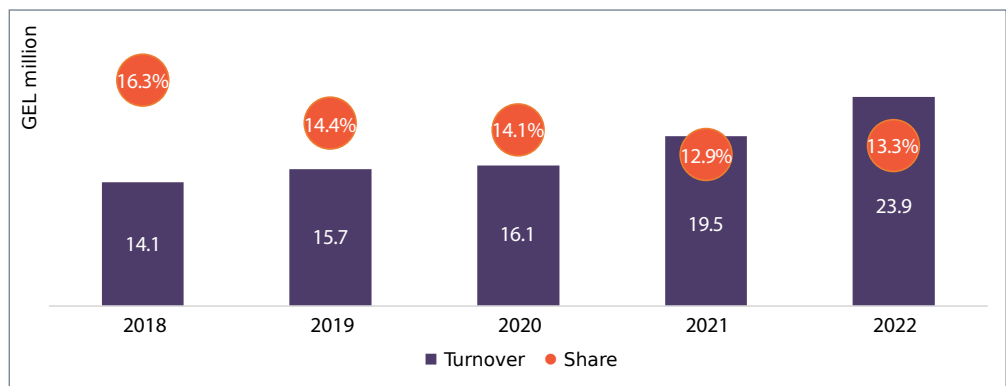
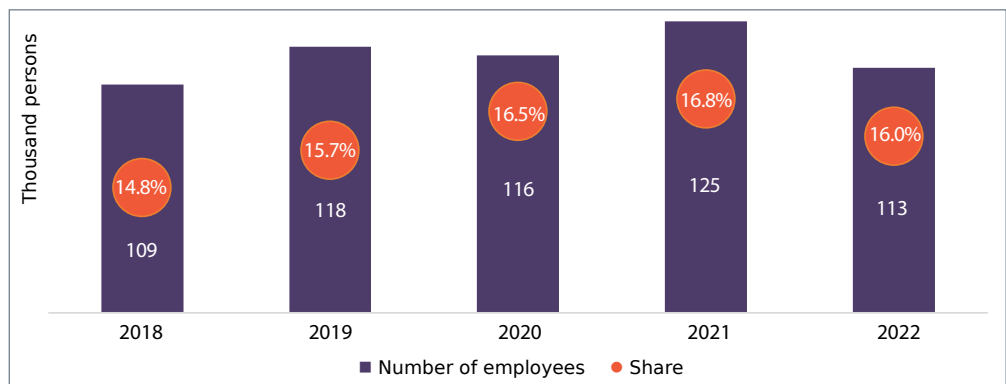


ECONOMIC INDICATORS¹



Graph 1: Retail trade turnover and its share² in the total business sector turnover

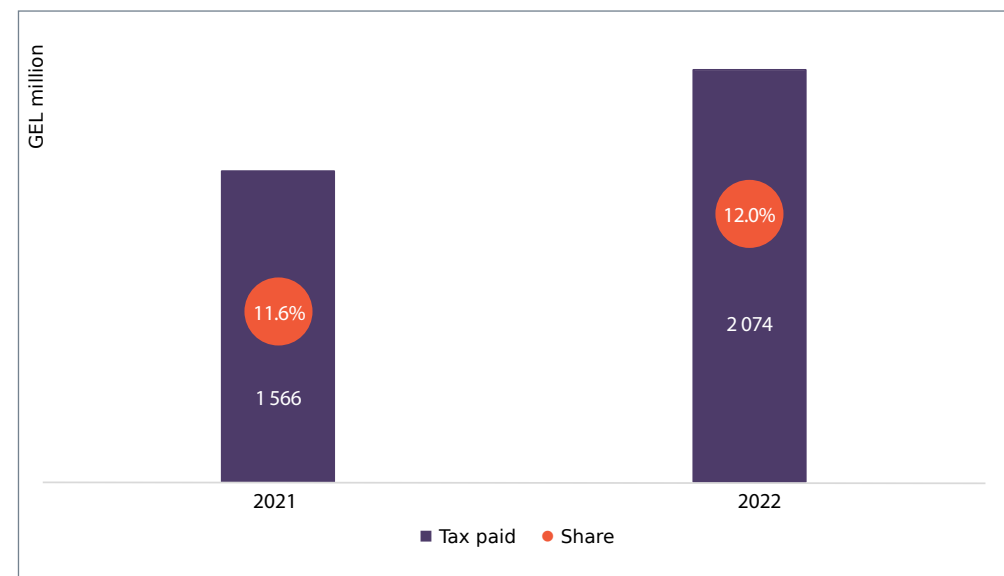
Retail trade stands as one of the pivotal sectors in Georgia’s economy, as evidenced by the substantial turnover within the business sector and its share to the overall turnover. From 2018 to 2022³, turnover in the retail sector surpassed 89 billion GEL. During this period, the **retail trade turnover**, on average, constituted 14% of the total business sector turnover, establishing it as one of the leading sectors with the highest volume of turnover.



Graph 2: Number of employees in the retail trade sector and their share in the total business sector

Retail trade stands out as one of the most significant sources of employment in Georgia. From 2018 to 2022⁴, the average **number of employees** in the retail business sector exceeded 116 thousand people, amounting to 16% of the total workforce in the business sector.

Notably, individuals with entry-level qualifications predominantly find opportunities in the labor market through employment in the retail trade sector.



Graph 3: Payments of economic entities included in the retail trade sector to the budget of Georgia

The significance of the retail trade sector in the economy is highlighted by the **taxes** contributed to Georgia’s budget. Between 2021 and 2022, economic entities within the retail trade sector contributed over 3.6 billion GEL to the Georgian budget.

It’s noteworthy that, among the various sectors⁵, retail trade emerged as one of the leaders in terms of taxes paid to the budget. In 2021-2022 economic entities in the retail trade sector made the highest contributions to the budget, following wholesale trade.

¹ Data from National Statistics Office of Georgia is employed for the analysis of economic indicators.

² The share represents the retailer’s turnover ratio to the entire business sector turnover, expressed as a percentage.

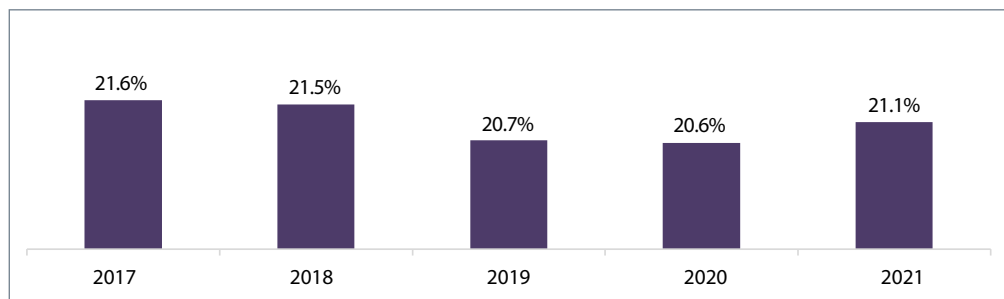
³ The 2022 data is preliminary and derived from quarterly reports.

⁴ The 2022 data is preliminary and obtained by averaging quarterly data.

⁵ The sectors are taken from the NACE Rev. 2 Statistical Classification of economic activities. Sectors are considered up to the two-digit level.

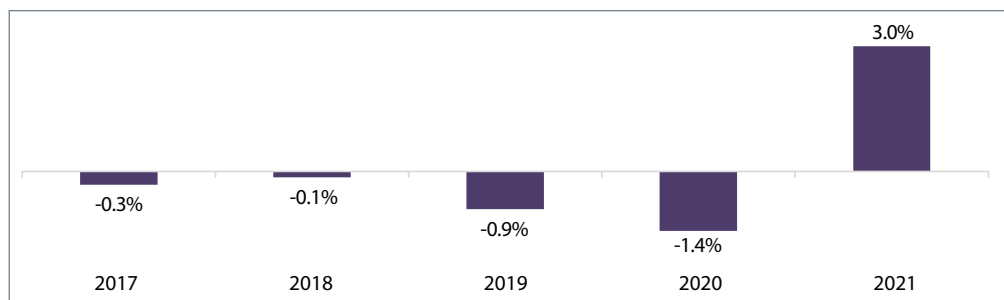
FINANCIAL INDICATORS⁶

In addition to economic indicators, it is essential to analyze the financial situation of the sector for the provision of a comprehensive overview. The financial analysis is based on the data from the 12 largest retail trade companies in Georgia.



Graph 4: Retail trade sector's gross profit margin

The **gross profit margin** for Georgia's retail sector is calculated as the difference between net sales and the cost of goods sold, excluding operating costs⁷. From 2017 to 2021, the sector's gross profit margin fluctuated between 20.6% and 21.6%, indicating a relatively narrow range. It is noteworthy that the **earnings before tax margin**, which also includes operating costs, remained negative from 2017 to 2020, turning positive only in 2021.



Graph 5: Retail trade sector's earnings before tax margin

⁶ The data from reportal.ge was used for the analysis of financial indicators.

⁷ The sector's aggregate financial indicators rely on consolidated data sourced from the financial statements of the 12 largest retailers in Georgia. These companies include Agrohuh, Gulf Store (LLP Sun Stores), Goodwill, Daily, Way Mart, Zgapari, Magniti, Nikora, Ori Nabiji, Smart Retail, Spar, and Universami.

Note: The listed companies do not include the French brand Carrefour (LLP Majid Al Futtaim Hypermarkets Georgia) because of its substantial loan liability to the parent company. Consequently, analyzing the profitability of the company was considered irrelevant.

PRIMARY CONSUMPTION PRODUCTS' PRICE RESEARCH⁸

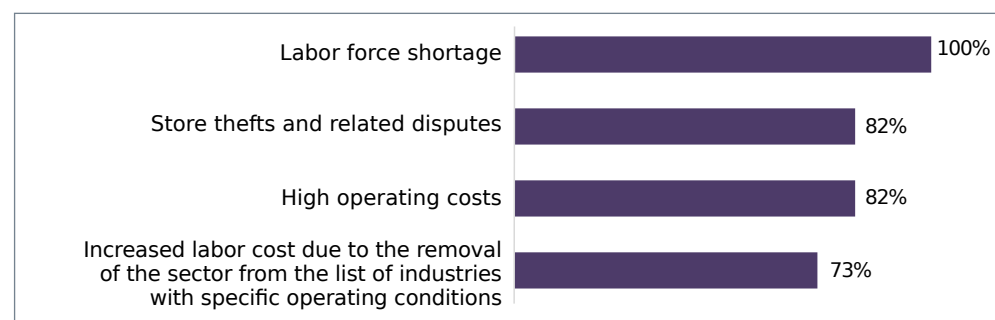
Within the study, the prices and availability of primary consumption products were analyzed in chain and non-chain retail stores.

Chain Retailers	Non-Chain Retailers
On average, similar prices on primary consumption products	
Relatively lower prices on dairy products	Relatively lower prices on grains
Wide product assortment	Lack of product assortment

Table 1: Main findings of primary consumption products' price research

Notably, the price research showed that the prices of the selected products in chain and non-chain stores are similar. The main difference that can be observed between chain and non-chain stores is the significant lack of product assortment in non-chain retailers.

CHALLENGES⁹



Graph 6: Challenges hindering business activity in the retail trade sector: the percentage of surveyed companies assessing the mentioned issues as problematic or very problematic.

Among the challenges faced by the sector, the four issues highlighted in the graph are the most hindering. Additionally, 45% of surveyed companies in the sector identify the following factors as challenges: legal and administrative barriers and issues related to logistics and transport.

⁸ Primary consumption products include the following categories: oil, salt, sugar, buckwheat, rice, pasta, eggs, spread, butter, milk, cottage cheese, and sour cream. It must be noted that the price study is not representative of Tbilisi and Georgia, as the number of studied stores is limited.

⁹ The results of the PMC RC survey of large retailers are utilized to analyze the challenges.