

Press release

15 August 2023

## **O`KEY GROUP REPORTS NET RETAIL REVENUE FOR Q2 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 second quarter (Q2) and the first six months (H1) of 2023.

All materials published by the Group are available on its website [www.okeygroup.lu](http://www.okeygroup.lu).

### **Q2 2023 operating highlights**

- Group net retail revenue<sup>1</sup> remained almost flat showing a 0.4% YoY increase to RUB 49.7 bn in Q2 2023.
- O`KEY hypermarkets’ net retail revenue decreased by 5.3% YoY to RUB 33.5 bn in Q2 2023, mainly due to a 4.8% YoY LFL revenue decrease. The decline was primarily attributable to a high comparable revenue base in Q2 2022, as food inflation peaked at 19.5% in Q2 2022 compared to 0.3% deflation in Q2 2023. In addition, in Q2 2022, we saw a temporary shift in the volume and structure of consumption, with further normalisation in H1 2023.
- O`KEY’s total online sales grew by 34.4% YoY to RUB 1.9 bn and accounted for 5.7% of the hypermarkets’ net retail revenue in Q2 2023.
- DA! discounters’ net retail revenue grew by 14.4% YoY to RUB 16.2 bn in Q2 2023, led by store openings, and offset partially by a high comparable base (DA! showed a record high net retail revenue growth of 68.5% in Q2 2022).
- DA! discounters’ share in the Group’s revenue rose by 4.0 pps YoY and reached 32.6% in Q2 2023. The Company expects the discounter segment to lead the Group’s growth in 2023 and in the mid-term.

### **H1 2023 operating highlights**

- Group net retail revenue increased by 1.7% YoY to RUB 98.5 bn.
- O`KEY hypermarkets’ net retail revenue declined by 4.6% YoY to RUB 68.1 bn.
- O`KEY total online sales grew by 26.3% YoY to RUB 3.8 bn and reached 5.6% of O`KEY's net retail revenue.
- DA! discounters’ net retail revenue rose by 19.2% YoY to RUB 30.4 bn, driven by a 3.1% LFL net retail revenue growth and the chain’s expansion.
- In H1 2023, the Group opened 11 DA! stores. As of 30 June 2023, the Group operated 205 DA! discounters.

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<sup>1</sup> 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 Q2 and H1 2023

Net Retail Revenue, RUB mln (excl. VAT)	Q2 2023	Q2 2022	YoY, %	H1 2023	H1 2022	YoY, %
<b>O`KEY Group</b>	<b>49,738</b>	<b>49,562</b>	<b>0.4%</b>	<b>98,463</b>	<b>96,814</b>	<b>1.7%</b>
O`KEY hypermarkets	33,548	35,414	(5.3%)	68,054	71,300	(4.6%)
DA! discounters	16,190	14,148	14.4%	30,409	25,514	19.2%

### Group Net Retail Revenue Metrics for Q2 and H1 2023

Net Retail Revenue, %	Q2 2023 vs. Q2 2022			H1 2023 vs. H1 2022		
	Net retail revenue	Traffic	Average ticket	Net retail revenue	Traffic	Average ticket
<b>O`KEY Group</b>	<b>0.4%</b>	<b>2.0%</b>	<b>(1.7%)</b>	<b>1.7%</b>	<b>3.4%</b>	<b>(1.6%)</b>
O`KEY hypermarkets	(5.3%)	(5.8%)	0.5%	(4.6%)	(4.4%)	(0.1%)
DA! discounters	14.4%	13.1%	1.2%	19.2%	15.4%	3.3%

### Group Like-for-like Net Retail Revenue Performance in Q2 and H1 2023

LFL Net Retail Revenue, %	Q2 2023 vs. Q2 2022			H1 2023 vs. H1 2022		
	Net retail revenue	Traffic	Average ticket	Net retail revenue	Traffic	Average ticket
<b>O`KEY Group</b>	<b>(3.7%)</b>	<b>(4.1%)</b>	<b>0.4%</b>	<b>(3.2%)</b>	<b>(3.2%)</b>	<b>0.0%</b>
O`KEY hypermarkets	(4.8%)	(5.3%)	0.6%	(5.4%)	(5.1%)	(0.3%)
DA! discounters	(1.0%)	(2.3%)	1.3%	3.1%	(0.2%)	3.3%

Note: Q2 2023 LFL metrics are calculated based on 77 O`KEY and 162 DA! stores.

The Group's net retail revenue increased by 0.4% YoY to RUB 49,738 mln, led mainly by discounters' and online sales growth in Q2 2023.

Net retail revenue of O`KEY hypermarkets decreased by 5.3% YoY to RUB 33,548 mln in Q2 2023. The decline was mainly attributable to a 4.8% decrease in O`KEY LFL net retail revenue due to a high comparable base in Q2 2022. The Russian Federal State Statistics Service recorded food deflation of 0.3% in Q2 2023 vs. inflation of 19.5% in Q2 2022. Additionally, in Q2 2022, customers tended to stockpile essential goods under a fast-changing external environment, so we saw a peak demand in the comparable period of 2022.

As consumers became more price sensitive and increased demand for cheaper products, O`KEY continued to develop its entry-level product range under own brands. The share of private labels in O`KEY revenue increased YoY to 7.4% in Q2 2023. The assortment refinement and prudent approach to promotional activity allowed O`KEY to keep a healthy balance between the top-line and operating margins in H1 2023. In Q2 2023, O`KEY also launched a new customer loyalty program with a multi-level system of discounts on the O`CARD, which has completely replaced the previous bonus system.

Under ongoing store portfolio optimisation, O`KEY closed 3 stores and opened 1 store in H1 2023. In addition, several O`KEY hypermarkets underwent modernisation and selling space optimisation. Overall O`KEY's selling space decreased by 3.2% YoY in H1 2023.

O`KEY total online sales increased by 34.4% YoY to RUB 1,918 mln in Q2 2023. The share of total online sales in O`KEY's net retail revenue grew by 1.7 pps YoY and reached 5.7% in Q2 2023. The

Company opened five new e-commerce points for online order pick-up and delivery in its O`KEY supermarkets in Sochi and Krasnodar in Q2 2023.

DA! discounters net retail revenue grew by 14.4% YoY to RUB 16,190 mln in Q2 2023, from the base of one of the industry's highest growth rates that the network demonstrated over the last several years. DA! discounters' LFL revenue declined by 1.0% in Q2 2023 from the high comparable base of Q2 2022, when DA! delivered a record-high 37.1% LFL revenue growth.

In Q2 2023, the DA! team continued to work on enhancing the entry-level products portfolio in order to provide our price sensitive customers with the best value-for-money offers.

The discounters' share in the Group's revenue increased by 4.0 pps YoY to 32.6% in Q2 2023. The Company expects the discounter segment to remain one of the key growth drivers for the Group.

### Group Stores and Selling Space in H1 2023

Stores and Selling Space	H1 2023	H1 2022	Net change	Change, %
<b>Number of stores, EoP</b>	<b>282</b>	<b>243</b>	<b>39</b>	<b>16.0%</b>
O`KEY supermarkets	77	79	(2)	(2.5%)
DA! discounters	205	164	41	25.0%
<b>Total selling space (sq m), EoP</b>	<b>648,597</b>	<b>638,638</b>	<b>9,959</b>	<b>1.6%</b>
O`KEY supermarkets	510,768	527,922	(17,154)	(3.2%)
DA! discounters	137,829	110,716	27,113	24.5%

In H1 2023, in the course of ongoing real estate portfolio revision and optimisation, the Group closed 3 and opened 1 O`KEY supermarket. Additionally, 3 O`KEY stores underwent modernisation and selling space optimisation in H1 2023.

In H1 2023, the Group opened 11 discounters (net of closures) under the DA! brand.

The Group increased its total number of stores by 39 YoY (net of closures), and the selling space grew by 9,959 sq m YoY in H1 2023.

As of 30 June 2023, the Group operated 282 stores, including 77 O`KEY supermarkets and 205 DA! discounters, with a total selling space of 648,597 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 June 2023, we operated 282 stores across Russia (77 hypermarkets and 205 discounters) with a total selling space of 648,597 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 e-commerce pick-up points in 31 O`KEY hypermarkets: nine in Moscow, seventeen 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%.

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