



LENTA REPORTS TOTAL SALES GROWTH OF 7.3%, LFL SALES GROWTH OF 8.0% AND ONLINE SALES GROWTH OF 44.9% IN Q3 2023

23 October 2023
St. Petersburg,
Russia

Lenta IPJSC (MOEX: LENT), one of the largest multi-format retail chains in Russia, today announces its operational results and key financial results for the third quarter and the first nine months of 2023.

Q3 2023 Highlights ^{1,2}

- Total Sales increased by 7.3% y-o-y to RUB 136.0 billion
- Retail Sales stood at RUB 132.7 billion representing 6.1% y-o-y growth
- LFL Sales increased by 8.0% as a result of 4.2% LFL Traffic growth and 3.6% LFL Average ticket growth
- Online Sales increased by 44.9% y-o-y to RUB 12.7 billion
- Gross Profit increased by 4.6% y-o-y to RUB 27.7 billion. Gross Margin decreased by 52 bps and stood at 20.4%
- EBITDA was RUB 7.0 billion with a 5.2% EBITDA Margin

9M 2023 Highlights ^{1,2}

- Total Sales increased by 1.0% y-o-y to RUB 393.1 billion
- Retail Sales stood at RUB 384.7 billion representing 0.1% y-o-y growth
- LFL Sales increased by 1.3% following LFL Traffic growth of 1.0% and LFL Average ticket growth of 0.3%
- Online Sales increased by 21.7% y-o-y to RUB 35.5 billion
- The company opened 2 hypermarket and 27 small-format stores on a gross basis
- Total Selling Space decreased by 3.2% bringing Total Selling Space to 1,722.8 thousand sq. m.
- Gross Profit decreased by 11.0% y-o-y to RUB 79.5 billion. Gross Margin decreased by 273 bps and stood at 20.2%
- EBITDA was RUB 15.7 billion with a 4.0% EBITDA Margin
- The Net Debt to EBITDA (LTM) ratio stood at 1.9x vs. 1.6x as of 31 December 2022

1. Including Utkonos results starting from 1 February 2022.

2. Please note that all Financial Highlights are based upon IAS 17 figures

**Vladimir
Sorokin,**
Chief Executive Officer



In the third quarter of 2023, we continued Lenta's transformation. On our way to creating a champion of Russian retail, we manage to reach target indicators, including the growth from quarter to quarter, an increase of LFL-sales and an improvement of the profitability of our business. I think this is a good job of Lenta's team and I am confident that our results will continue to improve.

Our hypermarkets showed growth in like-for-like (LFL) sales: 8.7% year-on-year. We reversed negative trends in our small-box stores, seeing positive growth in both LFL sales and LFL traffic. These results were made possible thanks to a consistent effort to transform our in-store offer. In our hypermarkets, for example, we have been increasing the percentage of low-price items and optimizing our product mix, retaining only the most popular items, which has enabled us to reduce losses and improve the operational efficiency of our stores. We are also working hard to strengthen the format's differentiators: we are expanding our line of private label products and developing our in-house production. In our supermarkets, we are creating an image focused on affordable prices, expanding our unique product mix and taking our in-house brands to a qualitatively new level.

Despite our efforts, our profit margins continue to face fairly strong pressure. Increasing our margins will be a top priority for us in the near future; at the same time, we are also committed to maintaining high growth rates in terms of LFL sales.

In October of this year, a landmark event for Russian retail took place: the merger of the fourth- and tenth-largest grocery chains in Russia. We acquired more than two thousand Monetka stores with a well-established customer base, qualified personnel and a recognized brand. We plan to gain synergies in procurement, logistics and IT. Most importantly, however, the acquisition of Monetka is a strategic step toward making Lenta the leader in the fast-growing food and grocery retail segment. It is important that the integration process will focus on preserving Monetka's operating model, its best practices and, above all, its personnel. Each chain's operational team will continue to do what they do best: the Lenta team will manage hypermarkets, supermarkets, and online businesses, and the Monetka team will actively develop the proximity-store segment.

I am proud of the fact that, in the reporting period, we were able to conclude a strategically important deal that bolsters the Group's position and creates a platform for gaining leadership in the Russian grocery retail market. During the reporting period, we dealt with structural challenges and enjoyed improved operating performance in all our formats. I am grateful to the entire team for their hard work in creating the best shopping experience for customers and in creating value for shareholders.



Q3 & 9M 2023 OPERATING RESULTS, y-o-y Sales³

	Q3'23	Q3'22	Change	% Change	9M'23	9M'22	Change	% Change
Total Sales (RUB million)	135,988	126,785	9,202	7.3%	393,141	389,244	3,897	1.0%
Retail Sales	132,714	125,087	7,627	6.1%	384,720	384,371	350	0.1%
Hypermarkets	111,827	101,867	9,959	9.8%	320,110	310,154	9,956	3.2%
Small Formats	20,888	21,243	-355	-1.7%	64,610	67,486	-2,876	-4.3%
Utkonos ⁴	-	1,977	-	-	-	6,730	-	-
Wholesale⁵	3,274	1,698	1,575	92.8%	8,421	4,874	3,547	72.8%
Average Ticket (RUB)	1,032	985	48	4.9%	1,021	1,028	-7	-0.7%
Hypermarkets	1,327	1,274	54	4.2%	1,328	1,316	13	1.0%
Small Formats	472	456	15	3.4%	475	494	-19	-3.8%
Utkonos ⁴	-	3,950	-	-	-	4,215	-	-
Number of Tickets (millions)	128.5	127.0	1.5	1.2%	376.9	373.9	3.0	0.8%
Hypermarkets	84.3	80.0	4.3	5.3%	241.0	235.7	5.2	2.2%
Small Formats	44.3	46.6	-2.3	-4.9%	135.9	136.6	-0.7	-0.5%
Utkonos ⁴	-	0.5	-	-	-	1.6	-	-

Stores and Selling Space

	Q3'23	Q3'22	Change	% Change	9M'23	9M'22	Change	% Change
Total Retail Stores (eop)	676	811	-135	-16.6%	676	811	-135	-16.6%
Hypermarkets	261	258	3	1.2%	261	258	3	1.2%
Openings	1	0	1	0.0%	2	0	2	-
Closing	0	0	0	0.0%	0	0	0	-
Small Formats	415	553	-138	-25.0%	415	553	-138	-25.0%
Openings	4	18	-14	-77.8%	27	80	-53	-66.3%
Closing	102	16	86	100.0%	173	26	147	100.0%
New Selling Space (sqm, eop)	-45,346	1,618	-46,964	-	-65,367	25,337	-90,704	-
Hypermarkets	5,802	0	5,802	-	11,137	0	11,137	-
Small Formats	-51,148	1,618	-52,766	-	-76,504	25,337	-101,841	-
Total Selling Space (sqm, eop)	1,722,849	1,780,320	-57,471	-3.2%	1,722,849	1,780,320	-57,471	-3.2%
Hypermarkets	1,426,957	1,410,568	16,389	1.2%	1,426,957	1,410,568	16,389	1.2%
Small Formats	295,892	369,752	-73,860	-20.0%	295,892	369,752	-73,860	-20.0%

LFL Results

	Q3'23			9M'23		
	Sales	Average Ticket	Traffic	Sales	Average Ticket	Traffic
Total Retail	8.0%	3.6%	4.2%	1.3%	0.3%	1.0%
Hypermarkets	8.7%	4.6%	3.9%	2.6%	1.2%	1.3%
Small Formats	4.1%	-0.7%	4.9%	-5.1%	-5.5%	0.4%

Online Sales

	Q3'23	Q3'22	Change	% Change	9M'23	9M'22	Change	% Change
Total Online Sales (RUB million)	12,678	8,750	3,928	44.9%	35,538	29,189	6,348	21.7%
Online Partners	5,092	2,081	3,011	144.7%	14,086	7,771	6,314	81.3%
Lenta Online ⁶	7,586	6,669	918	13.8%	21,452	21,418	34	0.2%
Average Online Ticket (RUB)	1,955	2,337	-382	-16.3%	2,035	2,348	-313	-13.3%
Online Partners	2,092	2,112	-20	-1.0%	2,072	2,095	-23	-1.1%
Lenta Online ⁶	1,873	2,417	-544	-22.5%	2,011	2,455	-444	-18.1%
Total Online Orders (thousands)	6,485	3,745	2,740	73.2%	17,463	12,432	5,031	40.5%
Online Partners	2,434	985	1,449	147.0%	6,797	3,709	3,088	83.3%
Lenta Online ⁶	4,051	2,760	1,292	46.8%	10,666	8,723	1,943	22.3%

For Q3 2023 monthly operating results please refer to Appendix 1

3. Including Utkonos results from the date of consolidation (1 February 2022).

4. Following the integration of Utkonos business in Q4 2022, Utkonos sales falls under Hypermarkets and Small Formats sales

5. Wholesales includes Utkonos wholesales (B2B)

6. Lenta online includes Lenta Online, Utkonos, and Click & Collect



Q3 2023 OPERATING RESULTS

7.3%

Total Sales growth,
y-o-y

In Q3 2023, Total Sales increased by 7.3% to RUB 136.0 billion. Lenta's Retail Sales in Q3 2023 increased by 6.1% to RUB 132.7 billion compared to RUB 125.1 billion in Q3 2022, driven by 8.0% LFL Retail Sales growth which was offset by 3.2% Total Selling Space decrease. Overall Sales Density in Q3 2022 increased by 0.9% year-over-year.

According to Rosstat, in Q3 2023, consumer confidence increased by 2%, however it should be noted that it remains negative for last 10 years and continues to affect the spending of Russians. In Q3 2023, Lenta continued to record positive trend in Retail Sales in Hypermarkets resulted from company's actions to revise the assortment, pricing and promo activities.

1.2%

Number of Tickets
growth, y-o-y

In Q3 2023, the Number of Tickets increased by 1.2%, while the Average Ticket size increased by 4.9% thanks to the Average Ticket growth by 4.2% in Hypermarkets and by 3.4% in Small Format stores.

Wholesale Sales, which includes Utkonos B2B sales, represented 2.4% of Total Sales and increased by 92.8% compared to the corresponding period of the previous year.

8.0%

LFL Sales growth,
y-o-y

In Q3 2023, LFL Sales increased by 8.0% as a result of 4.2% Traffic growth and 3.6% Average Ticket increase.

In Q3 2023, Lenta continued to improve its loyalty program. Some 1.2 million customers activated a new loyalty card, and the total number of loyalty cards issued reached 35.2 million. The percentage of transactions using loyalty cards increased compared with Q2 2023 and amounted to 96.2% of total retail sales.

9.8%

HM Sales growth,
y-o-y

Hypermarket Sales represented 84.3% of total Retail Sales in Q3 2023. Hypermarkets Sales increased by 9.8%, following record LFL Sales growth of 8.7%, which was further amplified by 1.2% selling space growth. The sales density of Hypermarkets increased by 1.6% compared to the corresponding period of the previous year. In July 2023, Lenta opened a hypermarket in Surgut. The hypermarket boasts a total area of 10,384 sq m, with a sales floor of 5,802 sq m. The leased space is located in the Surgut City Mall. This store is the second hypermarket opened by Lenta in 2023.

-1.7%

Small Formats Sales
decline, y-o-y

In Q3 2023, 4 new small-format stores were opened. Lenta also closed 102 underperforming stores to optimize operations, bringing the total number of small-format stores to 415. In the reporting period Lenta's small-format stores demonstrated 1.7% sales decline which was resulted from selling space drop by 20% following the closure of not-performing stores. At the same time small-format stores for the first time in a while recorded LFL Sales growth of 4.1%, on the back of LFL traffic growth by 4.9%, which was offset by LFL Average Ticket decline of 0.7%.

44.9%

Total Online Sales
growth, y-o-y

In Q3 2023, Total Online Sales increased by 44.9% year-over-year and 6.5% quarter-on-quarter, while the Total Online Orders were up 73.2%, amounted to 6.5 million. This growth resulted from further online-offering CVP improvement, which included assortment tailoring, promo revision, and decrease of minimal order size requirement, as well as from intensified activities with our online-partners. During Q3 2023, Online Sales continued to gain a share in Total Sales and reached 9.3% of Total Sales compared to 6.9% a year before.



In Q3 2023, Lenta Online began delivering medicines from Aloe pharmacies (BSS Holding). Some 10 thousand items are currently available to customers; they can be paid for and received in the same order along with goods from Lenta. The range of medicines available depends on the specific pharmacy connected with the store responsible for order picking and delivery.

Q3 & 9M 2022 FINANCIAL HIGHLIGHTS, pre-IFRS 16

Key Financial Results, pre-IFRS 16

RUB million	Q3'23	Q3'22	Change	9M'23	9M'22	Change
Total Sales	135,988	126,785	7.3%	393,141	389,244	1.0%
Gross Profit	27,710	26,500	4.6%	79,488	89,339	-11.0%
<i>Gross Margin (%)</i>	<i>20.4%</i>	<i>20.9%</i>	<i>-52 bps</i>	<i>20.2%</i>	<i>23.0%</i>	<i>-273 bps</i>
SG&A	-27,278	-24,918	9.5%	-81,359	-85,422	-4.8%
<i>SG&A as % of Total Sales</i>	<i>-20.1%</i>	<i>-19.7%</i>	<i>-41 bps</i>	<i>-20.7%</i>	<i>-21.9%</i>	<i>125 bps</i>
EBITDAR	9,967	10,416	-4.3%	24,502	31,813	-23.0%
<i>EBITDAR Margin</i>	<i>7.3%</i>	<i>8.2%</i>	<i>-89 bps</i>	<i>6.2%</i>	<i>8.2%</i>	<i>-194 bps</i>
<i>Rent as % of Total Sales</i>	<i>-2.2%</i>	<i>-2.3%</i>	<i>11 bps</i>	<i>-2.2%</i>	<i>-2.3%</i>	<i>3 bps</i>
EBITDA	7,043	7,545	-6.7%	15,680	22,954	-31.7%
<i>EBITDA Margin</i>	<i>5.2%</i>	<i>6.0%</i>	<i>-77 bps</i>	<i>4.0%</i>	<i>5.9%</i>	<i>-191 bps</i>
Operating Profit before impairment	2,538	3,001	-15.4%	2,585	9,594	-73.1%
<i>Operating Profit Margin before impairment</i>	<i>1.9%</i>	<i>2.4%</i>	<i>-50 bps</i>	<i>0.7%</i>	<i>2.5%</i>	<i>-181 bps</i>
<i>Reversal of impairment</i>	<i>-110</i>	<i>-</i>	<i>-</i>	<i>-294</i>	<i>-</i>	<i>-</i>
Operating / Profit	2,428	3,001	-19.1%	2,292	9,594	-76.1%
<i>Operating Profit Margin</i>	<i>1.8%</i>	<i>2.4%</i>	<i>-58 bps</i>	<i>0.6%</i>	<i>2.5%</i>	<i>-188 bps</i>
Net Interest Expense	-1,422	-1,185	20.0%	-3,865	-3,640	6.2%
Net FX gain / (loss)	-92	-144	-36.1%	-292	213	-
(Loss) / Profit Before Income Tax	914	1,672	-45.3%	-1,865	6,167	-
Net (Loss) / Income	258	1,285	-79.9%	-2,146	4,643	-
<i>Net Income Margin</i>	<i>0.2%</i>	<i>1.0%</i>	<i>-82 bps</i>	<i>-0.5%</i>	<i>1.2%</i>	<i>-</i>

Total Sales demonstrated growth of 7.3% and amounted to RUB 136.0 billion, compared to RUB 126.8 billion in 2022.

+4.6%

Gross Profit,
y-o-y

In Q3 2023, Gross Profit (IAS 17) increased by 4.6% year-over-year to RUB 27.7 billion following Total Sales growth which was partially affected by Gross Margin decline. Gross Margin decreased by 52 bps to 20.4% primarily as a result of price reductions to match competitors, the sell-off of excess inventories to optimize the assortment, closures of inefficient small-format stores in the third quarter accompanied by inventory clearance sales. In Q3 2023, the Company has managed to decrease stock losses by 68 bps compared to the corresponding period of the previous year.

5.2%

EBITDA Margin

Gross Margin decline which was further amplified by SG&A growth led to an EBITDA (IAS 17) reduction of 6.7% year-over-year. In Q3 2023, Lenta's EBITDA Margin stood at 5.2%. EBITDA Margin declined by 77 bps compared to the previous year, primarily due to the decline in Gross Margin, and an increase of SG&A as a percentage of Sales, resulting mainly from an increase in payroll and related taxes. At the same time EBITDA Margin increased by 64 bps compare to Q2 2023.

Selling, General, and Administrative (SG&A) expenses, pre-IFRS 16

RUB million	Q3'23	Q3'22	Change	9M'23	9M'22	Change
Payroll and related taxes	10,512	8,842	18.9%	31,762	34,778	-8.7%
<i>as a % of Total Sales</i>	<i>7.7%</i>	<i>7.0%</i>	<i>76</i>	<i>8.1%</i>	<i>8.9%</i>	<i>-86 bps</i>
Depreciation and Amortization (D&A)	4,504	4,543	-0.9%	13,094	13,360	-2.0%
<i>as a % of Total Sales</i>	<i>3.3%</i>	<i>3.6%</i>	<i>-27 bps</i>	<i>3.3%</i>	<i>3.4%</i>	<i>-10 bps</i>
Lease Expenses	2,924	2,871	1.8%	8,822	8,859	-0.4%
<i>as a % of Total Sales</i>	<i>2.2%</i>	<i>2.3%</i>	<i>-11 bps</i>	<i>2.2%</i>	<i>2.3%</i>	<i>-3 bps</i>
Utilities	1,564	1,321	18.4%	4,817	4,847	-0.6%
<i>as a % of Total Sales</i>	<i>1.2%</i>	<i>1.0%</i>	<i>11 bps</i>	<i>1.2%</i>	<i>1.2%</i>	<i>-2 bps</i>
Store Operations	2,297	2,532	-9.3%	7,433	8,553	-13.1%
<i>as a % of Total Sales</i>	<i>1.7%</i>	<i>2.0%</i>	<i>-31 bps</i>	<i>1.9%</i>	<i>2.2%</i>	<i>-31 bps</i>
Professional Fees	1,412	1,487	-5.0%	4,112	4,220	-2.6%
<i>as a % of Total Sales</i>	<i>1.0%</i>	<i>1.2%</i>	<i>-13 bps</i>	<i>1.0%</i>	<i>1.1%</i>	<i>-4 bps</i>
Advertising	2,093	1,850	13.1%	5,730	5,338	7.3%
<i>as a % of Total Sales</i>	<i>1.5%</i>	<i>1.5%</i>	<i>8 bps</i>	<i>1.5%</i>	<i>1.4%</i>	<i>9 bps</i>
Other	1,972	1,472	34.0%	5,589	5,467	2.2%
<i>as a % of Total Sales</i>	<i>1.5%</i>	<i>1.2%</i>	<i>29 bps</i>	<i>1.4%</i>	<i>1.4%</i>	<i>2 bps</i>
Total SG&A	27,278	24,918	9.5%	81,359	85,422	-4.8%
<i>as a % of Total Sales</i>	<i>20.1%</i>	<i>19.7%</i>	<i>41 bps</i>	<i>20.7%</i>	<i>21.9%</i>	<i>-125 bps</i>
SG&A excluding D&A	22,774	20,375	11.8%	68,265	72,062	-5.3%
<i>as a % of Total Sales</i>	<i>16.7%</i>	<i>16.1%</i>	<i>68 bps</i>	<i>17.4%</i>	<i>18.5%</i>	<i>-115 bps</i>

+41 bps

Total SG&A as % of
Sales, y-o-y

+ 76 bps

Personnel expenses as
% of Sales, y-o-y

In Q3 2023, Total Selling, General, and Administrative expenses (IAS 17) increased by 9.5% year-over-year to RUB 27.3 billion. SG&A as a percentage of Total Sales increased by 41 bps to 20.1%. This decline was mainly driven by higher payroll and related taxes, as well as other expenses growth.

In 2023, Lenta faced increasing competition for employees, and in order to be able to compete for professionals and be in line with market benchmarks the Company proceed with salary increase. In Q3 2023, Payroll and related taxes increased by 18.9% year-over-year, while personnel expenses as a percentage of Total Sales increased by 76 bps.

D&A decreased by 0.9%, while D&A as a percentage of Total Sales decreased by 27 bps year-over-year.

The retail space of Lenta's leased premises decreased by 9.8% from Q3 2022 as a result of the closure of small-box stores in Q3 2023. Although the percentage of leased premises decreased, rental costs increased by 1.8% in Q3 2023, mainly due to the indexation of lease rates.

Store Operations as percentage of Total Sales decreased by 31 bps year-over-year, mainly driven by cleaning costs decreased by 19 bps, repairs and maintenance costs decreased by 6 bps, and security costs decrease of 6 bps.

Advertising costs during Q3 2023 were up 13.1% year-over-year, while other expenses increased by 34.0%.

Cash Flow Statement, pre-IFRS 16

RUB million	Q3'23	Q3'22	Change	9M'23	9M'22	Change
Profit / (Loss) before income tax	914	1,672	-45.3%	-1,865	6,167	-
Net adjustments for loss on disposal of assets, impairment, depreciation & amortization, and other	6,057	5,866	3.3%	18,091	17,194	5.2%
Movements in Working Capital	6,349	2,791	127.5%	-2,679	-15,106	-82.3%
Cash generated from operating activities	13,320	10,329	29.0%	13,547	8,255	64.1%
Net Interest & Income Taxes Paid	-1,328	-1,502	-11.6%	-4,855	-6,979	-30.4%
Net Cash generated from Operating Activities	11,992	8,827	35.9%	8,692	1,276	581.2%
Net cash used in Investing Activities	-1,983	-1,685	17.7%	-5,775	-9,044	-36.1%
Net cash generated from / (used in) financing activities	50,543	3,000	1,584.8%	58,469	-2,051	-2,950.8%
Effect of exchange rates on cash and cash equivalents	1	-68	-	4	-206	-
Net Increase / (Decrease) in Cash & Cash Equivalents	60,553	10,074	501.1%	61,390	-10,025	-

For the Q3 & 9M 2023 cash flow statement prepared in accordance with IFRS 16, please refer to Appendix 2

-9.7%

Capex, y-o-y

Capital Expenditures in Q3 2023 amounted to RUB 1.7 billion, a decrease of 9.7% year-over-year. This decrease mainly resulted from fewer organic store openings (5 store openings on a gross basis during Q3 2023 vs 18 store openings during Q3 2022).

The Company's Profit before income tax for the Q3 2023 equaled RUB 0.9 billion, compared RUB 1.7 billion in Q3 2022.

In Q3 2023, Net Cash generated from Operating Activities (IAS 17) amounted to RUB 12.0 billion, compared to RUB 8.8 billion in the previous year. These dynamics resulted from significant positive movement in working capital.

Net Cash used in Investing Activities increased by 17.7% to RUB 2.0 billion in Q3 2023 from RUB 1.7 billion in Q3 2022.

In Q3 2023, the Company raised additional funds to finance the acquisition of Monetka as a result Net Cash generated from Financing Activities amounted to RUB 50.5 billion, compared to RUB 3.0 billion in Q3 2022.

Free Cash Flow for Q3 2023 was RUB 10.0 billion, compared to RUB 7.1 billion in Q3 2022, due to higher Net Cash generated from Operating Activities.

Debt Position and Leverage

RUB million	IFRS 16		IAS 17	
	30-Sep-23	31-Dec-22	30-Sep-23	31-Dec-22
Gross Debt	186,326	134,273	139,838	81,123
Long-term Debt	108,489	26,968	108,489	26,968
Short-term Debt	31,349	54,155	31,349	54,155
Lease Liabilities (IFRS 16)	46,488	53,150	-	-
Cash & Cash Equivalents	90,410	29,020	90,410	29,020
Net Debt	95,916	105,253	49,428	52,103
Net Debt / EBITDA (LTM) ratio	-	-	1.9	1.6

1.9x

Net Debt / EBITDA IAS
17 (LTM),
as of 30 September 2023

Lenta's cash position at the end of Q3 2023 was RUB 90.4 billion. Gross Debt increased by 72.4% compared to 31 December 2022 and stood at RUB 139.8 billion as of 30 September 2023. Net Debt (IAS 17) decreased by RUB 2.7 billion compared to 31 December 2022 and stood at RUB 49.4 billion.

All the Company's debt has fixed interest rates and is fully ruble-denominated matching its revenue structure. The LTM weighted average effective interest rate for Lenta's debt portfolio for the period ended 30 September 2023 was 8.7%, compared to 7.6% for the twelve-month period ended 30 September 2022.

Lenta's Net Debt to EBITDA ratio was 1.9x as of 30 September 2023 vs 1.6x as of 31 December 2022.



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About Lenta

Lenta IPJSC (MOEX: LENT) is a leading Russian multi-format food and FMCG retailer. The company operates hypermarkets, supermarkets, and recently launched a new proximity store format under the brand Mini Lenta. It also provides customers the option to shop online via its own Lenta Online services, Online Partners and the Utkonos platform. Lenta is Russia's largest hypermarket operator and the fourth largest food retailer overall by Sales. The company was founded in 1993 in St. Petersburg and as of 30 September 2023, operated 261 hypermarkets and 415 supermarkets and Lenta Mini stores in over 200 cities and towns across Russia, with almost 1.72 million square meters of Selling Space. The average Lenta hypermarket has approximately 5,500 square meters of Selling Space, the average Lenta supermarket has 860 square meters, and the Mini Lenta format is 450 meters on average. The company operates 15 distribution centers to supply all its stores. 2022 Revenues were RUB 537 billion (approximately USD 7.6 billion).

Forward-Looking Statements

This announcement includes statements that are, or may be deemed to be, "forward-looking statements." These forward-looking statements can be identified by the fact that they do not only relate to historical or current events. Forward-looking statements often use words such as "anticipate," "target," "expect," "estimate," "intend," "expected," "plan," "goal," "believe," or other words of similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond Lenta's control. As a result, actual future results may differ materially from the plans, goals, and expectations set out in these forward-looking statements. Any forward-looking statements made by or on behalf of Lenta speak only as of the date of this announcement. Except as required by any applicable laws or regulations, Lenta undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.

Q3 2023 MONTHLY OPERATING RESULTS

Sales³

	July	YoY	August	YoY	September	YoY
Total Sales (RUB millions)	45,755	4.1%	45,651	9.1%	44,582	8.8%
Retail Sales	44,746	2.9%	44,527	7.7%	43,442	7.9%
Hypermarkets	37,788	6.2%	37,502	11.5%	36,536	11.9%
Small Formats	6,958	-4.4%	7,024	-0.1%	6,905	-0.4%
Utkonos ⁴	-	-	-	-	-	-
Wholesale	1,009	120.8%	1,125	122.7%	1,140	54.8%
Average Ticket (RUB)	1,033	2.8%	1,017	6.2%	1,048	5.7%
Hypermarkets	1,331	3.0%	1,307	5.7%	1,344	3.9%
Small Formats	466	0.0%	466	4.5%	483	5.8%
Utkonos ⁴	-	-	-	-	-	-
Number of Tickets (millions)	43	0.0%	44	1.5%	41	2.1%
Hypermarkets	28.4	3.1%	28.7	5.5%	27.2	7.6%
Small Formats	14.9	-4.4%	15.1	-4.4%	14.3	-5.9%
Utkonos ⁴	-	-	-	-	-	-

Stores and Selling Space

	July	August	September
Total Retail Stores (eop)	737	692	676
Hypermarkets	261	261	261
Openings	1	0	0
Closing	0	0	0
Small Formats	476	431	415
Openings	3	0	1
Closing	40	45	17
New Selling Space (sqm, eop)	-12,273	-24,267	-8,806
Hypermarkets	5,802	0	0
Small Formats	-18,075	-24,267	-8,806
Total Selling Space (sqm, eop)	1,755,922	1,731,655	1,722,849
Hypermarkets	1,426,957	1,426,957	1,426,957
Small Formats	328,965	304,698	295,892

Online Sales

	July	YoY	August	YoY	September	YoY
Total Online Sales (RUB, millions)	4,071	38.8%	4,230	51.3%	4,377	44.9%
Online Partners	1,614	123.3%	1,645	157.3%	1,833	154.8%
Lenta Online ⁶	2,457	11.2%	2,584	19.8%	2,545	10.6%
Average Online Ticket (RUB)	1,936	-16.7%	1,874	-18.3%	2,061	-13.8%
Online Partners	2,065	-2.1%	2,006	-1.1%	2,203	0.2%
Lenta Online ⁶	1,860	-22.7%	1,798	-24.6%	1,969	-19.9%
Total Online Orders (thousands)	2,103	66.7%	2,258	85.1%	2,124	68.1%
Online Partners	782	128.1%	820	160.2%	832	154.2%
Lenta Online ⁶	1,321	43.8%	1,437	59.0%	1,292	38.0%

3. Including Utkonos results from the date of consolidation (1 February 2022).

4. Following the integration of Utkonos business in Q4 2022, Utkonos sales falls under Hypermarkets and Small Formats sales

5. Wholesales includes Utkonos wholesales (B2B)

6. Lenta online includes Lenta Online, Utkonos, and Click & Collect

Q3 & 9M 2023 FINANCIAL HIGHLIGHTS, IFRS 16

Key Financial Results, IFRS 16

RUB million	Q3'23	Q3'22	Change	9M'23	9M'22	Change
Total Sales	135,988	126,785	7.3%	393,141	389,244	1.0%
Gross Profit	27,776	26,599	4.4%	79,769	89,701	-11.1%
<i>Gross Margin (%)</i>	<i>20.4%</i>	<i>21.0%</i>	<i>-55 bps</i>	<i>20.3%</i>	<i>23.0%</i>	<i>-275 bps</i>
SG&A	-26,556	-24,329	9.2%	-78,988	-83,628	-5.5%
<i>SG&A as % of Total Sales</i>	<i>-19.5%</i>	<i>-19.2%</i>	<i>-34 bps</i>	<i>-20.1%</i>	<i>-21.5%</i>	<i>139 bps</i>
EBITDAR	10,705	10,652	0.5%	25,685	32,243	-20.3%
<i>EBITDAR Margin</i>	<i>7.9%</i>	<i>8.4%</i>	<i>-53 bps</i>	<i>6.5%</i>	<i>8.3%</i>	<i>-175 bps</i>
<i>Rent as % of Total Sales</i>	<i>-0.3%</i>	<i>-0.3%</i>	<i>1 bps</i>	<i>-0.3%</i>	<i>-0.3%</i>	<i>7 bps</i>
EBITDA	10,338	10,291	0.5%	24,665	30,977	-20.4%
<i>EBITDA Margin</i>	<i>7.6%</i>	<i>8.1%</i>	<i>-51 bps</i>	<i>6.3%</i>	<i>8.0%</i>	<i>-168 bps</i>
Operating Profit before impairment	3,999	3,827	4.5%	6,140	11,818	-48.0%
<i>Operating Profit Margin before impairment</i>	<i>2.9%</i>	<i>3.0%</i>	<i>-8 bps</i>	<i>1.6%</i>	<i>3.0%</i>	<i>-147 bps</i>
Impairment	-110	-	0.0%	(294)	-	-
Operating Profit	3,889	3,827	1.6%	5,846	11,818	-50.5%
<i>Operating Profit Margin</i>	<i>2.9%</i>	<i>3.0%</i>	<i>-16 bps</i>	<i>1.5%</i>	<i>3.0%</i>	<i>-155 bps</i>
Net Interest Expense	-2,638	-2,488	6.0%	-7,581	-7,398	2.5%
Net FX gain / (Net FX loss)	-352	-431	-18.3%	-985	822	-
Profit / (Loss) before Income Tax	899	908	-1.0%	-2,720	5,242	-
(Net Loss) / Net Income	246	673	-63.4%	-2,830	3,903	-
<i>Net Income Margin</i>	<i>0.2%</i>	<i>0.5%</i>	<i>-35 bps</i>	<i>-0.7%</i>	<i>1.0%</i>	<i>-</i>

Selling, General, and Administrative (SG&A) expenses, IFRS 16

RUB million	Q3'23	Q3'22	Change	9M'23	9M'22	Change
Payroll and related taxes	10,512	8,842	18.9%	31,762	34,778	-8.7%
<i>as a % of Total Sales</i>	<i>7.7%</i>	<i>7.0%</i>	<i>76 bps</i>	<i>8.1%</i>	<i>8.9%</i>	<i>-86 bps</i>
Depreciation and Amortization (D&A)	6,339	6,464	-1.9%	18,525	19,159	-3.3%
<i>as a % of Total Sales</i>	<i>4.7%</i>	<i>5.1%</i>	<i>-44 bps</i>	<i>4.7%</i>	<i>4.9%</i>	<i>-21 bps</i>
Lease Expenses	367	361	1.7%	1,020	1,266	-19.4%
<i>as a % of Total Sales</i>	<i>0.3%</i>	<i>0.3%</i>	<i>-1 bps</i>	<i>0.3%</i>	<i>0.3%</i>	<i>-7 bps</i>
Utilities	1,564	1,321	18.4%	4,817	4,847	-0.6%
<i>as a % of Total Sales</i>	<i>1.2%</i>	<i>1.0%</i>	<i>11 bps</i>	<i>1.2%</i>	<i>1.2%</i>	<i>-2 bps</i>
Store Operations	2,297	2,532	-9.3%	7,433	8,553	-13.1%
<i>as a % of Total Sales</i>	<i>1.7%</i>	<i>2.0%</i>	<i>-31 bps</i>	<i>1.9%</i>	<i>2.2%</i>	<i>-31 bps</i>
Professional Fees	1,412	1,487	-5.0%	4,112	4,220	-2.6%
<i>as a % of Total Sales</i>	<i>1.0%</i>	<i>1.2%</i>	<i>-13 bps</i>	<i>1.0%</i>	<i>1.1%</i>	<i>-4 bps</i>
Advertising	2,093	1,850	13.1%	5,730	5,338	7.3%
<i>as a % of Total Sales</i>	<i>1.5%</i>	<i>1.5%</i>	<i>8 bps</i>	<i>1.5%</i>	<i>1.4%</i>	<i>9 bps</i>
Other	1,972	1,472	34.0%	5,589	5,467	2.2%
<i>as a % of Total Sales</i>	<i>1.5%</i>	<i>1.2%</i>	<i>29 bps</i>	<i>1.4%</i>	<i>1.4%</i>	<i>2 bps</i>
Total SG&A	26,556	24,329	9.2%	78,988	83,628	-5.5%
<i>as a % of Total Sales</i>	<i>19.5%</i>	<i>19.2%</i>	<i>34 bps</i>	<i>20.1%</i>	<i>21.5%</i>	<i>-139 bps</i>
SG&A excluding D&A	20,217	17,865	13.2%	60,463	64,469	-6.2%
<i>as a % of Total Sales</i>	<i>14.9%</i>	<i>14.1%</i>	<i>78 bps</i>	<i>15.4%</i>	<i>16.6%</i>	<i>-118 bps</i>

Cash Flow Statement, IFRS 16

RUB million	Q3'23	Q3'22	Change	9M'23	9M'22	Change
Profit / (Loss) before income tax	899	908	-1.0%	-2,720	5,242	-152%
Net adjustments for loss on disposal of assets, impairment, depreciation & amortization, and other	8,694	9,239	-5.9%	27,029	26,073	4%
Movements in Working Capital	6,274	2,926	114.4%	-3,039	-15,003	-80%
Cash generated from operating activities	15,867	13,073	21.4%	21,270	16,312	30%
Net Interest & Income Taxes Paid	-2,556	-2,809	-9.0%	-8,592	-10,755	-20%
Net Cash generated from Operating Activities	13,311	10,264	29.7%	12,678	5,557	128%
Net cash used in Investing Activities	-1,974	-1,675	17.9%	-5,746	-9,015	-36%
Net cash generated from / (used in) financing activities	49,215	1,553	3069.0%	54,454	-6,361	-
Effect of exchange rates on cash and cash equivalents	1	-68	-	4	-206	-
Net Increase / (Decrease) in Cash & Cash Equivalents	60,553	10,074	501.1%	61,390	-10,025	-