

## Lenta reports Online Sales growth of +300%, an 8.0% EBITDA Margin, and the launch of its new Mini store format in 1H 2021

### 1H & Q2 2021 Operational and Financial Highlights<sup>1</sup>

- Retail Sales increased by 0.7% y-o-y to RUB 215 billion in 1H 2021.
- LFL Sales declined by 0.7% in 1H, while LFL Average Ticket grew by 1.4% and customer Traffic declined by 2.1% .
- EBITDA Margin in 1H 2021 was 8.0% and EBITDA was RUB 17.5 billion.
- During Q2, Lenta announced that it would acquire 161 supermarkets from Billa Russia in a transaction that will make it the #2 supermarket operator in Moscow. FAS has approved the deal, which is expected to close in August.
- In June, the company signed a deal to acquire Semya's 75 multi-format retail stores in the Perm region. Subject to FAS approval the deal is expected to close in August.
- Online Sales grew by 322% y-o-y to RUB 7.9 billion with Online Orders up 426% y-o-y to 4.4 million in 1H 2021.
- In 1H 2021, Lenta began opening its new Mini format with 12 new stores opened in total at the end of the period. Additionally, the company opened 3 new hypermarkets and 1 new supermarket. In total, the new store openings created an increase of 3.2% in new selling space.
- The Net Debt to EBITDA (LTM) ratio stood at 1.7x as of 30 June 2021.

St. Petersburg, Russia, 26 July 2021: Lenta IPJSC (MOEX & LSE: LNTA), one of the largest multi-format retail chains in Russia, today announces its operational results and auditor reviewed IFRS financial results for the first six months of 2021. A conference call with management to discuss these results is scheduled for today (see below for dial-in details).

### Vladimir Sorokin, Chief Executive Officer:

*"In the second quarter, following our Capital Markets Day at the end of March, we began executing on our new strategic plan to pursue growth opportunities through the opening of new formats, strategic acquisitions, and bringing our online offering to new customers.*

*For example, in Q2, we opened 11 Lenta Mini stores. This new format is a very interesting and exciting initiative. The early results are promising, and we continue to make improvements with every new store opening. Also, during the second quarter we announced two important acquisitions, Billa Russia and Semya. These deals will strengthen our competitive position in two key markets, Moscow and Perm, and accelerate our transition into a large multi-format retailer. During the first six months of the year, our Online channel continued to produce impressive results with year-over-year growth rates exceeding 300%.*

*With respect to our core formats, hypermarkets and supermarkets, the results of the first six months of 2021 are better than we might have expected given the fact that the results of the same period of 2020 were driven by an unprecedented increase in consumer demand as a result of the COVID-19 lockdown here in Russia.*

*Finally, during the first half of 2021, we made changes to strengthen our Management Team mainly through internal promotion of executives who not only have a depth of experience but, just as importantly, are very motivated to do what will be required over the next five years to transform Lenta into a champion of Russian food retail. We may have a long road ahead of us, but I am very encouraged by the progress we have achieved during these first few months."*

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

| Quarterly – LFL RESULTS                          |  | Q2               | Q2               | Q2            |               |
|--|--|------------------|------------------|---------------|---------------|
|  |  | Sales            | Average Ticket   | Traffic       |               |
| Total Retail                                     |  | -2.6%            | -7.9%            | 5.8%          |               |
| Hypermarkets                                     |  | -2.3%            | -7.3%            | 5.4%          |               |
| Supermarkets                                     |  | -5.7%            | -12.4%           | 7.7%          |               |
| 2nd Quarter - OPERATING RESULTS (Year-over-Year) |  |                  |                  |               |               |
|  |  | Q2 2021          | Q2 2020          | Change        | % Change      |
| <b>Total Sales (RUB millions)</b>                |  | <b>110,776</b>   | <b>110,971</b>   | <b>(195)</b>  | <b>-0.2%</b>  |
| Retail Sales                                     |  | 109,027          | 109,094          | (67)          | -0.1%         |
| Hypermarkets                                     |  | 99,473           | 99,643           | (169)         | -0.2%         |
| Supermarkets <sup>2</sup>                        |  | 9,554            | 9,452            | 102           | 1.1%          |
| Wholesale  |  | 1,749            | 1,877            | (128)         | -6.8%         |
| <b>Average Ticket (RUB)</b>                      |  | <b>1,085</b>     | <b>1,195</b>     | <b>(110)</b>  | <b>-9.2%</b>  |
| Hypermarkets                                     |  | 1,211            | 1,316            | (105)         | -8.0%         |
| Supermarkets <sup>2</sup>                        |  | 520              | 607              | (87)          | -14.3%        |
| <b>Number of Tickets (millions)</b>              |  | <b>101</b>       | <b>91</b>        | <b>9</b>      | <b>10.1%</b>  |
| Hypermarkets                                     |  | 82               | 76               | 6             | 8.5%          |
| Supermarkets <sup>2</sup>                        |  | 18               | 16               | 3             | 17.9%         |
| <b>Total Retail Stores (eop)<sup>3</sup></b>     |  | <b>406</b>       | <b>379</b>       | <b>27</b>     |               |
| Hypermarkets                                     |  | 255              | 248              | 7             |               |
| Openings   |  | 2                | 0                | 2             |               |
| Closing  |  | 1                | 1                | 0             |               |
| Supermarkets <sup>2</sup>                        |  | 151              | 131              | 20            |               |
| Openings   |  | 11               | 3                | 8             |               |
| Closing  |  | 0                | 3                | (3)           |               |
| <b>New Selling Space (sqm, eop)</b>              |  | <b>7,078</b>     | <b>(7,162)</b>   | <b>14,240</b> |               |
| Hypermarkets                                     |  | 2,829            | (7,641)          | 10,470        |               |
| Supermarkets <sup>2</sup>                        |  | 4,249            | 479              | 3,770         |               |
| <b>Total Selling Space (sqm, eop)</b>            |  | <b>1,529,175</b> | <b>1,482,067</b> | <b>47,108</b> | <b>3.2%</b>   |
| Hypermarkets                                     |  | 1,406,516        | 1,370,940        | 35,576        | 2.6%          |
| Supermarkets <sup>2</sup>                        |  | 122,659          | 111,127          | 11,532        | 10.4%         |
| <b>Total Online Sales (RUB, millions)</b>        |  | <b>4,079</b>     | <b>1,377</b>     | <b>2,702</b>  | <b>196.2%</b> |
| Online Partners                                  |  | 2,227            | 1,327            | 899           |               |
| Lenta Online                                     |  | 1,668            | 49               | 1,619         |               |
| Click & Collect                                  |  | 184              | 1                | 183           |               |
| <b>Total Online Orders (thousands)</b>           |  | <b>2,267</b>     | <b>618</b>       | <b>1,649</b>  | <b>266.6%</b> |
| Online Partners                                  |  | 1,253            | 574              | 679           |               |
| Lenta Online                                     |  | 939              | 44               | 895           |               |
| Click & Collect                                  |  | 75               | 0                | 75            |               |
| <b>Cities of Online Operation</b>                |  |                  |                  |               |               |
| Online Partners                                  |  | 86               | 51               | 35            |               |
| Lenta Online                                     |  | 84               | 3                | 81            |               |
| Click & Collect                                  |  | 87               | 8                | 79            |               |

2. Supermarkets include 12 new Lenta Mini stores opened in 1H 2021

3. "eop" refers to "end of period"

| 6 Months - LFL RESULTS <sup>3</sup> |              |                |              |
|-------------------------------------|--------------|----------------|--------------|
|                                     | 1H'21        | 1H'21          | 1H'21        |
|                                     | Sales        | Average Ticket | Traffic      |
| <b>Total Retail</b>                 | <b>-0.7%</b> | <b>1.4%</b>    | <b>-2.1%</b> |
| Hypermarkets                        | -0.3%        | 1.4%           | -1.6%        |
| Supermarkets                        | -5.2%        | -0.9%          | -4.3%        |

| 6 Months - OPERATING RESULTS (Year-To-Date) |                  |                  |               |               |
|---|------------------|------------------|---------------|---------------|
|   | 1H'21            | 1H'20            | Change        | % Change      |
| <b>Total Sales (RUB millions)</b>           | <b>218,088</b>   | <b>216,975</b>   | <b>1,113</b>  | <b>0.5%</b>   |
| <b>Retail Sales</b>                         | <b>214,908</b>   | <b>213,447</b>   | <b>1,461</b>  | <b>0.7%</b>   |
| Hypermarkets                                | 195,664          | 194,196          | 1,468         | 0.8%          |
| Supermarkets <sup>2</sup>                   | 19,245           | 19,251           | (7)           | 0.0%          |
| <b>Wholesale</b>                            | <b>3,179</b>     | <b>3,528</b>     | <b>(349)</b>  | <b>-9.9%</b>  |
| <b>Average Ticket (RUB)</b>                 | <b>1,105</b>     | <b>1,103</b>     | <b>2</b>      | <b>0.1%</b>   |
| Hypermarkets                                | 1,229            | 1,221            | 9             | 0.7%          |
| Supermarkets <sup>2</sup>                   | 544              | 560              | (16)          | -2.8%         |
| <b>Number of Tickets (millions)</b>         | <b>195</b>       | <b>193</b>       | <b>1</b>      | <b>0.5%</b>   |
| Hypermarkets                                | 159              | 159              | 0             | 0.0%          |
| Supermarkets <sup>2</sup>                   | 35               | 34               | 1             | 2.9%          |
| <b>Total Retail Stores (eop)</b>            | <b>406</b>       | <b>379</b>       | <b>27</b>     |               |
| <b>Hypermarkets</b>                         | <b>255</b>       | <b>248</b>       | <b>7</b>      |               |
| Openings                                    | 3                | 0                | 3             |               |
| Closing                                     | 2                | 1                | 1             |               |
| <b>Supermarkets<sup>2</sup></b>             | <b>151</b>       | <b>131</b>       | <b>20</b>     |               |
| Openings                                    | 13               | 3                | 10            |               |
| Closing                                     | 1                | 3                | (2)           |               |
| <b>New Selling Space (sqm, eop)</b>         | <b>10,577</b>    | <b>(7,162)</b>   | <b>17,739</b> |               |
| Hypermarkets                                | 5,728            | (7,641)          | 13,369        |               |
| Supermarkets <sup>2</sup>                   | 4,849            | 479              | 4,370         |               |
| <b>Total Selling Space (sqm, eop)</b>       | <b>1,529,175</b> | <b>1,482,067</b> | <b>47,108</b> | <b>3.2%</b>   |
| Hypermarkets                                | 1,406,516        | 1,370,940        | 35,576        | 2.6%          |
| Supermarkets <sup>2</sup>                   | 122,659          | 111,127          | 11,532        | 10.4%         |
| <b>Total Online Sales (RUB, millions)</b>   | <b>7,892</b>     | <b>1,870</b>     | <b>6,023</b>  | <b>322.1%</b> |
| Online Partners                             | 4,486            | 1,816            | 2,670         |               |
| Lenta Online                                | 3,125            | 53               | 3,072         |               |
| Click & Collect                             | 281              | 1                | 281           |               |
| <b>Total Online Orders (thousands)</b>      | <b>4,419</b>     | <b>840</b>       | <b>3,579</b>  | <b>426.1%</b> |
| Online Partners                             | 2,475            | 789              | 1,686         |               |
| Lenta Online                                | 1,821            | 51               | 1,770         |               |
| Click & Collect                             | 123              | 0                | 123           |               |
| <b>Cities of Online Operation</b>           |                  |                  |               |               |
| Online Partners                             | 86               | 51               | 35            |               |
| Lenta Online                                | 84               | 3                | 81            |               |
| Click & Collect                             | 87               | 8                | 79            |               |

2. Supermarkets include 12 Lenta Mini stores opened in 1H 2021

3. LFL Results do not include 29-Feb-2020

4. "eop" refers to "end of period"

**Q2 2021 Monthly - OPERATING RESULTS**

|   | April            | YoY           | May              | YoY           | June             | YoY           |
|---|------------------|---------------|------------------|---------------|------------------|---------------|
| <b>Total Sales (RUB millions)</b>         | <b>36,631</b>    | <b>1.8%</b>   | <b>37,409</b>    | <b>-2.0%</b>  | <b>36,736</b>    | <b>-0.2%</b>  |
| <b>Retail Sales</b>                       | <b>36,026</b>    | <b>1.6%</b>   | <b>36,945</b>    | <b>-1.5%</b>  | <b>36,057</b>    | <b>-0.3%</b>  |
| Hypermarkets                              | 32,739           | 1.6%          | 33,739           | -1.6%         | 32,995           | -0.4%         |
| Supermarkets <sup>2</sup>                 | 3,286            | 2.4%          | 3,206            | 0.3%          | 3,061            | 0.5%          |
| <b>Wholesale</b>                          | <b>606</b>       | <b>11.4%</b>  | <b>464</b>       | <b>-31.0%</b> | <b>679</b>       | <b>2.7%</b>   |
| <b>Average Ticket (RUB)</b>               | <b>1,088</b>     | <b>-14.4%</b> | <b>1,088</b>     | <b>-9.5%</b>  | <b>1,078</b>     | <b>-4.0%</b>  |
| Hypermarkets                              | 1,214            | -13.1%        | 1,212            | -8.1%         | 1,207            | -3.0%         |
| Supermarkets <sup>2</sup>                 | 534              | -19.8%        | 524              | -15.2%        | 502              | -8.0%         |
| <b>Number of Tickets (millions)</b>       | <b>33</b>        | <b>18.7%</b>  | <b>34</b>        | <b>8.9%</b>   | <b>33</b>        | <b>3.9%</b>   |
| Hypermarkets                              | 27               | 16.8%         | 28               | 7.0%          | 27               | 2.7%          |
| Supermarkets <sup>2</sup>                 | 6                | 27.7%         | 6                | 18.2%         | 6                | 9.2%          |
| <b>Total Retail Stores (eop)</b>          | <b>397</b>       |               | <b>400</b>       |               | <b>406</b>       |               |
| <b>Hypermarkets</b>                       | <b>255</b>       |               | <b>254</b>       |               | <b>255</b>       |               |
| Openings                                  | 1                |               | 0                |               | 1                |               |
| Closing                                   | 0                |               | 1                |               | 0                |               |
| <b>Supermarkets<sup>2</sup></b>           | <b>142</b>       |               | <b>146</b>       |               | <b>151</b>       |               |
| Openings                                  | 2                |               | 4                |               | 5                |               |
| Closing                                   | 0                |               | 0                |               | 0                |               |
| <b>New Selling Space (sqm, eop)</b>       | <b>5,911</b>     |               | <b>(5,083)</b>   |               | <b>6,250</b>     |               |
| Hypermarkets                              | 5,212            |               | (6,583)          |               | 4,200            |               |
| Supermarkets <sup>2</sup>                 | 699              |               | 1,500            |               | 2,050            |               |
| <b>Total Selling Space (sqm, eop)</b>     | <b>1,528,008</b> | <b>3.2%</b>   | <b>1,522,925</b> | <b>2.9%</b>   | <b>1,529,175</b> | <b>3.2%</b>   |
| Hypermarkets                              | 1,408,899        | 2.8%          | 1,402,316        | 2.3%          | 1,406,516        | 2.6%          |
| Supermarkets <sup>2</sup>                 | 119,109          | 8.3%          | 120,609          | 10.5%         | 122,659          | 10.4%         |
| <b>Total Online Sales (RUB, millions)</b> | <b>1,409</b>     | <b>197.4%</b> | <b>1,359</b>     | <b>168.3%</b> | <b>1,311</b>     | <b>230.5%</b> |
| Online Partners                           | 790              |               | 738              |               | 698              |               |
| Lenta Online                              | 567              |               | 563              |               | 539              |               |
| Click & Collect                           | 52               |               | 59               |               | 74               |               |
| <b>Total Online Orders (thousands)</b>    | <b>793</b>       | <b>329%</b>   | <b>754</b>       | <b>226%</b>   | <b>719</b>       | <b>257%</b>   |
| Online Partners                           | 447              |               | 409              |               | 397              |               |
| Lenta Online                              | 322              |               | 320              |               | 297              |               |
| Click & Collect                           | 25               |               | 25               |               | 25               |               |
| <b>Cities of Online Operation</b>         |                  |               |                  |               |                  |               |
| Online Partners                           | 87               |               | 86               |               | 86               |               |
| Lenta Online                              | 83               |               | 83               |               | 84               |               |
| Click & Collect                           | 88               |               | 87               |               | 87               |               |

2. Supermarkets include 12 new Lenta Mini stores opened in 1H 2021

3. "eop" refers to "end of period"

## Operating Results Commentary

Lenta's Retail Sales in 1H 2021 increased by 0.7% compared to 1H 2020. This increase was supported by a 0.1% growth in Average Ticket size and a 0.5% increase in Number of Tickets. Retail Sales were boosted by the company's continued online development, loyalty program activations and new store operations.

Both Hypermarket and Supermarket formats showed flat Retail Sales performance in the first half of 2021, compared to the first half of 2020 when there was unprecedented surge-buying behavior and stocking up. At the end of the second quarter, customer behavior began reverting back to pre-COVID-19 norms with regard to Ticket size and Traffic volume.

The Hypermarket format delivered 0.8% growth in Retail Sales in 1H 2021, as a result of a 0.7% increase in Average Ticket size and a 0.0% change in Number of Tickets. The Supermarket format's Retail Sales remained flat in 1H 2021, as a result of a 2.8% decrease in Average Ticket and a 2.9% increase in Number of Tickets.

During Q2, LFL Retail Sales declined by 2.6% driven by a LFL Average Ticket decline of 7.9%, offset by a LFL Customer Traffic increase of 5.8%. These results reflect the fact that during Q2 2020, LFL Average Ticket was extraordinarily high, and LFL Customer Traffic was lower than normal. The same dynamic can be seen in Hypermarket and Supermarket LFL performance in Q2.

In 1H 2021, Lenta's online channel continued to be an engine of growth for the company. Total Online Sales during the period amounted to RUB 7.9 billion, an increase of 322% year-over-year, while Total Online Orders were up 426% and amounted to 4.4 million.

During the second quarter, Online Sales represented 3.7% of Lenta's Total Sales. The company's own Lenta Online express delivery service grew from 38% of Online Sales in Q1 to 41% in Q2, while its Click & Collect service grew from 2.6% in Q1 to 4.5% in Q2. The company already operates its own Click & Collect platform in all of the cities where it has physical stores.

Lenta opened two new hypermarkets, one new supermarket, and 11 new Lenta Mini stores during Q2 2021. Lenta also closed one hypermarket in Q2 2021, bringing the total number of Lenta stores at the quarter end to 255 hypermarkets, 139 supermarkets and 12 Lenta Mini stores. Lenta currently operates Total Selling Space of 1.5 million square meters, which is a year-over-year increase of 3.2%.

| 1H 2021 Key Financial Results                    |                 | IFRS 16         |                 |                 | IAS 17          |                 |  |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| RUB million                                      | 1H 2021         | 1H 2020         | Change          | 1H 2021         | 1H 2020         | Change          |  |
| <b>Total Sales</b>                               | <b>218,088</b>  | <b>216,975</b>  | <b>0.5%</b>     | <b>218,088</b>  | <b>216,975</b>  | <b>0.5%</b>     |  |
| <b>Gross Profit</b>                              | <b>49,807</b>   | <b>50,703</b>   | <b>-1.8%</b>    | <b>49,722</b>   | <b>50,541</b>   | <b>-1.6%</b>    |  |
| <i>Gross Margin (%)</i>                          | <i>22.8%</i>    | <i>23.4%</i>    | <i>-53 bps</i>  | <i>22.8%</i>    | <i>23.3%</i>    | <i>-49 bps</i>  |  |
| <b>SG&amp;A</b>                                  | <b>(41,325)</b> | <b>(37,464)</b> | <b>10.3%</b>    | <b>(42,103)</b> | <b>(38,173)</b> | <b>10.3%</b>    |  |
| <i>SG&amp;A as % of Total Sales</i>              | <i>18.9%</i>    | <i>17.3%</i>    | <i>168 bps</i>  | <i>19.3%</i>    | <i>17.6%</i>    | <i>171 bps</i>  |  |
| <b>EBITDAR</b>                                   | <b>21,100</b>   | <b>25,285</b>   | <b>-16.6%</b>   | <b>20,841</b>   | <b>25,118</b>   | <b>-17.0%</b>   |  |
| <i>EBITDAR Margin</i>                            | <i>9.7%</i>     | <i>11.7%</i>    | <i>-198 bps</i> | <i>9.6%</i>     | <i>11.6%</i>    | <i>-202 bps</i> |  |
| <i>Rent as % of Total Sales</i>                  | <i>0.2%</i>     | <i>0.2%</i>     | <i>1 bp</i>     | <i>1.5%</i>     | <i>1.4%</i>     | <i>14 bps</i>   |  |
| <b>EBITDA</b>                                    | <b>20,647</b>   | <b>24,812</b>   | <b>-16.8%</b>   | <b>17,472</b>   | <b>22,072</b>   | <b>-20.8%</b>   |  |
| <i>EBITDA Margin</i>                             | <i>9.5%</i>     | <i>11.4%</i>    | <i>-197 bps</i> | <i>8.0%</i>     | <i>10.2%</i>    | <i>-216 bps</i> |  |
| <b>Operating Profit before impairment</b>        | <b>10,893</b>   | <b>15,573</b>   | <b>-30.1%</b>   | <b>9,856</b>    | <b>14,696</b>   | <b>-32.9%</b>   |  |
| <i>Operating Profit Margin before impairment</i> | <i>4.99%</i>    | <i>7.18%</i>    | <i>-218 bps</i> | <i>4.52%</i>    | <i>6.77%</i>    | <i>-225 bps</i> |  |
| <i>(Impairment) / reversal of impairment</i>     | <i>(9)</i>      | <i>42</i>       | <i>-121.4%</i>  | <i>(9)</i>      | <i>42</i>       | <i>-121.4%</i>  |  |
| <b>Operating Profit</b>                          | <b>10,884</b>   | <b>15,614</b>   | <b>-30.3%</b>   | <b>9,847</b>    | <b>14,738</b>   | <b>-33.2%</b>   |  |
| <i>Operating Profit Margin</i>                   | <i>4.99%</i>    | <i>7.20%</i>    | <i>-221bps</i>  | <i>4.52%</i>    | <i>6.79%</i>    | <i>-228 bps</i> |  |
| Net Interest Expense                             | (3,711)         | (4,720)         | -21.4%          | (2,331)         | (3,371)         | -30.9%          |  |
| (Net FX loss)                                    | (589)           | (272)           | 116.5%          | (610)           | (187)           | 226.2%          |  |
| Profit Before Income Tax                         | 6,584           | 10,623          | -38.0%          | 6,906           | 11,179          | -38.2%          |  |
| <b>Net Income</b>                                | <b>5,105</b>    | <b>8,911</b>    | <b>-42.7%</b>   | <b>5,363</b>    | <b>9,357</b>    | <b>-42.7%</b>   |  |
| <i>Net Income Margin</i>                         | <i>2.3%</i>     | <i>4.1%</i>     | <i>-177 bps</i> | <i>2.5%</i>     | <i>4.3%</i>     | <i>-185 bps</i> |  |

Total Sales rose by 0.5% year-over-year in 1H 2021, supported by Retail Sales growth, online development, growing participation in Lenta's revamped loyalty program and a noticeable trend of trading up.

In 1H 2021, Gross Profit (IAS 17) decreased by 1.6% year-over-year and Gross Margin decreased by 49 bps to 22.8%. Gross Profit was impacted by increased promotional activity in 1H 2021 compared to the same period of 2020, which was impacted by significant extra customer demand at Lenta stores due to the abnormal dynamics caused by the COVID-19 lockdown. Lenta benefited disproportionately more than other food retailers during the 1H 2020 period due to the fact that it also carried non-food products and during the lockdown non-food retailers were closed.

EBITDA (IAS 17) during 1H 2021 decreased by 20.8% to RUB 17.5 billion, mainly due to the surge-buying behavior seen during 1H 2020 in connection with the COVID-19 lockdown, and investment into Lenta's growth strategy. Nonetheless, Lenta's EBITDA margin remained at a solid 8.0% in 1H 2021, in line with the company's targets.

| Selling, General, and Administrative (SG&A) |               | IFRS 16       |                |               | IAS 17        |                |         |
|---|---------------|---------------|----------------|---------------|---------------|----------------|---------|
|   |               | RUB million   | 1H 2021        | 1H 2020       | Change        | 1H 2021        | 1H 2020 |
| <b>Payroll and related taxes</b>            | <b>16,284</b> | <b>14,907</b> | <b>9.2%</b>    | <b>16,284</b> | <b>14,907</b> | <b>9.2%</b>    |         |
| <i>as a % of Total Sales</i>                | <i>7.5%</i>   | <i>6.9%</i>   | <i>60 bps</i>  | <i>7.5%</i>   | <i>6.9%</i>   | <i>60 bps</i>  |         |
| <b>Depreciation and Amortization</b>        | <b>9,754</b>  | <b>9,240</b>  | <b>5.6%</b>    | <b>7,616</b>  | <b>7,376</b>  | <b>3.3%</b>    |         |
| <i>as a % of Total Sales</i>                | <i>4.5%</i>   | <i>4.3%</i>   | <i>21 bps</i>  | <i>3.5%</i>   | <i>3.4%</i>   | <i>9 bps</i>   |         |
| <b>Lease Expenses</b>                       | <b>453</b>    | <b>473</b>    | <b>-4.2%</b>   | <b>3,369</b>  | <b>3,046</b>  | <b>10.6%</b>   |         |
| <i>as a % of Total Sales</i>                | <i>0.2%</i>   | <i>0.2%</i>   | <i>-1 bp</i>   | <i>1.5%</i>   | <i>1.4%</i>   | <i>14 bps</i>  |         |
| <b>Utilities</b>                            | <b>2,647</b>  | <b>2,403</b>  | <b>10.2%</b>   | <b>2,647</b>  | <b>2,403</b>  | <b>10.2%</b>   |         |
| <i>as a % of Total Sales</i>                | <i>1.2%</i>   | <i>1.1%</i>   | <i>11 bps</i>  | <i>1.2%</i>   | <i>1.1%</i>   | <i>11 bps</i>  |         |
| <b>Store Operations</b>                     | <b>4,690</b>  | <b>4,194</b>  | <b>11.8%</b>   | <b>4,690</b>  | <b>4,194</b>  | <b>11.8%</b>   |         |
| <i>as a % of Total Sales</i>                | <i>2.2%</i>   | <i>1.9%</i>   | <i>22 bps</i>  | <i>2.2%</i>   | <i>1.9%</i>   | <i>22 bps</i>  |         |
| <b>Professional Fees</b>                    | <b>2,100</b>  | <b>2,020</b>  | <b>4.0%</b>    | <b>2,100</b>  | <b>2,020</b>  | <b>4.0%</b>    |         |
| <i>as a % of Total Sales</i>                | <i>1.0%</i>   | <i>0.9%</i>   | <i>3 bps</i>   | <i>1.0%</i>   | <i>0.9%</i>   | <i>3 bps</i>   |         |
| <b>Advertising</b>                          | <b>2,381</b>  | <b>2,117</b>  | <b>12.5%</b>   | <b>2,381</b>  | <b>2,117</b>  | <b>12.5%</b>   |         |
| <i>as a % of Total Sales</i>                | <i>1.1%</i>   | <i>1.0%</i>   | <i>12 bps</i>  | <i>1.1%</i>   | <i>1.0%</i>   | <i>12 bps</i>  |         |
| <b>Other</b>                                | <b>3,016</b>  | <b>2,110</b>  | <b>42.9%</b>   | <b>3,016</b>  | <b>2,110</b>  | <b>42.9%</b>   |         |
| <i>as a % of Total Sales</i>                | <i>1.4%</i>   | <i>1.0%</i>   | <i>41 bps</i>  | <i>1.4%</i>   | <i>1.0%</i>   | <i>41 bps</i>  |         |
| <b>Total SG&amp;A</b>                       | <b>41,325</b> | <b>37,464</b> | <b>10.3%</b>   | <b>42,103</b> | <b>38,173</b> | <b>10.3%</b>   |         |
| <i>as a % of Total Sales</i>                | <i>18.9%</i>  | <i>17.3%</i>  | <i>168 bps</i> | <i>19.3%</i>  | <i>17.6%</i>  | <i>171 bps</i> |         |
| <b>SG&amp;A excluding D&amp;A</b>           | <b>31,571</b> | <b>28,224</b> | <b>11.9%</b>   | <b>34,487</b> | <b>30,797</b> | <b>12.0%</b>   |         |
| <i>as a % of Total Sales</i>                | <i>14.5%</i>  | <i>13.0%</i>  | <i>147 bps</i> | <i>15.8%</i>  | <i>14.2%</i>  | <i>162 bps</i> |         |

Total Selling, General, and Administrative expenses (IAS 17) increased by 10.3% year-over-year to RUB 42.1 billion and amounted to 19.3% of Total Sales. SG&A expenses were impacted by higher personnel costs from new store openings and investments into Lenta Online, as well as COVID-19 safety related expenditures.

Payroll and related taxes rose by 9.2% year-on-year in connection with salary indexation, which took place in the second half of 2020, new store openings, building capabilities to implement Lenta's growth strategy and Lenta Online. Additionally, the company incurred certain one-off material expenses related to the departure of several senior executives.

Store Operations increased by 11.8% year-over-year, mainly driven by costs associated with new store openings, higher cleaning costs due to severe winter weather in the first half of 2021, increased security costs, as well as store repairs and maintenance.

Meanwhile, advertising costs during 1H 2021 were up 12.5% year-over-year, due to online channel marketing expenses and higher customer acquisition costs.

| 1H 2021 Cash Flow Statement  |               | IFRS 16         |               |              | IAS 17          |               |  |
|--|---------------|-----------------|---------------|--------------|-----------------|---------------|--|
| RUB million  | 1H 2021       | 1H 2020         | Change        | 1H 2021      | 1H 2020         | Change        |  |
| <b>Profit before income tax</b>  | <b>6,584</b>  | <b>10,623</b>   | <b>-38.0%</b> | <b>6,906</b> | <b>11,179</b>   | <b>-38.2%</b> |  |
| Net adjustments for loss on disposal of assets, impairment, depreciation & amortization, and other | 14,216        | 14,376          | -1.1%         | 10,740       | 11,062          | -2.9%         |  |
| Movements in Working Capital   | (10,353)      | (11,892)        | -12.9%        | (10,216)     | (11,761)        | -13.1%        |  |
| <b>Cash generated from operating activities</b>  | <b>10,447</b> | <b>13,107</b>   | <b>-20.3%</b> | <b>7,430</b> | <b>10,480</b>   | <b>-29.1%</b> |  |
| Net Interest & Income Taxes Paid   | (4,704)       | (6,885)         | -31.7%        | (3,323)      | (5,524)         | -39.8%        |  |
| <b>Net cash from Operating Activities</b>  | <b>5,743</b>  | <b>6,222</b>    | <b>-7.7%</b>  | <b>4,107</b> | <b>4,956</b>    | <b>-17.1%</b> |  |
| Net cash used in Investing Activities  | (4,851)       | (3,501)         | 38.6%         | (4,868)      | (3,518)         | 38.4%         |  |
| Net cash generated from/(used in) financing activities   | 7,774         | (56,842)        | -             | 9,427        | (55,559)        | -             |  |
| Effect of exchange rates on cash and cash equivalents  | (615)         | 39              | -             | (615)        | 39              | -             |  |
| <b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>                                    | <b>8,051</b>  | <b>(54,082)</b> |               | <b>8,051</b> | <b>(54,082)</b> |               |  |

CapEx in 1H 2021 amounted to RUB 5.0 billion. This increase of nearly 40% year-over-year is due to the fact that in 1H 2020, Lenta put CapEx on hold due to uncertainty caused by COVID-19. The investments in 1H 2021 were focused on new hypermarket, supermarket, and Lenta Mini openings, as well as distribution center construction and IT investments.

Net cash generated from financing activities in 1H 2021 amounted to RUB 9.4 billion, compared to RUB 55.6 billion used in financing activities in 1H 2020.

Free Cash Flow for the 1H 2021 period amounted to RUB a negative 0.8 billion, which was RUB 2.2 billion lower than Free Cash Flow in 1H 2020, mainly due to abnormally high EBITDA in 1H 2020 due to the COVID-19 shutdown dynamics mentioned above.

| 1H 2021 Debt Position and Leverage   |                | IFRS 16        |               | IAS 17        |  |
|--------------------------------------|----------------|----------------|---------------|---------------|--|
| RUB million                          | 30-Jun-21      | 31-Dec-20      | 30-Jun-21     | 31-Dec-20     |  |
| <b>Gross Debt</b>                    | <b>123,603</b> | <b>113,394</b> | <b>88,370</b> | <b>78,952</b> |  |
| Long-term Debt                       | 57,929         | 45,941         | 57,929        | 45,941        |  |
| Short-term Debt                      | 30,441         | 33,011         | 30,441        | 33,011        |  |
| Lease Liabilities (IFRS 16)          | 35,233         | 34,442         | -             | -             |  |
| <b>Cash &amp; Cash Equivalents</b>   | <b>29,861</b>  | <b>21,809</b>  | <b>29,861</b> | <b>21,809</b> |  |
| <b>Net Debt</b>                      | <b>93,742</b>  | <b>91,585</b>  | <b>58,509</b> | <b>57,143</b> |  |
| <b>Net Debt / EBITDA (LTM) ratio</b> |                |                | <b>1.7x</b>   | <b>1.5x</b>   |  |

As of June 30, 2021, Lenta's Gross Debt (IAS 17) had increased to RUB 88.4 billion. The company's Net Debt to EBITDA (LTM) ratio stood at 1.7x at the end of 1H 2021, compared to 1.9x at the end of 1H 2020 and 1.5x at year-end 2020.



## **FY 2021 Guidance**

In line with the company's performance in 1H 2021 and in light of the announced M&A transactions, Lenta Management is updating its previously communicated guidance for FY 2021 to the following:

- Selling Space Growth: at least 200k sqm (including acquisitions)
- EBITDA Margin: above 8% (no change)
- CapEx: Up to 5% of Sales (not including acquisitions)

## **1H 2021 Conference Call Dial-in Details**

The Lenta Management Team will host an investor and analyst conference call at 17:00 Moscow time (15:00 London, 10:00 New York), on Monday, 26 July 2021. On the call will be Vladimir Sorokin (CEO), Rud Pedersen (CFO), and Tim Post (IRO).

To participate in the conference call, please use the following dial-in details:

Russia +7 495 283 98 58

United Kingdom +44 203 984 9844

United States +1 718 866 4614

Germany +49 30 25 555 323

Sweden +46 10 551 30 20

Participant code: 878744 ("Lenta 1H Earnings Call")

Audio webcast URL: <http://webcast.closir.com/lenta2Qcall>

Telephone numbers for additional countries can be found at the webcast URL. Participants are encouraged to register approximately 5-10 minutes prior to the start of the call.



**For further information, please visit [www.lentainvestor.com](http://www.lentainvestor.com) or contact:**

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## About Lenta

Lenta IPJSC (LSE and MOEX: LNTA) 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 click-and-collect and express delivery services. 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 June 30, 2021, operated 255 hypermarkets and 151 supermarkets in 88 cities across European Russia with more than 1.5 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 11 distribution centers to supply all of its stores. 2020 Revenues were RUB 445 billion (approximately USD 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.