

INDUSTRY REVIEW

Russian consumer market and FMCG retail chains rating

Results of 2022-2023

Demo version

- Analysis and statistics on retail and consumer market
- State regulation of consumer market
- Review of events on retail market of Russia
- Rating of FMCG retailers by stores number, selling space, net sales and market share
- Dynamics of development and key events of TOP-200 FMCG chains

Агентство INFOLine занимается разработкой и реализацией информационных и аналитических продуктов, консультированием и поддержкой деловых форумов и мероприятий в сфере строительства и инвестиций, ритейла и потребительского рынка, топливно-энергетического комплекса, транспорта, машиностроения и др. На постоянной основе мы оказываем поддержку более 3000 компаний России и мира. В соответствии с правилами ассоциации ESOMAR все продукты агентства INFOLine сертифицируются по общеевропейским стандартам.

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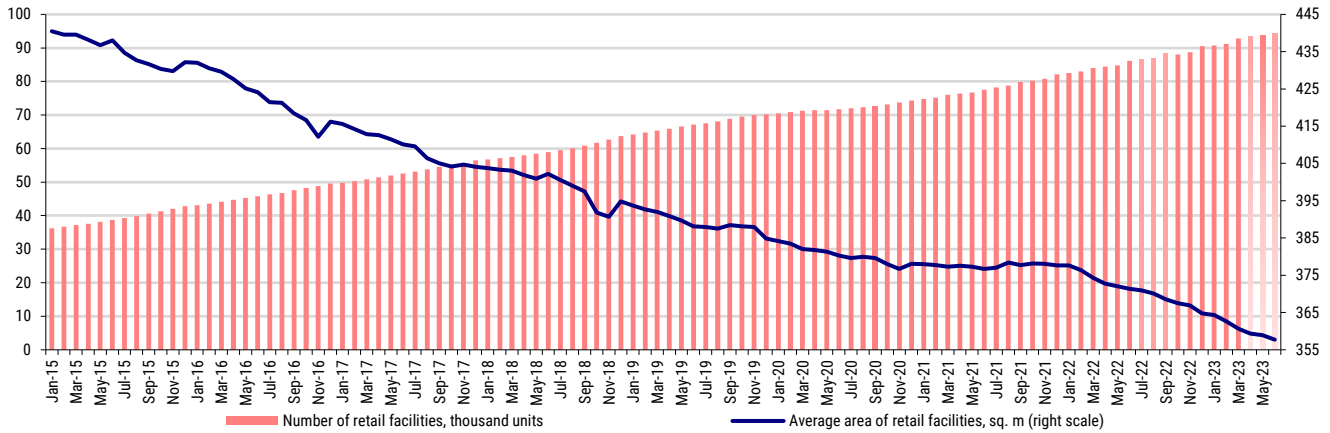
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Rating of FMCG retail chains of Russia

TOP 200 FMCG chains performance

The number of retail facilities of the TOP-200 FMCG chains in **June 2023** increased by *****, and the total retail space – by more than *** thousand sq. m** (hereinafter, excluding changes in public companies that disclose quarterly)¹, in **January-June 2023** - by *****, and the total trading area - by *** thousand sq. m**.

Figure 1. Number and area of retail facilities TOP-200 FMCG chains in Russia at the end of the period ²

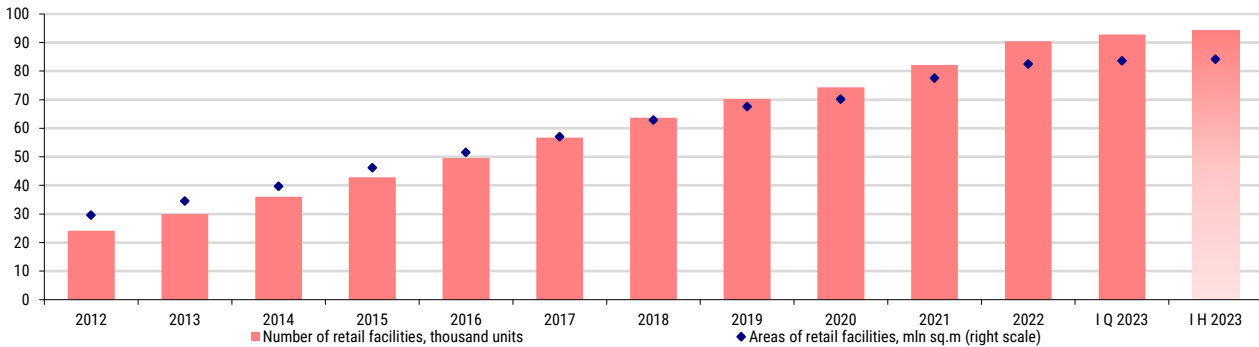


Source: INFOLine

As of **June 30, 2023**, the number of TOP-200 FMCG retail outlets exceeded *** thousand**, and their total retail space is *** million sq. m**.

Since 2015, there has been a downward trend in the total average selling space: by ***%** to *** sq. m**. by the end of 2022. In 2023, the decrease in the average area continued (by ***%** to *** sq. m** in January-June 2023).

Figure 2. Number and selling space of TOP-200 FMCG chains in Russia (at the end of the period) ³



Source: INFOLine

According to INFOLine estimates, e-grocery market growth accelerated to more than ***%** in Q2 2023, mainly due to the low base effect of Q2 2022. This growth is still driven by the high level of investment in marketing and promotion by leading players primarily specializing in express delivery (up to 2 hours), as well as leading marketplaces with e-grocery as a key factor in order frequency improvement. In addition, many players expanded their order delivery area and deliver goods to cottages and parks to reduce the seasonal decline in sales. Express delivery will continue to lead the market and dominate over delivery within a given time window and self-pickup.

In **January-June 2023**, the area of discounters increased by ***%** (by *** thousand sq. m**), and the share in the total retail space increased by ***%** to ***%**.

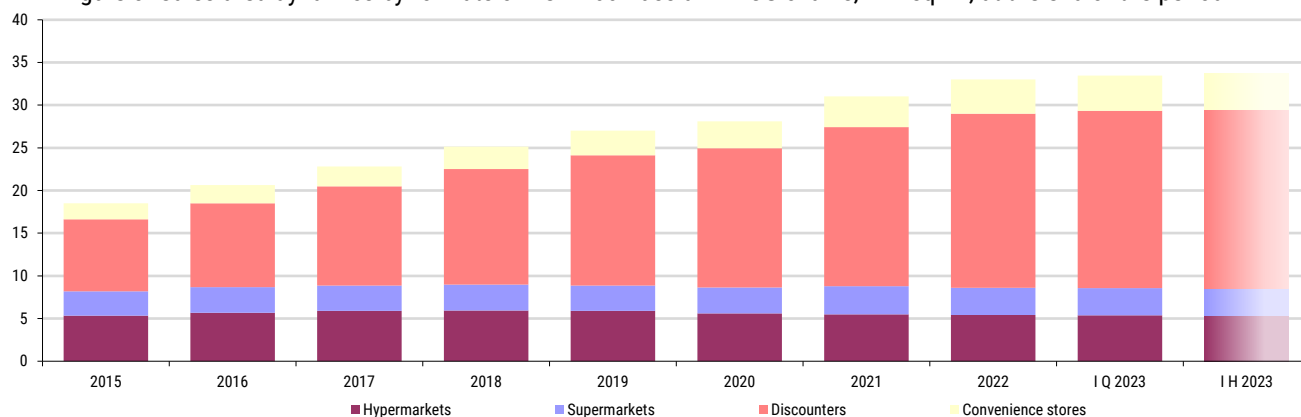
¹ Hereinafter, for X5 Group, Lenta and O'KEY the data available as of the date of preparation: March 31, 2022 is used. The total number of FMCG stores does not include objects of the Magnit Cosmetic drogerie format, My price hard discounter, as well as pharmacies under the Magnit Apteka brand, and franchising projects of the group of companies Sladkaya Zhizn (Malinka and Avocado chains) and Dixy Group (Pervym Delom chain).

² The gradient highlights preliminary data without taking into account the indicators of public companies, provided quarterly as the official publication. For quarterly disclosures, openings are attributed to the last month of the quarter.

³ The gradient highlights preliminary data without taking into account the indicators of public companies, provided quarterly as the official publication. For quarterly disclosures, openings are attributed to the last month of the quarter.



Figure 3. Sales area dynamics by formats of TOP-200 Russian FMCG chains, mln sq. m, at the end of the period ⁴

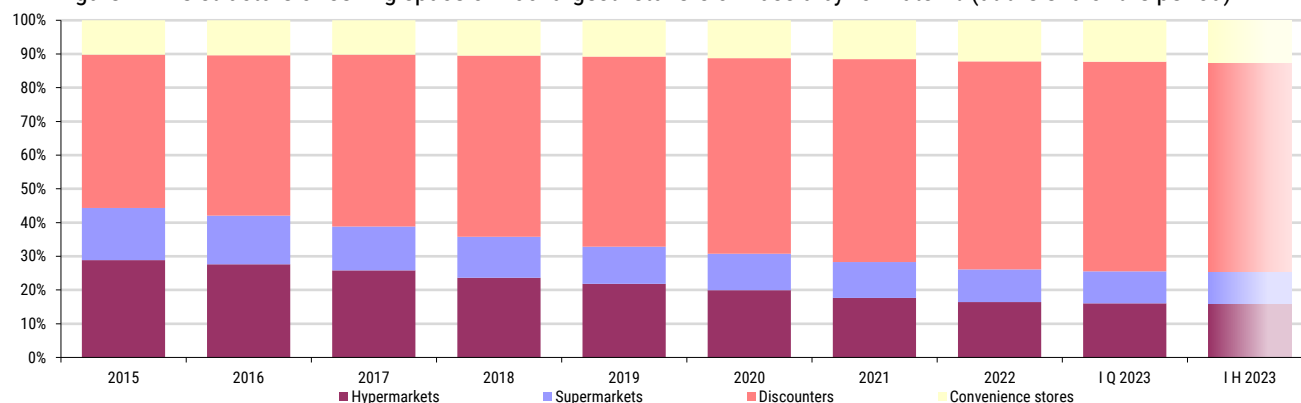


Source: INFOline

The growth in discounter space in **June 2023**, except for the Pyaterochka, Magnit, Svetofor, Monetka chains, is associated with the opening of My price, Chizhik, Nakhodka Pobeda and Dobrotsen stores. At the same time, regional chains had a large number of closures, first of all, the number of Grozd discounters (Saratov region) decreased by * objects in June 2023 (a decrease of more than * objects in H1 2023).

In **June 2023**, the share of convenience stores in the area structure increased by * p.p., and in **January-June 2023** – by * p.p. to *%.

Figure 4. The structure of selling space of 200 largest retailers of Russia by formats. % (at the end of the period) ⁵



Source: INFOline

The share of hypermarkets and supermarkets in the structure of selling space continued decreasing in **January-June 2023** (hypermarkets – by * p.p. to *%, supermarkets – by * p.p. to *%) due the refusal to invest in new discoveries and the closure of facilities by retailers operating in large formats, decreased malls attendance, especially after the announcement of partial mobilization and a large-scale wave of emigration, increased competition from online-retailers and marketplaces, discounters and small format stores. Hypermarket chains are actively transforming facilities for e-commerce development by arranging dark store zones in them to speed up picking and reduce picking costs, including in partnership with delivery services.

Hypermarket openings in the first half of 2023 were carried out by the following retailers: O'KEY Group (* hypermarket in St. Petersburg), Lenta Group (* hypermarkets in Voronezh and * hypermarkets in July 2023 in Surgut), Remi Group (* hypermarkets in Vladivostok and Yuzhno-Sakhalinsk), Maxi Group (* hypermarkets in Rybinsk), Yarche! (* hypermarkets in Togliatti), SPAR Kaliningrad (* hypermarkets in Chernyakhovsk).

Hypermarket Format Development

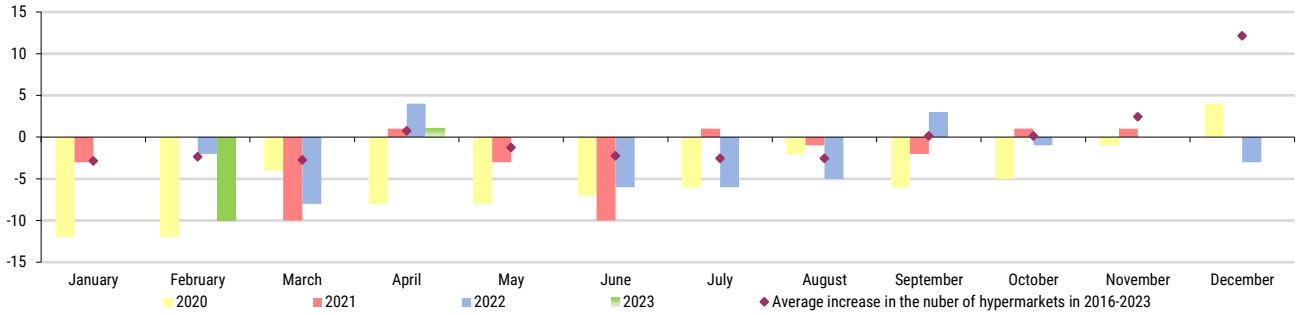
In **June 2023**, the number of TOP-200 hypermarkets⁶ of FMCG chains (hereinafter, excluding changes in public companies that disclose quarterly) did not change.

⁴ The gradient highlights preliminary data without taking into account the indicators of public companies, provided quarterly as the official publication. For quarterly disclosures, openings are attributed to the last month of the quarter.

⁵ The gradient highlights preliminary data without taking into account the indicators of public companies, provided quarterly as the official publication. For quarterly disclosures, openings are attributed to the last month of the quarter.

⁶ The classification of objects of modern formats is presented in the Appendix "Methodology".

Figure 5. Dynamics of hypermarkets number of 200 largest retailers of Russia on monthly basis. number of outlets (data for X5 Group, Magnit and O'KEY as of March 31, 2023, and is updated quarterly) ⁷



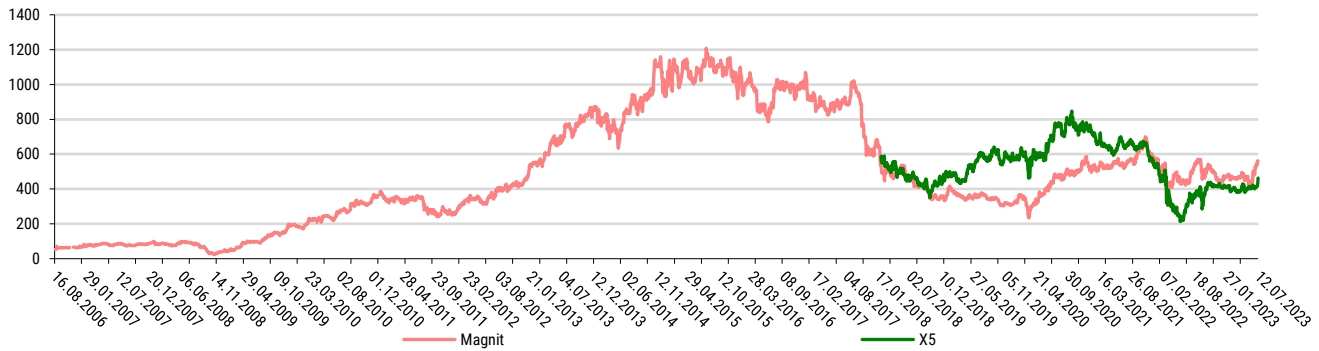
Source: INFOLine (changes in the area of X5 Group and GC O'KEY for the quarter are attributed to the last month of the quarter)

The number of TOP-200 hypermarkets of FMCG chains as of June 30, 2023 amounted to *, and their total selling space was * million sq. m. <...>

Capitalization and stock price of public FMCG chains

<...> Since 2006, the minimum value of the share price of Magnit was * rubles. (November 20, 2008), maximum - * rubles. (5 August 2015). As of June 30, 2023, capitalization amounted to * billion rubles (an increase of *% compared to the beginning of 2023), and the share price was * rubles. The average value of capitalization for January-June 2023 amounted to * billion rubles.

Figure 6. Dynamics of capitalization of X5 Group and Magnit, RUB billion



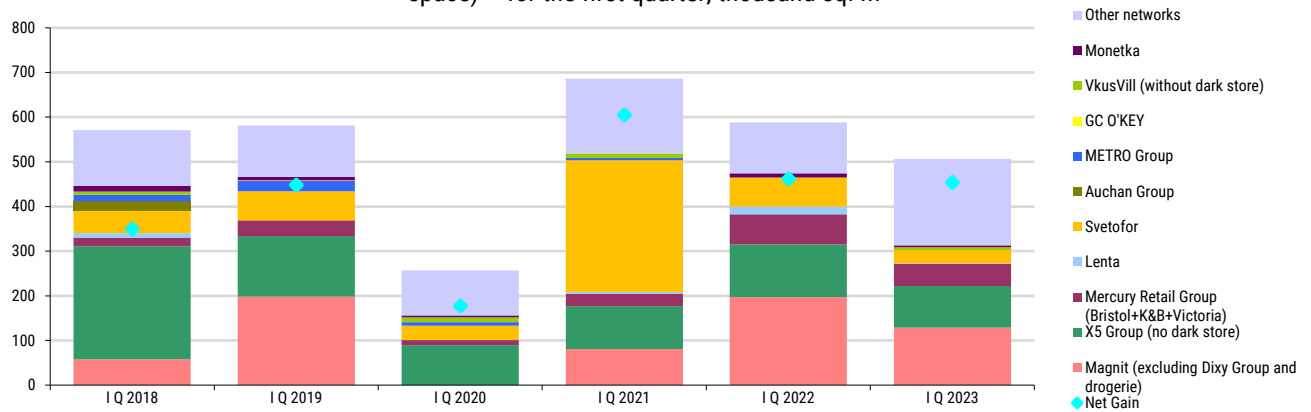
Source: corporate data, Moscow Stock Exchange

TOP-200 FMCG development

As of March 31, 2023, the total number of retail facilities of the TOP-200 FMCG chains increased to * thousand units, and their retail space – to more than * million square meters. At the same time, the share of TOP-10 chains in the increase in selling space decreased by * p.p. to *%. The largest contribution to the growth in retail space was made by X5 Group and Magnit, their share in the growth was *%.

⁷ The gradient highlights preliminary data without taking into account the indicators of public companies, provided quarterly as the official publication. For quarterly disclosures, openings are attributed to the last month of the quarter.

Figure 7. Dynamics of growth in retail space of the TOP-200 FMCG chains in Russia (excluding retailers that reduced their space)⁸ for the first quarter, thousand sq. m⁹



Source: INFOLine

***** DEMO VERSION*****

Research (full version) contains the description of development of supermarket format, discounter format and convenience store format, and the financial indicators of the largest retail chains

***** DEMO VERSION*****

⁸ The "Net Growth" indicator is given taking into account chains that have reduced their selling space. The calculation does not include "Magnit Cosmetic", "Magnit-Apteka" pharmacies, and franchise projects of GC "Sweet Life" (Avocado, Malinka).

⁹ According to the results of Q1 2023, Billa and Semya (Perm) objects were included in the openings of the Lenta chain, Krasny Yar Group and Slata Group were included in the growth of X5 Group from the moment of consolidation (October 26, 2023). Also, since Q12021, objects of the Victoria Group have been included in the growth of Mercury Retail Group.

Section I. Retail trends and development in Russia

Macroeconomic indicators

On April 7, the Federal State Statistics Service (FSSS) presented the second estimate of GDP, according to which Russia's GDP decreased by *% in 2022, and the decline in GDP accelerated to *% in the fourth quarter (*% in Q3 2022). The decline in GDP in 2022 was mainly promoted by wholesale (*% and *% in Q4 2022) and retail (*% and *% in Q4 2022), as well as industrial production (*% and *% in Q4 2022).

On May 12, 2023, the Central Bank of the Russian Federation (CBR) released the Monetary Policy Report with an improved Russia's GDP forecast. In particular, a higher level of consumer and investment activity in Q1 2023 and unemployment remaining close to the lowest levels allow for improving the GDP growth rate forecast to *% in 2023. On June 6, 2023, the World Bank maintained its forecast for a decline in Russia's GDP in 2023 (by *%). In 2024, it is expected to grow by *%. On June 7, 2023, Vladimir Putin predicted Russia's GDP growth by *% in 2023 as part of his welcoming speech to the participants of the 26th St. Petersburg International Economic Forum. <...>

Retail and wholesale indicators

Retail trade dynamics

In May 2023, the retail trade turnover amounted to * billion rubles and in the mass of commodities increased by *%, including food products - by *%, and non-food products - by *%.

In January-May 2023, the retail trade turnover in the mass of commodities decreased by *%, including food products - by *%, and non-food products - by *%. <...>

Food market inflation

Consumer prices index

According to Rosstat, inflation in Russia accelerated to *% in June 2023 compared to *% in May 2023. Compared to May 2023, the consumer price index amounted to *%, compared to December 2022 - *% (in June 2022 - *%, compared to December 2021 - *%). In June 2023, in annual terms, prices for food products increased by *%, and for non-food products - by *%.

In the first half of 2023, inflation accelerated to *%, including for food products by *%, and for non-food products by *%. <...>

*****DEMO VERSION *****

The full version of the section includes the wholesale trade turnover dynamics, the structure of retail trade turnover by types of goods and organizations, the regional structure of retail trade, information on income and expenses of the population, the state of the banking system, dynamics of loans and deposits of the population.

***** DEMO VERSION *****

Section II. Retail legislation

Changes in legislation and Anti-Crisis Measures

New economic paradigm

On December 19, 2022, Federal Law No. 519-FZ was signed to extend the period for applying a set of measures to maintain the stability of the Russian economy amid the external sanctions pressure and socio-economic measures intended to increase the level of social protection of Russian citizens. <...>

State regulation in new regions

On December 31, 2022, Regulation of the Government of the Russian Federation No. 2565 approved the rules for subsidizing banks that will provide preferential mortgages to Russians living in the DPR, LPR, Kherson and Zaporozhye regions. The preferential mortgage program in these regions is valid from January 1, 2023 to December 31, 2030, the maximum loan amount is RUB 6 mln, and the interest rate is 2%. A prerequisite for participation in the program is Russian citizenship. On July 8, 2023, Regulation of the Government of the Russian Federation No. 1123 approved partial reimbursement of expenses of insurance companies participating in the preferential mortgage program in the new regions. <...>

Key changes in legislation: individuals

Since July 1, 2023, uniform social support standards began to operate in accordance with Regulation of the Government of the Russian Federation No. 835 including compensation for expenses on utilities and communal payments or parental fees for kindergarten. Uniform requirements on the federal level will allow people to apply for this assistance online through the Public Services Portal of the Russian Federation.

On February 1, 2023, Regulation of the Government of the Russian Federation No. 133 approved the rules for allocating maternity capital funds for monthly payments for children under three years old. Families with incomes below 2 subsistence levels per person for a month are eligible for monthly payments. <...>

Key changes in legislation: business

On December 19, 2022, an entrepreneur's digital profile was launched on the МСП.РФ digital platform for business. The digital profile is generated automatically based on 18 types of information, which includes more than 800 different business parameters. Until now, only individuals had a similar profile. The digital profile was formed by the Ministry of Digital Development, the Ministry of Economic Development, the Federal Tax Service, the SME Corporation and the Bank of Russia. As of June 2023, more than 20 services and more than 700 support measures are available on the platform, and more than 420 thousand users are registered. <...>

National payment systems



From May 1, 2023, the National Payment Card System introduces a reduced interchange rate for marketplaces in the amount of 0.5%. Such a rate is available to marketplaces that, at their own expense, participate in programs to promote national payment services. <...>

State regulation of retail

State regulation of retail: main regulatory documents

Government Regulation No. 2516 extended the moratorium on unscheduled inspections of cash register equipment until the end of 2023. <...>

State regulation of retail: taxes and fees

From July 1, 2023, an excise tax on sugar-containing drinks was introduced according to Federal Law No. 443-FZ. An excise tax of 7 rubles per liter will be levied on drinks containing sugar, sugar syrup or honey if the volume fraction of carbohydrates in them exceeds 5 g per 100 ml of the drink (while ethyl alcohol must not exceed 1.2%). Juices,

fruit drinks and nectars are not recognized as sugar-containing drinks. The Ministry of Finance clarifies that plant-based drinks made from cereal grains, legumes, oilseeds, nuts, coconut and/or products of their processing are not recognized as sugar-containing drinks except for tonic drinks and drinks including carbon dioxide as components. The law provides that companies and individual entrepreneurs included in the Unified Register of SMEs as of October 1, 2022 will be exempt from excise duty payment in the period from July 1 to September 30, 2023.

State regulation of retail: non-stationary trade

On March 21, 2023, Government Regulation No. 440 simplified the procedure for placing summer terraces. Owners of restaurants or cafes can equip a site adjacent to the main building without additional procedures if the land under the new seats is state or municipal property and has not previously been provided for other purposes. <...>

State regulation of retail: logistics and transportation

From February 1, 2023, the rate of the Platon heavy vehicle road toll system has been indexed: now the fee is RUB 2.84 per 1 km (an increase of 30 kopecks compared to the previous rate). <...>

State regulation of retail: MSW management

From January 1, 2023, in accordance with Executive Order of the Government of the Russian Federation No. 2327-r, the standards for the disposal of waste from the use of goods remain at the level of 2021-2022, i.e. between 10 and 45%. <...>

State regulation of retail: expiration dates

From February 1 to August 1, 2023, an experiment is conducted in accordance with Regulation of the Government of the Russian Federation No. 74 to exclude the technical possibility of selling expired products, as well as tobacco and nicotine-containing products illegally put into circulation. The main objective of the experiment is to develop a mechanism for exchanging information about labeled products between retail outlets and the information system for monitoring the circulation of goods subject to mandatory labeling (Center for Development of Advanced Technologies (CDAT)). As of the end of June 2023, about 10 federal networks and more than 30 small retailers have already joined the experiment.

State regulation of retail: interaction with foreign companies

On December 5, 2022, Federal Law No. 499-FZ was signed on extending the deadline for lifting restrictions of 25% on the share within the borders of the region for deals on the acquisition or lease for any reason of additional retail space owned by foreign owners who have left Russia.

State regulation of retail: other news

On April 28, 2023, Federal Law No. 175-FZ was signed on fines in the amount of RUB 20,000 to RUB 200,000 for selling drugs without a prescription. <...>

Food market inflation and governmental regulation of prices

Inflation and state's pricing regulation

On April 1, 2023, Regulation of the Government of the Russian Federation No. 2374 comes into force on changes to the list of medical goods exempted from VAT on the sale and import. <...>

Export regulation and customs duties

On June 30, 2022, Regulation of the Government of the Russian Federation No. 1179 extended the validity period of the floating export duty of 70% on sunflower oil and meal until August 31, 2023. The Regulation also provides for converting these duties into rubles. <...>

Subsidies to food producers

On May 11, 2023, Regulation of the Government of the Russian Federation No. 708 expanded the parameters of preferential lending to manufacturers of infant formulas and clinical nutrition for people with serious illnesses. The term of preferential investment loans previously granted for building plants for the production of dry ingredients and infant formulas made from them is extended from 8 to 12 years. For new borrowers, the amount to subsidize loans that can be obtained for the construction, reconstruction, modernization and re-equipment of plants for the production of specialized medical nutrition products is increased from 70 to 100% of the CBR key rate. <...>

Parallel import

On March 29, 2022, Government Decree No. 506 legalized parallel imports - the import of original foreign-made goods without the consent of the copyright holders. On June 28, 2022, Vladimir Putin signed Federal Law No. 213-FZ to legalize parallel imports until the end of 2022. The law protects Russian companies that import goods into the Russian Federation without the copyright holder's permission against any civil, administrative and criminal liability. <...>

Alcohol Beverage Market Regulation

From January 1, 2023, manufacturers and importers of alcoholic beverages must switch to "new" alcohol codes according to USAIS (Unified State Automated Information System) approved by Order No. 157 of Rosalkogolregulirovanie (Federal Service for Alcohol Market Regulation). <...>

Marking of alcoholic products

On March 4, 2023, Regulation of the Government of the Russian Federation No. 343 introduced new federal special stamps with the emblem "Wine of Russia". They will appear on products that were made from grapes grown in Russia and meet all winemaking quality standards. <...>

Tobacco Market Regulation

From January 1, 2022, the excise rate on cigarettes and other tobacco products will increase by an average of 4%. On July 14, 2022, Vladimir Putin signed No. 323-FZ, which sets excise duty rates for excisable goods for 2025 with an indexation of 4% compared to those previously set for 2024. <...>

E-commerce regulation

On June 2, 2023, Rosstandart (Federal Agency on Technical Regulating and Metrology) approved a new GOST establishing the requirements for delivery services. The document for the first time standardizes terms in the field of delivery and regulates its methods: courier contact-free and contact delivery; delivery of goods to pick-up points with subsequent handing out to buyers; delivery of goods to lockers or to another agreed place. In addition, GOST establishes requirements for the stages of delivery organization and conditions and for service providers – sellers and couriers. The new standard also gives recommendations on the organization of quality control for services provided. At the same time, the new GOST does not apply to postal delivery, cookery as part of catering services provided, as well as to the segment of interaction in the B2B service sector. <...>

Roskachestvo activities



On April 30, 2015, the Government of the Russian Federation signed the **order on the establishment of the autonomous non-commercial organization ANO Russian Quality System**. June 4, 2015, the first organizational meeting of the Autonomous Non-Commercial Organization Russian Quality System (Roskachestvo) (www.rskrf.ru) was held where Maksim Protasov was appointed as the Head of the Organization.

The tasks of the Russian Quality System are:

- Creation of incentives for boosting up sales of products manufactured in Russia at the national and foreign markets,
- Improving the quality of Russian products,

- Shaping of persistent consumer preferences in relation to Russian products and their quality,
- Active cooperation with international organizations on research and informing Russian and foreign consumers about the quality of goods. <...>

Roskachestvo activities

On June 15, 2023, Roskachestvo (Russian Quality System) and the Chamber of Commerce and Industry (CCI) of the Russian Federation signed a cooperation agreement, which provides for creating a network of territorial offices of the Roskachestvo Competence Center in the field of Halal products and services on the basis of regional chambers of the Russian CCI. The Republic of Bashkortostan was chosen as a pilot region for opening the first representative office. <...>

Roskachestvo research

On June 13, 2023, Roskachestvo presented the results of a blind tasting of cola-flavored drinks.

Organic products



On January 1, 2020, Federal Law No. 280-FZ dated August 3, 2018 named "On Organic Products" entered into force. According to the law, goods released into circulation after January 1, 2020 can be called organic only with appropriate certification and compliance with the requirements of the "On Organic Products" legislation. Since February 1, 2020, the Unified State Register of Organic Producers has been posted on the website of the Ministry of Agriculture of the Russian Federation.

In June 2020, the Ministry of Justice of the Russian Federation registered the Order of the Ministry of Agriculture of Russia No. 232 dated July 24, 2020 "On approval of the list of products of the agro-industrial complex", in relation to which organizations will be compensated for part of the costs associated with certification of products of the agro-industrial complex in foreign markets, as part of the subprogram "Development of branches of the agro-industrial complex" of the State program for the development of agriculture and regulation of markets for agricultural products, raw materials and food. The rules for providing state support to organic exporters were approved by the Decree of the Government of the Russian Federation No. 1816 of December 25, 2019.

On March 1, 2022, No. 159-FZ on products with improved characteristics came into force - "green" products, the production of which uses technologies that comply with established environmental requirements and have a minimal negative impact on the environment. The law establishes the obligatory nature of the Green Standards, according to which such products will be produced, determines the creation of the Unified Register of Green Products Manufacturers, the obligatory certification of green products in accredited certification bodies and the labeling of certified products with the state mark of a single sample - "Green Standard".

On June 22, 2023, a meeting of the Competition Committee was held as part of the competition for grant support to organic producers who plan or have already passed the organic product certification. According to the Committee meeting results, 30 manufacturers were announced winners. They will be compensated for certification costs in the amount of RUB 4.6 mln. In 2022, 19 manufacturers were compensated for the costs of passing both Russian and foreign certification in the amount of RUB 4.2 mln. <...>



Marking the products

On April 1, 2022, No. 86-FZ was signed, according to which the Ministry of Industry and Trade is the coordinator of the creation and operation of an information system for monitoring the circulation of goods subject to labeling with identification tools. At the same time, the provisions that give the Federal Tax Service of Russia the authority to control the circulation of marked goods, coordinate the activities of federal executive bodies and the functioning of the system for marking goods with control (identification) marks are recognized as invalid.

On October 19, 2022, Government Regulation No. 1861 introduces additional labeling rules from March 1, 2023 as follows:

- It is clarified that sellers of labeled products shall have software or hardware tools linked to cash register equipment for recognizing identification means.

- Requirements for the quality of product labeling with identification means are supplemented.
- It is specified that the initially submitted information can be adjusted only in terms of the price per unit of goods including discounts, markups, fees and taxes, the cost of goods including discounts, markups, fees and taxes, the value added tax rate included in the cost of goods. <...>

Terms of introduction of goods marking

On May 31, 2023, Executive Order of the Government of the Russian Federation No. 1439-r was signed to include electronic cigarettes and hookah mixes in the list of goods subject to mandatory labeling.

From September 1, 2023, mandatory labeling of children's mineral water will begin in accordance with Regulation of the Government of the Russian Federation No. 834.

From September 1, 2023, a phased transition to mandatory labeling of certain types of medical devices will begin in accordance with Regulation of the Government of the Russian Federation No. 894.

From September 1, 2023, a transition to mandatory labeling of antiseptics will begin in accordance with Regulation of the Government of the Russian Federation No. 870.

Category	Experiment	Start of mandatory marking
Fur products (fur coats)	1.04.2016-11.08.2016	12.08.2016
Drugs	01.02.2017-31.12.2019	1.10.2019-partially. 1.07.2020-fully
Tobacco	15.01.2018-28.02.2019	1.03.2019- cigarettes. 1.07.2020- cigars, cigarillos, bidis, kretek, various types of tobacco
Shoes	1.06.2018-30.06.2019	1.07.2019
Certain types of dairy products: condensed and condensed milk and cream, yogurt, kefir, butter, cheese, cottage cheese, etc, (full list)	15.07.2019-31.12.2020	01.06.2021- butter, ice cream, cheese; 01.09.2021- milk and cream with a shelf life of more than 28 days, buttermilk, curdled milk, cream, yoghurts, kefir, whey, cottage cheese, sour cream; 20.01.2021- milk and cream with a shelf life of less than 28 days, condensed milk and cream with / without added sugar, drinks with milk fat; 01.12.2023-fully 01.06.2025 - fully
Tires	20.06.2019-30.11.2019	01.11.2020
Perfumes, eau de toilette	1.07.2019-30.11.2019	1.10.2020
Cameras and flashlights	15.05.2019-30.11.2019	1.10.2020
Light industry (clothing, linen, textiles, blouses and shirts for women from different materials)	27.06.2019-30.11.2019	1.01.2021
Refrigerators and household freezers, Refrigeration and freezing equipment and heat pumps, except household equipment	01.01.2019-31.12.2019	Unknown
Bicycles	16.09.2019-31.05.2020	01.09.2024
Manual wheel chairs	1.09.2019-1.12.2020- manually operated September 1, 2019-June 1, 2021 - with electric drive	February 1, 2023 (date postponed indefinitely)
Electric-driven wheel chairs	1.09.2019-1.06.2021	Unknown
Beer and beer drinks	01.04.2021-31.08.2022	01.04.2023 – in kegs; 01.10.2023 – in glass and PET containers; 15.01.2024 – in aluminum cans
Packaged drinking water	01.04.2020-01.06.2021	01.09.2021 – mineral water 01.12.2021 – fully 01.09.2022 – drinking water for baby food 01.11.2022-01.03.2025 – volumetric accounting 01.03.2025 – copy accounting
Biologically active additives	1.05.2021-28.02.2023	-
Medical devices	15.02.2022-31.08.2023	Unknown
Nicotine-containing products	11.01.2021-28.02.2022	01.03.2022
Jewelry	01.06.2018-01.11.2018; 01.12.2020-present	01.03.2022 - on the tag of new and imported products; 01.03.2023 - for the products themselves; 01.03.2024 - in full
Hand antiseptics	01.08.2021-28.02.2023	Unknown
Radio electronic products	01.07.2022-31.08.2023	-
Sturgeon and salmon caviar	15.04.2023-31.03.2024	-

Product marking experiments

On April 15, 2023, a red and black caviar labeling experiment began in accordance with Government Regulation No. 598. The experiment will last until March 31, 2024. On July 5, 2023, it became known that the Center for Development of Advanced Technologies (CDAT) launches two programs to support soft drink producers. The first program is an



interest-free installment plan for the purchase of labeling equipment. Applications will be accepted in three stages: until August 1, until September 1, and until December 31, 2023. The second program will be available to small and medium-sized businesses that use manual or semi-manual lines. CDAT will compensate such participants in the turnover for 50% of the labeling equipment cost at its own expense. Applications are accepted until October 15, January 15 and April 15, 2024, respectively. <...>

Mobile applications

On June 2021, CRPT launched a free mobile application Chestny Znak. Business for small and medium-sized businesses. The application allows you to recognize barcodes, makes it possible to quickly accept and ship goods, optimizes the process of putting goods into circulation in a store or warehouse, and also saves the cost of purchasing the necessary equipment, including a hand-held scanner. The app is available for iOS and Android.

In April 2023, the Center for Development of Advanced Technologies (CDAT) and Rosalkogolregulirovanie completed the integration of mobile apps of state information systems. In particular, the Anti-Counterfeit-Alco mobile app, which contains information on the traceability of alcohol, is integrated into the Chestny Znak app. On June 15, 2023, Rosalkogolregulirovanie and CDAT agreed to strengthen control on the alcohol market. The agreement provides for information exchange, public control development including through the further integration of Chestny Znak and Anti-Counterfeit Alco mobile apps, as well as the State Information System for Goods Turnover Monitoring and USAIS information systems, development of explanatory materials for alcoholic beverages market players and consumers, the Center explained.

Customs regulation

On December 19, 2022, Federal Law No. 549-FZ was adopted to simplify and digitalize the procedure for confirming the validity of zero VAT rate application for exporters.

On February 3, 2023, the Council of the Eurasian Economic Commission decided to grant tariff preferences for beef imported for meat processing in 2023. The preferences cover supplies of up to 10,000 tons to the Republic of Armenia, up to 7,500 tons to the Republic of Belarus, up to 5,000 tons to the Republic of Kazakhstan, up to 2,500 tons to the Kyrgyz Republic, and up to 100,000 tons to the Russian Federation.

On March 30, 2023, the Council of the Eurasian Economic Commission decided to provide a tariff preference in the form of duty-free raw cane sugar import in the period up to December 31, 2023. Duty-free import covers sugar imported to the Republic of Belarus in the amount of maximum 100,000 tons, to the Republic of Kazakhstan in the amount of maximum 350,000 tons, to the Kyrgyz Republic in the amount of maximum 50,000 tons, and to the Russian Federation in the amount of maximum 100,000 tons.

On September 26, 2022, Regulation of the Government of the Russian Federation No. 1688 extended the reduced permit issuing period in respect to deferred customs duty payment for importers until December 31, 2023. In April 2022, the permit issuing period for deferrals and installment plans for customs duty and tax payments was reduced from 15 to 5 business days.

On December 1, 2022, Regulation of the Government of the Russian Federation No. 2206 extended the tax-free experiment until the end of 2023.

From April 1, 2023, Regulation of the Government of the Russian Federation No. 2374 comes into force to modify the list of medical goods, the sale and import of which are not subject to VAT.

From April 5, 2023, the certification of Armenian dairy products to Russia from all enterprises in the country stopped at the request of Rosselkhozadzor (Federal Service for Veterinary and Phytosanitary Surveillance). An inspection of milk processing enterprises in Armenia conducted from March 20 to March 24, 2023 revealed that the Armenian veterinary service cannot guarantee the safety of certified products. Since April 21, 2023, certification of dairy products from Kyrgyzstan supplied to Russia has been suspended. <...>

Section III. Key events and plans of major FMCG chains

X5 Group N.V. (TH Perekrestok, JSC) / Pyaterochka, Perekrestok, Vprok.ru, Karusel, Chizhik



Company's name: X5 Group N. V. (TH Perekrestok, JSC) Address: 119049, Moscow, Koroviy Val, 5, BC Oasis Phones: +7(495)6628888. (495)7899595. Fax: +7(495)6628888 ext. 61-145 E-mail: info@x5.ru Web: www.x5.ru; https://dialog.x5.ru/ Social nets: www.vk.com/x5group, www.youtube.com/user/x5retailgroup, https://t.me/x5news, https://zen.yandex.ru/x5group Management: Ekaterina Lobacheva, President of X5 Group; Igor Shekhterman, Chief Executive Officer; Anton Mironenkov, Managing Director of X5 Technology.

Regional presence

As of March 31, 2023, X5 Group managed ^{*10} retail properties with an area of *** thousand sq. m**, including ***** Pyaterochka soft discounters, ***** Perekrestok supermarkets, ***** Chizhik hard discounters and ***** Krasny Yar and Slata stores. As of Q1 2023, X5 facilities are located in ***** regions of Russia¹¹.

Table 1. Regional presence of X5 Group's outlets as of 31.03.2023¹²

Federal District	Region	Format in region ¹³
North-Western	Arkhangelsk Region	D
	Vologda Region	D, S
	Kaliningrad Region	D
	Leningrad Region	D, S, H
	Murmansk Region	D, S
	Novgorod Region	D, S, H
	Pskov Region	D, S
	Karelia Republic	D, S
	Komi Republic	D
	*	*

Source: corporate data. mass media. INFOLine estimations

Chain development

X5 continues to focus on strengthening its positions in key regions of operation and expanding its presence and market share organically, as well as through selected tactical M&A opportunities. Taking into account the Krasny Yar and Slata chains and the closure of the Karusel chain, in the first quarter of 2023, the increase in the selling space of X5 Group facilities decreased by *****% and amounted to ***** thousand sq. m. (without taking into account – by *****% up to ***** thousand sq. m.). <...>



X5 Group Investor Publication – Q1 2023 Investor Presentation.

Publication date: April 2023.

To receive the presentation, click [here](https://www.x5.ru/wp-content/uploads/2023/04/x5-investor-presentation_eng-1.pdf) or follow the link: https://www.x5.ru/wp-content/uploads/2023/04/x5-investor-presentation_eng-1.pdf

Share capital

As of December 31, 2021, the shareholders of X5 Group are: "CTF Holdings S.A." - *****%, "Intertrust Trustees Ltd" ("Axon Trust") - *****%, directors of X5 - *****%, treasury shares - *****%, shares in free float - *****%.

Capitalization

Since February 2018, the minimum value of the share price of X5 Group on the MOEX was ***** rubles (June 6, 2022), maximum - ***** rubles (October 19, 2020). As of June 30, 2023, the company's capitalization amounted to ***** billion rubles (a decrease of ***** % compared to the beginning of 2023), and the share price is ***** rubles. The average value of capitalization for January-June 2023 amounted to ***** billion rubles. <...>

¹⁰ Including Perekrestok and Pyaterochka dark stores, Mnogo Lososya dark kitchens, Vprok.ru Perekrestok dark stores, Krasny Yar and Slata stores.

¹¹ Information on public companies is updated quarterly as the disclosure of data is officially published.

¹² The data is updated quarterly.

¹³ H - hypermarket; D - discounter; C - convenience store; S is a supermarket. A description of the formats is available in the Appendix.

M&A

In August 2022 X5 Retail Group N.V. has agreed on the terms of a strategic partnership with Krasny Yar and Slata groups. After receiving all the necessary permits from regulators, X5 obtained *% of Krasny Yar's and Slata's businesses. In October 2022, the Antimonopoly Office granted the X5 Group's petition to acquire a *% stake in the Slata and Krasny Yar retail chains, subject to the fulfillment of the instructions of the service. The chains continue to work under their brands while maintaining operational processes. At the same time, part of the processes will be integrated with X5 in order to realize a synergistic effect, including in the field of procurement and logistics. <...>

Results and expectations

In Q1 2023, the net retail revenue of X5 Group, including Krasny Yar and Slata, increased by *% to RUB * billion, while without the impact of the M&A transaction, it increased by *%. Gross profit margin under IFRS 16 decreased by * b.p. year-on-year to *% (decreased by * b.p. year-on-year to *% pre-IFRS 16) in Q1 2023, mainly due to the aggressive expansion of the Chizhik hard discounter format into the regions, the consolidation of Krasny Yar and Slata, as well as the transformation of Pyaterochka's CVP. Adjusted EBITDA margin under IFRS 16 in Q1 2023 decreased by * b.p. to *% (by * b.p. to *% pre-IFRS 16). At the same time Net profit margin under IFRS 16 in Q1 2023 increased by * b.p. to *% (by * b.p. to *% pre-IFRS 16). <...>

IT

On October 2, 2020, X5 Group launched **Dialog**, a multifunctional platform for solving business problems. Dialog X5 is a single entry point for suppliers and partners of the company, a set of digital tools that already include analytical and logistics reporting, advertising targeting and a tender platform. X5 integrates all services for suppliers into a single system based on the Dialog platform. By connecting to Dialog, suppliers receive a range of digital tools across all X5 networks, and the company receives a unified control system for operational processes and reporting. The platform is a proprietary development of X5 Technologies and is built on a unified authentication system, data architecture and integration model. Each of the four service applications meets information security requirements. The basic tools of the service are free. <...>

*** DEMO VERSION ***

Research (full version) contains the description of 11 largest FMCG chains in Russia: X5 Retail Group N.V.

(Pyaterochka, Perekrestok, Vprok.ru Perekrestok, Karusel, Chizhik, 5POST, X5-Eastern Siberia, LLC and Tamerlan, LLC); Magnit, PJSC (Magnit, Magnit Family, My price, Magnit Cosmetic, Magnit Apteka, DIXY); Mercury Retail Group Limited (Krasnoe&Beloe, Bristol, Bristol Express, Victoria-kvartal, Victoria, Cash); Severgroup, LLC (Lenta, Utkonos); GC Torgservis (Svetofor, Mayak); Auchan Retail Russia (Auchan, Auchan-City, Atak, Auchan Supermarket, Moy Auchan); Metro AG (METRO, Fасol); VkusVill JSC (VkusVill); O'KEY, GC (O'KEY, DA!); Monetka GC (Monetka); Hyperglobus LLC (Globus).

The description of each chain includes news according to the sections: chain development (operational results, plans of further development); results and expectations (key financial indicators and plans); investment activity; new formats (launch and/or plans to launch new formats); store openings (during the last month); store closures (during the last month); M&A; appointments and resignations; online (development, and/or plans of development of own internet shops); collaboration with external delivery services; private label (key private label of the chain, their development and plans to the future expansion); own production; logistics (opening new distribution centers, the level of supply centralisation, etc.); interaction with consumers (actions, loyalty programs, etc.); interaction with suppliers (working conditions with suppliers, new partners, etc.); corporate events (other news by the chain (judicial proceedings, labor relations, etc.); IT projects

*** DEMO VERSION ***

About Russian consumer market and FMCG retail chains rating

The industry review **Russian consumer market and FMCG retail chains rating** contains actual and structured information about development of retail chains and retail as well as the review of events on the Russian retail market in the accounting period (for this review – **June 2023**), data on operational, financial and investment activity, as well as **rating of major FMCG retail chains in Russia**.

Objective: analysis of development and characteristics of events in retail and on the Russian consumer market, including monitoring the situation with the coronavirus pandemic and the economic crisis in 2020, structured description, comparative analysis, monitoring of investments and organic growth dynamics, ranking of operational and financial indicators of more than 200 major FMCG chains in Russia.

Key market parameters: retail trade turnover in May 2023 increased by *% to **RUB * billion**. Retail sales of food products in comparable prices in May 2023 increased by *% to **RUB * billion**, and non-food - an increase of *% to **RUB * billion**. The number of TOP-200 retail outlets of FMCG chains as of June 30, 2023 exceeded * **thousand**, and their total retail space is * **million sq. m**.

Relevance of the review: the 200 largest FMCG retail chains described in the review formed more than *% of the food retail turnover in 2022, with the top 10 FMCG chains accounting for *%. The total revenue of the TOP-10 largest chains in Q1 2022 grew by *% (a * p.p. slow down compared to Q4 2022) to **RUB * trillion** excluding VAT.

Research use: benchmarking, analysis of competitors and partners, marketing and strategic planning, searching for customers and partners, preparation for negotiations with retail chains.

Research time framework: Dynamics since 2015 (market capacity and dynamics) and since 2020 (operational and financial results of the largest FMCG chains, structural indicators of the FMCG market), ranking by revenue in 2021 (TOP 10 largest chains), operating indicators based on the results of 2022 and January-June 2023, the results of 2022 and trends in 2023 (retail trade dynamics, consumer income and expenses, strategies and plans of FMCG chains).

Research advantages: monthly analysis and structured description of the consumer market and key events capable to influence food retail, including governmental regulation (new legislative acts and initiatives), monthly monitoring of more than 200 largest FMCG chains (corporate events, operational, financial and investment activity).

Terms of sending the review: 8th working day of the month following the reporting (Russian version), 16th working day of the month following the reporting (English version).

Formats described in the review: hypermarket, supermarket, discounter, convenience store (universal and specialized chains). The classification of modern trade objects is given in the section Methodology of the Review.

Research methods and data sources

- regular monthly expert surveys and interviews with representatives of more than 200 FMCG retail chains in Russia;
- survey of 200 largest FMCG retail chains, and monitoring and analysis of operational and financial indicators of more than 700 retail chains;
- Quarterly research "**Food Retail and Consumer market of Russia. Results of 2021-2022**";
- Research "**Food Retail and Consumer market of Russia. Results of 2021. Development prospects till 2024**" in **Russian** and "**Food Retail and Consumer market of Russia Review. Results of 2021 and trends of 2022. Development prospects till 2024**" in **English**.
- Quarterly research "**Rating INFOLine E-Grocery Russia TOP**";
- Monitoring of over 2000 mass media sources and highlighting of landmark events on the FMCG retail market, carried out by INFOLine since 2002 as part of its services. "**Thematic news: Food retail and retail chains FMCG RF**", "**Thematic news: Food industry and food market of the Russian Federation**" and "**Thematic news: Retail of the Russian Federation**".
- official documents of the Government of the Russian Federation, federal and regional authorities (ministries, administrations, etc.)

Russian consumer market and FMCG retail chains rating consists of the following sections:

- **Rating of FMCG retail chains of Russia.** Operational results of 200 largest FMCG chains by formats: stores number and selling space dynamics (hypermarket, supermarket, discounter, convenience store), change of average retail space of objects, the most significant openings and closings of stores. Ratings by number, selling space, revenue of TOP-50 largest FMCG chains in Russia (with revenue over RUB 13 bn), financial indicators of public companies, selling space growth structure and dynamics by chains and formats. Rating of fast-growing chains, shares of largest FMCG retail chains on the Russian food retail market.
- **Section I. Retail trends and development in Russia.** Coronavirus Impact and Anti-Crisis Measures of the Government of the Russian Federation. Macroeconomic indicators of retail: turnover and money supply dynamics, turnover forecast. Structure of retail by types of goods and business. Regional structure of retail. Food market inflation. Incomes and expenditures of population. Monetary policy. Consumer expectations and confidence of population.
- **Section II. Government regulation of retailing.** Governmental regulation of retail, online trade, regulation of alcohol, tobacco markets, tax regulation, regulation of products quality, non-cash payments in retail, marking of products, Faster payments system, state regulation of prices
- **Section III. Key events and plans of major FMCG chains.** Current information on development of largest FMCG retail chains in Russia: strategy and plans, results and expectations, investment activity, stores opening and closing, planned openings, regional presence of chains, new formats development, development of online and omnichannel model, M&A, appointments and resignations, logistics, private label, interaction with consumers

and suppliers, corporate events, top management and contact information.

- **Appendix 1. Retail turnover by RF subjects**
- **Appendix 2. Methodology of Review Russian consumer market and FMCG retail chains rating.**

Information about INFOLine agency



INFOLine information agency was established in 1999 to provide information and advisory services to commercial organizations. The agency renders permanent information support to more than 1150 companies in Russia and worldwide. On daily basis INFOLine monitors publications in more than 5 000 MSM and carries out analytical research according to 80 subjects of RF economy.

The research reports and surveys of INFOLine are used in their activities by the **largest FMCG retailers** (X5 Group, Magnit, Auchan, METRO Cash & Carry, Lenta, O'KEY, DIXY, Globus, Azbuka Vkusa), **producers** (Procter&Gamble, Coca-Cola, PepsiCo, Baltika, SABMiller, Fazer, Mars, Colgate-Palmolive, United Confectioners etc.), **distributors** (Megapolis GC), **financial** (Sberbank, VTB, etc.) and **service** companies (Microsoft, ATOL, GC Servis-plus), **online-retailers** (Utkonos, Ozon).

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