

A decorative graphic consisting of a 3x3 grid of colorful, abstract icons in shades of blue, green, and yellow.

## LENTA REPORTS TOTAL SALES GROWTH OF 15.7% AND ONLINE SALES GROWTH OF 137.2% IN 9M 2022

**24 October 2022**  
**St. Petersburg,**  
**Russia**

Lenta IPJSC (LSE: LNTA, 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 2022.

### Q3 2022 Highlights<sup>1,2</sup>

- Total Sales increased by 7.2% y-o-y to RUB 126.8 billion
- Retail Sales reached RUB 125.1 billion, representing 7.8% y-o-y growth
- Like-for-Like (LFL) Sales increased by 1.3%, driven by 4.6% LFL Average Ticket growth
- Online Sales grew by 98.2% y-o-y to RUB 8.8 billion
- The Company opened 18 small-format stores on a gross basis
- Total Selling Space increased by 3.2%, reaching 1,780.3 thousand sq. m.
- Gross Profit decreased by 5.0% y-o-y to RUB 26.5 billion. Gross Margin decreased by 268 bps to 20.9%
- EBITDA was RUB 7.5 billion with a 6.0% EBITDA Margin
- Capex stood at RUB 1.9 billion, up 26.3%
- The Net Debt to EBITDA (LTM) ratio stood at 1.8x vs. 1.4x as of 31 December 2021

1. Including Utkonos results starting from 1 February 2022  
2. Please note that all Financial Highlights are based upon pre-IFRS 16 figures

**Vladimir  
Sorokin,**  
Chief Executive Officer



*In Q3 2022, we continued our consistent work to develop our business in the context of changing market conditions and to adjust our offer, in terms of both our prices and our product range, to meet the needs of our customers. Meeting the daily needs of our customers has been and continues to be one of our key goals, and in the face of continued pressure on household incomes and the high degree of uncertainty, we are committed to be even more flexible and more efficient.*

*In assessing our performance in the last quarter, it is necessary to take into account the considerable impact of market conditions, which exerted pressure on retail in general and led to a decrease in the purchasing power of our customers in particular. Our key focus in Q3 2022 was to support customers by expanding our range of products in lower price segments and increasing the number of promotions. We see that these actions led to an improvement in the Lenta's price perception among our customers, which is an important factor for further growth and development in a challenging operating environment. In Q3 2022, 2.4 million customers activated a new loyalty card, while the total number of cards issued reached 25.5 million.*

*Our hypermarkets demonstrated slight growth in the reporting period. In Q3 2022, we continued to incorporate tools aimed at returning traffic to our stores and increasing the number of items per ticket. Our strategic goal—increasing Lenta's market share in the hypermarket segment in Russia—remains unchanged.*

*Another major task that we are working on is an integration of Utkonos into Lenta's business. Since the beginning of the year, we have made significant progress in this area. In Q3 2022, for example, we began to combine the Lenta Online and Utkonos operating models. The implementation of this project will enable us to qualitatively improve our offer for our customers, including by reducing the delivery time for all orders to an average of 1.5 hours and offering our customers better prices and more attractive promos. An expanded range of Lenta's private label products will be available to Utkonos customers. In terms of further steps, in the fourth quarter, we intend to improve the operational efficiency of the order picking and delivery processes by integrating the best practices of both businesses and sharing Lenta's and Utkonos's infrastructure. In addition, combining IT systems and key business processes will greatly reduce SG&A expenses and improve the marginality of Lenta's online business, which is in line with our long-term goal.*

*In Q3 2022 we managed to reduce our SG&A as percentage of Total Sales by over 400 bps compared to the previous quarter. Lenta continues to adapt to the new environment; we are reducing inefficient costs and focusing on achieving our long-term margin guidance announced earlier. I would like to thank every member of our large team for their dedication every day and our customers and partners for their trust and support.*



## Q3 & 9M 2022 OPERATING RESULTS, y-o-y

### Sales<sup>3</sup>

	Q3'22	Q3'21	Change	% Change	9M'22	9M'21	Change	% Change
<b>Total Sales (RUB million)</b>	<b>126,785</b>	<b>118,238</b>	<b>8,548</b>	<b>7.2%</b>	<b>389,244</b>	<b>336,325</b>	<b>52,919</b>	<b>15.7%</b>
<b>Retail Sales</b>	<b>125,087</b>	<b>116,066</b>	<b>9,021</b>	<b>7.8%</b>	<b>384,381</b>	<b>330,974</b>	<b>53,407</b>	<b>16.1%</b>
Hypermarkets	101,240	99,478	1,762	1.8%	307,813	295,141	12,671	4.3%
Small Formats	21,870	16,588	5,282	31.8%	69,838	35,833	34,005	94.9%
Utkonos <sup>4</sup>	1,977	-	1,977	-	6,730	-	6,730	-
<b>Wholesale<sup>5</sup></b>	<b>1,698</b>	<b>2,171</b>	<b>-473</b>	<b>-21.8%</b>	<b>4,863</b>	<b>5,351</b>	<b>-488</b>	<b>-9.1%</b>
<b>Average Ticket (RUB)</b>	<b>985</b>	<b>1,012</b>	<b>-27</b>	<b>-2.7%</b>	<b>1,028</b>	<b>1,070</b>	<b>-42</b>	<b>-3.9%</b>
Hypermarkets	1,283	1,215	68	5.6%	1,326	1,224	101	8.3%
Small Formats	459	505	-46	-9.0%	499	525	-27	-5.1%
Utkonos	3,950	-	3,950	-	4,215	-	4,215	-
<b>Number of Tickets (millions)</b>	<b>127</b>	<b>115</b>	<b>12</b>	<b>10.7%</b>	<b>374</b>	<b>309</b>	<b>65</b>	<b>20.9%</b>
Hypermarkets	79	82	-3	-3.6%	232	241	-9	-3.7%
Small Formats	48	33	15	44.9%	140	68	72	105.3%
Utkonos	0.5	--	1	-	1.6	-	2	-

### Stores and Selling Space

	Q3'22	Q3'21	Change	% Change	9M'22	9M'21	Change	% Change
<b>Total Retail Stores (eop)</b>	<b>811</b>	<b>674</b>	<b>137</b>	<b>20.3%</b>	<b>811</b>	<b>674</b>	<b>137</b>	<b>20.3%</b>
<b>Hypermarkets</b>	<b>254</b>	<b>255</b>	<b>-1</b>	<b>-0.4%</b>	<b>254</b>	<b>255</b>	<b>-1</b>	<b>-0.4%</b>
Openings	0	0	0	0.0%	0	3	-3	-
Closing	0	0	0	0.0%	0	2	-2	-
<b>Small Formats</b>	<b>557</b>	<b>419</b>	<b>138</b>	<b>32.9%</b>	<b>557</b>	<b>419</b>	<b>138</b>	<b>32.9%</b>
Openings	18	270	-252	-93.3%	80	283	-203	-71.7%
Closing	16	2	14	-	26	3	23	-
<b>New Selling Space (sqm, eop)</b>	<b>1,618</b>	<b>196,642</b>	<b>-195,023</b>	<b>-99.2%</b>	<b>25,337</b>	<b>207,219</b>	<b>-181,881</b>	<b>-87.8%</b>
Hypermarkets	0	0	0	0.0%	0	5,728	-5,728	-
Small Formats	1,618	196,642	-195,023	-99.2%	25,337	201,491	-176,153	-87.4%
<b>Total Selling Space (sqm, eop)</b>	<b>1,780,320</b>	<b>1,725,817</b>	<b>54,504</b>	<b>3.2%</b>	<b>1,780,320</b>	<b>1,725,817</b>	<b>54,504</b>	<b>3.2%</b>
Hypermarkets	1,401,291	1,406,516	-5,225	-0.4%	1,401,291	1,406,516	-5,225	-0.4%
Small Formats	379,029	319,301	59,729	18.7%	379,029	319,301	59,729	18.7%

### LFL Results<sup>6</sup>

	Q3'22			9M'22		
	Sales	Average Ticket	Traffic	Sales	Average Ticket	Traffic
<b>Total Retail</b>	<b>1.3%</b>	<b>4.6%</b>	<b>-3.2%</b>	<b>3.8%</b>	<b>7.5%</b>	<b>-3.4%</b>
Hypermarkets	2.3%	5.6%	-3.1%	4.4%	8.2%	-3.5%
Small Formats	-6.8%	-3.7%	-3.2%	-1.8%	1.5%	-3.2%

### Online Sales<sup>3</sup>

	Q3'22	Q3'21	Change	% Change	9M'22	9M'21	Change	% Change
<b>Total Online Sales (RUB million)</b>	<b>8,750</b>	<b>4,415</b>	<b>4,335</b>	<b>98.2%</b>	<b>29,189</b>	<b>12,307</b>	<b>16,882</b>	<b>137.2%</b>
Online Partners	2,081	2,521	-439	-17.4%	7,771	7,006	765	10.9%
Lenta Online <sup>7</sup>	4,692	1,895	2,798	147.7%	14,688	5,301	9,386	177.1%
Utkonos <sup>8</sup>	1,977	0	1,977	-	6,730	0	6,730	-
<b>Average Online Ticket (RUB)</b>	<b>2,275</b>	<b>1,813</b>	<b>463</b>	<b>25.5%</b>	<b>2,277</b>	<b>1,795</b>	<b>482</b>	<b>26.9%</b>
Online Partners	1,916	1,754	162	9.2%	1,898	1,791	108	6.0%
Lenta Online <sup>7</sup>	2,077	1,898	179	9.5%	2,063	1,802	261	14.5%
Utkonos <sup>8</sup>	3,950	0	3,950	-	4,200	0	4,200	-
<b>Total Online Orders (thousands)</b>	<b>3,846</b>	<b>2,436</b>	<b>1,410</b>	<b>57.9%</b>	<b>12,817</b>	<b>6,855</b>	<b>5,962</b>	<b>87.0%</b>
Online Partners	1,086	1,437	-351	-24.4%	4,094	3,913	181	4.6%
Lenta Online <sup>7</sup>	2,259	998	1,261	126.3%	7,121	2,943	4,179	142.0%
Utkonos <sup>8</sup>	500	0	500	-	1,602	0	1,602	-

For Q3 2022 monthly operating results, please refer to Appendix 1

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

4. Includes only Utkonos Retail Sales (B2C)

5. Wholesales includes Utkonos wholesales (B2B)

6. LFL results include the results of Billa stores for September but do not include the results of Semya stores.

7. Lenta Online includes Click & Collect

8. Includes both Utkonos retail sales (B2C) and wholesales (B2B)

## Q3 2022 OPERATING RESULTS

**+7.2%**

Total Sales,  
y-o-y

In Q3 2022, Total Sales increased by 7.2% to RUB 126.8 billion. Lenta's Retail Sales in Q3 2022 increased by 7.8% to RUB 125.1 billion, compared to RUB 116.1 billion in Q3 2021, driven by 1.3% LFL Retail Sales growth and 3.2% Total Selling Space organic expansion. Overall Sales Density in Q3 2022 improved by 2.0% year-over-year.

In Q3 2022, we oversaw the change in customers' behavior driven primarily by the decrease in real disposable income and the decline in consumer confidence. Our customers now tend to buy a product from a lower price segment and reduce their expenses on non-food categories and entertainment goods. Meanwhile, the growth rate in the Online channel is slowing down.

**+10.7%**

Number of Tickets,  
y-o-y

In Q3 2022, the total Number of Tickets increased by 10.7% thanks to the above-mentioned organic expansion and gradual improvement in the performance of our Lenta Mini stores, while the Average Ticket size decreased by 2.7% primarily due to the increasing share of small-format stores' sales in total Retail Sales.

Wholesale Sales, which now includes Utkonos B2B sales from the date of the consolidation, represented 1.3% of Total Sales and decreased by 21.8% compared to the corresponding period of the previous year.

**+1.3%**

LFL Sales,  
y-o-y

In Q3 2022, the Average Ticket continued to be the driver of LFL Sales growth. LFL Sales growth decelerated to 1.3% in Q3 2022. Total Retail LFL Traffic stood at a negative 3.2%. The Total Retail LFL Average Ticket increased by 4.6%, offsetting negative LFL Traffic.

In Q3 2022, Lenta continued to improve its loyalty program and actively worked on assortment tailoring and promo recovery. In Q3 2022, 2.4 million new loyalty cards were activated, with the total number of loyalty cards issued reaching to 25.5 million. Transactions using loyalty cards slightly increased compared to Q2 2022 and accounted for 96.1% of total Retail Sales, excluding Utkonos.

**+1.8%**

HM Sales,  
y-o-y

Hypermarket Sales represented 80.9% of total Retail Sales in Q3 2022. Hypermarkets delivered 1.8% Sales growth, positive LFL Sales growth of 2.3%, and an increase of 5.6% in the LFL Average Ticket, driven primarily by inflation. Lenta continues to improve the efficiency of in-store operations, which led to a sales density improvement of 5.4% year-over-year.

**+31.8%**

Small Formats' Sales,  
y-o-y

In 2022, Lenta put on hold a significant number of store openings due to the macroeconomic conditions and market uncertainties. During Q3 2022, 18 new small-format stores were opened. Lenta also closed 16 underperforming stores to optimize operations, bringing the total number of small-format stores to 557 as of the end of Q3. In the reporting period, small-format stores demonstrated decent year-over-year Sales Growth of 31.8%, driven by acquisitions made in 2021 and organic expansion. Small-format stores' LFL Sales decreased by 6.8% as a result of a 3.7% decrease in the LFL Average Ticket and a 3.2% decline in LFL Traffic. This quarter-on-quarter decline in the performance of small-format stores was driven by the high base effect associated with clearance sales at Billa stores prior to the chain's integration with Lenta in September 2021.

**+98.2%**

Online Sales,  
y-o-y

In Q3 2022, Lenta's Online channel continued to demonstrate very strong sales growth. Total Online Sales including Utkonos sales during the period amounted to RUB 8.8 billion, an increase of 98.2% year-over-year, while Total Online Orders were up 57.9% and amounted to 3.8 million. The Average Ticket for Lenta Online was RUB 2,077 an increase of 9.5% year-over-year. The share of online sales via Partners decreased significantly following Partners' revision of their approach to the development of their online offering. Lenta Online demonstrated considerable sales growth thanks to increases in the Average Ticket, the size of the customer base and the number of orders. In Q3 2022, Online Sales constituted 6.9% of Lenta's Total Sales, compared to 3.7% in the corresponding period of the previous year. In Q3 2022, Lenta continued to expand Unkonos online offering and launched Utkonos Mini sales at several partners' platforms.

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

### Key Financial Results, pre-IFRS 16

RUB million	Q3'22	Q3'21	Change	9M'22	9M'21	Change
<b>Total Sales</b>	<b>126,785</b>	<b>118,238</b>	<b>7.2%</b>	<b>389,224</b>	<b>336,325</b>	<b>15.7%</b>
<b>Gross Profit</b>	<b>26,500</b>	<b>27,888</b>	<b>-5.0%</b>	<b>89,339</b>	<b>77,610</b>	<b>15.1%</b>
<i>Gross Margin (%)</i>	<i>20.9%</i>	<i>23.6%</i>	<i>-268 bps</i>	<i>23.0%</i>	<i>23.1%</i>	<i>-12 bps</i>
<b>SG&amp;A</b>	<b>-24,918</b>	<b>-22,661</b>	<b>-10.0%</b>	<b>-85,422</b>	<b>-64,764</b>	<b>-31.9%</b>
<i>SG&amp;A as % of Total Sales</i>	<i>-19.7%</i>	<i>-19.2%</i>	<i>-49 bps</i>	<i>-21.9%</i>	<i>-19.3%</i>	<i>-269 bps</i>
<b>EBITDAR</b>	<b>10,416</b>	<b>12,607</b>	<b>-17.4%</b>	<b>31,813</b>	<b>33,448</b>	<b>-4.9%</b>
<i>EBITDAR Margin</i>	<i>8.2%</i>	<i>10.7%</i>	<i>-245 bps</i>	<i>8.2%</i>	<i>9.9%</i>	<i>-177 bps</i>
<i>Rent as % of Total Sales</i>	<i>-2.3%</i>	<i>-1.9%</i>	<i>-36 bps</i>	<i>-2.3%</i>	<i>-1.7%</i>	<i>-60 bps</i>
<b>EBITDA</b>	<b>7,545</b>	<b>10,356</b>	<b>-27.1%</b>	<b>22,954</b>	<b>27,828</b>	<b>-17.5%</b>
<i>EBITDA Margin</i>	<i>6.0%</i>	<i>8.8%</i>	<i>-281 bps</i>	<i>5.9%</i>	<i>8.3%</i>	<i>-238 bps</i>
<b>Operating Profit before impairment</b>	<b>3,001</b>	<b>6,475</b>	<b>-53.7%</b>	<b>9,594</b>	<b>16,331</b>	<b>-41.3%</b>
<i>Operating Profit Margin before impairment</i>	<i>2.4%</i>	<i>5.5%</i>	<i>-311 bps</i>	<i>2.5%</i>	<i>4.9%</i>	<i>-239 bps</i>
Impairment	-	-	-	-	-9	-
<b>Operating Profit</b>	<b>3,001</b>	<b>6,475</b>	<b>-53.7%</b>	<b>9,594</b>	<b>16,322</b>	<b>-41.2%</b>
<i>Operating Profit Margin</i>	<i>2.4%</i>	<i>5.5%</i>	<i>-311 bps</i>	<i>2.5%</i>	<i>4.9%</i>	<i>-239 bps</i>
Net Interest Expense	-1,185	-1,298	8.7%	-3,640	-3,629	-0.3%
Net FX gain/(loss)	-144	141	-	213	-469	-
Profit Before Income Tax	1,672	5,318	-68.6%	6,167	12,224	-49.6%
<b>Net Income</b>	<b>1,285</b>	<b>4,181</b>	<b>-69.3%</b>	<b>4,643</b>	<b>9,544</b>	<b>-51.4%</b>
<i>Net Income Margin</i>	<i>1.0%</i>	<i>3.5%</i>	<i>-252 bps</i>	<i>1.2%</i>	<i>2.8%</i>	<i>-164 bps</i>

For Q3 & 9M 2022 financial highlights prepared in accordance with IFRS 16, please refer to Appendix 2

Total Sales demonstrated strong growth of 7.2% and amounted to RUB 126.8 billion, compared to RUB 118.2 billion in Q3 2021.

# -5.0%

Gross Profit, y-o-y

In Q3 2022, Gross Profit (pre-IFRS 16) decreased by 5.0% year-over-year to RUB 26.5 billion. Gross Margin dropped by 268 bps to 20.9%; the decrease in Gross Margin was driven mainly by higher investments in traffic retention, increased promo share, and a shift in the sales product mix toward lower margin goods.

# 6.0%

EBITDA Margin

The decline in Gross Profit and 10.0% increase in Total SG&A led to a 27.1% decrease in EBITDA (pre-IFRS 16) year-over-year. In Q3 2022, Lenta's EBITDA Margin stood at 6.0%. EBITDA Margin declined by 281 bps compared to the previous year, primarily due to lower Gross Margin and the growth of SG&A as a percentage of Total Sales, which resulted from an increased share of stores in the ramp-up stage, the growing share of Lenta's own online, and the Utikonos acquisition.

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

RUB million	Q3'22	Q3'21	Change	9M'22	9M'21	Change
<b>Payroll and related taxes</b>	<b>8,842</b>	<b>8,189</b>	<b>8.0%</b>	<b>34,778</b>	<b>24,473</b>	<b>42.1%</b>
<i>as a % of Total Sales</i>	<i>7.0%</i>	<i>6.9%</i>	<i>5 bps</i>	<i>8.9%</i>	<i>7.3%</i>	<i>166 bps</i>
<b>Depreciation and Amortization (D&amp;A)</b>	<b>4,543</b>	<b>3,881</b>	<b>17.1%</b>	<b>13,360</b>	<b>11,497</b>	<b>16.2%</b>
<i>as a % of Total Sales</i>	<i>3.6%</i>	<i>3.3%</i>	<i>30 bps</i>	<i>3.4%</i>	<i>3.4%</i>	<i>1 bps</i>
<b>Lease Expenses</b>	<b>2,871</b>	<b>2,251</b>	<b>27.5%</b>	<b>8,859</b>	<b>5,620</b>	<b>57.6%</b>
<i>as a % of Total Sales</i>	<i>2.3%</i>	<i>1.9%</i>	<i>36 bps</i>	<i>2.3%</i>	<i>1.7%</i>	<i>60 bps</i>
<b>Utilities</b>	<b>1,321</b>	<b>1,444</b>	<b>-8.5%</b>	<b>4,847</b>	<b>4,091</b>	<b>18.5%</b>
<i>as a % of Total Sales</i>	<i>1.0%</i>	<i>1.2%</i>	<i>-18 bps</i>	<i>1.2%</i>	<i>1.2%</i>	<i>3 bps</i>
<b>Store Operations</b>	<b>2,532</b>	<b>2,482</b>	<b>2.0%</b>	<b>8,553</b>	<b>7,172</b>	<b>19.3%</b>
<i>as a % of Total Sales</i>	<i>2.0%</i>	<i>2.1%</i>	<i>-10 bps</i>	<i>2.2%</i>	<i>2.1%</i>	<i>6 bps</i>
<b>Professional Fees</b>	<b>1,487</b>	<b>1,329</b>	<b>11.9%</b>	<b>4,220</b>	<b>3,429</b>	<b>23.1%</b>
<i>as a % of Total Sales</i>	<i>1.2%</i>	<i>1.1%</i>	<i>5 bps</i>	<i>1.1%</i>	<i>1.0%</i>	<i>6 bps</i>
<b>Advertising</b>	<b>1,850</b>	<b>1,563</b>	<b>18.4%</b>	<b>5,338</b>	<b>3,944</b>	<b>35.3%</b>
<i>as a % of Total Sales</i>	<i>1.5%</i>	<i>1.3%</i>	<i>14 bps</i>	<i>1.4%</i>	<i>1.2%</i>	<i>20 bps</i>
<b>Other</b>	<b>1,472</b>	<b>1,522</b>	<b>-3.3%</b>	<b>5,467</b>	<b>4,538</b>	<b>20.5%</b>
<i>as a % of Total Sales</i>	<i>1.2%</i>	<i>1.3%</i>	<i>-13 bps</i>	<i>1.4%</i>	<i>1.3%</i>	<i>6 bps</i>
<b>Total SG&amp;A</b>	<b>24,918</b>	<b>22,661</b>	<b>10.0%</b>	<b>85,422</b>	<b>64,764</b>	<b>31.9%</b>
<i>as a % of Total Sales</i>	<i>19.7%</i>	<i>19.2%</i>	<i>49 bps</i>	<i>21.9%</i>	<i>19.3%</i>	<i>269 bps</i>
<b>SG&amp;A excluding D&amp;A</b>	<b>20,375</b>	<b>18,780</b>	<b>8.5%</b>	<b>72,062</b>	<b>53,267</b>	<b>35.3%</b>
<i>as a % of Total Sales</i>	<i>16.1%</i>	<i>15.9%</i>	<i>19 bps</i>	<i>18.5%</i>	<i>15.8%</i>	<i>268 bps</i>

For Q3 & 9M 2022 SG&A expenses in accordance with IFRS 16, please refer to Appendix 2

### +49 bps

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

In Q3 2022, Total Selling, General, and Administrative expenses (pre-IFRS 16) increased by 10.0% year-over-year to RUB 24.9 billion. SG&A as a percentage of Total Sales increased by 49 bps to 19.7%. This growth was mainly driven by higher lease expenses as well as increased D&A.

### +5 bps

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

In Q3 2022, Payroll expenses rose by 8.0% year-over-year, while personnel expenses as a percentage of Total Sales increased by 5 bps. These dynamics was primarily driven by a higher share of stores in the ramp-up stage and Utkonos acquisition which were offset by improved labor productivity in our hypermarkets.

D&A increased by 17.1% primarily due to the acquisition of Utkonos warehouses as well as the consolidation of Billa and Semya. D&A as a percentage of Total Sales decreased by 30 bps.

Lease expenses as a percentage of Total Sales rose by 36 bps, primarily due to the expansion of small format stores with higher share of leased premises.

Store Operations as percentage of Total Sales decreased by 10 bps year-over-year, mainly driven by 15 bps decline in repairs and maintenance and a 3 bps decrease in security costs, while cleaning costs increased by 8 bps.

Advertising costs during Q3 2022 were up 18.4% year-over-year, due to increased investments in our growing online business and expenses related to support for small-format in the ramp-up stage.

## Cash Flow Statement, pre-IFRS 16

RUB million	Q3'22	Q3'21	Change	9M'22	9M'21	Change
<b>Profit before income tax</b>	<b>1,672</b>	<b>5,318</b>	<b>-68.6%</b>	<b>6,167</b>	<b>12,224</b>	<b>-49.6%</b>
Net adjustments for loss on disposal of assets, impairment, depreciation & amortization, and other	5,866	4,834	21.3%	17,194	15,574	10.4%
Movements in Working Capital	2,791	1,277	118.6%	-15,106	-8,939	-69.0%
<b>Cash generated from / (used in) operating activities</b>	<b>10,329</b>	<b>11,429</b>	<b>-9.6%</b>	<b>8,255</b>	<b>18,859</b>	<b>-56.2%</b>
Net Interest & Income Taxes Paid	-1,502	-1,228	-22.3%	-6,979	-4,551	-53.4%
<b>Net Cash generated from Operating Activities</b>	<b>8,827</b>	<b>10,201</b>	<b>-13.5%</b>	<b>1,276</b>	<b>14,308</b>	<b>-91.1%</b>
Net cash used in Investing Activities	-1,685	-23,067	92.7%	-9,044	-27,935	67.6%
Net cash generated from / (used in) financing activities	3,000	-168	-	-2,051	9,259	-
Effect of exchange rates on cash and cash equivalents	-68	126	-	-206	-489	57.9%
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>10,074</b>	<b>-12,908</b>	<b>-</b>	<b>-10,025</b>	<b>-4,857</b>	<b>-106.4%</b>

For the Q3 & 9M 2022 cash flow statement prepared in accordance with IFRS 16, please refer to Appendix 2

# +26.3%

Capex, y-o-y

Capital Expenditures in Q3 2022 amounted to RUB 1.9 billion, an increase of 26.3% year-over-year. This increase resulted from the opening of new stores and expenses related to the integration of Billa, Semya, and Utkonos's online business.

The Company's Profit before Income Tax for Q3 2022 was RUB 1.7 billion, which was 68.6% lower than in Q3 2021. The decrease in Profit before income tax was mainly the result of a 53.7% year-over-year decline in Operating Profit as well as net FX losses incurred compared to the net FX gain received in Q3 2021.

In Q3 2022, Net Cash generated from Operating Activities (pre-IFRS 16) amounted to RUB 8.8 billion, compared to RUB 10.2 billion the previous year. These dynamics resulted from the decrease in Profit before income tax, which was offset by the much higher positive movement of Working Capital and higher D&A.

Net Cash used in Investing Activities was 1.7 billion compared to 23.1 billion for the same period of the previous year. In Q3 2021 Net Cash used in Investing Activities was primarily related to the acquisition of Billa and Semya.

In Q3 2022, Net Cash generated from Financing Activities amounted to RUB 3.0 billion, compared to Net Cash used in Financing Activities of RUB 0.2 billion in Q3 2021.

Free Cash Flow for Q3 2022 was RUB 7.1 billion, which was RUB 20.0 billion higher than in Q3 2021, mainly due to lower Net Cash used in Investing Activities.

## Debt Position and Leverage

RUB million	IFRS 16		IAS 17	
	30-Sep-22	31-Dec-21	30-Sep-22	31-Dec-21
<b>Gross Debt</b>	<b>141,088</b>	<b>148,962</b>	<b>86,504</b>	<b>88,414</b>
Long-term Debt	28,980	66,912	28,980	66,912
Short-term Debt	57,524	21,502	57,524	21,502
Lease Liabilities (IFRS 16)	54,584	60,548	-	-
<b>Cash &amp; Cash Equivalents</b>	<b>23,302</b>	<b>33,326</b>	<b>23,302</b>	<b>33,326</b>
<b>Net Debt</b>	<b>117,786</b>	<b>115,636</b>	<b>63,202</b>	<b>55,088</b>
<b>Net Debt / EBITDA (LTM) ratio</b>			<b>1.8x</b>	<b>1.4x</b>

# 1.8x

Net Debt / EBITDA  
pre-IFRS 16 (LTM),  
as of 30 September 2022

Lenta's cash position at the end of Q3 2022 was RUB 23.3 billion. Gross Debt decreased by 2.2% compared to 31 December 2021 and stood at RUB 86.5 billion as of 30 September 2022. Net Debt (pre-IFRS 16) increased by RUB 8.1 billion compared to year-end 2021 and stood at RUB 63.2 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 2022 was 7.6%, compared to 6.8% for the twelve-month period ended 30 September 2021.

Lenta's Net Debt to EBITDA ratio was 1.8x as of 30 September 2022 vs. 1.4x as of 31 December 2021.





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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 Utikonos 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 2022, operated 254 hypermarkets and 557 supermarkets and Lenta Mini stores in over 200 cities and towns across Russia, with almost 1.78 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 14 distribution centers to supply all its stores. 2021 Revenues were RUB 484 billion (approximately USD 6.5 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 2022 MONTHLY OPERATING RESULTS**
**Sales<sup>3</sup>**

	July	YoY	August	YoY	September	YoY
<b>Total Sales (RUB million)</b>	<b>43,956</b>	<b>16.0%</b>	<b>41,837</b>	<b>5.6%</b>	<b>40,993</b>	<b>0.6%</b>
<b>Retail Sales</b>	43,499	16.8%	41,332	6.2%	40,257	0.9%
Hypermarkets	35,322	3.4%	33,433	1.6%	32,485	0.3%
Small Formats	7,527	144.2%	7,230	20.5%	7,113	-5.3%
Utkonos <sup>4</sup>	650	-	668	-	658	-
<b>Wholesale<sup>5</sup></b>	457	-28.5%	505	-27.6%	736	-11.8%
<b>Average Ticket (RUB)</b>	<b>1,005</b>	<b>-7.7%</b>	<b>958</b>	<b>-3.0%</b>	<b>991</b>	<b>2.1%</b>
Hypermarkets	1,302	7.0%	1,246	3.8%	1,303	6.0%
Small Formats	470	-6.2%	448	-10.6%	458	-9.8%
Utkonos	4,063	-	3,863	-	3,933	-
<b>Number of Tickets (millions)</b>	<b>43</b>	<b>26.5%</b>	<b>43</b>	<b>9.5%</b>	<b>41</b>	<b>-1.2%</b>
Hypermarkets	27	-3.4%	27	-2.2%	25	-5.4%
Small Formats	16	160.4%	16	34.8%	16	5.0%
Utkonos	0.2	-	0.2	-	0.2	-

**Stores and Selling Space**

	July	August	September
<b>Total Retail Stores (eop)</b>	<b>817</b>	<b>817</b>	<b>811</b>
<b>Hypermarkets</b>	254	254	254
Openings	0	0	0
Closing	0	0	0
<b>Small Formats</b>	563	563	557
Openings	8	4	6
Closing	0	4	12
<b>New Selling Space (sqm, eop)</b>	<b>4,057</b>	<b>139</b>	<b>-2,578</b>
Hypermarkets	0	0	0
Small Formats	4,057	139	-2,578
<b>Total Selling Space (sqm, eop)</b>	<b>1,782,759</b>	<b>1,782,898</b>	<b>1,780,320</b>
Hypermarkets	1,401,291	1,401,291	1,401,291
Small Formats	381,468	381,607	379,029

**Online Sales**

	July	YoY	August	YoY	September	YoY
<b>Total Online Sales (RUB million)</b>	<b>2,933</b>	<b>127.3%</b>	<b>2,796</b>	<b>96.7%</b>	<b>3,021</b>	<b>77.4%</b>
Online Partners	723	1.4%	639	-21.9%	719	-27.3%
Lenta Online <sup>6</sup>	1,561	169.9%	1,488	146.9%	1,643	130.3%
Utkonos <sup>7</sup>	650	-	668	-	658	-
<b>Average Online Ticket (RUB)</b>	<b>2,272</b>	<b>26.2%</b>	<b>2,239</b>	<b>25.3%</b>	<b>2,314</b>	<b>25.5%</b>
Online Partners	1,941	10.7%	1,855	6.9%	1,947	10.1%
Lenta Online <sup>6</sup>	2,056	10.5%	2,035	9.3%	2,137	9.0%
Utkonos <sup>7</sup>	4,063	-	3,863	-	3,933	-
<b>Total Online Orders (thousands)</b>	<b>1,291</b>	<b>80.2%</b>	<b>1,249</b>	<b>57.0%</b>	<b>1,306</b>	<b>41.4%</b>
Online Partners	372	-8.3%	345	-26.9%	369	-34.0%
Lenta Online <sup>6</sup>	759	144.3%	731	125.8%	769	111.3%
Utkonos <sup>7</sup>	160	-	173	-	167	-

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

4. Includes only Utkonos Retail Sales (B2C)

5. Wholesales includes Utkonos wholesales (B2B)

6. Lenta Online includes Click & Collect

7. Includes both Utkonos retail sales (B2C) and wholesales (B2B)

## Q3 & 9M 2022 FINANCIAL HIGHLIGHTS, IFRS 16

### Key Financial Results, IFRS 16

RUB million	Q3'22	Q3'21	Change	9M'22	9M'21	Change
<b>Total Sales</b>	<b>126,785</b>	<b>118,238</b>	<b>7.2%</b>	<b>389,244</b>	<b>336,325</b>	<b>15.7%</b>
<b>Gross Profit</b>	<b>26,599</b>	<b>27,966</b>	<b>-4.9%</b>	<b>89,701</b>	<b>77,773</b>	<b>15.3%</b>
<i>Gross Margin (%)</i>	<i>21.0%</i>	<i>23.7%</i>	<i>-267 bps</i>	<i>23.0%</i>	<i>23.1%</i>	<i>-8 bps</i>
<b>SG&amp;A</b>	<b>-24,329</b>	<b>-22,266</b>	<b>-9.3%</b>	<b>-83,628</b>	<b>-63,591</b>	<b>-31.5%</b>
<i>SG&amp;A as % of Total Sales</i>	<i>-19.2%</i>	<i>-18.8%</i>	<i>-36 bps</i>	<i>-21.5%</i>	<i>-18.9%</i>	<i>-258 bps</i>
<b>EBITDAR</b>	<b>10,652</b>	<b>12,707</b>	<b>-16.2%</b>	<b>32,243</b>	<b>33,807</b>	<b>-4.6%</b>
<i>EBITDAR Margin</i>	<i>8.4%</i>	<i>10.7%</i>	<i>-235 bps</i>	<i>8.3%</i>	<i>10.1%</i>	<i>-177 bps</i>
<i>Rent as % of Total Sales</i>	<i>-0.3%</i>	<i>-0.3%</i>	<i>-</i>	<i>-0.3%</i>	<i>-0.2%</i>	<i>-9 bps</i>
<b>EBITDA</b>	<b>10,291</b>	<b>12,367</b>	<b>-16.8%</b>	<b>30,977</b>	<b>33,014</b>	<b>-6.2%</b>
<i>EBITDA Margin</i>	<i>8.1%</i>	<i>10.5%</i>	<i>-234 bps</i>	<i>8.0%</i>	<i>9.8%</i>	<i>-186 bps</i>
<b>Operating Profit before impairment</b>	<b>3,827</b>	<b>6,971</b>	<b>-45.1%</b>	<b>11,818</b>	<b>17,864</b>	<b>-33.8%</b>
<i>Operating Profit Margin before impairment</i>	<i>3.0%</i>	<i>5.9%</i>	<i>-288 bps</i>	<i>3.0%</i>	<i>5.3%</i>	<i>-228 bps</i>
Impairment	-	-	-	-	-9	-
<b>Operating Profit</b>	<b>3,827</b>	<b>6,971</b>	<b>-45.1%</b>	<b>11,818</b>	<b>17,855</b>	<b>-33.8%</b>
<i>Operating Profit Margin</i>	<i>3.0%</i>	<i>5.9%</i>	<i>-288 bps</i>	<i>3.0%</i>	<i>5.3%</i>	<i>-227 bps</i>
Net Interest Expense	-2,488	-2,219	-12.1%	-7,398	-5,930	-24.8%
Net FX loss	-431	137	-	822	-452	-
Profit Before Income Tax	908	4,889	-81.4%	5,242	11,473	-54.3%
<b>Net Income</b>	<b>673</b>	<b>3,838</b>	<b>-82.5%</b>	<b>3,903</b>	<b>8,943</b>	<b>-56.4%</b>
<i>Net Income Margin</i>	<i>0.5%</i>	<i>3.2%</i>	<i>-272 bps</i>	<i>1.0%</i>	<i>2.7%</i>	<i>-166 bps</i>

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

RUB million	Q3'22	Q3'21	Change	9M'22	9M'21	Change
<b>Payroll and related taxes</b>	<b>8,842</b>	<b>8,189</b>	<b>8.0%</b>	<b>34,778</b>	<b>24,473</b>	<b>42.1%</b>
<i>as a % of Total Sales</i>	<i>7.0%</i>	<i>6.9%</i>	<i>5 bps</i>	<i>8.9%</i>	<i>7.3%</i>	<i>166 bps</i>
<b>Depreciation and Amortization (D&amp;A)</b>	<b>6,464</b>	<b>5,397</b>	<b>19.8%</b>	<b>19,159</b>	<b>15,151</b>	<b>26.5%</b>
<i>as a % of Total Sales</i>	<i>5.1%</i>	<i>4.6%</i>	<i>53 bps</i>	<i>4.9%</i>	<i>4.5%</i>	<i>42 bps</i>
<b>Lease Expenses</b>	<b>361</b>	<b>340</b>	<b>6.2%</b>	<b>1,266</b>	<b>793</b>	<b>59.6%</b>
<i>as a % of Total Sales</i>	<i>0.3%</i>	<i>0.3%</i>	<i>0 bps</i>	<i>0.3%</i>	<i>0.2%</i>	<i>9 bps</i>
<b>Utilities</b>	<b>1,321</b>	<b>1,444</b>	<b>-8.5%</b>	<b>4,847</b>	<b>4,091</b>	<b>18.5%</b>
<i>as a % of Total Sales</i>	<i>1.0%</i>	<i>1.2%</i>	<i>-18 bps</i>	<i>1.2%</i>	<i>1.2%</i>	<i>3 bps</i>
<b>Store Operations</b>	<b>2,532</b>	<b>2,482</b>	<b>2.0%</b>	<b>8,553</b>	<b>7,172</b>	<b>19.3%</b>
<i>as a % of Total Sales</i>	<i>2.0%</i>	<i>2.1%</i>	<i>-10 bps</i>	<i>2.2%</i>	<i>2.1%</i>	<i>6 bps</i>
<b>Professional Fees</b>	<b>1,487</b>	<b>1,329</b>	<b>11.9%</b>	<b>4,220</b>	<b>3,429</b>	<b>23.1%</b>
<i>as a % of Total Sales</i>	<i>1.2%</i>	<i>1.1%</i>	<i>5 bps</i>	<i>1.1%</i>	<i>1.0%</i>	<i>6 bps</i>
<b>Advertising</b>	<b>1,850</b>	<b>1,563</b>	<b>18.4%</b>	<b>5,338</b>	<b>3,944</b>	<b>35.3%</b>
<i>as a % of Total Sales</i>	<i>1.5%</i>	<i>1.3%</i>	<i>14 bps</i>	<i>1.4%</i>	<i>1.2%</i>	<i>20 bps</i>
<b>Other</b>	<b>1,472</b>	<b>1,522</b>	<b>-3.3%</b>	<b>5,467</b>	<b>4,538</b>	<b>20.5%</b>
<i>as a % of Total Sales</i>	<i>1.2%</i>	<i>1.3%</i>	<i>-13 bps</i>	<i>1.4%</i>	<i>1.3%</i>	<i>6 bps</i>
<b>Total SG&amp;A</b>	<b>24,329</b>	<b>22,266</b>	<b>9.3%</b>	<b>83,628</b>	<b>63,591</b>	<b>31.5%</b>
<i>as a % of Total Sales</i>	<i>19.2%</i>	<i>18.8%</i>	<i>36 bps</i>	<i>21.5%</i>	<i>18.9%</i>	<i>258 bps</i>
<b>SG&amp;A excluding D&amp;A</b>	<b>17,865</b>	<b>16,869</b>	<b>5.9%</b>	<b>64,469</b>	<b>48,440</b>	<b>33.1%</b>
<i>as a % of Total Sales</i>	<i>14.1%</i>	<i>14.3%</i>	<i>-18 bps</i>	<i>16.6%</i>	<i>14.4%</i>	<i>216 bps</i>

## Cash Flow Statement, IFRS 16

RUB million	Q3'22	Q3'21	Change	9M'22	9M'21	Change
<b>Profit before income tax</b>	<b>908</b>	<b>4,889</b>	<b>-81.4%</b>	<b>5,242</b>	<b>11,473</b>	<b>-54.3%</b>
Net adjustments for loss on disposal of assets, impairment, depreciation & amortization, and other	9,239	7,283	26.9%	26,073	21,499	21.3%
Movements in Working Capital	2,926	1,415	106.8%	-15,003	-8,938	-67.9%
<b>Cash generated from / (used in) operating activities</b>	<b>13,073</b>	<b>13,587</b>	<b>-3.8%</b>	<b>16,312</b>	<b>24,034</b>	<b>-32.1%</b>
Net Interest & Income Taxes Paid	-2,809	-2,209	-27.2%	-10,755	-6,913	-55.6%
<b>Net Cash generated from / (used in) Operating Activities</b>	<b>10,264</b>	<b>11,378</b>	<b>-9.8%</b>	<b>5,557</b>	<b>17,121</b>	<b>-67.5%</b>
Net cash used in Investing Activities	-1,675	-23,058	92.7%	-9,015	-27,909	-67.7%
Net cash generated from / (used in) financing activities	1,553	-1,354	-	-6,361	6,420	-
Effect of exchange rates on cash and cash equivalents	-68	126	-	-206	-489	57.9%
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>10,074</b>	<b>-12,908</b>	<b>-</b>	<b>-10,025</b>	<b>-4,857</b>	<b>-106.4%</b>