in Q1 2021.
- Net retail revenue at O`KEY hypermarkets declined by 2.0% YoY to RUB 36,019 mln in Q1 2021, primarily due to a high comparable base of March 2020 caused by a pandemic-related spike in consumer demand and a stockpiling trend for certain food and non-food products.
- The Group’s online sales grew by 110.6% YoY to RUB 984 mln in Q1 2021 and reached 2.7% of O`KEY’s net retail revenue.
- The Group expects that the discounters and online business will continue to lead the total growth and confirms its expansion plans of 35 to 40 DA! store openings in 2021.

Armin Burger, Chief Executive Officer at O`KEY Group, commented:

“We are satisfied with the Group's operational results in the first quarter of 2021, especially given the challenging comparables from March 2020, with its panicked surge in consumer demand amid the introduction of pandemic restrictions.”

“DA! discounters continued to lead our overall growth and achieved nearly 17% of the Group’s revenue in Q1 2021. DA! delivered a solid top-line performance, showing a 27.0% year-on-year increase in net retail revenue and a 14.2% LFL growth, in spite of a very high base of 2020. The success of our discounter business is at the heart of our expansion plans: as we have previously reported, we intend to open from 35 to 40 new stores in 2021. We remain focused on keeping our internal operations highly efficient, and further improving the product range and supply to strengthen our market position and boost profitability.”

“We are definitely pleased with the operational results demonstrated by O`KEY hypermarkets in the first quarter of 2021, which, keeping in mind the base effect of March 2020, came above our expectations. Our focus on fresh offer and own production, well-chosen product range at competitive prices, and high level of service underpin our ability to retain customer loyalty even in a tough and fast-changing market environment. We are successfully rolling out our recently launched hypermarket concept and will have

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

up to five O`KEY stores modernised by the end of 2021, with the remaining hypermarkets to follow suit in the medium term.”

”We have been capitalising on current market trends and continue to build up our e-commerce platform and to expand the brand's digital presence, developing an omni-channel shopping environment and partnering with delivery operators. The Group’s online revenue more than doubled year-on-year, reaching 2.7% of O`KEY's revenue in the first quarter of 2021.”

“The proven resilience and stability of the Group’s well-balanced business model based on modern hypermarkets, efficient and fast-growing discounters and an advanced online platform gives us every confidence in our outlook for 2021: we expect a low-single-digit LFL increase at O`KEY and a continuous double-digit LFL growth at DA!”

Operating review

Group Net Retail Revenue for Q1 2021

Net Retail Revenue, RUB mln (excl. VAT)	Q1 2021	Q1 2020	YoY, %
O`KEY Group	43,232	42,426	1.9%
O`KEY hypermarkets	36,019	36,744	(2.0%)
DA! discounters	7,214	5,683	27.0%

Group LFL Net Retail Revenue Dynamics for Q1 2021

LFL Net Retail Revenue, %	Q1 2021 vs. Q1 2020		
	Net retail revenue	Traffic	Average ticket
O`KEY Group	(0.3%)	(11.7%)	13.0%
O`KEY hypermarkets	(2.5%)	(14.2%)	13.7%
DA! discounters	14.2%	(3.6%)	18.4%

Note: Q1 2021 LFL metrics calculated based on 76 O`KEY and 95 DA! stores.

Group Net Retail Revenue Monthly Metrics for Q1 2021

	January	February ¹	March	Q1 2021
Net retail revenue, % YoY				
O'KEY Group	7.0%	3.1%	(3.1%)	1.9%
O'KEY hypermarkets	2.2%	(1.4%)	(5.9%)	(2.0%)
DA! discounters	40.8%	32.7%	13.2%	27.0%
Customer traffic, % YoY				
O'KEY Group	(10.3%)	(13.3%)	(3.6%)	(9.0%)
O'KEY hypermarkets	(15.9%)	(18.8%)	(7.8%)	(14.1%)
DA! discounters	9.7%	4.9%	9.2%	8.0%
Average ticket, % YoY				
O'KEY Group	19.3%	18.9%	0.5%	12.0%
O'KEY hypermarkets	21.5%	21.4%	2.1%	14.1%
DA! discounters	28.3%	26.5%	3.7%	17.6%

The Group's LFL net retail revenue remained almost flat YoY, showing a slight decline of 0.3%, while net retail revenue rose by 1.9% YoY to RUB 43,232 mln in Q1 2021.

DA! delivered a 27.0% YoY increase in net retail revenue to RUB 7,214 mln in Q1 2021, driven by a 14.2% LFL revenue growth and a 15.8% YoY selling space expansion.

Net retail revenue at O'KEY hypermarkets declined by 2.0% YoY to RUB 36,019 mln in Q1 2021, and LFL revenue decreased by 2.5% YoY. That was mainly due to a high comparable base of March 2020, when we saw extraordinarily strong demand for some product categories which consumers tended to stockpile in the face of the COVID-related restrictions and lockdown.

In Q1 2021, O'KEY continued to work on improving its customer proposition. The high quality of 'ultra-fresh' and 'fresh' products and own production remained our key focus, with these products accounting for over 50% of O'KEY's revenue in Q1 2021.

O'KEY is also reviewing its private label range to improve product quality and to relaunch packaging and design, aiming to increase sales and profitability in each category. The O'KEY and DA! chains collaborate to unlock potential synergies in own brands expertise, product development and supply. The share of private labels amounted to 7.2% of O'KEY's net retail revenue, and to 50.3% of the discounters' net retail revenue in Q1 2021.

The Group continued transforming its hypermarkets to further improve customer service and shopping experience. By the end of 2021, the Group will have from four to five O'KEY hypermarkets modernised in line with the new concept.

In 2020, the Group expanded online operations for its hypermarkets across all regions of their presence through partnerships with delivery operators. The Group continues to further develop its own e-commerce platform, with a particular focus on the key cities of Moscow and St. Petersburg.

In Q1 2021, the revenue from the online business grew by 110.6% YoY to RUB 984 mln.

¹ Note: February year-on-year sales dynamics is not adjusted for a leap-year effect, i.e. there was an additional trading day in February 2020 compared to February 2021.

Group Stores and Selling Space Dynamics in Q1 2021

Stores and Selling Space	Q1 2021	Q1 2020	Net change	Change (%)
Number of stores, EoP	195	178	17	9.6%
O'KEY hypermarkets	77	78	(1)	(1.3%)
DA! discounters	118	100	18	18.0%
Total selling space (sq m), EoP	599,536	598,308	1,228	0.2%
O'KEY hypermarkets	519,369	529,055	(9,686)	(1.8%)
DA! discounters	80,167	69,253	10,914	15.8%

In Q1 2021, the number of stores remained unchanged, and, as of March 31, 2021, the Group operated 77 O'KEY hypermarkets and 118 DA! discounters, with a total selling space of 599,536 sq m.

The Group plans to open from 35 to 40 DA! stores in 2021.

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ABOUT O'KEY GROUP

As of March 31, 2021, the Group operated 195 stores across Russia (77 hypermarkets and 118 discounters) with total selling space of 599,536 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 six 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 2020, Group's revenue amounted to RUB 174.3 billion, while EBITDA reached RUB 14.8 billion.

The O'KEY shareholder structure is as follows: NISEMAX Co Ltd – 44.84%, GSU Ltd – 29.53%, free float – 25.63%.

DISCLAIMER

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