Q2 2023
Investor Presentation

July 2023

corp.lenta.com

DISCLAIMER

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LENTA'S STRENGTHS TODAY

"LENTA IS PERFECTLY POSITIONED TO BE A GROWTH LEADER IN THE NEXT STAGE OF RUSSIAN FOOD RETAIL"

Largest hypermarket chain in Russia[1]

Nationwide coverage in **200+** localities

34+ million loyal customers[2]

96% of Sales are made with Lenta's loyalty card[3]

109% explosive growth of online sales (in 2022)

620+ stores serve as online fulfillment centers[3]

8.1 million Lenta.App users[4]

11 Online Partners

1. By Total Retail Sales. 2. Number of activated loyalty cards on 30 June 2023. 3. In Q2 2023. 4. Lenta.App audience in Q2 2023

BUSINESS GEOGRAPHY

St. Petersburg and region

40 Hyper-markets

121 Small Formats

Moscow and region

27 Hyper-markets

224 Small Formats

Regions

193 Hyper-markets

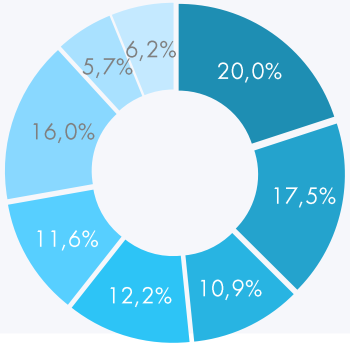
148 Small Formats

260 hypermarkets across 100+ cities in Russia

513 supermarkets and Lenta Mini in St. Petersburg, Moscow, Urals and Central regions

RETAIL SALES BY REGION

IN 1H 2023 (INCLUDING UTKONOS RETAIL SALES), %



OUR STRATEGY

OUR 2025 STRATEGY IS SIMPLE: X2 GROWTH WITH HIGHEST PROFITABILITY ON THE MARKET

X2 2020 REVENUE BY 2025 BY BECOMING CLOSER TO OUR CUSTOMERS

01

Core business - HM

- LFL above the inflation via improving offering, experience and personalization
- Growing market share
- Potential conversion of some HMs into hybrid / dark stores

02

Expansion

- ~1.5 mln sq.m primarily in SMs and proximity

How?

- Organic expansion in regions with high market share & brand loyalty
- Sizeable consolidation deals in other regions

03

Online

- >10% market share in 2025
- Federal presence
- Cover all customer missions
- Consider partnerships with marketplace

+ RUB 550 BN to FY 2020 SALES

WITH HIGHEST PROFITABILITY ON THE MARKET

04

EBITDA

- We defined a plan for constant improvement of operational efficiency

>8%

WE PLAN TO X2 OUR BUSINESS IN THE NEXT 5 YEARS
OUR GOAL – TO BE A CHAMPION

Improve our current offer in core business

Become closer to customer

CHAMPION OFFER

GREAT EXPERIENCE

BEST INDIVIDUALIZATION

EXPANSION IN LENTA SM & LENTA MINI

ONLINE DEVELOPMENT

CONTINUOUS IMPROVEMENT

LENTA'S STRATEGIC GOALS THROUGH 2025

Growth	Profitability	Competitiveness	Returns
Double Sales to RUB 1 trillion	Remain the most profitable Russian food retailer	#1-2 player in the arenas where we choose to compete	Total Shareholder Return amongst industry leaders

STRATEGIC UPDATE

VIA EXPANSION IN PROXIMITY & ONLINE WE GET HIGHER SHARE IN CUSTOMER WALLETS

Shopping missions	Big planned purchase for a short time	Small purchases: Dry & Fresh	Purchase of fresh to eat right after (snack)	Purchase of missing fresh in nearby store	Big planned purchase for a long time	Quick/sponta-neous purchase of dry (bring home)	Quick/sponta-neous purchase of dry (eat right after)	Planned non-food purchase (durables)	Planned non-food purchase (near food)
HM	✔	✓	✓	✓	✔	✓	✓	✔	✔
SM	✔	✔	✓	✓	✔	✓	✓	✓	
Proximity	✓	✔	✔	✔		✔	✔		
Online	✔	✔	✓	✓	✔			✔	✔

✔ Primary focus mission

✓ Secondary focus mission

HYPERMARKET

гипер лента

Number of Stores	260
Key Parameters[1]	
Average selling space, sqm	5,500
Average number of SKUs	25 k
Owned selling space	77.6%
Share of Non-food in Sales	21.0%
Share of Private Label	18.5%

Focus Missions

- Big planned purchase for a short time
- Big planned purchase for a long time
- Planned non-food purchase (durables)
- Planned non-food purchase (near food)

- Small purchase: dry & fresh
- Purchase of fresh to eat right after (snack)
- Purchase of missing fresh in nearby store
- Quick/spontaneous purchase of dry (bring home)
- Quick/spontaneous purchase of dry (eat right after)

Primary focus mission

Secondary focus mission

1. Based on 1H 2023 results

SUPERMARKET

супер лента

Number of Stores	312
Key Parameters[1]	
Average selling space, sqm	820
Average number of SKUs	8 k
Owned selling space	21.8%
Share of Non-food in Sales	8.0%
Share of Private Label	15.7%

Focus Missions

Small purchases: Dry & Fresh	Big planned purchase for a short time	Big planned purchase for a long time

- Purchase of fresh to eat right after (snack)
- Purchase of missing fresh in nearby store
- Quick/spontaneous purchase of dry (bring home)
- Quick/spontaneous purchase of dry (eat right after)

- Planned non-food purchase (durables)

Primary focus mission

Secondary focus mission

1. Based on 1H 2023 results

MINI LENTA

Number of Stores	201
Key Parameters[1]	
Average selling space, sqm	450
Average number of SKUs	6.7 k
Owned selling space	2.5%
Share of Non-food in Sales	9.4%
Share of Private Label	20.2%

Focus Missions

- Small purchases: Dry & Fresh
- Purchase of fresh to eat right after (snack)
- Purchase of missing fresh in nearby store
- Quick/sponta-neous purchase of dry (bring home)
- Quick/sponta-neous purchase of dry (eat right after)
- Big planned purchase for a short time

Primary focus mission

Secondary focus mission

1. Based on 1H 2023 results

Q2 2023 RESULTS

Q2 2023 HIGHLIGHTS

8
Stores added (gross)

-0.6%
Selling space dynamics y-o-y*

1.9%
Sales growth y-o-y*

0.6%
Retail Sales growth y-o-y*

-6.3%
Small-format stores Sales dynamics y-o-y

1.8%
LFL Total Retail Sales growth y-o-y

24.0%
Total Online Sales growth y-o-y*

46.4%
Total Online Orders growth y-o-y*

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

Q2 2023 OPERATING RESULTS

Number of Stores

260

Hypermarkets
(1 HM opened in Voronezh)

513

Small-format stores
(55 stores closed, net in Q2 2023)

Selling Space

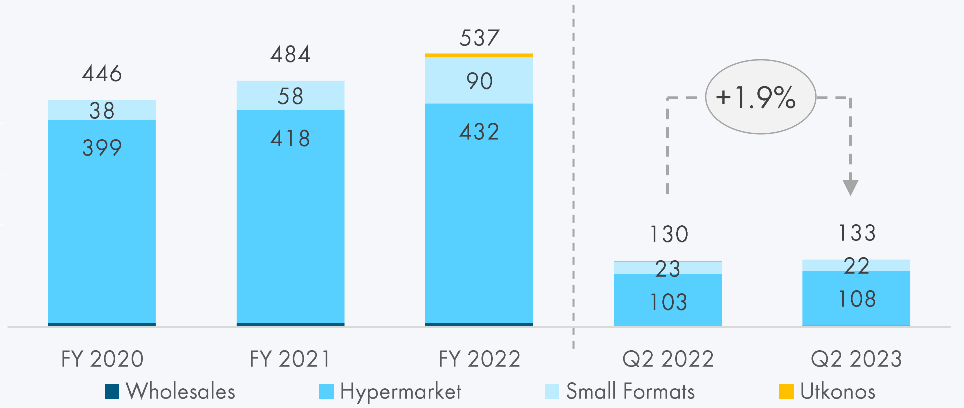
1,421 k sqm

Hypermarkets
(0,8% growth y-o-y)

347 k sqm

Small-format stores
(-5.7% decrease y-o-y)

Total Sales Dynamic, RUB bn



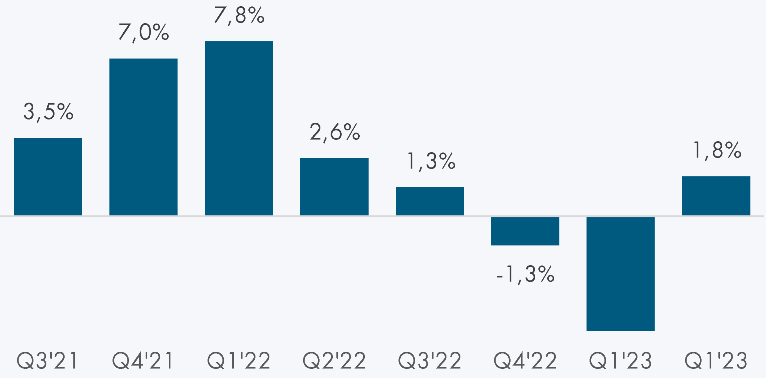
-1.8%

Average Ticket decrease
y-o-y

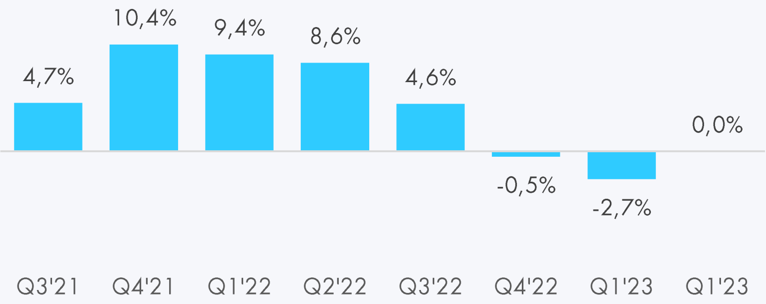
2.5%

Number of Tickets growth
y-o-y

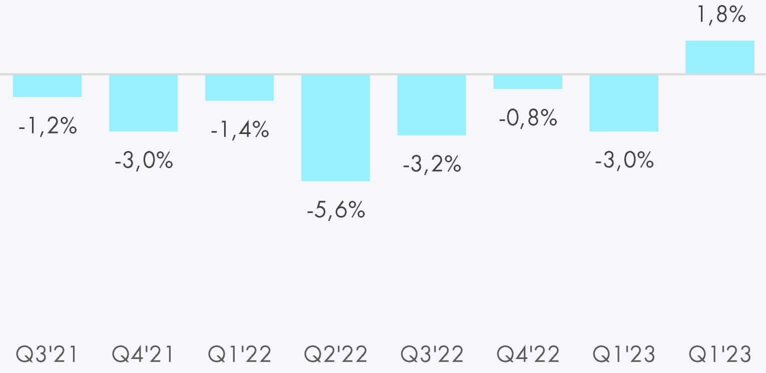
LFL sales*, Δ% y-o-y



LFL Ticket*, Δ% y-o-y



LFL Traffic*, Δ% y-o-y



* Billa stores' results are included in LFL sales started from September 2022 and Semya stores' results are included in LFL sales started from October 2022.

LOGISTIC CAPABILITIES[1]

15

Distribution Centers (DC)

454k sq m

Distribution Centers space

81%

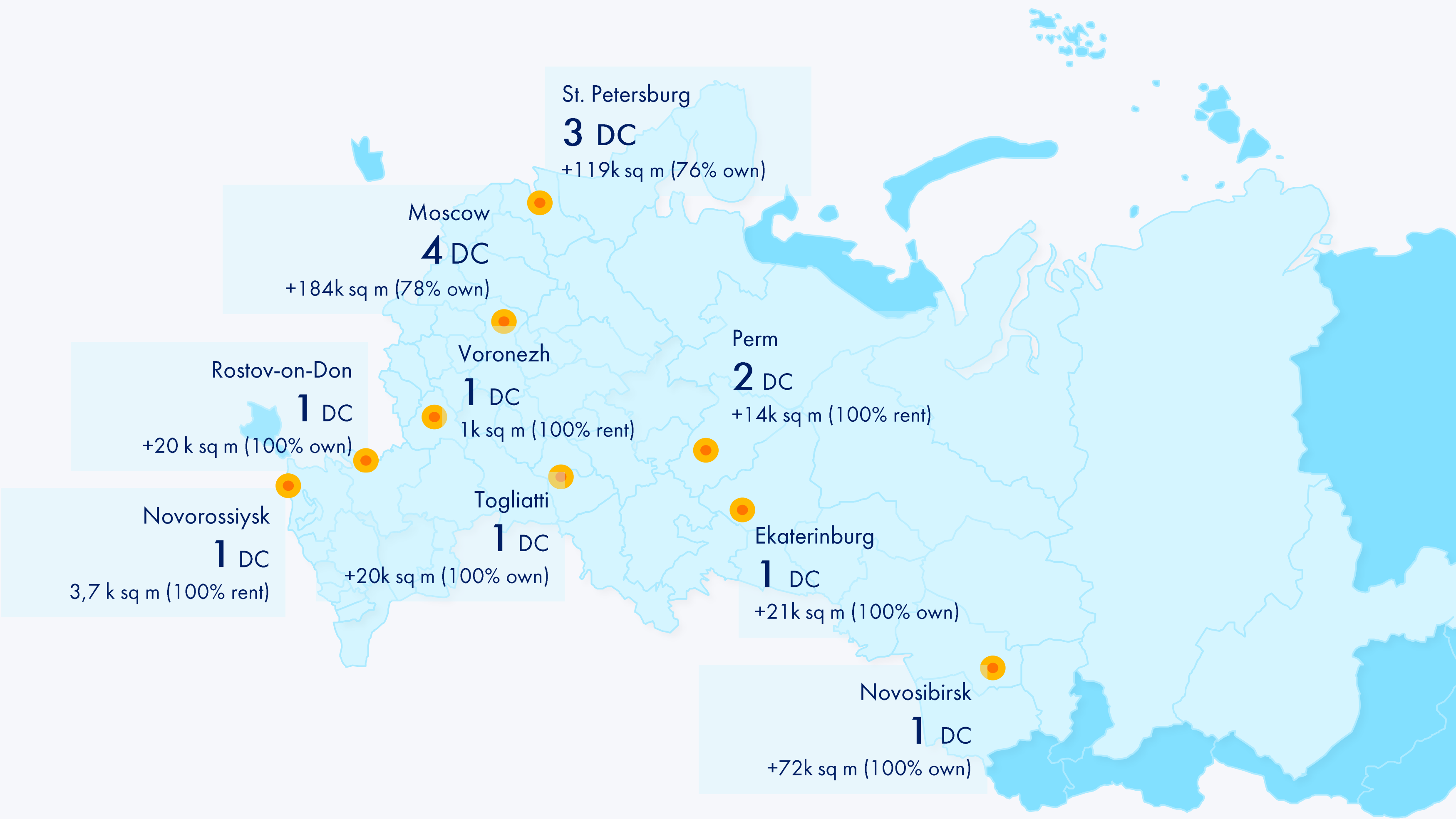
Own DC's space

415

Own Trucks

74.1%

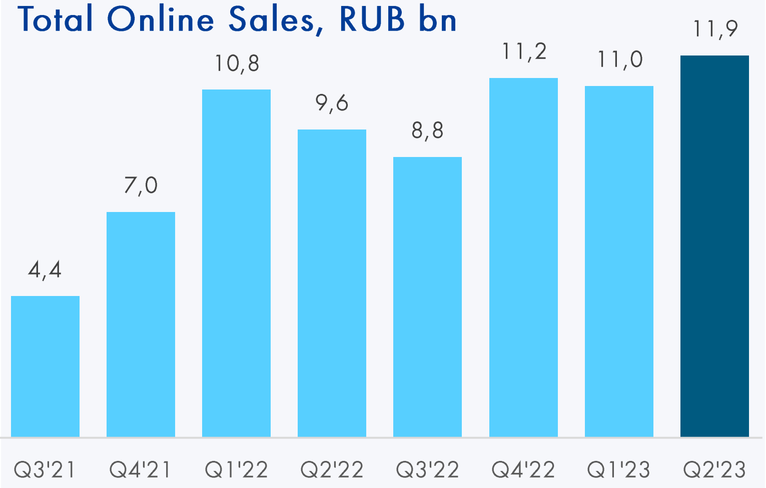
Centralization ratio[2]



[1] Excluding DCs and trucks which are used by Utkonos. [2] In 1H 2023

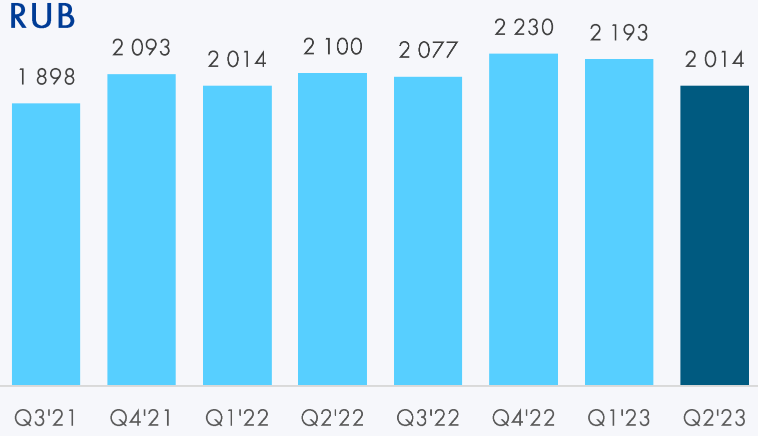
ONLINE OPERATING RESULTS[1]

Total Online Sales, RUB bn

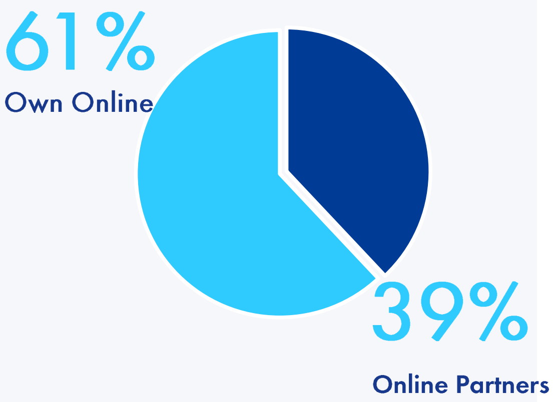


Total Online Orders, mn

Lenta Online Average Ticket, RUB



Online Sales Split[2]



Unique Set of Assets to Become a Champion in Online

Wide Geographical Coverage of HM

260 HMs

Convertible to hybrid / darkstores

Strong Commercial Terms

- Wide range with strong purchase power
- Great choice of 30+ SKUs
- Unique offer of best-in-class PL

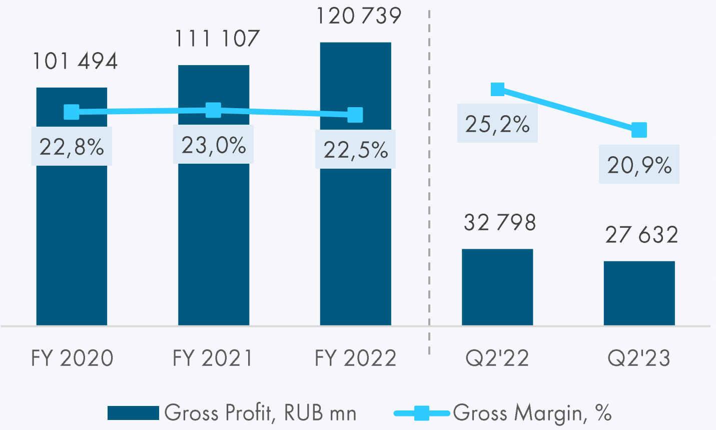
Significant Online Customer Traffic[3]

- 64 mn citizens in catchment area
- 34+ mn loyalty card holders

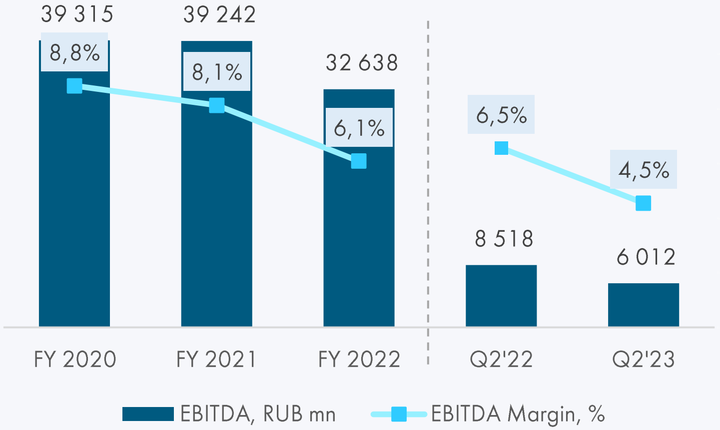
1. Including Utkonos results from the date of consolidation (1 February 2022)
2. Based on Q2 2023 sales
3. As of June 30, 2023

Q2 2023 FINANCIAL RESULTS IAS 17

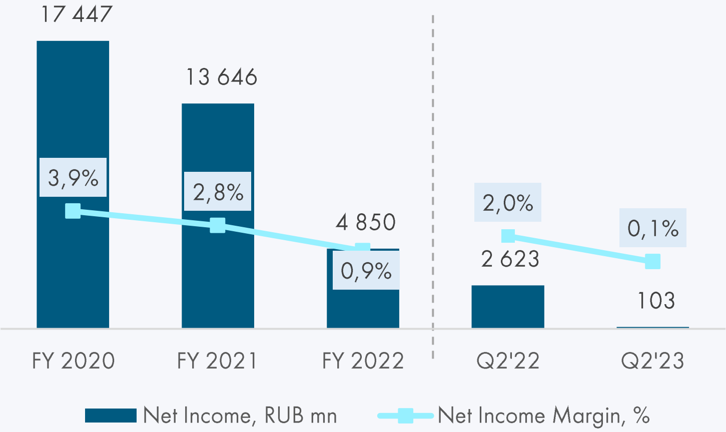
Gross Profit and Gross Margin



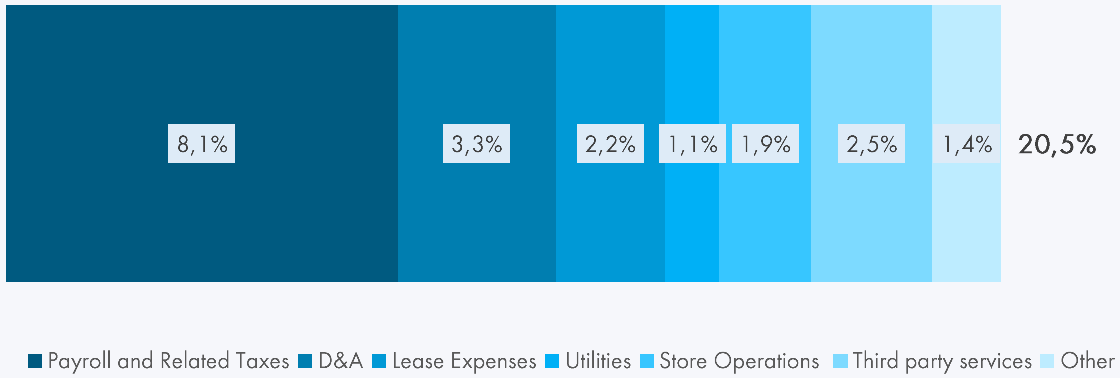
EBITDA and EBITDA Margin



Net Income and Net Income Margin



SG&A as % of Total Sales



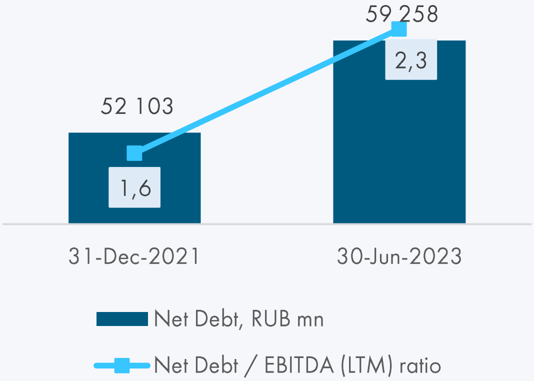
CapEx

RUB 2.0 bn

-34.0% y-o-y dynamics

Primarily due to reduction in expenses related to new openings

Debt Position and Leverage



LENTA DIVIDENDS

Dividend Policy

- Dividend Policy was approved by the Board in November 2021.
- Key Dividend Policy principals:
  - the Company intends to pay dividends on an annual basis. However, the Company may also pay interim dividends, provided that its current financial position is sustainable;
  - the dividend payout shall depend on the performance of the Company and its subsidiaries;
  - the average amount of dividends for a calendar year should not exceed 100% of FCF of the Company for the respective reporting period, provided that the Net Debt/EBITDA ratio based on figures in the Consolidated Financial Statements (IAS 17) is lower than 1.5x, and the Company is allowed to make an adjustment for seasonal fluctuations in working capital;
  - if the Net Debt/EBITDA ratio is lower than 1.0x, the amount of paid dividends can exceed 100% of FCF of the Company;
  - if the Net Debt/EBITDA ratio is higher than 1.5x, the Company may move to a policy, whereby an average annual amount of dividends shall not exceed 50% of FCF for the respective reporting period, until the Net Debt/EBITDA ratio returns to 1.5x or below.

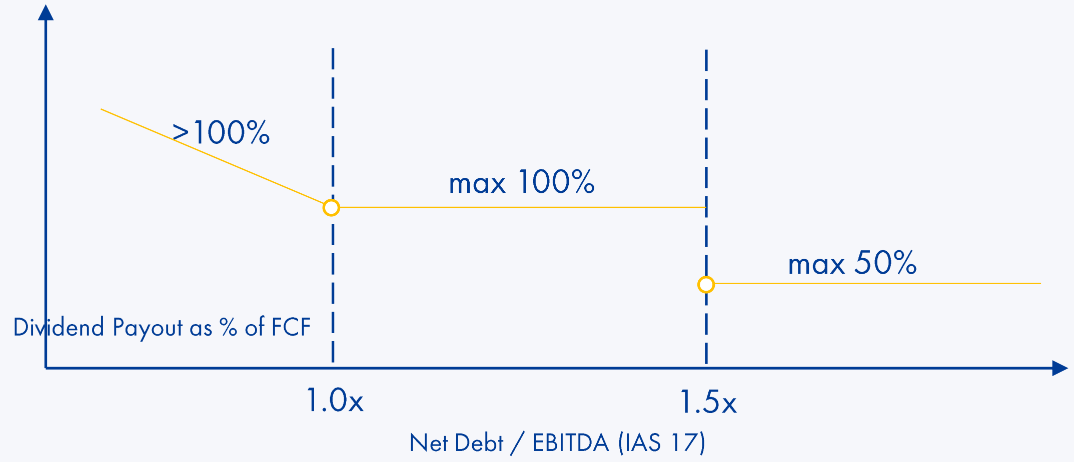
Lenta's Strategic Priorities in Capital Allocation

01. Maintain healthy Leverage: long-term target of 1.5x

02. Invest into profitable growth of sales in existing stores, organic and inorganic growth
- Existing stores renovation
- New stores opening and online channel development
- Industry consolidation

03. Distribute dividends

Dividend Payout Determination Principle



Appendices

QUARTERLY OPERATIONAL DATA

	FY'20	Q1'21	Q2'21	Q3'21	Q4'21	FY'21	Q1'22	Q2'22	Q3'22	Q4'22	FY'22	Q1'23	Q2'23
Total sales, RUB bn	**445.5**	**107.3**	**110.8**	**118.2**	**147.3**	**483.6**	**132.4**	**130.1**	**126.8**	**148.2**	**537.4**	**124.6**	**132.5**
Retail sales	437.5	105.9	109.0	116.1	144.8	475.8	130.6	128.7	125.1	145.8	530.2	122.5	129.5
Hypermarkets	399.3	96.2	99.5	99.7	122.7	418.1	105.6	102.7	101.9	121.7	431.9	100.8	107.5
Small Formats	38.2	9.7	9.6	16.3	22.2	57.7	22.8	23.5	21.2	23.0	90.5	21.7	22.0
Utkonos	-	-	-	-	-	-	2.2	2.6	2.0	1.1	7.9	-	-
Wholesales	8.1	1.4	1.7	2.2	2.5	7.9	1.8	1.4	1.7	2.3	7.2	2.2	3.0
Number of stores	**393**	**394**	**406**	**674**	**757**	**757**	**795**	**809**	**811**	**820**	**820**	**827**	**773**
Hypermarkets	254	254	255	259	258	258	258	258	258	259	259	259	260
Small Formats	139	140	151	415	499	499	537	551	553	561	561	568	513
Selling space, k sqm	**1,519**	**1,522**	**1,529**	**1,726**	**1,755**	**1,755**	**1,772**	**1,779**	**1,780**	**1,788**	**1,788**	**1,789**	**1,768**
Hypermarkets	1,401	1,404	1,407	1,416	1,411	1,411	1,411	1,411	1,411	1,416	1,416	1,416	1,421
Small Formats	118	118,4	122	310	344	344	362	368	370	372	372	373	347
LFL retail sales growth	**5.4%**	**1.3%**	**(2.6%)**	**3.5%**	**7.0%**	**2.4%**	**7.8%**	**2.6%**	**1.3%**	**(1.3%)**	**2.3%**	**(5.6%)**	**1.8%**
Hypermarkets	5.1%	1.9%	(2.3%)	4.2%	7.9%	3.1%	8.6%	2.5%	2.3%	(0.4%)	3.0%	(4.9%)	4.1%
Small Formats	9.5%	(5.0%)	(5.7%)	(4.0%)	(2.8%)	(4.3%)	(0.1%)	2.9%	(6.8%)	(6.2%)	(3.6%)	(8.7%)	(9.0%)
LFL traffic growth	**(5.5%)**	**(9.3%)**	**5.8%**	**(1.2%)**	**(3.0%)**	**(2.1%)**	**(1.4%)**	**(5.5%)**	**(8.1%)**	**(0.8%)**	**(2.6%)**	**(3.0%)**	**1.8%**
Hypermarkets	(5.8%)	(8.1%)	5.4%	(0.4%)	(2.3%)	(1.5%)	(1.0%)	(6.1%)	(3.1%)	(0.1%)	(2.6%)	(3.2%)	3.2%
Small Formats	(3.9%)	(14.7%)	7.7%	(5.0%)	(6.3%)	(5.0%)	(3.6%)	(3.0%)	(3,7%)	(2.2%)	(2.8%)	(2.6%)	(0.7%)
LFL ticket growth	**11.6%**	**11.6%**	**(7.9%)**	**4.7%**	**10.4%**	**4.7%**	**9.4%**	**8.6%**	**10.3%**	**(0.5%)**	**5.0%**	**(2.7%)**	**0.0%**
Hypermarkets	11.6%	10.9%	(7.3%)	4.6%	10.5%	4.6%	9.7%	9.2%	5.6%	(0.4%)	5.7%	(1.8%)	0.9%
Small Formats	14.0%	11.3%	(12.4%)	1.1%	3.7%	0.8%	3.6%	6.1%	(3,2%)	(4.1%)	(0.8%)	(6.3%)	(8.4%)

BALANCE SHEET (IFRS 16)

Assets, RUB mn	30 Jun 2023	31 Dec 2022	31 Dec 2022
Non-current assets			
PP&E	164,500	170,963	170,963
Right-of-use assets	47,018	50,667	50,667
Intangible assets	5,858	5,369	5,369
Other non-current assets	9,518	9,428	9,428
Total non-current assets	**226,895**	**236,426**	**236,426**
Current assets			
Inventories	52,933	57,681	57,681
Trade and other receivables	8,168	9,695	9,695
Advanced paid	4,769	6,607	6,607
Cash and cash equivalents	29,857	29,020	29,020
Other current assets	9,181	8,133	8,133
Total current assets	**104,907**	**111,136**	**111,136**
Total assets	**331,802**	**347,562**	**347,562**

Equity and Liabilities RUB mn	30 Jun 2023	31 Dec 2022	31 Dec 2021
Total Equity	**126,478**	**130,005**	**106,961**
Non-current liabilities			
Long-term borrowings	67,908	26,968	66,912
Long-term lease liabilities	45,021	47,019	54,150
Other non-current liabilities	2,686	3,161	7,989
Total non-current liabilities	**115,615**	**77,148**	**129,051**
Current liabilities			
Trade and other payables	56,234	74,447	74,031
Short-term borrowings and short-term portion of long-term borrowings	21,207	54,155	21,502
Short-term lease liabilities	5,649	6,131	6,398
Other non-current assets	6,618	5,676	5,345
Total current liabilities	**89,709**	**140,409**	**107,276**
Total liabilities	**205,323**	**217,557**	**236,327**
Total equity and liabilities	**331,802**	**347,562**	**343,288**

FY 2022 KEY FINANCIAL HIGHLIGHTS

RUB mn	IFRS 16			IAS 17		
	FY 2022	FY 2021	Change	FY 2022	FY 2021	Change
Total Sales	537,401	483,641	11.1%	537,401	483,641	11.1%
Gross Profit	121,204	111,361	8.8%	120,739	111,107	8.7%
Gross Margin (%)	*22.6%*	*23.0%*	*-47 bps*	*22.5%*	*23.0%*	*-51 bps*
SG&A	-110,264	-91,447	20.6%	-112,987	-93,066	21.4%
SG&A as % of Total Sales	*-20.5%*	*-18.9%*	*-161 bps*	*-21.0%*	*-19.2%*	*-178 bps*
EBITDA	43,665	46,885	-6.9%	32,638	39,242	-16.8%
EBITDA Margin	*8.1%*	*9.7%*	*-157 bps*	*6.1%*	*8.1%*	*-204 bps*
Operating Profit	15,412	25,422	-39.4%	12,082	23,348	-48.3%
Operating Profit Margin	*2.9%*	*5.3%*	*-239 bps*	*2.2%*	*4.8%*	*-258 bps*
Net Interest Expenses	-10,017	-8,428	18.9%	-4,924	-4,923	0.0%
(Net FX Loss)	163	-524	-	-52	-497	-89.5%
Profit Before Income Tax	5,558	16,470	-66.3%	7,106	17,928	-60.4%
Net Income	3,611	12,480	-71.1%	4,850	13,646	-64.5%
Net Income Margin	*0.7%*	*2.6%*	*-191 bps*	*0.9%*	*2.8%*	*-192 bps*

1H 2023 KEY FINANCIAL HIGHLIGHTS

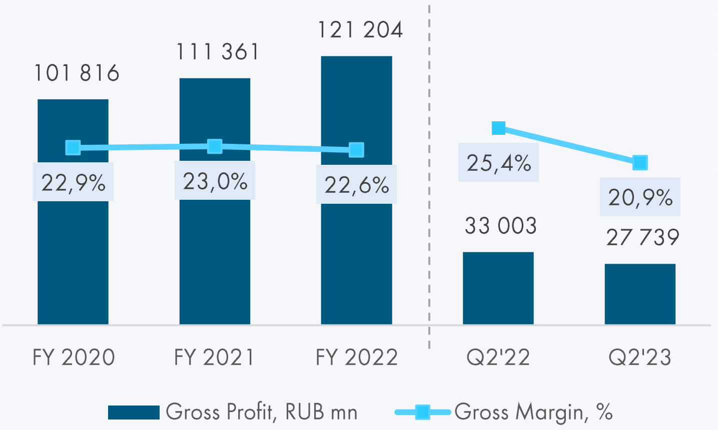
RUB mn-	IFRS 16			IAS 17		
	1H 2023	1H 2022	Change	1H 2023	1H 2022	Change
Total Sales	257,153	262,459	-2.0%	257,153	262,459	-2.0%
Gross Profit	51,993	63,102	17.6%	51,778	62,839	-17.6%
Gross Margin (%)	*20.2%*	*24.0%*	*382 bps*	*20.1%*	*23.9%*	*-381 bps*
SG&A	-52,432	-59,299	-11.6%	-54,081	-60,504	-10.6%
SG&A as % of Total Sales	*-20.4%*	*-22.6%*	*220 bps*	*-21.0%*	*-23.1%*	*202 bps*
EBITDA	14,327	20,686	-30.7%	8,637	15,409	-43.9%
EBITDA Margin	*5.6%*	*7.9%*	*-231 bps*	*3.4%*	*5.9%*	*-251 bps*
Operating Profit	1,957	7,991	-75.5%	-136	6,593	-
Operating Profit Margin	*0.8%*	*3.0%*	*-228 bps*	*-0.1%*	*2.5%*	*-*
Net Interest Expenses	-4,943	-4,910	0.7%	-2,443	-2,455	-0.5%
(Net FX Loss)	-633	1,253	-	-200	357	-
Profit Before Income Tax	-3,619	4,334	-	-2,779	4,495	-
Net Income	-3,076	3,230	-	-2,404	3,358	-
Net Income Margin	*-1.2%*	*1.2%*	*-*	*-0.9%*	*1.3%*	*-*

1H 2023 CASH FLOW STATEMENT

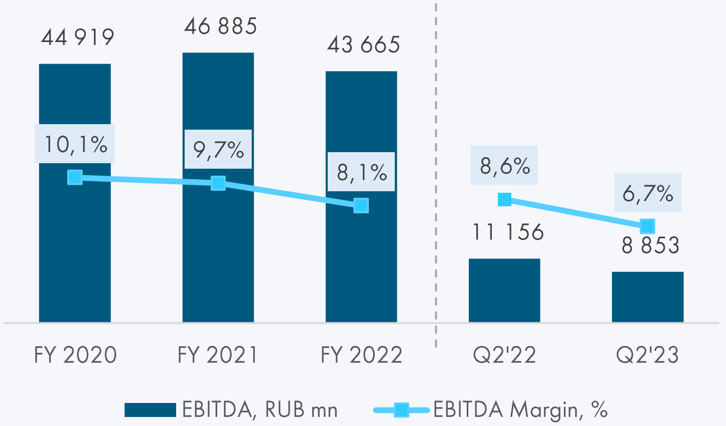
RUB mn	IFRS 16			IAS 17		
	1H 2023	1H 2022	Change	1H 2023	1H 2022	Change
Profit before Income Tax	**-3,619**	**4,334**	**-**	**-2,779**	**4,495**	**-**
Net adjustments for loss on disposal of assets, impairment, depreciation & amortization, and other	18,335	16,834	8.9%	12,034	11,328	6.2%
Movement in Working Capital	-9,313	-17,929	-48.1%	-9,028	-17,897	-49.6%
Cash Generated from Operating Activities	**5,403**	**3,239**	**66.8%**	**227**	**-2,074**	**-**
Net Interest & Income Tax Paid	-6,036	-7,946	-24.0%	-3,527	-5,477	-35.6%
Net Cash from Operating Activities	**-633**	**-4,707**	**-86.6%**	**-3,300**	**-7,551**	**-56.3%**
Net Cash Used in Investing Activities	-3,772	-7,340	-48.6%	-3,792	-7,359	-48.5%
Net Cash generated from / (used in) Financing Activities	5,239	-7,914	-	7,926	-5,051	-
Effect of exchange rate on cash and cash equivalents	3	-138	-	3	-138	-
Net Increase / (Decrease) in Cash and Cash Equivalents	**837**	**-20,099**	**-**	**837**	**-20,099**	**-**

Q2 2023 FINANCIAL RESULTS IFRS 16

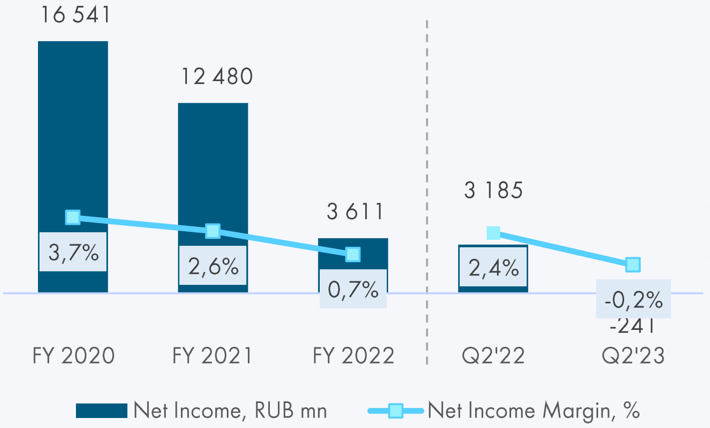
Gross Profit and Gross Margin



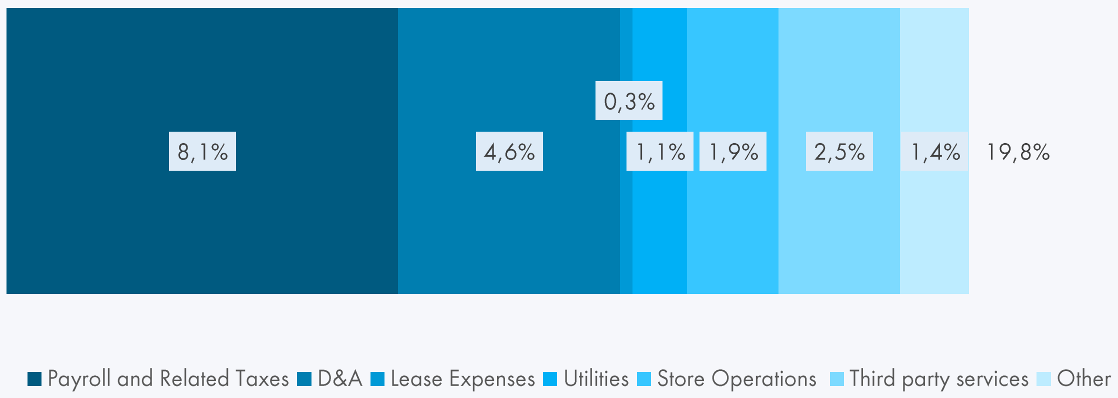
EBITDA and EBITDA Margin



Net Income and Net Income Margin



SG&A as % of Total Sales



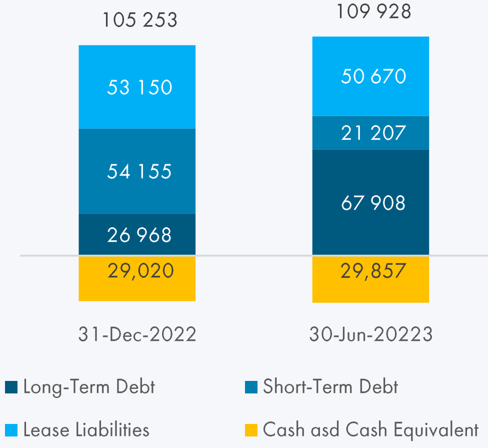
CapEx

RUB 2.0 bn

-34.1% y-o-y growth

Primarily related to new store openings

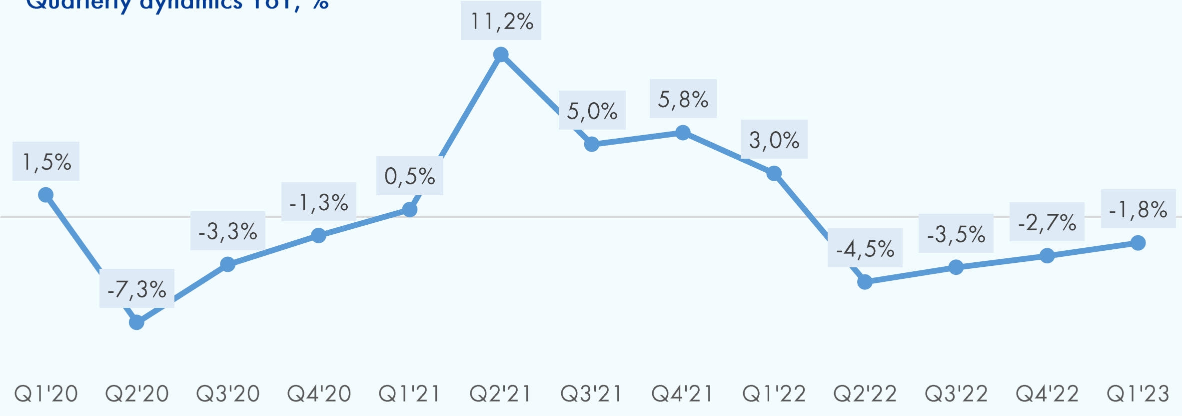
Net Debt, RUB mn



MARKET – INFLATION AND INCOME TRENDS

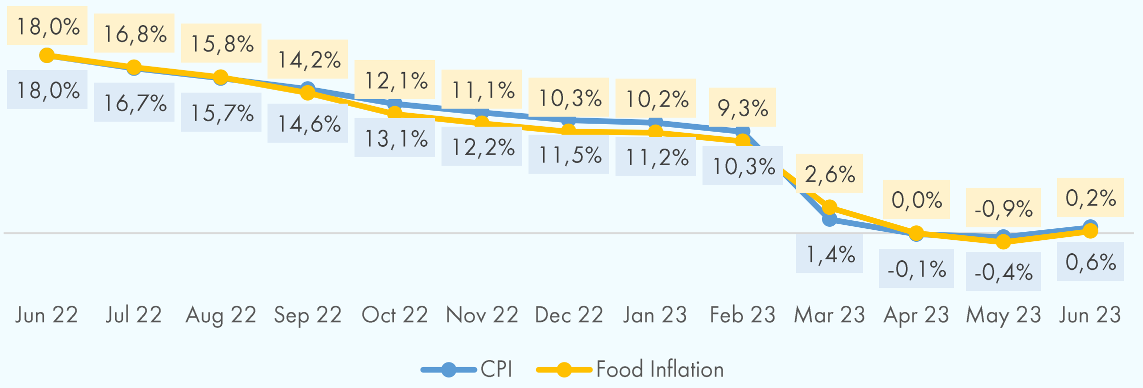
REAL GDP[1]

Quarterly dynamics YoY, %



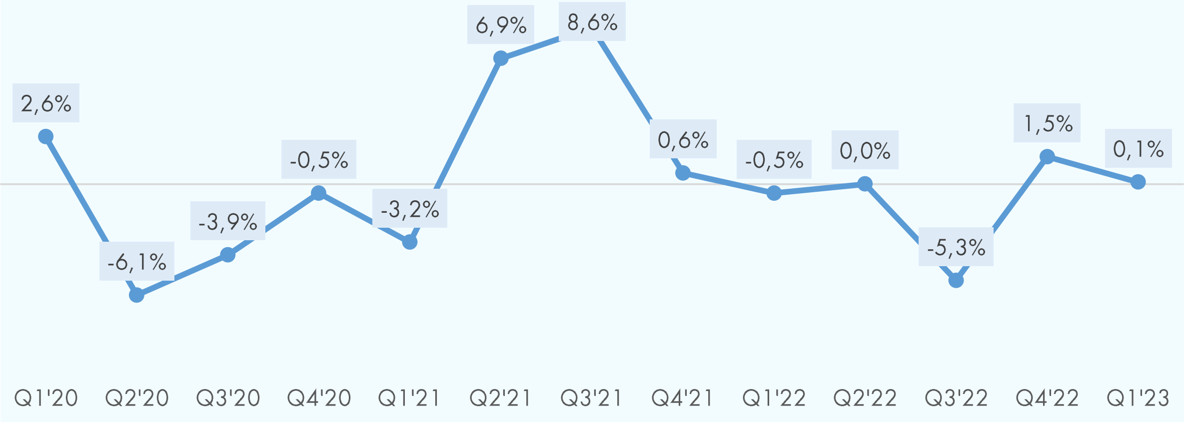
CPI AND FOOD INFLATION

Monthly dynamics YoY, %



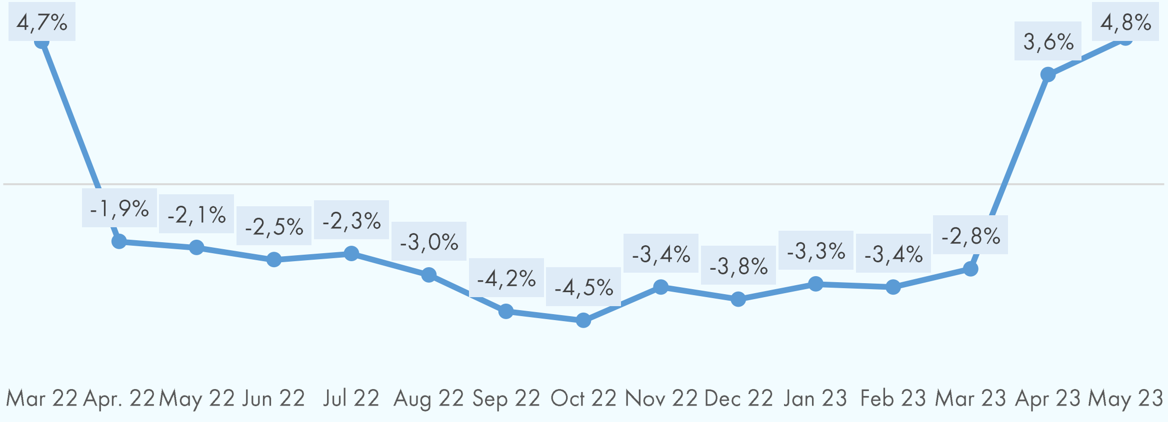
REAL DISPOSABLE INCOME

Quarterly dynamics YoY, %



FOOD RETAIL SALES (in the mass of commodities)

Monthly dynamics YoY, %



1. Indices of the Physical Volume of the Gross Domestic Product

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