



LENTA ANNOUNCES ITS OPERATIONAL RESULTS AND KEY FINANCIAL RESULTS FOR Q2 AND H1 2023

28 July 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 second quarter and the first six months of 2023.

Q2 2023 Highlights ^{1,2}

- Total Sales increased by 1.9% y-o-y to RUB 132.5 billion
- Retail Sales stood at RUB 129.5 billion representing 0.6% y-o-y growth
- LFL Sales increased by 1.8% due to 1.8% LFL Traffic growth
- Online Sales increased by 24.0% y-o-y to RUB 11.9 billion
- Gross Profit decreased by 15.8% y-o-y to RUB 27.6 billion. Gross Margin decreased by 436 bps and stood at 20.9%
- EBITDA was RUB 6.0 billion with a 4.5% EBITDA Margin

H1 2023 Highlights ^{1,2}

- Total Sales decreased by 2.0% y-o-y to RUB 257.2 billion
- Retail Sales stood at RUB 252.0 billion representing 2.8% y-o-y decline
- LFL Sales decreased by 1.9% due to 1.4% LFL Average Ticket decline and 0.6% Traffic drop
- Online Sales increased by 11.8% y-o-y to RUB 22.9 billion
- The company opened 1 hypermarket and 23 small-format stores on a gross basis
- Total Selling Space decreased by 0.6% bringing Total Selling Space to 1,768.2 thousand sq. m.
- Gross Profit decreased by 17.6% y-o-y to RUB 51.8 billion. Gross Margin decreased by 381 bps and stood at 20.1%
- EBITDA was RUB 8.6 billion with a 3.4% EBITDA Margin
- The Net Debt to EBITDA (LTM) ratio stood at 2.3x 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 second quarter of 2023, we saw signs of a recovery in consumer demand, which in June was just about at pre-crisis levels, which was also reflected in our results. We expect this trend to continue, and the recovery in consumer spending will keep going in the third and fourth quarters. At the same time, it should be noted that consumer price index of food decreased in the second quarter of 2023, which had an impact on our average ticket.

As demand recovered and in response to the measures we took to adapt to market conditions—expanding our assortment in lower price segments, increasing the number of promotions, and testing new formats, such as hyper-economy—we noted positive trends in our hypermarkets during the reporting period. Total like-for-like hypermarket sales rebounded into positive territory, reaching 7.2% in June. As for expansion, we opened two new hypermarkets, in June in Voronezh and in July in Surgut. We continue to work on attracting customers to our stores, and in July 2023 we launched our first restaurant under the Lenta brand, Lenta Fresh, at our hypermarket in St. Petersburg. We believe that this family restaurant will increase store traffic as well as loyalty to our Lenta Fresh brand and our private labels.

Despite the fact that our small-format stores' results remain below our expectations, we note positive dynamics in these stores as well, in particular, an increase in sales density week on week. In the second half of 2023, we will continue to work diligently to improve operational efficiency and to find an attractive value proposition model for our customers.

We continue to see excellent potential in the online segment. In the reporting quarter, we worked on the improvement of our online proposition: we revised our prices and promo offers and also reduced the minimum order size. As a result, online sales increased by 24% year-on-year, and the number of orders increased by 46%. In order to improve our margins in the online business, we are working hard to develop and integrate programs that lower costs and improve the quality of our online services. We improved the efficiency of our online business considerably in the second quarter of 2023.

Lenta continues to respond in a timely manner to changes in consumer needs. Our second-quarter results indicate that we are on the right track, and there is a growth potential that needs to be realized. At the same time, our ultimate goal remains unchanged - to provide customers with a wide selection of quality products and everyday essentials at affordable prices.



Q2 & H1 2023 OPERATING RESULTS, y-o-y

Sales³

	Q2'23	Q2'22	Change	% Change	H1'23	H1'22	Change	% Change
Total Sales (RUB million)	132,514	130,089	2,425	1.9%	257,153	262,459	-5,306	-2.0%
Retail Sales	129,524	128,737	786	0.6%	252,006	259,284	-7,278	-2.8%
Hypermarkets	107,521	102,700	4,821	4.7%	208,283	208,287	-3	0.0%
Small Formats	22,002	23,478	-1,476	-6.3%	43,723	46,243	-2,521	-5.5%
Utikonos ⁴	0	2,559	-	-	0	4,754	-	-
Wholesale⁵	2,990	1,352	1,639	121.2%	5,147	3,175	1,972	62.1%
Average Ticket (RUB)	1,005	1,023	-19	-1.8%	1,015	1,050	-36	-3.4%
Hypermarkets	1,325	1,315	10	0.7%	1,329	1,337	-8	-0.6%
Small Formats	461	498	-37	-7.5%	477	514	-36	-7.1%
Utikonos ⁴	0	4,383	-	-	0	4,336	-	-
Number of Tickets (millions)	129	126	3	2.5%	248	247	1	0.6%
Hypermarkets	81	78	3	3.9%	157	156	1	0.6%
Small Formats	48	47	1	1.3%	92	90	2	1.8%
Utikonos ⁴	0	1	-	-	0	1	-	-

Stores and Selling Space

	Q2'23	Q2'22	Change	% Change	H1'23	H1'22	Change	% Change
Total Retail Stores (eop)	773	809	-36	-4.4%	773	809	-36	-4.4%
Hypermarkets	260	258	2	0.8%	260	258	2	0.8%
Openings	1	0	1	0.0%	1	0	1	-
Closing	0	0	0	0.0%	0	0	0	-
Small Formats	513	551	-38	-6.9%	513	551	-38	-6.9%
Openings	7	18	-11	-61.1%	23	62	-39	-62.9%
Closing	62	4	58	1,450%	71	10	61	610.0%
New Selling Space (sqm, eop)	-20,697	6,286	-26,983	-	-20,021	23,719	-	-184.4%
Hypermarkets	5,335	0	5,335	0.0%	5,335	0	5,335	-
Small Formats	-26,032	6,286	-32,318	-	-25,356	23,719	-49,075	-
Total Selling Space (sqm, eop)	1,768,195	1,778,702	-10,507	-0.6%	1,768,195	1,778,702	-10,507	-0.6%
Hypermarkets	1,421,155	1,410,568	10,587	0.8%	1,421,155	1,410,568	10,587	0.8%
Small Formats	347,040	368,134	-21,094	-5.7%	347,040	368,134	-21,094	-5.7%

LFL Results

	Q2'23			H1'23		
	Sales	Average Ticket	Traffic	Sales	Average Ticket	Traffic
Total Retail	1.8%	0.0%	1.8%	-1.9%	-1.4%	-0.6%
Hypermarkets	4.1%	0.9%	3.2%	-0.5%	-0.5%	0.0%
Small Formats	-9.0%	-8.4%	-0.7%	-8.9%	-7.4%	-1.6%

Online Sales

	Q2'23	Q2'22	Change	% Change	H1'23	H1'22	Change	% Change
Total Online Sales (RUB million)	11,908	9,603	2,305	24.0%	22,859	20,439	2,420	11.8%
Online Partners	4,681	2,158	2,524	117.0%	8,994	5,690	3,304	58.1%
Lenta Online ⁶	7,226	7,445	-218	-2.9%	13,865	14,749	-884	-6.0%
Average Online Ticket (RUB)	2,048	2,418	-370	-15.3%	2,082	2,353	-270	-11.5%
Online Partners	2,103	2,095	7	0.3%	2,061	2,089	-28	-1.3%
Lenta Online ⁶	2,014	2,532	-517	-20.4%	2,096	2,473	-377	-15.2%
Total Online Orders (thousands)	5,814	3,971	1,844	46.4%	10,979	8,688	2,291	26.4%
Online Partners	2,226	1,030	1,197	116.2%	4,363	2,724	1,640	60.2%
Lenta Online ⁶	3,588	2,941	647	22.0%	6,615	5,964	651	10.9%

For Q2 2023 monthly operating results please refer to Appendix 1

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

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

5. Wholesale includes Utikonos wholesales (B2B)

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

Q2 2023 OPERATING RESULTS

1.9%

Total Sales growth,
y-o-y

In Q2 2023, Total Sales increased by 1.9% to RUB 132.5 billion. Lenta's Retail Sales in Q2 2023 increased by 0.6% to RUB 129.5 billion compared to RUB 128.7 billion in Q2 2022, driven by 1.8% LFL Retail Sales growth which was slightly offset by 0.6% Total Selling Space decrease. Overall Sales Density in Q2 2022 decreased by 3.0% year-over-year.

In Q2 2023, Lenta has begun to record positive trend in Retail Sales in hypermarkets resulted from company's actions to revise the assortment, pricing and promo activities. However, food price deflation affected the average ticket in both hypermarkets and small-format stores.

2.5%

Number of Tickets
growth, y-o-y

In Q2 2023, the Number of Tickets increased by 2.5%, while the Average Ticket size decreased by 1.8% following the decline of the Average Ticket in Small Format stores by 7.5%, while the Average ticket in Hypermarkets has slightly increased by 0.7%.

Wholesale Sales, which includes Utkonos B2B sales, represented 2.3% of Total Sales and increased by 121.2% compared to the corresponding period of the previous year.

1.8%

LFL Sales growth,
y-o-y

In Q2 2023, LFL Sales increased by 1.8% as a result of 1.8% Traffic growth.

In Q2 2023, Lenta continued develop its loyalty program. The number of customers who activated a new Lenta #1 Card increased by 5.9 million, with the total number of loyalty cards issued amounted to 34.0 million. Transactions using loyalty cards increased compared to Q1 2023 and accounted for 96.1% of total Retail Sales, excluding Utkonos.

4.7%

HM Sales growth,
y-o-y

Hypermarket Sales represented 83% of total Retail Sales in Q2 2023. Hypermarkets Sales increased by 4.7%, following LFL Sales growth of 4.1%, which was further amplified by 0.8% selling space growth. The sales density of Hypermarkets was flat compared to the corresponding period of the previous year. In June 2023, Lenta opened a hypermarket in Voronezh Region. The hypermarket boasts a total area of 9,378 sq m, with a sales floor of 5,335 sq m. The building accommodating the hypermarket is owned by the Company. This store is the first hypermarket opened by Lenta in 2023.

-6.3%

Small Formats Sales
decline, y-o-y

In Q2 2023, 7 new small-format stores were opened. Lenta also closed 62 underperforming stores to optimize operations, bringing the total number of small-format stores to 513. In the reporting period Lenta's small-format stores demonstrated 6.3% sales decline. Small-format stores LFL Sales declined by 9.0%, LFL Average Ticket decreased by 8.4%, while LFL Traffic stood at a negative 0.7%.

46.4%

Total Online Orders,
y-o-y

In Q2 2023, Total Online Sales increased by 24.0% year-over-year and 8.7% quarter-on-quarter, while the Total Online Orders were up 46.4%, amounted to 5.8 million. This growth resulted from 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 Q2 2023, Online Sales continued to gain a share in Total Sales and reached 9.0% of Total Sales compared to 7.4% a year before.

Q2 & H1 2022 FINANCIAL HIGHLIGHTS, pre-IFRS 16

Key Financial Results, pre-IFRS 16

RUB million	Q2'23	Q2'22	Change	H1'23	H1'22	Change
Total Sales	132,514	130,089	1.9%	257,153	262,459	-2.0%
Gross Profit	27,632	32,798	-15.8%	51,778	62,839	-17.6%
<i>Gross Margin (%)</i>	<i>20.9%</i>	<i>25.2%</i>	<i>-436 bps</i>	<i>20.1%</i>	<i>23.9%</i>	<i>-381 bps</i>
SG&A	-27,194	-30,839	-11.8%	-54,081	-60,504	-10.6%
<i>SG&A as % of Total Sales</i>	<i>-20.5%</i>	<i>-23.7%</i>	<i>318 bps</i>	<i>-21.0%</i>	<i>-23.1%</i>	<i>202 bps</i>
EBITDAR	8,993	11,490	-21.7%	14,535	21,397	-32.1%
<i>EBITDAR Margin</i>	<i>6.8%</i>	<i>8.8%</i>	<i>-205 bps</i>	<i>5.7%</i>	<i>8.2%</i>	<i>-250 bps</i>
<i>Rent as % of Total Sales</i>	<i>-2.2%</i>	<i>-2.3%</i>	<i>4 bps</i>	<i>-2.3%</i>	<i>-2.3%</i>	<i>-1 bps</i>
EBITDA	6,012	8,518	-29.4%	8,637	15,409	-43.9%
<i>EBITDA Margin</i>	<i>4.5%</i>	<i>6.5%</i>	<i>-201 bps</i>	<i>3.4%</i>	<i>5.9%</i>	<i>-251 bps</i>
Operating Profit before impairment	1,693	4,062	-58.3%	47	6,593	-99.3%
<i>Operating Profit Margin before impairment</i>	<i>1.3%</i>	<i>3.1%</i>	<i>-184 bps</i>	<i>0.0%</i>	<i>2.5%</i>	<i>-249 bps</i>
<i>Reversal of impairment</i>	<i>-184</i>	<i>-</i>	<i>-</i>	<i>-184</i>	<i>-</i>	<i>-</i>
Operating (Loss) / Profit	1,510	4,062	-62.8%	-136	6,593	-
<i>Operating Profit Margin</i>	<i>1.1%</i>	<i>3.1%</i>	<i>-198 bps</i>	<i>-0.1%</i>	<i>2.5%</i>	<i>-256 bps</i>
Net Interest Expense	-1,193	-1,400	-14.8%	-2,443	-2,455	-0.5%
Net FX gain / (loss)	-39	388	-	-200	357	-
(Loss) / Profit Before Income Tax	278	3,050	-90.9%	-2,779	4,495	-
Net (Loss) / Income	103	2,623	-96.1%	-2,404	3,358	-
<i>Net Income Margin</i>	<i>0.1%</i>	<i>2.0%</i>	<i>-194 bps</i>	<i>-0.9%</i>	<i>1.3%</i>	<i>-</i>

Total Sales demonstrated growth of 1.9% and amounted to RUB 132.5 billion, compared to RUB 130.1 billion in 2022.

-15.8%

Gross Profit,
y-o-y

In Q2 2023, Gross Profit (IAS 17) declined by 15.8% year-over-year to RUB 27.6 billion. Gross Margin decreased by 436 bps to 20.9% 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 second quarter accompanied by inventory clearance sales, and a considerable increase in promotions compared to the previous year, when the majority of promotions were put on hold.

4.5%

EBITDA Margin

Gross Margin decline which was slightly offset by Total Sales growth led to an EBITDA (IAS 17) reduction of 29.4% year-over-year. In Q2 2023, Lenta's EBITDA Margin stood at 4.5%. EBITDA Margin declined by 201 bps compared to the previous year, primarily due to the decline in Gross Margin, which was partially offset by the decrease in SG&A as a percentage of Sales, resulting from a significant decrease in payroll and related taxes further amplified by lower store operations costs and utilities costs.

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

RUB million	Q2'23	Q2'22	Change	H1'23	H1'22	Change
Payroll and related taxes	10,703	13,509	-20.8%	21,250	25,936	-18.1%
<i>as a % of Total Sales</i>	<i>8.1%</i>	<i>10.4%</i>	<i>-231 bps</i>	<i>8.3%</i>	<i>9.9%</i>	<i>-162 bps</i>
Depreciation and Amortization (D&A)	4,319	4,457	-3.1%	8,590	8,817	-2.6%
<i>as a % of Total Sales</i>	<i>3.3%</i>	<i>3.4%</i>	<i>-17 bps</i>	<i>3.3%</i>	<i>3.4%</i>	<i>-2 bps</i>
Lease Expenses	2,981	2,972	0.3%	5,898	5,988	-1.5%
<i>as a % of Total Sales</i>	<i>2.2%</i>	<i>2.3%</i>	<i>-4 bps</i>	<i>2.3%</i>	<i>2.3%</i>	<i>1 bps</i>
Utilities	1,492	1,738	-14.2%	3,253	3,526	-7.7%
<i>as a % of Total Sales</i>	<i>1.1%</i>	<i>1.3%</i>	<i>-21 bps</i>	<i>1.3%</i>	<i>1.3%</i>	<i>-8 bps</i>
Store Operations	2,501	2,980	-16.1%	5,136	6,021	-14.7%
<i>as a % of Total Sales</i>	<i>1.9%</i>	<i>2.3%</i>	<i>-40 bps</i>	<i>2.0%</i>	<i>2.3%</i>	<i>-30 bps</i>
Professional Fees	1,408	1,359	3.6%	2,700	2,733	-1.2%
<i>as a % of Total Sales</i>	<i>1.1%</i>	<i>1.0%</i>	<i>2 bps</i>	<i>1.0%</i>	<i>1.0%</i>	<i>1 bps</i>
Advertising	1,911	1,826	4.7%	3,637	3,488	4.3%
<i>as a % of Total Sales</i>	<i>1.4%</i>	<i>1.4%</i>	<i>4 bps</i>	<i>1.4%</i>	<i>1.3%</i>	<i>9 bps</i>
Other	1,879	1,998	-6.0%	3,617	3,995	-9.5%
<i>as a % of Total Sales</i>	<i>1.4%</i>	<i>1.5%</i>	<i>-12 bps</i>	<i>1.4%</i>	<i>1.5%</i>	<i>-12 bps</i>
Total SG&A	27,194	30,839	-11.8%	54,081	60,504	-10.6%
<i>as a % of Total Sales</i>	<i>20.5%</i>	<i>23.7%</i>	<i>-318 bps</i>	<i>21.0%</i>	<i>23.1%</i>	<i>-202 bps</i>
SG&A excluding D&A	22,875	26,382	-13.3%	45,491	51,687	-12.0%
<i>as a % of Total Sales</i>	<i>17.3%</i>	<i>20.3%</i>	<i>-302 bps</i>	<i>17.7%</i>	<i>19.7%</i>	<i>-200 bps</i>

-318 bps

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

-231 bps

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

In Q2 2023, Total Selling, General, and Administrative expenses (IAS 17) decreased by 11.8% year-over-year to RUB 27.2 billion. SG&A as a percentage of Total Sales decreased by 318 bps to 20.5%. This decline was mainly driven by lower payroll and related taxes, as well as decreased store operations costs.

In Q2 2023, Payroll and related taxes decreased by 20.8% year-over-year, while personnel expenses as a percentage of Total Sales declined by 231 bps. Such dynamics is mainly connected with the increase in the efficiency of the online business, which, among other things, included the optimization of personnel costs.

D&A decreased by 3.1%, while D&A as a percentage of Total Sales decreased by 17 bps year-over-year.

The share of leased selling space for Lenta overall slightly declined compared to the Q2 2022 following the closure of small-format stores in 1H 2023. However, in Q2 2023, lease expenses increased by 0.3%, primarily due to the indexation.

Store Operations as percentage of Total Sales decreased by 40 bps year-over-year, mainly driven by repairs and maintenance costs decreased by 25 bps, cleaning costs decreased by 10 bps, and security costs decrease of 5 bps.

Advertising costs during Q2 2023 were up just 4.7% year-over-year, while other expenses declined by 6.0%.

Cash Flow Statement, pre-IFRS 16

RUB million	Q2'23	Q2'22	Change	H1'23	H1'22	Change
Profit / (Loss) before income tax	278	3,050	-90.9%	-2,779	4,495	-
Net adjustments for loss on disposal of assets, impairment, depreciation & amortization, and other	5,720	5,753	-0.6%	12,034	11,328	6.2%
Movements in Working Capital	5,931	-3,448	-	-9,028	-17,897	-49.6%
Cash generated from / (used in) operating activities	11,929	5,355	122.8%	227	-2,074	-
Net Interest & Income Taxes Paid	-1,656	-1,865	-11.2%	-3,527	-5,477	-35.6%
Net Cash generated from / (used in) Operating Activities	10,273	3,490	194.4%	-3,300	-7,551	-56.3%
Net cash used in Investing Activities	-1,470	-3,361	-56.3%	-3,792	-7,359	-48.5%
Net cash generated from / (used in) financing activities	9,956	-5,001	-	7,926	-5,051	-
Effect of exchange rates on cash and cash equivalents	-19	-173	-89.0%	3	-138	-
Net Increase / (Decrease) in Cash & Cash Equivalents	18,740	-5,045	-	837	-20,099	-

For the Q2 & H1 2023 cash flow statement prepared in accordance with IFRS 16, please refer to Appendix 2

-34.0%

Capex, y-o-y

Capital Expenditures in Q2 2023 amounted to RUB 2.0 billion, a decrease of 34.0% year-over-year. This decrease mainly resulted from fewer organic store openings (7 store openings on a gross basis during Q2 2023 vs 18 store openings during Q2 2022).

The Company's Profit before income tax for the Q2 2023 equaled RUB 0.3 billion, compared RUB 3.1 billion in Q2 2022.

In Q2 2023, Net Cash generated from Operating Activities (IAS 17) amounted to RUB 10.3 billion, compared to RUB 3.5 billion in the previous year. These dynamics resulted from significant positive movement in working capital.

Net Cash used in Investing Activities decreased by 56.3% to RUB 1.5 billion in Q2 2023 from RUB 3.4 billion in Q2 2022.

In Q2 2023, Net Cash generated from Financing Activities amounted to RUB 10.0 billion, compared to Net Cash used in Financing activities of RUB 5.0 billion in Q2 2022.

Free Cash Flow for Q2 2023 was RUB 8.8 billion, compared to RUB 0.1 billion in Q2 2022, due to higher Net Cash used in Operating Activities and lower Net cash used in Investing Activities.

Debt Position and Leverage

RUB million	IFRS 16		IAS 17	
	30-Jun-23	31-Dec-22	30-Jun-23	31-Dec-22
Gross Debt	139,785	134,273	89,115	81,123
Long-term Debt	67,908	26,968	67,908	26,968
Short-term Debt	21,207	54,155	21,207	54,155
Lease Liabilities (IFRS 16)	50,670	53,150	-	-
Cash & Cash Equivalents	29,857	29,020	29,857	29,020
Net Debt	109,928	105,253	59,258	52,103
Net Debt / EBITDA (LTM) ratio	-	-	2.3	1.6

2.3x

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

Lenta's cash position at the end of Q2 2023 was RUB 29.9 billion. Gross Debt increased by 9.9% compared to 31 December 2022 and stood at RUB 89.1 billion as of 30 June 2023. Net Debt (IAS 17) increased by RUB 7.2 billion compared to 31 December 2022 and stood at RUB 59.3 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 June 2023 was 7.7%, compared to 7.4% for the twelve-month period ended 30 June 2022.

Lenta's Net Debt to EBITDA ratio was 2.3x as of 30 June 2023 vs 1.6x as of 31 December 2022.



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About Lenta

Lenta IPJSC (LSE: LNTA, 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 June 2023, operated 260 hypermarkets and 513 supermarkets and Lenta Mini stores in over 200 cities and towns across Russia, with almost 1.77 million square meters of Selling Space. The average Lenta hypermarket has approximately 5,500 square meters of Selling Space, the average Lenta supermarket has 800 square meters, and the Mini Lenta format is 500 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.

Q2 2023 MONTHLY OPERATING RESULTS

Sales³

	April	YoY	May	YoY	June	YoY
Total Sales (RUB millions)	43,935	1.0%	44,098	0.4%	44,481	4.3%
Retail Sales	42,980	-0.4%	43,060	-0.9%	43,484	3.2%
Hypermarkets	35,450	4.3%	35,670	2.9%	36,401	6.9%
Small Formats	7,530	-7.8%	7,390	-7.3%	7,082	-3.5%
Utkonos ⁴	-	-	-	-	-	-
Wholesale	955	162.3%	1,038	135.5%	997	82.4%
Average Ticket (RUB)	1,012	-1.4%	991	-4.0%	1,011	0.0%
Hypermarkets	1,340	1.7%	1,311	-1.0%	1,324	1.5%
Small Formats	471	-7.9%	455	-10.1%	457	-4.2%
Utkonos ⁴	-	-	-	-	-	-
Number of Tickets (millions)	42	1.0%	43	3.2%	43	3.2%
Hypermarkets	26.5	2.5%	27.2	3.9%	27.5	5.4%
Small Formats	16.0	0.1%	16.2	3.2%	15.5	0.7%
Utkonos ⁴	-	-	-	-	-	-

Stores and Selling Space

	April	May	June
Total Retail Stores (eop)	818	810	773
Hypermarkets	259	259	260
Openings	0	0	1
Closing	0	0	0
Small Formats	559	551	513
Openings	2	4	1
Closing	11	12	39
New Selling Space (sqm, eop)	-4,270	-4,952	-11,475
Hypermarkets	0	0	5,335
Small Formats	-4,270	-4,952	-16,810
Total Selling Space (sqm, eop)	1,784,622	1,779,670	1,768,195
Hypermarkets	1,415,820	1,415,820	1,421,155
Small Formats	368,802	363,850	347,040

Online Sales

	April	YoY	May	YoY	June	YoY
Total Online Sales (RUB, millions)	3,836	12.6%	4,034	25.2%	4,038	35.8%
Online Partners	1,500	91.2%	1,598	133.9%	1,583	129.5%
Lenta Online ⁶	2,335	-11.0%	2,436	-4.0%	2,455	7.5%
Average Online Ticket (RUB)	2,064	-14.0%	2,084	-14.9%	1,999	-17.0%
Online Partners	2,023	-0.9%	2,164	2.2%	2,121	-0.7%
Lenta Online ⁶	2,091	-17.4%	2,035	-20.4%	1,927	-23.1%
Total Online Orders (thousands)	1,858	30.8%	1,936	47.1%	2,020	63.7%
Online Partners	742	93.0%	738	128.8%	746	131.2%
Lenta Online ⁶	1,117	7.8%	1,197	20.5%	1,274	39.8%

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

Q2 & H1 2023 FINANCIAL HIGHLIGHTS, IFRS 16

Key Financial Results, IFRS 16

RUB million	Q2'23	Q2'22	Change	H1'23	H1'22	Change
Total Sales	132,514	130,089	1.9%	257,153	262,459	-2.0%
Gross Profit	27,739	33,003	-16.0%	51,993	63,102	-17.6%
<i>Gross Margin (%)</i>	<i>20.9%</i>	<i>25.4%</i>	<i>-444 bps</i>	<i>20.2%</i>	<i>24.0%</i>	<i>-382 bps</i>
SG&A	-26,292	-30,263	-13.1%	-52,432	-59,299	-11.6%
<i>SG&A as % of Total Sales</i>	<i>-19.8%</i>	<i>-23.3%</i>	<i>342 bps</i>	<i>-20.4%</i>	<i>-22.6%</i>	<i>220 bps</i>
EBITDAR	9,187	11,630	-21.0%	14,980	21,591	-30.6%
<i>EBITDAR Margin</i>	<i>6.9%</i>	<i>8.9%</i>	<i>-201 bps</i>	<i>5.8%</i>	<i>8.2%</i>	<i>-240 bps</i>
<i>Rent as % of Total Sales</i>	<i>-0.3%</i>	<i>-0.4%</i>	<i>11 bps</i>	<i>-0.3%</i>	<i>-0.3%</i>	<i>9 bps</i>
EBITDA	8,853	11,156	-20.6%	14,327	20,686	-30.7%
<i>EBITDA Margin</i>	<i>6.7%</i>	<i>8.6%</i>	<i>-189 bps</i>	<i>5.6%</i>	<i>7.9%</i>	<i>-231 bps</i>
Operating Profit before impairment	2,789	4,778	-41.6%	2,141	7,991	-73.2%
<i>Operating Profit Margin before impairment</i>	<i>2.1%</i>	<i>3.7%</i>	<i>-157 bps</i>	<i>0.8%</i>	<i>3.0%</i>	<i>-221 bps</i>
Impairment	-184	-	0.0%	-184	-	-
Operating Profit	2,605	4,778	-45.5%	1,957	7,991	-75.5%
<i>Operating Profit Margin</i>	<i>2.0%</i>	<i>3.7%</i>	<i>-171 bps</i>	<i>0.8%</i>	<i>3.0%</i>	<i>-228 bps</i>
Net Interest Expense	-2,465	-2,622	-6.0%	-4,943	-4,910	0.7%
Net FX gain / (Net FX loss)	-293	1,594	-	-633	1,253	-
Profit / (Loss) before Income Tax	-153	3,750	-	-3,619	4,334	-
(Net Loss) / Net Income	-241	3,185	-	-3,076	3,230	-
<i>Net Income Margin</i>	<i>-0.2%</i>	<i>2.4%</i>	<i>-</i>	<i>-1.2%</i>	<i>1.2%</i>	<i>-</i>

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

RUB million	Q2'23	Q2'22	Change	H1'23	H1'22	Change
Payroll and related taxes	10,703	13,509	-20.8%	21,250	25,936	-18.1%
<i>as a % of Total Sales</i>	<i>8.1%</i>	<i>10.4%</i>	<i>-231 bps</i>	<i>8.3%</i>	<i>9.9%</i>	<i>-162 bps</i>
Depreciation and Amortization (D&A)	6,064	6,378	-4.9%	12,186	12,695	-4.0%
<i>as a % of Total Sales</i>	<i>4.6%</i>	<i>4.9%</i>	<i>-33 bps</i>	<i>4.7%</i>	<i>4.8%</i>	<i>-10 bps</i>
Lease Expenses	334	474	-29.5%	653	905	-27.8%
<i>as a % of Total Sales</i>	<i>0.3%</i>	<i>0.4%</i>	<i>-11 bps</i>	<i>0.3%</i>	<i>0.3%</i>	<i>-9 bps</i>
Utilities	1,492	1,738	-14.2%	3,253	3,526	-7.7%
<i>as a % of Total Sales</i>	<i>1.1%</i>	<i>1.3%</i>	<i>-21 bps</i>	<i>1.3%</i>	<i>1.3%</i>	<i>-8 bps</i>
Store Operations	2,501	2,980	-16.1%	5,136	6,021	-14.7%
<i>as a % of Total Sales</i>	<i>1.9%</i>	<i>2.3%</i>	<i>-40 bps</i>	<i>2.0%</i>	<i>2.3%</i>	<i>-30 bps</i>
Professional Fees	1,408	1,359	3.6%	2,700	2,733	-1.2%
<i>as a % of Total Sales</i>	<i>1.1%</i>	<i>1.0%</i>	<i>2 bps</i>	<i>1.0%</i>	<i>1.0%</i>	<i>1 bps</i>
Advertising	1,911	1,826	4.7%	3,637	3,488	4.3%
<i>as a % of Total Sales</i>	<i>1.4%</i>	<i>1.4%</i>	<i>4 bps</i>	<i>1.4%</i>	<i>1.3%</i>	<i>9 bps</i>
Other	1,879	1,999	-6.0%	3,617	3,995	-9.5%
<i>as a % of Total Sales</i>	<i>1.4%</i>	<i>1.5%</i>	<i>-12 bps</i>	<i>1.4%</i>	<i>1.5%</i>	<i>-12 bps</i>
Total SG&A	26,292	30,263	-13.1%	52,432	59,299	-11.6%
<i>as a % of Total Sales</i>	<i>19.8%</i>	<i>23.3%</i>	<i>-342 bps</i>	<i>20.4%</i>	<i>22.6%</i>	<i>-220 bps</i>
SG&A excluding D&A	20,228	23,885	-15.3%	40,246	46,604	-13.6%
<i>as a % of Total Sales</i>	<i>15.3%</i>	<i>18.4%</i>	<i>-310 bps</i>	<i>15.7%</i>	<i>17.8%</i>	<i>-211 bps</i>

Cash Flow Statement, IFRS 16

RUB million	Q2'23	Q2'22	Change	H1'23	H1'22	Change
Profit / (Loss) before income tax	-153	3,750	-	-3,619	4,334	-
Net adjustments for loss on disposal of assets, impairment, depreciation & amortization, and other	8,906	7,754	14.9%	18,335	16,834	8.9%
Movements in Working Capital	5,863	-3,433	-	-9,313	-17,929	-48.1%
Cash generated from operating activities	14,616	8,071	81.1%	5,403	3,239	66.8%
Net Interest & Income Taxes Paid	-2,933	-3,099	-5.4%	-6,036	-7,946	-24.0%
Net Cash generated from / (used in) Operating Activities	11,683	4,972	135.0%	-633	-4,707	-86.6%
Net cash used in Investing Activities	-1,461	-3,351	-56.4%	-3,772	-7,340	-48.6%
Net cash generated from / (used in) financing activities	8,537	-6,493	-	5,239	-7,914	-
Effect of exchange rates on cash and cash equivalents	-19	-173	-89.0%	3	-138	-
Net Increase / (Decrease) in Cash & Cash Equivalents	18,740	-5,045	-	837	-20,099	-