

Press release

29 July 2021

O`KEY GROUP REPORTS 6.1% REVENUE GROWTH IN Q2 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 second quarter (Q2) and the first six months (H1) of 2021.

All materials published by the Group are available at www.okeygroup.lu.

Q2 2021 operating highlights

- Group net retail revenue¹ grew by 6.1% YoY to RUB 44,437 mln.
- The Group like-for-like (LFL) net retail revenue grew by 1.2% YoY, with both hypermarkets and discounters delivering positive LFL performance.
- DA! discounters’ net retail revenue expanded by 21.4% YoY to RUB 8,396 mln, driven by a 6.8% LFL net retail revenue growth and a 19.5% YoY selling space increase.
- DA! discounters’ share in the Group’s revenue rose by 2.4 pps YoY to 18.9%.
- O`KEY hypermarkets’ net retail revenue added 3.1% YoY to reach RUB 36,041 mln.

H1 2021 operating highlights

- Group net retail revenue increased by 4.0% YoY to RUB 87,698 mln.
- DA! discounters’ net retail revenue grew by 23.9% YoY to RUB 15,637 mln, driven by a 10.2% LFL net retail revenue growth and a selling space expansion.
- O`KEY hypermarkets’ net retail revenue grew by 0.5% YoY to RUB 72,061 mln.
- Total online sales grew by 62.6% YoY to RUB 1,982 mln and accounted for 2.8% of O`KEY’s revenue.

Key events in Q2 2021 and after the reporting date

- In June 2021, O`KEY Group acquired a Karusel hypermarket in Moscow from X5 Group. The new hypermarket became the 14th O`KEY store in the Moscow metropolitan area. The Company has further strengthened its position in this strategic market and brought its selling space in the Central region to over 115,000 sq m. In Q4 2021, O`KEY plans to open here a hypermarket designed in line with the new store concept.

The full text of the announcement is available at <https://okeygroup.lu/press-center/press-releases/2021/1760/>.

- In July 2021, 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 agency noted the growth in the Group’s revenue and EBITDA in the financial year 2020, combined with a solid financial position and a high diversification of the debt portfolio.

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

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

“We are very pleased with a 6.1% revenue growth the Group delivered thanks to both hypermarkets’ and discounters’ strong performance in Q2 2021.

“DA! discounters showed an impressive increase of 21.4% in net retail revenue, with a like-for-like growth of 6.8% in Q2 2021. It is noteworthy that the discounters delivered these results on top of their 50.8% YoY revenue growth and 34.7% LFL performance in the comparable Q2 2020. Starting from its launch in 2015, DA! remains one of the fastest growing grocery chains in terms of revenue. Today, DA! is the only food discounter in Russia that successfully operates a business model based on a unique private label portfolio. The share of DA! in the Group’s revenue reached almost 19% in Q2 2021. Keeping focus on the efficiency and profitability of our discounter business, we plan to bring the number of new openings at DA! up to 35–40 annually, starting this year. We see discounters as the main driver of the Group’s revenue and profitability growth in the medium term.

“O`KEY hypermarkets demonstrated a 3.1% YoY revenue growth in Q2 2021, a solid result, especially given the high comparables from Q2 2020. We continue to improve customer service, develop the product range with a focus on fresh categories and private labels, and streamline the use of selling space. We keep redesigning our hypermarkets in key regions, including the newly acquired store in Moscow we will relaunch under the new concept by the end of 2021.

“As a pioneer in e-grocery, we continuously invest in our omni-channel shopping model. In Q2 2021, the Group’s online sales rose by 62.6% YoY to account for 2.8% of O`KEY’s revenue.

“We also confirm our previously announced guidance for 2021, expecting a low-single-digit LFL growth at O`KEY hypermarkets and a double-digit LFL growth at DA! discounters.”

Operating review

Group Net Retail Revenue in Q2 and H1 2021

Net Retail Revenue, RUB mln (excl. VAT)	Q2 2021	Q2 2020	YoY, %	H1 2021	H1 2020	YoY, %
O`KEY Group	44,437	41,891	6.1%	87,698	84,335	4.0%
O`KEY hypermarkets	36,041	34,973	3.1%	72,061	71,718	0.5%
DA! discounters	8,396	6,918	21.4%	15,637	12,617	23.9%

Group Like-for-like Net Retail Revenue Performance in Q2 and H1 2021

LFL Net Retail Revenue, %	Q2 2021 vs. Q2 2020			H1 2021 vs. H1 2020		
	Net retail revenue	Traffic	Average ticket	Net retail revenue	Traffic	Average ticket
O`KEY Group	1.2%	19.4%	(15.2%)	0.5%	1.9%	(1.4%)
O`KEY hypermarkets	0.1%	19.1%	(15.9%)	(1.2%)	(0.2%)	(1.1%)
DA! discounters	6.8%	20.1%	(11.1%)	10.2%	8.0%	2.0%

Note: Q2 2021 LFL metrics calculated based on 74 O`KEY and 99 DA! stores.

Group Net Retail Revenue Monthly Metrics for Q2 2021

	April	May	June	Q2 2021	H1 2021
Net retail revenue, % YoY					
O'KEY Group	9.7%	4.2%	4.5%	6.1%	4.0%
O'KEY hypermarkets	7.6%	1.1%	0.6%	3.1%	0.5%
DA! discounters	20.2%	19.6%	24.4%	21.4%	23.9%
Customer traffic, % YoY					
O'KEY Group	41.3%	27.8%	15.4%	27.3%	6.9%
O'KEY hypermarkets	37.6%	23.0%	10.5%	22.9%	1.5%
DA! discounters	50.8%	40.4%	27.6%	38.7%	22.9%
Average ticket, % YoY					
O'KEY Group	(22.4%)	(18.5%)	(9.5%)	(16.7%)	(2.7%)
O'KEY hypermarkets	(21.8%)	(17.8%)	(9.0%)	(16.1%)	(1.0%)
DA! discounters	(20.3%)	(14.8%)	(2.5%)	(12.5%)	0.8%

The Group's net retail revenue increased by 6.1% YoY to RUB 44,437 mln in Q2 2021 and by 4.0% YoY to RUB 87,698 mln in H1 2021.

Net retail revenue at O'KEY hypermarkets grew by 3.1% YoY to RUB 36,041 mln in Q2 2021 and by 0.5% YoY to RUB 72,061 mln in H1 2021.

O'KEY's LFL revenue increased by 0.1% YoY in Q2 2021 on top of strong comparables from April and May 2020, when customers tended to stockpile during the pandemic-related lockdown.

In H1 2021, the Group continued transforming its hypermarket business to improve customer service and shopping experience. O'KEY focuses on fresh and ultra-fresh products, ready-to-eat dishes, bakery and own brands as key differentiation points and competitive advantages. The share of fruits & vegetables, fresh and ultra-fresh categories in the hypermarkets' revenue was 52.0% in Q2 2021.

The Group constantly works to optimise its private label portfolio to win additional customer loyalty and improve profitability in each category. Own brands accounted for 7.7% of O'KEY's and 50.2% of the discounters' net retail revenue in Q2 2021.

DA! discounters delivered a 21.4% YoY growth in net retail revenue to RUB 8,396 mln in Q2 2021, and a 23.9% YoY increase to RUB 15,637 mln in H1 2021. The discounters showed a 10.2% YoY LFL revenue growth in H1 2021 (a 6.8% YoY LFL growth in Q2 2021), and increased their selling space by 19.5% YoY in H1 2021. DA! discounters' share in the Group's revenue rose by 2.4 pps YoY to 18.9% in Q2 2021.

The Group develops its own e-commerce platform, focusing on the key cities of Moscow and St.-Petersburg and covers the rest of its footprint via partnerships with delivery operators. In H1 2021, the Group's online sales rose by 62.6% YoY to RUB 1,982 mln, accounting for 2.8% of O'KEY's revenue.

Group Stores and Selling Space in Q2 2021

Stores and Selling Space	Q2 2021	Q2 2020	Net change	Change (%)
Number of stores, EoP	199	177	22	12.4%
O'KEY hypermarkets	77	77	-	-
DA! discounters	122	100	22	22.0%
Total selling space (sq m), EoP	602,164	595,394	6,770	1.1%
O'KEY hypermarkets	519,369	526,081	(6,712)	(1.3%)
DA! discounters	82,795	69,313	13,482	19.5%

The Company operated 77 O'KEY stores with a total selling space of 519,369 sq m as of 30 June 2021. In Q2 2021, the Company acquired a hypermarket in Moscow to relaunch it under the new concept in Q4 2021.

The Group opened four discounters in Q2 2021 and, as of 30 June 2021, operated 122 DA! stores with a total selling space of 82,795 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 June 30, 2021, the Group operated 199 stores across Russia (77 hypermarkets and 122 discounters) with total selling space of 602,164 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

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 which 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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