

O'Key Group **net retail revenue rises by 10%, DA! discounters** deliver 54.8% revenue growth in Q3 2022

Q3 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 third quarter (Q3) and the first nine months (9M) of 2022.

RUB **47.8** bn  **GROUP**

Total Group net retail revenue increased by 10.0% YoY, driven by discounters' LFL performance, O'KEY online sales growth and DA! store openings

RUB **34.4** bn  **O'KEY**

O'KEY hypermarkets net retail revenue declined -1.2% YoY, due mainly to a drop in LFL customer traffic in shopping malls, largely offset by revenue from new stores opened in April 2022

RUB **13.4** bn  **DA!**

DA! discounters net retail revenue rose by 54.8% YoY, driven by LFL revenue growth and the chain expansion

RUB **1.3** bn  **O'KEY**

Total online sales grew by 26.2% YoY

3.7%  **O'KEY**

Total online sales share in O'KEY revenue rose by 0.8 pps YoY

+26.1% YoY  **DA!**

DA! discounters LFL revenue

9M 2022 Operating Highlights

RUB **144.6** bn  

Total Group net retail revenue increased by 10.3% YoY

RUB **105.7** bn  

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

RUB **38.9** bn  

DA! discounters net retail revenue rose by 60.2% YoY

RUB **4.3** bn  

Total online sales rose by 44.3% YoY

4.1%  

Total online sales share in O'KEY revenue

+32.0%  

DA! discounters delivered LFL net retail revenue growth

251 stores  

The Group operated as of Sept 30, 2022: 79 O'KEY hypermarkets and 172 DA! discounters

+20 stores  

DA! discounters opened (net of closures) in 9M 2022

26.9%  

DA! discounters' share in the Group revenue rose by 8.4 pps YoY

The Group expects to be receiving half of its revenue from discounters in the medium term.

In 2022, the Group plans to open up to 45 new DA! discounters and have nine O'KEY hypermarkets in its portfolio in an updated concept.

Group Net Retail Revenue in Q3 2022

RUB, mln (excl. VAT)	Q3 2022	Q3 2021	Δ YoY, %
O'KEY Group	47,797	43,451	10.0%
O'KEY hypermarkets	34,369	34,777	(1.2%)
DA! discounters	13,428	8,673	54.8%

Group Net Retail Revenue Metrics for Q3 2022

Net retail revenue, %	Q3 2022 vs. Q3 2021, %		
	Net retail revenue	Traffic	Average ticket
O'KEY Group	10.0%	6.2%	3.6%
O'KEY hypermarkets	(1.2%)	(8.1%)	7.5%
DA! discounters	54.8%	36.0%	13.8%

Group LFL Net Retail Revenue Performance in Q3 2022

LFL net retail revenue, %	Q3 2022 vs. Q3 2021, %		
	Net retail revenue	Traffic	Average ticket
O'KEY Group	2.5%	(2.8%)	5.5%
O'KEY hypermarkets	(3.3%)	(9.1%)	6.4%
DA! discounters	26.1%	10.4%	14.2%

Note: Q3 2022 LFL metrics are calculated based on 74 O'KEY and 126 DA! stores.

Group Net Retail Revenue in 9M 2022

RUB, mln (excl. VAT)	9M 2022	9M 2021	Δ YoY, %
O'KEY Group	144,612	131,149	10.3%
O'KEY hypermarkets	105,669	106,839	(1.1%)
DA! discounters	38,942	24,310	60.2%

Group Net Retail Revenue Metrics for 9M 2022

Net retail revenue, %	9M 2022 vs. 9M 2021, %		
	Net retail revenue	Traffic	Average ticket
O'KEY Group	10.3%	5.3%	4.8%
O'KEY hypermarkets	(1.1%)	(9.7%)	9.6%
DA! discounters	60.2%	39.9%	14.5%

Group LFL Net Retail Revenue Performance in 9M 2022

LFL net retail revenue, %	9M 2022 vs. 9M 2021, %		
	Net retail revenue	Traffic	Average ticket
O'KEY Group	4.1%	(2.5%)	6.7%
O'KEY hypermarkets	(2.3%)	(10.0%)	8.6%
DA! discounters	32.0%	14.7%	15.0%

Group Stores and Selling Space in 9M 2022

Stores and Selling Space	9M 2022	9M 2021	Net change	Change, %
Number of stores, EoP	251	206	45	21.8%
O'KEY hypermarkets	79	77	2	2.6%
DA! discounters	172	129	43	33.3%
Total selling space (sq m), EoP	642,015	604,956	37,059	6.1%
O'KEY hypermarkets	525,829	517,566	8,263	1.6%
DA! discounters	116,186	87,390	28,796	33.0%

Group net retail revenue

The Group's net retail revenue rose by 10.0% YoY to RUB 47,797 mln, led by discounters and online revenue

growth and supported by expansion of both store chains.

O'KEY hypermarkets and online operational results

Net retail revenue of O'KEY hypermarkets declined by 1.2% YoY to RUB 34,369 mln in Q3 2022, due to a 3.3% decrease in O'KEY's LFL net retail revenue resulting from a temporary footfall decrease in shopping malls amid changes in the tenant mix.

In Q3 2022, shopping malls in the Moscow and St. Petersburg regions continued to face a YoY decline in customer traffic due to geopolitical and macroeconomic turbulence. In order to support traffic in these locations, the landlords keep reshaping their tenant portfolios, attracting new partners and brands.

In August 2022, O'KEY reopened after renovation its hypermarket in Sochi, upgraded in line with the latest trends in the retail industry and global best practices. In the upgraded hypermarket, more space was allocated to the fresh and ultra-fresh categories, with their share in the overall product range increased to 20%, while the store's total selling space was optimised.

O'KEY's total online sales, including via our own and external delivery services, rose by 26.2% YoY to RUB 1,286 mln in Q3 2022. The share of total online sales in O'KEY's net retail revenue grew by 0.8 pps YoY to 3.7% in Q3 2022.

DA! discounters operational results

In Q3 2022, DA! discounters' net retail revenue expanded by 54.8% YoY to RUB 13,428 mln, led by a 26.1% LFL revenue growth and 18.2% YoY increase in the chain's selling space over the quarter. The LFL revenue growth was driven by both customer traffic and average ticket performance thanks to rising DA! brand awareness, as well as the chain's high-quality product assortment, with a special focus on own

brands, at the best possible prices. The share of these products in the discounters' net retail revenue amounted to approx. 50% in Q3 2022.

The discounters' share in the Group's net retail revenue rose by 8.1 pps YoY to 28.1% in Q3 2022. The Company expects the DA! discounter chain to remain a key driver of the Group's top- and bottom-line growth.

Group expansion

In 9M 2022, as part of an ongoing real estate portfolio revision and optimisation, the Group closed three O'KEY stores and opened four hypermarkets in Central Russia. Also, the selling space of a hypermarket in Sochi was optimised in the course of its renovation and reduced by 2,093 sq m to 4,607 sq m.

In 9M 2022, the Group also opened 20 discounters (net of closures) under the DA! brand.

As of 30 September 2022, the Group operated 79 O'KEY hypermarkets and 172 DA! discounters with a total selling space of 642,015 sq m.

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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 251 stores across Russia (79 hypermarkets and 172 discounters) with the total selling space of 642,015 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 fifteen 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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