

Press release

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O`KEY GROUP REPORTS 10.1% REVENUE GROWTH IN Q3 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 third quarter (Q3) and the first nine months (9M) of 2021.

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

Q3 2021 operating highlights

- Group net retail revenue¹ grew by 10.1% YoY to RUB 43,451 mln.
- The Group like-for-like (LFL) net retail revenue increased by 6.6% YoY, driven by both hypermarkets’ and discounters’ performance.
- O`KEY hypermarkets’ net retail revenue rose by 4.6% YoY to RUB 34,777 mln, led mainly by a 3.8% YoY LFL revenue growth.
- DA! discounters’ net retail revenue showed a 40.0% YoY increase to RUB 8,673 mln, driven by a 21.6% LFL revenue growth and a 21.4% YoY selling space expansion.
- DA! discounters’ share in the Group’s revenue rose by 4.3 pps YoY to 20.0%.
- Total online sales showed a 139.8% YoY growth to RUB 1,096 mln and reached 3.2% of O`KEY’s revenue.

9M 2021 operating highlights

- Group net retail revenue increased by 5.9% YoY to RUB 131,149 mln.
- O`KEY hypermarkets’ net retail revenue grew by 1.8% YoY to RUB 106,839 mln.
- DA! discounters’ net retail revenue rose by 29.2% YoY to RUB 24,310 mln.
- Total online sales grew by 90.3% YoY to RUB 3,190 mln and accounted for 3.0% of O`KEY’s revenue.

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

“The Group reported strong operational results in both the hypermarket and discounter businesses in Q3 2021. O`KEY hypermarkets showed a 3.8% like-for-like revenue growth in Q3 2021, a speed-up compared to the Q2 2021 results. We are very pleased with the O`KEY performance, especially given the challenging comparable period of Q3 2020 that saw the easing of the pandemic-related lockdown and start of recovery in customer traffic. O`KEY continuously works to enhance its competitive edge and boost the efficiency of selling space use. We also keep redesigning our hypermarkets and are going to reopen under the new concept two stores in St Petersburg, as well as relaunch a newly acquired hypermarket in Moscow in Q4 2021.

“DA! discounters also demonstrated accelerated growth compared to Q2 2021 and delivered an impressive 40.0% YoY revenue increase, with 21.6% LFL performance in Q3 2021. Remarkably, DA! achieved these results on top of the chain’s 45.7% YoY revenue growth and 26.8% LFL growth in the

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

comparable Q3 2020. DA! continues to be one of the fastest-growing grocery retailers in the country. The share of DA! in the Group's revenue reached 20% in Q3 2021. As we communicated earlier, we plan to open 35–40 discounters this year and speed up our expansion starting next year. We expect the discounters' share in the Group's revenue to reach up to 50% in the medium term.

"In Q3 2021, the Group's total online sales more than doubled YoY to account for 3.2% of O'KEY's revenue.

"We 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 Q3 and 9M 2021

| Net Retail Revenue, RUB mln (excl. VAT) | Q3 2021 | Q3 2020 | YoY, % | 9M 2021 | 9M 2020 | YoY, % |
|---|---------------|---------------|--------------|----------------|----------------|-------------|
| O'KEY Group | 43,451 | 39,462 | 10.1% | 131,149 | 123,794 | 5.9% |
| O'KEY hypermarkets | 34,777 | 33,260 | 4.6% | 106,839 | 104,973 | 1.8% |
| DA! discounters | 8,673 | 6,202 | 40.0% | 24,310 | 18,821 | 29.2% |

Group Like-for-like Net Retail Revenue Performance in Q3 and 9M 2021

| LFL Net Retail Revenue, % | Q3 2021 vs. Q3 2020 | | | 9M 2021 vs. 9M 2020 | | |
|---------------------------|---------------------|-------------|----------------|---------------------|-------------|----------------|
| | Net retail revenue | Traffic | Average ticket | Net retail revenue | Traffic | Average ticket |
| O'KEY Group | 6.6% | 2.8% | 3.7% | 2.5% | 2.2% | 0.2% |
| O'KEY hypermarkets | 3.8% | (0.0%) | 3.9% | 0.4% | (0.1%) | 0.5% |
| DA! discounters | 21.6% | 10.4% | 10.1% | 13.7% | 9.1% | 4.6% |

Note: Q3 2021 LFL metrics are calculated based on 76 O'KEY and 103 DA! stores.

Group Net Retail Revenue Monthly Metrics for Q3 2021

| | Jul | Aug | Sept | Q3 2021 | 9M 2021 |
|----------------------------------|---------------|--------------|--------------|--------------|---------------|
| Net retail revenue, % YoY | | | | | |
| O'KEY Group | 8.5% | 10.0% | 12.0% | 10.1% | 5.9% |
| O'KEY hypermarkets | 2.6% | 4.4% | 6.7% | 4.6% | 1.8% |
| DA! discounters | 38.9% | 40.2% | 41.0% | 40.0% | 29.2% |
| Customer traffic, % YoY | | | | | |
| O'KEY Group | 11.1% | 8.9% | 5.6% | 8.5% | 7.4% |
| O'KEY hypermarkets | 3.5% | 1.2% | (1.7%) | 1.0% | 1.3% |
| DA! discounters | 30.7% | 29.5% | 25.3% | 28.6% | 24.9% |
| Average ticket, % YoY | | | | | |
| O'KEY Group | (2.4%) | 1.0% | 6.0% | 1.4% | (1.4%) |
| O'KEY hypermarkets | (0.9%) | 3.2% | 8.6% | 3.5% | 0.5% |
| DA! discounters | 6.3% | 8.3% | 12.5% | 8.9% | 3.4% |

The Group's net retail revenue increased by 10.1% YoY to RUB 43,451 mln in Q3 2021 and by 5.9% YoY to RUB 131,149 mln in 9M 2021.

Net retail revenue at O`KEY hypermarkets grew by 4.6% YoY to RUB 34,777 mln in Q3 2021 and by 1.8% YoY to RUB 106,839 mln in 9M 2021. O`KEY's LFL revenue increased by 3.8% YoY in Q3 2021.

In 9M 2021, the Group continued with the transformation programme in the hypermarket chain. O`KEY's main priority is enhancing the competitiveness of the format by providing a balanced assortment with a focus on fresh and ultra-fresh products, quality of own brands, layout upgrades, and customer service. The share of fruits & vegetables, fresh and ultra-fresh categories in the hypermarkets' revenue was 54.9% in Q3 2021.

The Group also continued to optimise its private label portfolio and improve its quality and profitability. Own brands accounted for 8.0% of O`KEY's and 50.2% of the discounters' net retail revenue in Q3 2021.

DA! discounters net retail revenue grew by 40.0% YoY growth to RUB 8,673 mln in Q3 2021, and by 29.2% YoY to RUB 24,310 mln in 9M 2021. The discounters achieved a 21.6% YoY LFL revenue growth in 3Q 2021, and added 21.4% YoY in selling space as of the end of Q3 2021. DA! discounters' share in the Group's revenue increased by 4.3 pps YoY to 20.0% in Q3 2021.

In Q3 2021, the Group's total online sales rose by 139.8% YoY growth to RUB 1,096 mln and reached 3.2% of O`KEY's revenue. The Group continues to develop its own e-commerce platform, focusing on the key cities of Moscow and St.-Petersburg and collaborating with delivery operators across Russia.

Group Stores and Selling Space in Q3 2021

| Stores and Selling Space | Q3 2021 | Q3 2020 | Net change | Change (%) |
|--|----------------|----------------|---------------|--------------|
| Number of stores, EoP | 206 | 182 | 24 | 13.7% |
| O`KEY hypermarkets | 77 | 77 | - | - |
| DA! discounters | 129 | 105 | 24 | 22.9% |
| Total selling space (sq m), EoP | 604,956 | 591,352 | 13,604 | 2.3% |
| O`KEY hypermarkets | 517,566 | 519,369 | (1,803) | (0.3%) |
| DA! discounters | 87,390 | 71,983 | 15,407 | 21.4% |

As of 30 September 2021, the Group operated 77 O`KEY stores with a total selling space of 517,566 sq m. In Q3 2021, the Company optimised selling space of one of its hypermarkets in order to upgrade the store's layout and improve its sales density.

The Group opened 7 discounters (net of closures) in Q3 2021 and, as of 30 September 2021, operated 129 DA! stores with a total selling space of 87,390 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 September 30, 2021, the Group operated 206 stores across Russia (77 hypermarkets and 129 discounters) with total selling space of 604,956 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 seven 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.

DISCLAIMER

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