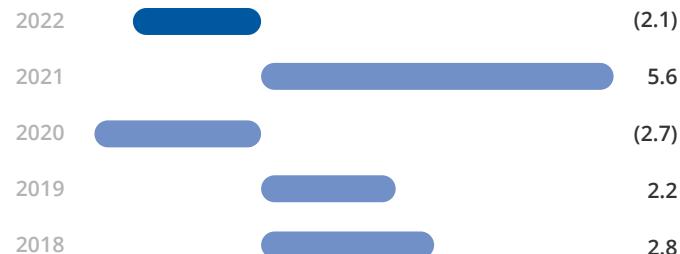


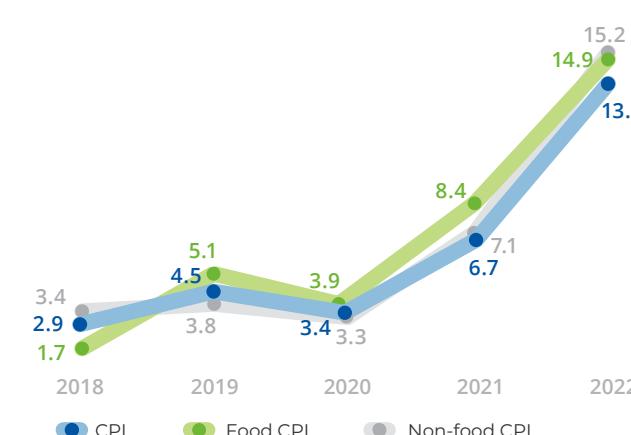
Market Overview

Russian Macroeconomic Situation and Retail Market¹

Russia's real GDP in 2018–2022, % change



Consumer inflation (CPI change²) in Russia in 2018–2022, %



Real disposable income in Russia in 2018–2022, % change



~90%³
market share, making Fix Price undisputed leader in the Russian variety value retail (VVR) segment

The year 2022 proved to be extremely challenging for the whole Russian economy. The real GDP decreased by 2.1% in 2022, with annual consumer inflation (CPI change) at 13.8% vs 6.7% in 2021. Food inflation accelerated to 14.9% in 2022 compared to 8.4% in 2021, while non-food inflation rose to 15.2% in 2022 from 7.1% in 2021 amid supply chains disruptions. With sharp fluctuations in the national currency during 2022 (especially in Q2 2022), the average annual USD/RUB exchange rate was 68.5 compared to 73.7 in 2021.

At the same time, the labour market saw an improvement, with unemployment falling to 4.0% in 2022 compared to 4.8% in 2021. However, the real disposable income dipped by 1.0%, with consumer confidence remaining at quite low levels throughout the year.

Against this background, Russia's retail trade turnover increased by 7.7% in nominal terms (while declining by 6.7% in real terms) to RUB 42.5 trillion, with a CAGR of 7.7% over the past five years.

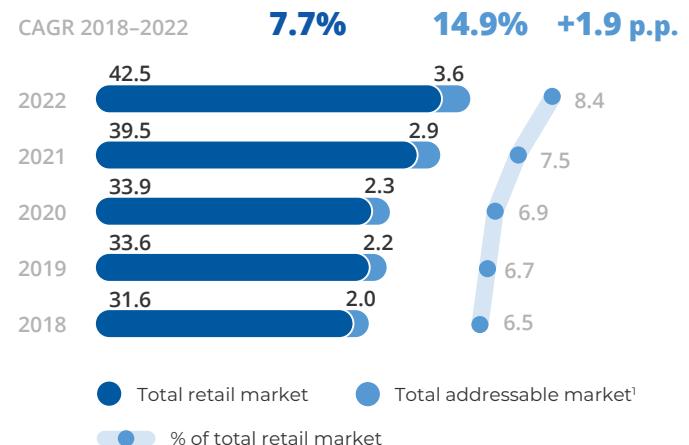
On the whole, 2022 saw changes in consumer behaviour towards a more rational approach to buying food and non-food items amid market turbulence and low levels of consumer confidence. Price sensitivity increased noticeably, causing an influx of new customers to the variety value retail (VVR) market, which, against this background, only cemented itself as one of the fastest growing retail channels in Russia, with an annual increase of c.22% in 2022.³

¹ All figures in this section are based on Russian official data (including preliminary estimates) published by the Federal State Statistics Service (Rosstat) as of the date of this Report, unless otherwise noted

² The Consumer Price Index (CPI) change calculated as average for the year

³ Source: INFOLine, 2022

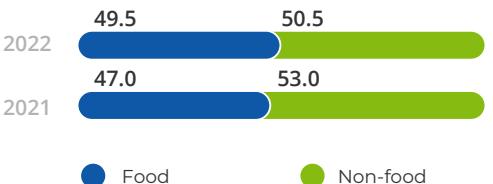
Russian total retail market and total addressable market (TAM) in 2018–2022, RUB trn



In 2022, the share of food products in the retail trade turnover grew slightly to 49.5%, while the share of non-food products tapered to 50.5%, compared with 47.0% and 53.0% in 2021, respectively.

The share of the modern grocery formats in the total retail market continued to expand and reached 79.6% in 2022 (+1.6 pps y-o-y), while the share of the Top-10 FMCG retailers grew by 1.8 pps to 38.5%. The modern formats were gaining pace thanks to the attractive value proposition and the improved customer service.

Russian retail market structure in 2021–2022, %



Furthermore, e-commerce has shown significant growth, with a CAGR of approximately 32% from 2018 to 2022, driven by the emergence of express delivery services and marketplaces.



¹ Total addressable market (TAM) consists of retail products that have a similar price and assortment to VVR products but are currently available through various retail channels. Source: INFOLine