korzinka



Korzinka Annual Report 2023

2023

Another record year

138
stores

UZS 7.4tn
sales

130,000
online shoppers

1.6m
loyalty programme members

Korzinka, better every day

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Strategic Report

Korzinka at a Glance.
Our Approach, Values and Goals.

Since its founding in 1996, Korzinka has led the retail grocery sector in Uzbekistan and continues to be at the forefront of developments in the consumer market. Korzinka is the leading supermarket chain, with a market share more than four times larger than our nearest competitor in the modern grocery retail sector and an estimated 6% market share of the total food retail market in Uzbekistan. Average incomes are growing fast, particularly in urban centres and consumers recognise the convenience and quality benefits of modern retail, over the traditional bazaar and small, family-owned stores. We expect to see continued dramatic growth in the modern retail sector in the next ten years, led by the Korzinka brand which, over the last 27 years has become a byword for quality and reliability throughout the country.

It is a sign of confidence in the Korzinka business model that the EBRD (European Bank for Reconstruction and Development) became an investor in the business in 2020 - its first equity investment in the country for a decade. The funding allowed Korzinka to invest in its infrastructure and growth, helping us to provide a better service to our customers.

It also allowed us to strengthen our corporate structure and improve our governance.

Our multi-format, omni-channel business, addresses every customer segment, meeting the needs of convenience shoppers, those who prefer to shop in a full range supermarket and the increasing number of customers who prefer to shop online. At the end of 2023 there were 127 Korzinka supermarkets, across 12 of the 14 regions of the country, 11 Korzinka Mahalla proximity stores and two dark stores for the Korzinka Go online supermarket.

Our people are what drives our business forward. Our colleagues now number 10,000 across the country and are a valuable resource and we strive to offer them a positive working environment. We offer them the support and training they need, so that they can develop their skills and careers. We are also committed to transparency and ethical behaviour throughout our business and with all our stakeholders.



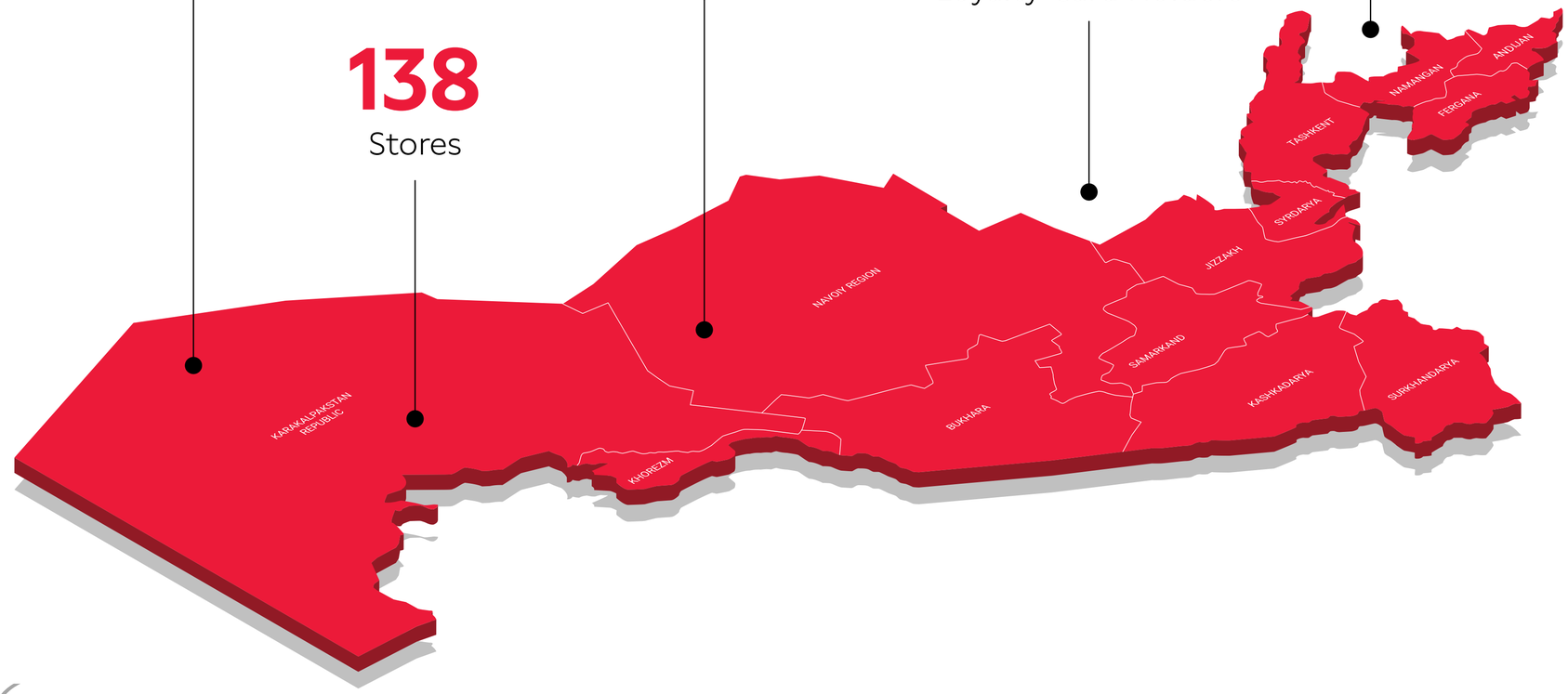
Annual Sales
7,408 bn

138
Stores

Like for like sales up
19.4%

1.6 m
Loyalty Card Holders

10,000
team members



Our extensive experience of the market and our knowledge of our customers, helps us to select products that our customers want and guarantees their quality. Our business is steadily expanding to more and more towns across the country, offering hundreds of thousands more people the opportunity to try Korzinka quality and value, every year.

Our loyalty card scheme has gone from strength to strength and now has more than 1.6 million family cardholders, making it by far the largest loyalty card in the country. The scheme offers real benefits to cardholders, including discounts and cashback as well as providing our team with a wealth of insights into the preferences and behaviour of our customers, so that we can better serve them.

Our Approach, Values and Goals

At Korzinka, we pride ourselves on meeting the highest standards in everything we do. We combine traditional values with the best in modern retail to create value for our shareholders, our customers, our shareholders and strive to be seen as a reliable and trustworthy partner.

Our new mission and vision are underpinned by our Code of Ethics, which sets the highest standards for all interactions with our stakeholders.

Our Mission and Promise to our Community

To our customers we promise an affordable and exciting shopping experience and to the community as a whole, we promise positive impact across the value chain.

Korzinka Vision

We aspire to be a trusted choice for our customers, a reliable partner for our suppliers and stakeholders, and known as the best employer.

Our Values

Our values represent core principles which guide all of our engagements with the community.

1. We excel
Understanding, satisfying and exceeding our customers' expectations is a priority for us.

2. We care
Acting with integrity, fairness and respect in all our collaborations is our advantage. From our customers, for whom the promise is simple: an affordable and exciting shopping experience, to the employee who will be treated with dignity and integrity and to our business partners for whom we will exemplify fairness, objectivity and reliability.

3. We lead by example
We strive for excellence in all our endeavours and to be a leader in our community.

CHAIRMAN/CEO'S STATEMENT



ZAFAR KHASHIMOV
Chairman of the Supervisory Board and CEO

Chairman/CEO's Statement

I am very pleased to report that 2023 was another successful year for Korzinka. In 2020, the EBRD recognised the potential in Korzinka and together, we set some challenging goals for the development of the business. I am happy to report that we have delivered on those strategic goals, one year ahead of plan. In November 2023, the Supervisory Board agreed a new five-year strategy which will set further ambitious targets for the development of our business and ensure we deliver continued benefits to our customers, employees and shareholders and retain our market leadership.

Continued Development

During the year, we have further enhanced our customers' shopping experience with the continued expansion of our large format supermarkets, opening our 127th store, 10 new Mahalla proximity stores in Tashkent and the exciting development of Korzinka Go, a dedicated online supermarket that operates its own dark stores. Our Korzinka loyalty programme now has 1.6m members, who benefit from exclusive discounts and offers across our formats.

Our People

In 2023, we continued our investment in world-class talent, bringing together a Senior Management Team with international retail and FMCG experience at the highest level, which has the drive and skills to deliver on our challenging goals for the future. Consequently, I have stepped up from day-to-day management of the business, to concentrate on my strategic role with the Supervisory Board. Rud Petersen, our CFO (Chief Financial Officer), stepped in as CEO (Chief Executive Officer) Designate towards the end of 2023 and I am confident that he, and our new Senior Management Team will take the business forward in 2024.

As any successful retailer will say, the foundation of our business is our people. At Korzinka, we are true believers in this maxim. We now have 10,000 people in the Korzinka family and we believe that they have the right to a happy, productive environment, fair and equitable conditions and excellent career opportunities. Women are under-represented in the Uzbek workforce, and at Korzinka we recognise the difficulties that many women face to fully achieve their potential. We have put in place policies specifically designed to promote women's employment and career development and in 2023 Korzinka received the Women's Leadership Award, from Kursiv.uz, an international business publication. Four of the ten members of our Senior Management Team and almost 40% of our entire workforce are women.

A Focus on Governance

The company's governance structures are designed to provide transparency and accountability in our business practices. The company's Supervisory Board consists of a majority of independent directors, providing unbiased and professional advice. The Supervisory Board has established structures within the business to manage compliance, internal controls and risk. Our compliance programme is rooted in best practice from the US Department of Justice and the Office of the Inspector General. A detailed review of corporate governance in Korzinka is given in Section 2 of this report.

International Standards

Korzinka's Supervisory Board benefits from the expertise of three independent non-executive directors with significant experience and expertise in the industry. The Board sets the strategic goals of the business and policies and procedures. The Board tasks the Senior Management Team with developing our governance standards and practices to meet international standards and much progress was made in 2023.

We have established an Internal Audit function which reports directly to the Chairman of the Audit Committee and put in place a comprehensive new Code of Conduct for Business Partners and a Code of Business Ethics, which together, govern our relationships with all our stakeholders, in particular our suppliers. Furthermore, our Compliance team was strengthened during the year and it has now modelled its work on best practice in the industry, which aims to manage risks, foster a culture of compliance and promote compliant conduct. We expect that the programme will be further deepened in 2024.

'10,000 people in the Korzinka family

Driving women's participation in the workplace'

Looking Forward

The coming year will see continued growth of the business. Our store expansion focus will be on the smaller Mahalla proximity store format, which allows us to bring Korzinka closer to its customers. Mahalla offers a more intimate and convenient shopping experience without compromising on quality and variety. In addition, the Mahalla store format incorporates a number of innovative features for the sector in Uzbekistan, including bake-off and coffee-to-go sections, ready meals, a wide range of fresh food and overnight delivery to stores, which ensures optimum product availability and freshness from the start of trading hours.

We aim to build on our loyalty programme to reward our regular shoppers and help us better understand their needs, so that we can provide them with an enriched customer experience. The appointment of a dedicated Chief Technology Officer underlines our commitment to the online shopping experience, by further developing Korzinka Go and introducing new technology throughout our business, allowing us to become more efficient, while enhancing our customers' shopping experience.

'World class senior leadership team'

korzinka

We expect in short, having set ambitious goals, we expect 2024 to be a year in which Korzinka continues on its path to be a world-class retailer.

'10 new Mahalla stores

Largest retail taxpayer in Uzbekistan'



CEO DESIGNATE'S STATEMENT

CEO Designate's Statement

In 2023, the business continued on its trajectory of strong growth, with headline sales 48.7% ahead of 2022 at UZS 7,408 bn. With new openings stripped out, like-for-like (LFL) sales growth was 19.4%. This represents market-leading sales per square metre of UZS 5.6m (UZS 6.3m LFL). During 2023, the new Mahalla stores performed in line with our expectations and we expect the format to continue to grow well in 2024. Online, our Korzinka GO home delivery brand performed well, with annual sales growing 230%. Average basket in Korzinka supermarkets grew 12.6%, but was surpassed by online sales, where basket size was almost three times larger.

In 2023, we invested into building organisational, people and process capabilities, strengthening our organisation and developing the systems we need, to build a best-in-class business. This has affected our profitability in 2023, but we expect to begin to reap the benefits of these investments from 2024 onwards.

Regulatory Developments

We operate in a dynamic market and regulatory environment, where the government changes tariff and non-tariff barriers regularly, as part of its plans to foster economic development.

This requires us both to continually monitor developments and to be agile in our response to changes.



RUD PEDERSEN
Chief Executive Officer Designate

Openings

In 2023, our store opening programme exceeded its planned pace and over the full year we added 25 supermarkets, and 10 new Korzinka Mahalla stores, which are set to be the driver of our future offline growth. We believe that Mahalla will bring us closer to our customers, both by providing a convenient local service and by providing them with a more intimate environment, where we can respond quickly and effectively to their needs.

Online, we continue to expand the operation of Korzinka Go to new territories and we now have two dark stores in operation.

A Step-change in Infrastructure

Continued expansion of the retail business requires investment in the infrastructure necessary to efficiently support our operations and in 2025, we will complete the development of a new Class A Distribution Centre covering more than 49,000m².

The centre will allow the company to centralise deliveries for approximately 90% of the supply chain, driving greater efficiencies. It will allow us to source and hold a range of new private label products, ensuring we provide our customers with quality products, across a wider range. This facility will be the largest ever single investment by the company and is a demonstration of our commitment to the future of the business.

The centre will adopt the latest technological processes designed to ensure optimal stockholding to ensure availability across the range and guarantee the freshness and quality of chilled goods.

The centre will be constructed to the latest specifications. We expect that the design will reduce our GHG (Greenhouse Gas) emissions intensity and lead to significant operational efficiencies.

'Largest ever investment by the company'

International Experience, Local Knowledge

To complement our experienced management team, over the last year, we have brought on-board a number of senior international specialists, with experience working at the highest levels in FMCG and retail businesses in the CIS(Commonwealth of Independent States) and western Europe. We believe that this mix of local knowledge and international insight will further develop the business's entrepreneurial spirit, and drive forward the introduction of international best practice.

'Local experience and International insight - a winning combination'

A World Class Business

In addition to the launch of our new Mahalla format and the ongoing development of our successful Korzinka Go online operation, we have kickstarted a number of transformational projects aimed at implementing best practice from best-in-class food retailers.

Amongst other innovations, our Mahalla stores are implementing bake-off operations where bread and bakery products are freshly baked in the store. This allows increased freshness and quality and the flexibility to bake according the store needs, reducing shrinkage. We maintain our focus on improving operational efficiency and employing the latest retail technologies, to allow us to continue to evolve our logistics systems. We are developing a system of automated acceptance from our logistics hubs to stores, which will allow for greater flexibility and more efficient use of the delivery fleet.

We anticipate another year of market-leading performance, buoyed by our confidence in our concepts, our team and our vision.

'Another year of exceptional performance'

CFO'S STATEMENT

CFO's Statement

This year we have seen positive indicators across our business. Sales volumes have grown significantly, gross margin has remained stable and, despite active development and significant growth, we have kept costs firmly under control. At UZS 7,408bn, net sales were in line with our forecasts, coming in 48.7% ahead of 2022, helped by growth in store numbers and strong like-for-like growth. Like-for-like sales across the business were up by 19.4%, driven by an increase in average basket and traffic growth. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) was UZS 403.9bn, up from UZS 315.1bn.

The business has invested for the future by recruiting specialist talent so that we can drive the growth that our business plan demands, and this has affected profitability, but margins and operational cashflow remain strong.

Store Performance

Supermarkets: like-for-like traffic increased by 4.3% in our supermarket operations and the average basket increased by 12.6%, 3.8% above the inflation rate, as customers traded up to premium offerings and took advantage of our wide range. All stores opened during the financial year are trading according to our expectations.

Mahalla: in 2023, the company began to develop its proximity store operations. The Mahalla format brings our business closer to the consumer, building our long-term relationship and helping us to better understand our customers. Strategically, we see the Mahalla operation as the key driver of our development as it has the advantage of being an essentially turn-key solution, with minimal investment costs, which benefits from the ready availability of store locations. The first 11 stores are trading well, in line with our expectations. Further development of the Mahalla format is one of our key priorities for 2024.



ELENA MALTSEVA
Chief Financial Officer

Korzinka Go

2023 marked an important milestone for our online channel development. After the acquisition of LeBazar, the home delivery service, in December 2022, its operational model was comprehensively rede-signed and in June 2023 we successfully launched our own online channel, Korzinka Go, serviced from two dark stores. We are covering 100% of the 900,000 households in Tashkent, offering a two-hour delivery service with a 90%+ service level, making Korzinka value available to customers who do not yet have a local store. As a result, by December 2023 there were approximately 130,000 monthly users of the app, of whom, 20,000 made purchases, amounting to 3% of our overall sales in Tashkent. With a growth rate close to 230%, we expect further strong development of our online operation in 2024. We expect to launch a premium one-hour express delivery option, add specific products in categories important to our core demographic of big families, and further expand our operating areas.

Cashflow from Operations

The business remains cashflow positive, showing an increase of 45% on 2022, at 582bn, driven by organic growth in the business and operational efficiencies.

We have also significantly improved working capital due to effective control over accounts payable, accounts receivable and effective inventory management. We continue to discuss payment terms as part of every negotiation with suppliers.

Free Cashflow

The business continues to generate a healthy operational cashflow. These funds are entirely used to finance our significant expansion plans and hence provide a healthy financing base for our future development.

The businesses can enter 2024 with confidence that its financial position is sound and that existing financing arrangements are sufficient to sustain the current pace of development, although more active development will require the business to attract additional funding.

Capital Expenditure

Our capital expenditure amounted to UZS 473.9 bn and was in line with our expectations. The major draws on cash over 2023 were investment in opening new Korzinka stores and development of the new Mahalla format. In addition, the company is actively investing in the development of process automation and IT. For all CAPEX, we expect a return on investment above our WACC (Weighted Average Cost of Capital) rate.

‘Korzinka Go growth of almost 230%

Investing for the future’

‘Driving cashflow from operational efficiency’

Key Highlights

- All key indicators showing positive growth. Revenue grew by 48.7% to UZS 7,408 bn, with like-for-like sales up an impressive 19.4%.
- We continued to grow store numbers, adding 25 supermarkets and 10 Mahalla proximity stores.
- Mahalla brings convenience, quality and reliability to a sector of the retail market currently populated with small independents and we see the format as one of the key drivers of growth in the coming years, as there is a ready supply of sites and capital costs are minimal.
- Korzinka Go has been well received by our customers and, over 2023, revenues grew to UZS97 bn. We expect to see continued growth in online sales as the market continues to develop and customers place greater trust in the concept of online retail.
- Store expansion and development has not been at the expense of controls. Our EBITDA (IFRS-16) was 5.5%, with strong operating cashflow of some UZS582bn. We expect to see continued strong growth in 2024, both organic, and from new operations.

UZS 97 bn
online business revenue

+25 Supermarkets
+10 Mahalla stores

5.5%
IFRS-16 EBITDA margin

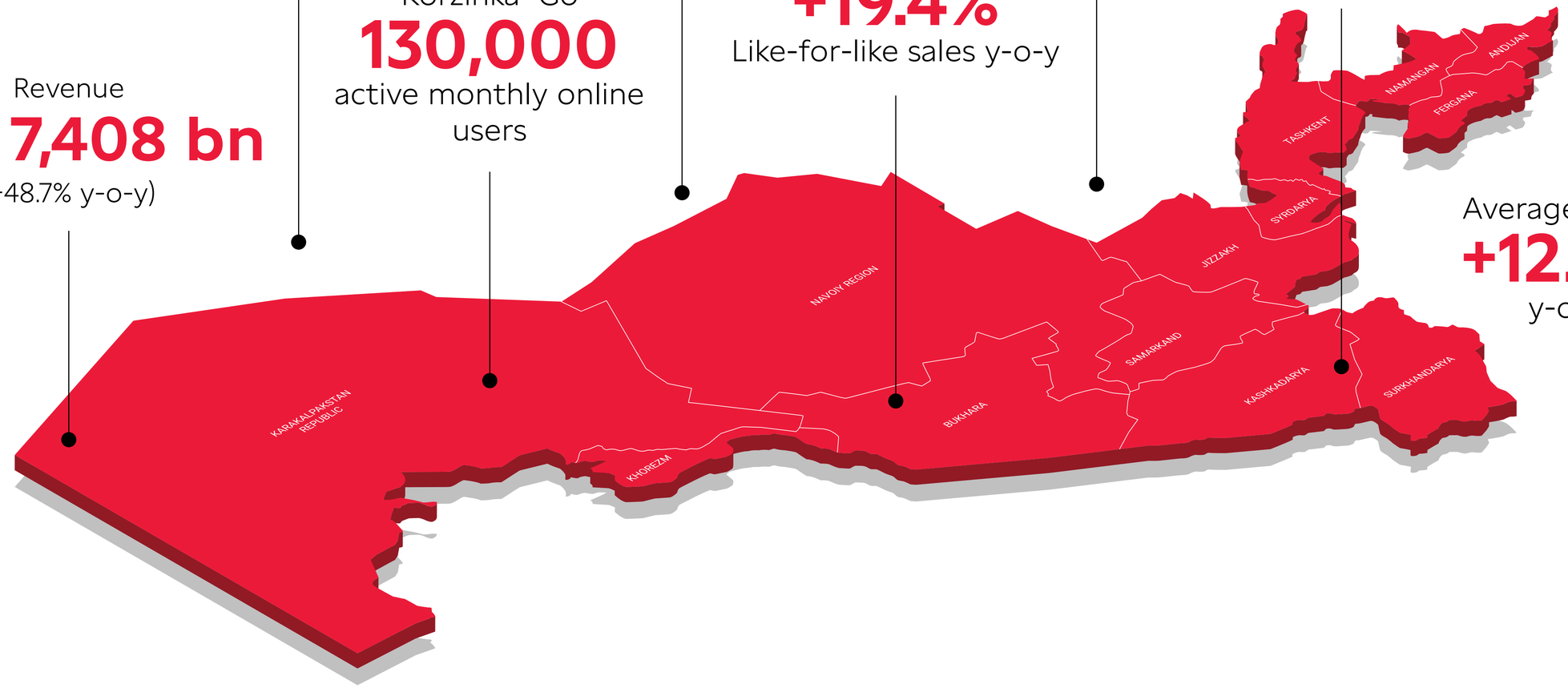
UZS 582 bn
operating cashflow

Korzinka Go
130,000
active monthly online users

+19.4%
Like-for-like sales y-o-y

Revenue
UZS 7,408 bn
(+48.7% y-o-y)

Average check
+12.6%
y-o-y



Strategic Priorities

In November 2023 the Supervisory Board approved our new growth strategy, known as Korzinka 3.0, as it marks the third chapter in our growth programme - the period before and after the EBRD's investment making up the first two. The strategy envisages a sixfold growth in store numbers by 2027, building on the 50% CAGR (Compound Annual Growth Rate) delivered in recent years. In doing so, we will continue to lead the Uzbek grocery retail sector, growing with and developing modern retail trade and maintaining our position as No.1 in the market.

We will offer a high-quality retail proposition at very competitive prices, both online and offline, whilst staying true to Uzbek culture and traditions. We aim to be the best in the ultra-fresh and fresh offer and provide our customers with the range, service and locations they want.

The modern retail environment is growing rapidly on the back of strong macro-economic development, socio-demographic factors and active competition. Our plans will ensure that we continue to offer the best tailored range of grocery baskets at competitive prices to fit any customer budget.

To achieve our growth plans and maintain our leading position, we will focus on five key areas:

Growth:

- We will grow our supermarket base, focusing on expansion in the regions
- In the next two years, we will roll-out our Mahalla proximity stores focusing on Tashkent
- We will grow business in eGrocery by developing our Korzinka Go offer
- We will focus on like-for-like growth, across all our formats

Customer Focus:

- We will continue to create value for our customers by offering the best tailored range and service at competitive prices
- We will offer efficient and friendly service, reducing queues at cash registers, ensuring product availability, offering clear in-store communication and providing a safe and clean environment
- We will leverage the unique insight gained from our loyalty programme to give our customers personalised offers, to create products that match evolving trends and to share knowledge with our suppliers so that they can provide relevant products at competitive prices
- Over the next four years, we will further develop our private label, growing the number of products across all segments. We will expand our private label brands to 20% of our sales by 2027. In doing so, we will drive up margin and customer choice
- We will improve the quality management process model in our stores, our distribution centres, in our supplier development, in our private label range, with our customers and with the regulatory authorities



Operational Excellence:

- Our supermarkets fuel our future growth as they generate strong cashflow, helping us to drive our expansion plans forward. Consequently, we will continue to focus on growing our store productivity, simplifying and automating processes and on creating the most profitable assortment
- Improved logistics are key - based around our new distribution centre we expect to see improved transport efficiency and increased precision in forecasting and end-to-end supply planning, using SAP-based tools. This will ensure we control costs and deliver on our multi-format core value propositions
- We aim to effectively control shrinkage and increase availability across all product categories
- As the business continues to grow, we will increase our direct import volumes in order to guarantee availability, quality and competitive prices

Technology and Innovation:

- We see Technology as a driver for scaling and operational efficiency, which will help us to leapfrog into world class performance via further automation and simplification of routine operations
- We will invest in a modern data analytics platform and decision support systems in the area of supply chain, assortment, promotion and price optimisation. The platform will be overlaid on a market-leading software foundation
- Our loyalty app provides benefits to our customers, and importantly, will allow us to better understand their needs and drive future sales
- We will seek to achieve ISO (International Standards Organization) standards 27001 and 27032 covering information security, cyber security and privacy of personal data
- We will build a technologically savvy organisational culture, underpinning all the internal and external processes at Korzinka, to help us exploit new and emerging technologies such as AI and machine learning and achieve speed, efficiency and scale
- We will use big data to better understand our customers in real time, to make faster and better business decisions and explore opportunities for monetisation and building adjacent businesses

Governance

- We will continue to develop and strengthen our systems of governance, ensuring that we implement world-class risk management, internal control and compliance systems
- We recognise that effective governance is one of the foundation stones of future growth and profitability

Market Overview

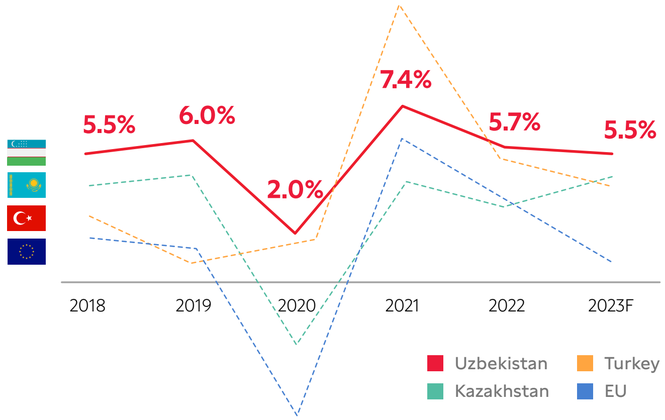
Uzbekistan is the second largest economy in Central Asia with a GDP estimated by the World Bank to be more than USD91bn in 2023. Liberal market reforms since 2016 have driven this growth. The strategic vision of the President's Office is to become the leading economy in Central Asia, with a focus on high-skilled industries, such as IT clusters, and specialist manufacturing, which, it believes will become a catalyst for international investment.

Real growth in 2024 is projected to be 5.6%-6.5%, with unemployment at 7.5-7.9%. The average Uzbek worker has never been has never been so prosperous, and per-household disposable income was UZS 72.8m in 2023, with significant growth in income in the regions. In 2022, the latest data available, consumer expenditure rose by 20%.

With one of the world's fastest growing populations, adding nearly one million new citizens annually, the government has ambitious aims to increase the workforce by two million by 2030. As the economy matures, the population is becoming more urban, with 50% currently living in a town or city and an expectation that this figure will reach 60% by 2030.

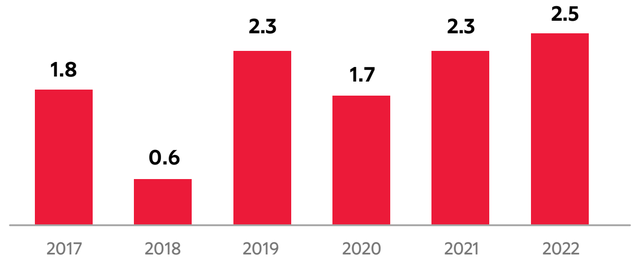
Real GDP Growth

Uzbekistan - one of the fastest growing countries of the Europe & Central Asia region



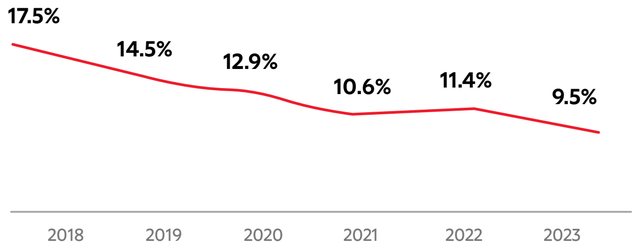
Foreign Direct Investment, $bn

FDI trending upwards and set to grow in the coming years



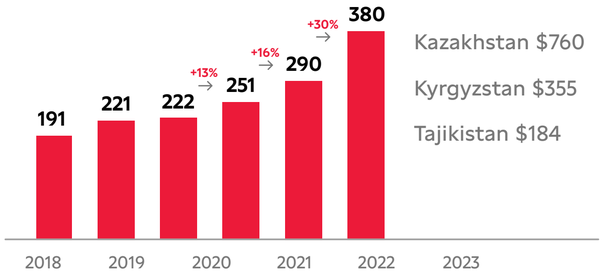
Inflation Dynamics

Inflation reached single digits and looks set to stabilise



Salary Growth

Average salaries continue to grow



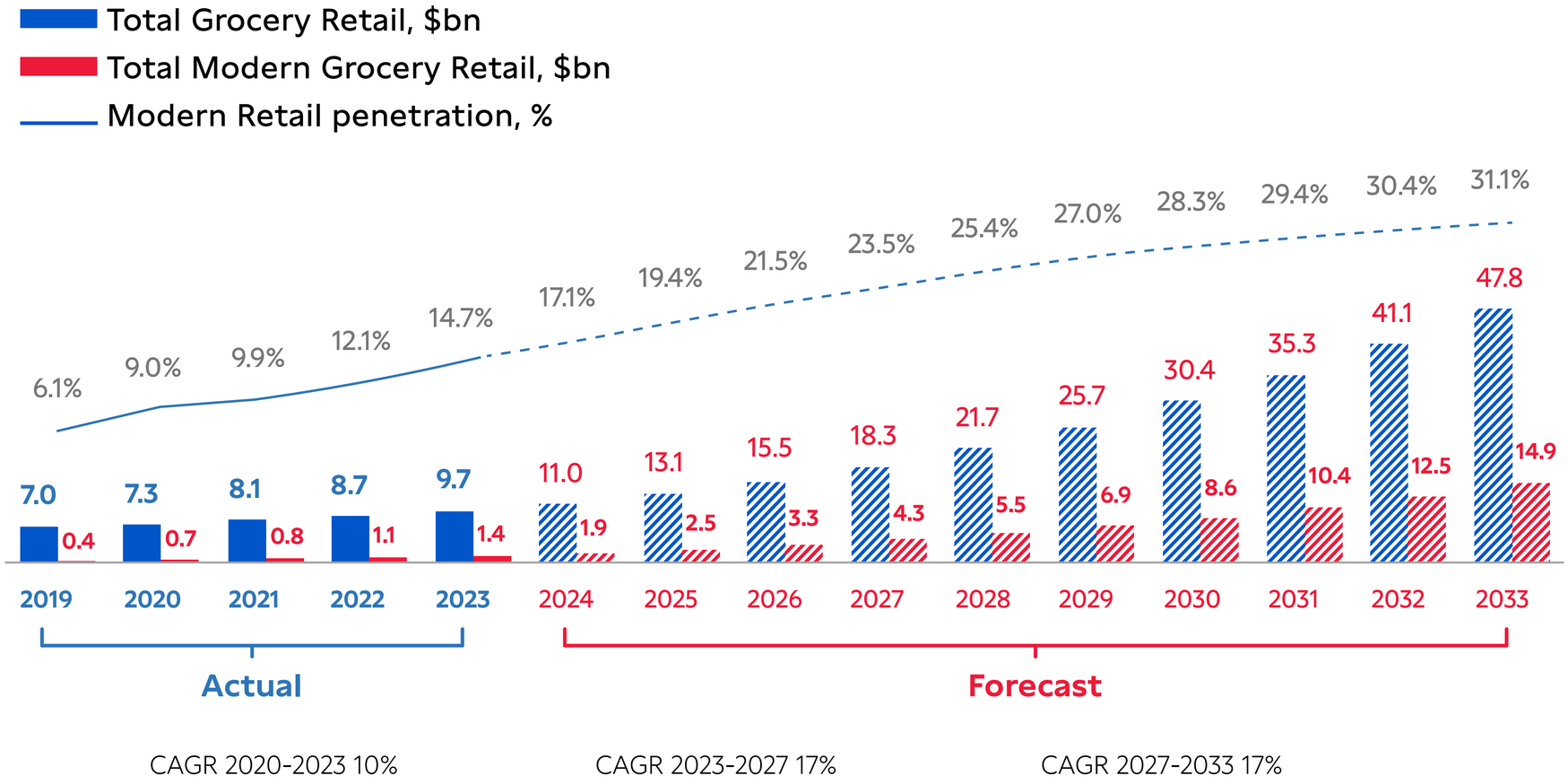
Grocery Market Trends

Korzinka's supermarket customers are driven by quality, range, convenience and price. However, bazaars and traditional stores still predominate, accounting for 85-90% of the retail market, where convenience, quality and range can not be guaranteed. According to UZStat, the average consumer spends 46.7% of their disposable income on groceries.

As the modern retail trade develops and retail chains grow, there is a rapid transformation from a distributor-driven, to a retailer and supplier-based market. Retailers are able to capitalise on this relationship with suppliers as, with growth in the size of the operation and developing technology, it is the retailer that holds the key insights into consumer behaviour and needs, and controls the route to market.

Distance to ports and national boundaries make it hard for secondary and tertiary brands to gain traction in the market, as transport and shipping costs on small volumes can be prohibitive. This barrier to trade creates a real opportunity for private label products in the market. We estimate that the modern retail market was approximately UZS 8tn in the first nine months of 2023, based on total sales data and our full year estimate is UZS11tn.

The Uzbek Modern Grocery Retail Market, USD bn



CAGR 2020-2023 10%

CAGR 2023-2027 17%

CAGR 2027-2033 17%

The Local Market

The local bazaar is a deeply inherited tradition. Most Uzbeks will visit the bazaar once or twice a week, as much as a place to pass the time and to meet friends as to buy groceries. Customers are often very loyal to their preferred sellers. Consequently, Korzinka requires a strong convenience and value proposition to attract these customers. Without a developed supply infrastructure, bazaars are unable to maintain the range, convenience and value proposition offered by modern retailers, particularly Korzinka, and are having to reposition as a place of local quality but higher priced products.

‘Delivering the quality our customers want, with instore convenience’

This is particularly evident for out-of-season or imported product. Our focus on competitive pricing will see a widening of the positive price gap between Korzinka and the bazaars, as these trends continue. We expect this to make bazaars a less attractive proposition, when compared to the modern retail market, particularly when coupled with the drawbacks of the extreme summer and winter environments experienced in Uzbekistan.

As one of only two double-landlocked countries in the world, retailers face a significant logistics challenge to ensure product availability, price and quality, particularly for low-volume products. This presents an opportunity to larger retailers who are able to take full loads and have developed logistics infrastructure.

Historically, the full cost of price promotions has been borne by retailers, whose relationships with brands and suppliers has been through local wholesalers and distributors. However, In recent years there has been a positive change and opportunity for strong strategic partnerships as major brands have opened Representative Offices in Uzbekistan. Direct relationships with brands through their offices will develop as modern retail grows. Korzinka has established relationships with most key brands in the region, and we now negotiate directly on products and pricing and work jointly to develop categories and promotional activities. Our rapidly increasing direct import programme further supports this trend.

As the modern retail market in Uzbekistan is still under-developed, it suffers from a deficit in critical infrastructure. This ranges from Class A warehousing and logistics services to the availability of prime development sites, to ancillary services such as packaging, merchandising, data analytics firms and software suppliers and developers. These deficits have led us to bring many of these functions in-house.

The Competitive Environment

Direct supermarket competition is fragmented and regional in nature.

Our key competitors are therefore bazaars, where pricing can be competitive, particularly when buying local produce in significant quantities, but which lack convenience, consistency of quality, choice and product safety, and local convenience stores and independent operators, which offer convenience, but often at higher prices, are unable to guarantee quality and offer a limited, inconsistent range. There has been recent growth in discounters, but their instore environments are basic, their range is strictly limited and lacks any significant fresh or chilled produce and Korzinka is committed to ensuring that we compete aggressively on price.

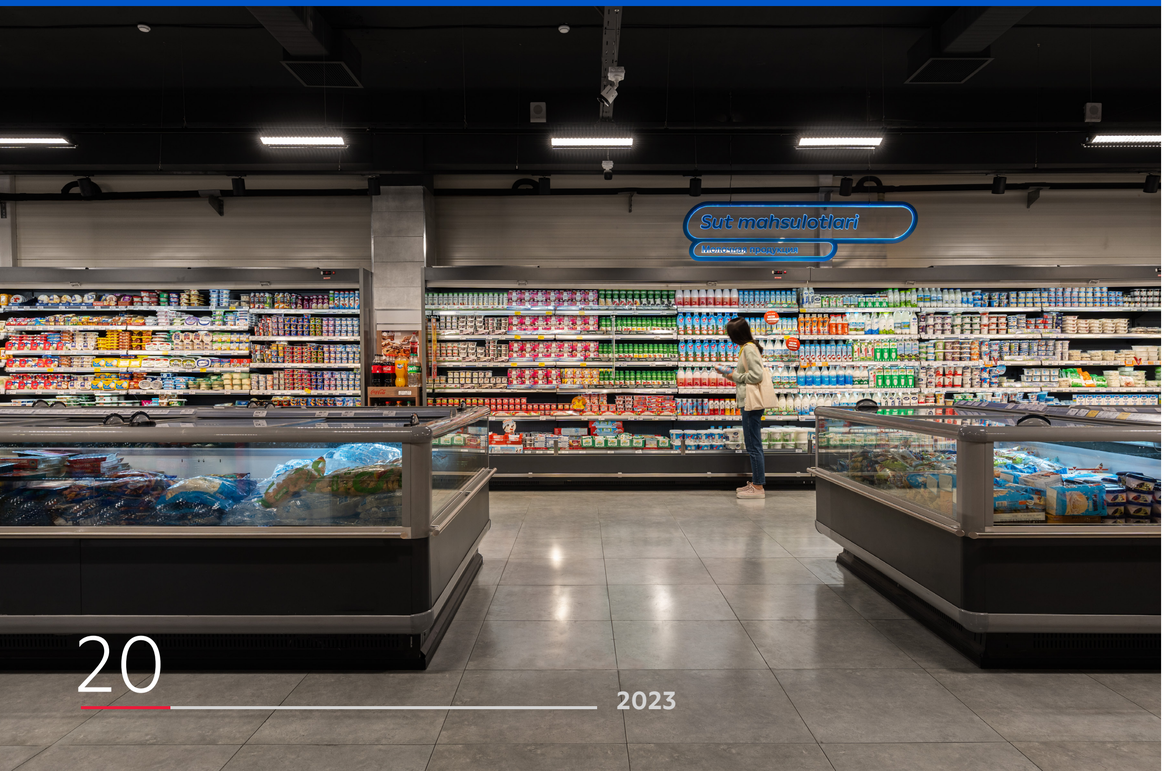
All of Korzinka’s large competitors have a loyalty programme but these seem to be largely discounting vehicles and it appears that little use is made of the valuable customer data.

Our market-leading loyalty programme, with 1.6m members, and over 500,000 monthly active users and our continued investment in IT, allows us to be in tune with our customer, collect feedback, track shopping behaviour and respond quickly.

Korzinka is the market leader in the modern retail segment, and over 93% of customers rate our value proposition as satisfactory or better. Our stores offer the highest standards of service, unrivalled convenience and the widest range of high-quality branded and private label products, whilst maintaining everyday low pricing. We are not complacent, however, and are continually reviewing and improving the instore environment, our ranging and pricing and the service we provide to our customers to ensure we continue to exceed their expectations.



‘Rewarding customers for their loyalty’



Business Model

Korzinka has been on the Uzbek market for 27 years and is the largest retail brand in the country. Our employees operate 138 stores across 12 regions in Uzbekistan. Korzinka delivers the best fresh and ultra fresh produce, respecting the tradition of the bazaar but in a modern retail environment, simplifying consumer shopping missions. We focus on guaranteeing a range of quality, safe products, covering all of the traditional categories important to our consumers. In a country with an extreme climate, temperature control is essential, not just in the delivery chain but also in-store. Our customers appreciate a consistent comfortable temperature, and the controlled environment has a dramatic effect on the quality of fresh meat, fish, fruit and vegetables.

Our business model is focused on creating value for all our stakeholders, at all stages. We maintain a focus on delivering the very best for our consumers. Our offline and online operations are decentralised to ensure we are agile and have independent decision-making structures, to ensure each business arm delivers for the customer in the most efficient way. Nevertheless, we leverage our scale in terms of purchasing power, logistics and IT. We enjoy a competitive advantage over our competitors in the modern trade sector, by having our own logistics function which is continuously developing and will, in the near future, help us to significantly reduce direct-to-store deliveries.

The Korzinka App – Driving Loyalty

Our loyalty programme now has 1.6m active members and the Korzinka App is now one of the most downloaded apps in Uzbekistan. The app has been downloaded more than two million times and by the end of 2023 there were more than 500,000 monthly active users, up 76% from 2022. Our app users are our most committed loyalty programme members, making up a significant share of turnover from programme members. Overall, programme members accounted for more than 60% of sales in store.

Members benefit from cashback, special offers and exclusive discounts of up to 40%, they can pay using a QR code and can receive their receipts online. We have exciting plans for the future of the app, offering targeted benefits to our customers, and insights for our suppliers to help them develop new products and services. Recent developments with the app allow for push notifications and for customers to have tax automatically refunded to their bank accounts. Korzinka is also the only retailer in Uzbekistan offering a buy now, pay later, service from within its app. Customers can even pay in interest-free instalments, helping them to balance their household budget.



‘Building mutually beneficial relationships with key brands’

In the future, we expect to make omnichannel purchases even more seamless by creating a unified customer profile and integrating the Korzinka App with our online supermarket app, Korzinka Go.

In-house Logistics

Uniquely among grocery retailers in Uzbekistan, Korzinka has a fully developed logistics operation with five specialist distribution centres, two temperature controlled warehouses and a delivery fleet adapted to its needs. As the business continues to develop, our logistics systems will be enhanced to meet the growing demand from the increasing scale of the business.

Our ongoing investment in in-house logistics will allow us to guarantee a step-change in availability, quality, freshness and service, at competitive prices. In 2025, we will consolidate our five distribution centres into one new-build Class A centre, covering more than 49,000m². Coupled with ongoing technological developments in the logistics chain, we expect to be able to reduce time in warehouse, deliver fresher product and increase availability in-store, across all of our retail formats.

Developments in our technology platform will drive margin improvement by better forecasting and planning and transparent stock control will reduce write-offs and shrinkage.

Buying Better

In the coming years, we aim to further increase direct purchasing from brand owners, both locally and through direct imports. From 2020, to the end of 2023, our direct purchases have increased from 8 to 17%. This allows for improved dialogue with the brand owner, improved category management, closer cooperation on promotions and incentives and the sharing of data, essential in a market such as Uzbekistan, where suppliers currently have limited insight into consumer behaviour. By 2027, we expect to further increase direct delivery, avoiding local third-party warehousing and further shortening the logistics chain.

Our supply chain includes global and international suppliers from across Europe, Central Asia and South America. We offer our suppliers predictable, guaranteed, stable volumes and the opportunity to work with the market leader.

We actively work with local producers, helping them to understand our needs for consistent availability and work with them to improve the quality and packaging of their products. Fresh local produce is an important element in our product mix and will become more important as our logistics and distribution systems develop. Local suppliers made up 51% of our assortment in 2023 and we expect this percentage stay largely consistent through to 2027, balanced by increased local sourcing for private label and the the expansion of our range to meet developing consumer tastes. Our top 40 suppliers deliver approximately 50% of total sales.

Our relationship with our suppliers is based on mutual cooperation and allows us to secure pricing that reflects product volumes and our mutual investment in modern retail in Uzbekistan. Our strong relationships are also essential to ensure product availability.

Private Label – Growing Value

Private label products are now a part of every fifth basket sold instore and we have ambitious plans to further develop the sector, offering a broader and deeper range. The Korzinka name has become a byword for quality in Uzbekistan and the development of private label is a natural extension of that brand equity.

Our key private label is 365 kun. The brand is positioned in the mid-minus price segment, as the majority of instore turnover comes from products in the mid-range and economy segments.



'Investing in logistics to deliver fresher produce'

365 kun provides high turnover products including grains, pulses rice and sugar. The brand is not positioned as the lowest price on the shelf but occupies a space between the economy and mid-range segments. 365 kun meets the basic needs of customers while offering them the opportunity to save against traditional mid-market brands.

Our private label products compete in the economy and mid-price segments offering more than 370 products. They generate 11% of sales. Products are largely locally supplied and in general have margins in excess of branded competitors and, as their share increases, this will drive improvements in overall margin. We aim to grow the share of private label in categories outside of everyday essentials, across all price segments.

We offer private label in 19 categories and about 40 subcategories and all high-turnover categories such as: groceries, canned goods, bakery products, dried fruits, dairy products, eggs, fruits and vegetables are covered. Approximately 90% of our products are produced by local manufacturers, although we also import from suppliers in Europe, Turkey and Thailand. Before entering into a supply contract, all suppliers are required to commit to our Code of Conduct for Business Partners which governs our relationship and their production facilities and products are subject to a strict audit and quality assessment. Once on sale, further regular quality control is undertaken.

Growth Through Technology

Technology is at the heart of our business. From the leading-edge logistics system planned for our new distribution system, to the easy-to-use interface of our Korzinka app, our entire business relies on technological processes. Our focus in this area is underlined by the appointment to the Senior Management Team of a Chief Technology Officer to take forward ongoing developments, instore, online and in our support functions.



'Real growth in private label'

Our immediate focus has been on developing processes and automation for our central distribution system, generating efficiencies in our back-office and instore inventory management processes.

We have additionally developed the functionality of the Korzinka app, which now has more than 500,000 users, incorporating push notifications and the ability to claim tax refunds from the state tax committee.

As the business develops, we will explore further digitalisation of in-store processes to make them lean, producing an in-store employee app and building an omnichannel experience connecting digital and offline with a full catalogue, price checks, recipes, self-checkout, and multiple payment methods.

We are ever mindful of the significant amounts of personal and client data we hold and have cyber-security systems in place to keep it secure.



'370 private label products'

Format Review

Overall Operational Performance

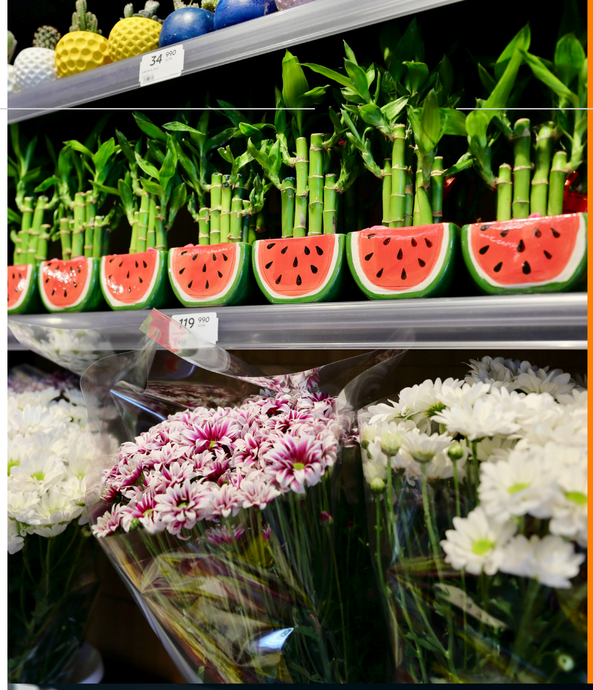
Korzinka is Uzbekistan's leading grocery retailer, approximately four times larger than our nearest competitor. Our 138 stores achieved net retail sales of UZS 7,408bn in 2023, an increase of almost 50% on 2022. There are now Korzinka stores in 12 of the 14 regions of the country, helping us stay close to our customers and satisfy their needs at reasonable prices. Our customers made more than 73 million shopping trips to their local Korzinka in 2023. Our 85% NPS score (NPS or net promoter score, devised by consulting company, Bain, is a measure of how positive customers are about a brand or service) is unrivalled in the sector and shows why Korzinka is the number one choice for Uzbek consumers.

'The widest range at every-day low prices'

Key Operational Developments

One of the company's strategic objectives is operational efficiency. Across our multi-format business model we are constantly seeking to improve terms with our suppliers and introduce additional private label products, that help our gross margin position. Additionally, we continue to increase labour productivity in our stores through continuous streamlining of processes and expanding the use of automated systems.

Our extensive training and development programme develops employee skills, and a new staff scheduling programme, which matches customer traffic, is at the heart of these improvements. We are improving cost efficiency of indirect procurement, whilst also improving the service and quality of our equipment, materials and service suppliers. We have a programme to optimise the capital expenditure for new store openings, without impinging on the quality of the look and feel of our stores. We are actively planning a new distribution centre which will optimise our logistics and this, along with new IT solutions, will further drive profitability over the next two years.



korzinka

'Mahalla, closer to the community'



Investment in Infrastructure

In 2023, we started development work on the construction of a new, state-of-the-art 'green' distribution centre, to support the expansion of Korzinka's retail store network and drive operational efficiencies in the supply chain. Currently, Korzinka operates five distribution centres with a combined floor space of 30,500m². The new site will be more than 49,000m², and will be operational from early 2025. Centralisation of our logistics will increase efficiency in order picking and delivery operations and further increase in-store availability. New software systems, increased picking efficiency and centralised purchasing will assist gross margin. Further, we expect to see a reduction in shrinkage as stock is better managed and chilled produce, in particular, will benefit from faster turn-around times. The project will reduce our carbon footprint and lead to operational efficiencies. The distribution centre will be the first in Central Asia to be Edge Certified (Excellence in Design for Greater Efficiencies (EDGE) green building).

Supermarkets

Our supermarkets are designed to meet consumers' preferences and are the key driver of our sales and margins. At the end of 2023 we had 127 supermarkets in 12 regions of the country and more than 100,000m² of trading area.

We offer our 200,000 daily customers a unique assortment and high standards of service. Value is key.

During 2023, we opened 25 new supermarkets, with in-store butcheries and Uzbek tandoor bakeries and assisted-service fresh fruit and vegetable sections. Our supermarkets place particular emphasis on fresh produce and ensure that fully-trained staff work in these departments, to ensure consistent food safety and high quality. We provide a great range, offering approximately 12,500 products to our customers, at every-day low prices, pitched below soft discounters and bazaars. This combination of our fresh offer, wide range, keen pricing, and the benefits of modern retail, is at the centre of the Korzinka proposition.

Our systems for ordering and accepting goods, both from our distribution centres and our direct suppliers, our inventory management, merchandising and organisation of in-store promotions are based on international experience and best retail practice. Our promotional calendar focuses on seasonal and in-demand products with additional promotions for members of our loyalty programmes.

The layout of our supermarkets, their zoning and merchandising are largely uniform and this helps to effectively control the procurement and supply of equipment and materials. Through a process of effective sales forecasting and planning, inventory management and monitoring of shelf life and product quality, we have reduced the shrinkage rate across our Supermarkets.



'Korzinka quality and value 24/7'

www.korzinka.uz

On average, each store has almost 60 employees and in 2023, we introduced a labour scheduling model to monitor and improve labour productivity. Our store teams receive comprehensive training, both onsite and in our in-house training centre and Korzinka creates opportunities for employees to grow professionally and build a career within the company. Approximately 90% of our store managers started their career on the shop floor.

Korzinka Mahalla

Mahalla stores are conveniently-located proximity stores of between 250 and 500m². Mahalla brings the best everyday offer closer to our customers, providing a convenient customer journey through the store and a basic range at every-day low prices, below soft discounters and bazaars. The first of our new Korzinka Mahalla stores opened its doors in October 2023.

These neighbourhood stores offer convenience to the consumer by providing over 3,500 products (in some, up to 4,500), including ready-meals, snacks and fresh flowers, and feature a coffee-to-go section, all within walking distance of the consumer. Extended opening hours, with some stores open 24/7, add to the convenience of the stores.

Korzinka Go

Our e-grocery offer is based around two dark stores and provides a convenient same-day delivery service, usually within two hours, in Tashkent and the surrounding area. Korzinka Go carries a wide range of products and offers larger pack sizes. Customers can order online or through the Korzinka app. In 2024, Korzinka Go will launch one-hour express delivery, to enable midweek and weekend top-up shopping. Korzinka Go carries a full assortment of more than 8,500 key products.

The Korzinka Go app has been downloaded more than 260,000 times and by the end of December 2023 there were approximately 130,000 monthly active users, of whom 20,000 made purchases during the month. We continue to maintain high service levels, to increase adoption of online purchasing and drive down costs, to allow affordable delivery fees. New technological processes have enabled us to triple the efficiency of picking operations at our dark stores.

Korzinka Go places emphasis on product quality and experience to reduce customer complaints. Fresh meat, poultry and fish are delivered vacuum packed to preserve quality and extend life. Fruit and vegetables are packed in special breathable packaging to prevent spoilage and prolong life.

We have developed systems which allow us to have bread baked specifically to coincide with online orders, to ensure that customers receive fresh warm bread and we use insulated carriers to protect frozen goods during the delivery process. We guarantee to replace any product that arrives in poor condition or past its expiry date.

Our investment in operations and IT has allowed us to exceed 90% for 'on-time, in full', deliveries. In order to ensure that our customers receive the best possible service, the vast majority of our picking and delivery team (85%) are employed directly, with external agencies only used during peak hours



Environment and Social Programmes

Korzinka is committed to building a sustainable future for our team, our investors, our suppliers and our customers. To do this requires work at every level of our business and from every member of our team and our suppliers. Our environmental policies and practices are devised and implemented by dedicated members of the team and overseen by our Supervisory Board.

We were among the first businesses in Uzbekistan to focus on creating a low-energy, low-resource, low-waste environment across our business ecosystem. We have received financial and technical assistance from the EBRD and other IFIs as part of our wider programme to minimise our impact and we have given clear undertakings to them with regard to our compliance with Environmental, Social and Governance (ESG) targets. As a business, we recognise that we are merely custodians of the environment for the generations that follow us and that we have a responsibility to advance an environmental agenda for the benefit of all. Our environmental policies are supported by comprehensive social policies, and governance policies which are described later in this report.

Engaging Constructively

We actively participate in internationally recognised sustainability-related initiatives and we share expertise with other businesses.

This collaboration helps us to plan our corporate ESG priorities, and push forward our ESG priorities at a country level. Korzinka was the first business in Uzbekistan to support the UN Coalition of Business Champions for Sustainable Development in Uzbekistan and the UN Global Compact. We are a member of the ESG Committee of the American Chamber of Commerce in Uzbekistan, Chair of the ESG&C Committee of the Europe-Uzbekistan Association for Economic Cooperation (EuroUz) and our Chairman and CEO, Zafar Khashimov, is an Advisory Board member of Chapter Zero Uzbekistan.

GHG and Energy consumption

During 2023, Korzinka calculated its carbon footprint under Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased energy), using data for the Financial Year 2022. The calculations were undertaken with the assistance of external consultants and used internationally agreed methodologies and should, when combined with the results from 2023, provide a baseline for analysis of our efforts to reduce our impact. Calculation of emissions under Scope 3 (other indirect emissions in the value chain) remains a longer-term goal.

The bulk of Korzinka's Scope 1 emissions comes from the use of refrigerant gases. A secondary, but no less important source of Scope 1 emissions is the use of fuel in stores, our distribution centres and office buildings and the use of diesel fuel in emergency generators and delivery vehicles. Our Scope 1 emissions were calculated at 17,155 tonnes. Our Scope 2 emissions, (CO_2 equivalent) were 25,562 tonnes and come almost exclusively from the use of electricity drawn from the Uzbek electrical grid.

As the Korzinka estate grew significantly over the course of 2022, total emissions are not a reliable indicator, as direct comparisons are not possible. The most widely accepted international metric to compare GHG (Greenhouse Gas) emissions over time, is GHG emissions intensity. In 2022, Korzinka's GHG emissions intensity was 290kg CO_2e/m^2 and we aim to reduce this in the coming years.

The company strives to improve its methods for calculating greenhouse gas emissions and electricity consumption to increase the accuracy of data for comparison in future years.

Figures for 2023 will also be calculated in line with internationally accepted methodology during 2024, and we expect them to serve as a reliable baseline for calculating improvements in future years.

Waste Management

As a business, we acknowledge the need to minimise waste generation associated with our operation.
We currently collect board and plastic waste generated in our stores, and in 2023 we sent more than 4,000 tonnes of waste materials for recycling.
In 2023 we started to monitor the nature and scale of all waste generated within the company and in 2024 we are planning to develop a long-term strategy on waste management, including setting challenging targets for waste reduction.

Our primary focus will be on the minimisation of waste generation, before setting targets for recycling and re-use.

Working with the community

Sport and the Arts: Korzinka is an official partner of the series of races organised by the Foundation for the Development of Culture and Art of Uzbekistan, which include the Samarkand Marathon, the Zaamin Ultra, the Bukhara Night Race and the SkyCamp. The project helps to attract public attention to the problem of inclusivity in culture and art, promote a healthy lifestyle, and develop sports tourism in Uzbekistan.

We are also an official partner of Challenge Samarkand, the first international triathlon competition in Uzbekistan, which is part of the Global Challenge Family series. More than 2,000 amateurs and professionals took part in the races, which took place on September 16-17, 2023, covering distances between 25km and 110km. Children's races of 200m to 1km were also held. Korzinka provided food and finishers' gift packs to all participants along with special cards offering discounts on healthy foods.

Since 2022, we have worked with the Republican Specialised Scientific and Practical Centre of Endocrinology named after Academician Yolkin Khalmatovich Turakulov, with the aim of promoting a healthy lifestyle and diet among the population of Uzbekistan.

Korzinka publicises the centre's healthy lifestyle messages across all of our information channels, including showing a series of animated videos about healthy diets on the screens in all Korzinka supermarkets.

Charitable giving: Since 2018, the Ezgu Amal foundation has been providing support for children with cancer. Korzinka is proud to support their work. Our stores have collection boxes for the fund and through the generosity of our customers we have been able to send the foundation more than UZS 3.6bn in the last two years.

As part of the Uzbek government's humanitarian assistance programme, in the aftermath of earthquakes in the southeastern provinces of Türkiye, Korzinka and the Mehrli Qo'llar Foundation, which supports young people and children with disabilities, sent 14.25 tonnes of food products to the cities of Gaziantep and Hatay.

Supporting young environmentalists: We have been supporting Uzbek writer Madina Muminova since 2022 and published her series of books, which cover key environmental issues in a child-friendly way. The series, Time of Heroes, includes Who is Plastikakl? Doctor Chikhakhl and Anubis Maymunis. They are designed, through a colourful children's story, to help parents and their kids learn about the problems of environmental pollution and talk about how important it is to start taking care of the planet now.



Working together

In November 2023, the Korzinka team grew to over 10,000 employees. Our employees are not merely contributors to daily operations but are valued partners whose dedication, skills, and commitment directly influence customer experiences, operational efficiency and the company's bottom line.

Our people are the lifeblood of our business and our greatest asset. It is the determination and dedication of our people that ensures that we serve our customers well, generate long-term value for our shareholders and contribute to our wider social goals.

Engaging employees is a cornerstone of Korzinka's human resources strategy. The company prioritises a people-centric approach, fostering a workplace culture that values diversity, inclusion, and professional development. Korzinka actively invests in employee training programmes, ensuring that its workforce is equipped with the skills needed to navigate the complexities of the grocery retail sector. This commitment is not only reflected in the professional growth opportunities offered by the company, but also in the comprehensive benefits and wellness programmes designed to support employees' overall wellbeing.

The company maintains a fund to help employees in times of need.

The fund provides payments for family welfare, for treatment and operations for employees and their relatives (in addition to paying sick leave), and also in the event of the death of close relatives.

Korzinka's engagement with its employees extends beyond routine job roles. The company promotes an open-door communication policy, providing avenues for employees to voice their ideas, concerns, and feedback. KeepHub, one of the engagement sites used by the company has a dashboard and idea boxes where employees can voice their opinions. This inclusive approach is not only a testament to Korzinka's commitment to employee empowerment but also a strategic decision to tap into the wealth of insights that employees, as front-line ambassadors, can offer.

Employee satisfaction is not only seen as an end in itself, but as a means to achieving broader business objectives. Korzinka recognises that a motivated and engaged workforce, directly correlates with positive customer experiences.

Developing Careers

Our in-house training centre provides our employees with the opportunity for comprehensive professional and personal development. We were among the first in the market to offer an online learning and communication platform that creates a level playing field for access to information and knowledge at all levels.

Additionally, the company has a programme that covers the cost of external courses and training for employees and covers the university tuition fees for employees and their families. In 2023, we supported 300 employees through external training programmes and more than 400 people through their university education.

Our online courses focus on topics related to education, career and self-development and, as of 2023, more than 700 Korzinka employees used the platform daily and had access to 1,500 different learning resources, including courses, videos, podcasts, books and articles. During the year, 8,940 employees completed at least one training course and on average our in-store employees have completed 34 courses.

Empowering Women

Korzinka has long been committed to creating opportunities for women to grow their careers and provides a comprehensive package of training and seminars to help empower our female employees. In 2022, the proportion of women supervisors in store reached 45%, and the number of women store managers increased by 4%, to 30% of the total. For the first time, in 2023, three of the twelve regional managers were women. Whilst we are proud to have achieved these results, we continue to evaluate our processes and procedures, to ensure that we offer equality of opportunity in the workplace.

In 2022, Korzinka kick-started the 'Yulduz' project with a series of training sessions on female leadership, career development, anti-harassmentand supporting employees in difficult life situations. Originally, aimed at the 71 women in supervisory positions in 2022, as the team grew in 2023, the number of women involved in the project increased to 90. Women participating in the project undergo training to provide support and assistance to colleagues, contributing to the strengthening of the women's community and the development of trust within the team.



'30% of managers are women'

Korzinka was one of the first companies to participate in the UNDP's CallUmida.uz programme which provides an informal mechanism for women and children to seek an immediate temporary safe space in the event that they face harassment, stalking or if they feel threatened on the streets. The company has trained 4,500 members of the of the team on the actions necessary to help people who face street harassment. Korzinka also supports the UN-organised 16 Days of Activism against Gender-Based Violence

Internally, the Lola Women's Club holds quarterly meetings, with sessions on domestic violence, the psychology of relationships, physical and mental health and work-life balance.

The company has a comprehensive system for reporting abuse or intimidation in the workplace including a confidential helpline and our internal app, KeepHub. Full details of the access routes and procedures are given in the Stakeholder Management section of the report.

The company has joined forces with the International Finance Corporation (IFC) and is one of the first retailers to pilot the Economic Dividends for Gender Equality (EDGE) Certification in the field of gender equality in the workplace. We have committed to measuring the equality of our policies and practices, recruitment and promotion and training and development.

Following a comprehensive audit, Korzinka was the first retailer in Uzbekistan to receive 'Assessed' status under the EDGE programme. A Gender Action Plan has been agreed and following its successful implementation, the business will move on to the next level of EDGE certification.

In 2024, the plan requires Korzinka to formulate a policy on equal pay for equivalent work with specific reference to gender, institute a programme of annual gender pay gap assessments and to systematically remediate any unexplained gender pay gaps. The company must measure and quantify the impact on men and women, of existing and future recruitment, promotion and retention programmes and ensure that dedicated resources are allocated to ensure the implementation of gender equality objectives and ensure that those leading the programme have the necessary decision-making power.

Meeting International Standards

Korzinka recognises the need to formalise our policies and standards and in this respect, we are leaders in Uzbekistan. In 2023 Korzinka successfully passed audits for Quality (ISO 9001), Energy (ISO 50001), Environment (ISO14001), Occupational Health and Safety (ISO 45001), and Food Safety (ISO 22001), at our Head Office and in ten Tashkent stores.

In 2024, we will seek to achieve ISO standards 27001 and 27032 covering information security, cyber security and privacy of personal data.

Occupational Health and Safety

The health and welfare of our people is critical to the operations of our business and we have policies in place to ensure the highest possible standards of occupational health and safety (OHS).

Our policies and procedures are internationally audited to ISO 45001. Our integrated management system lays down policies designed to reduce risks associated with technological processes, to create and support a culture that values OHS, identifies and mitigates risks and provides personal protection equipment.

All of our team members undergo comprehensive fire safety and health and safety training and are encouraged to recommend improvements to processes and procedures to improve standards. Individual workplaces are assessed, specific risks are identified and appropriate mitigation measures taken.

Employees in safety critical roles receive special training and personal protection equipment is provided where appropriate.

Our management team receive regular OHS training and regular fire drills, fire safety training and OHS audits and inspections are undertaken by specially trained employees.

korzinka

'Providing a safe space"



Corporate Governance Report

Chairman/CEO's Review

2023 was a pivotal year for Korzinka as, alongside strong trading performance, we made significant progress in our plans to implement effective corporate governance structures. Effective corporate governance requires commitment from the Supervisory Board and the Senior Management Team to transparency and accountability and is essential for any successful business. In 2023, Korzinka's Board and the Senior Management Team have again shown commitment to these principles by making significant progress in corporate governance throughout the organisation.

The business has structured its corporate framework to provide for clear division of roles and responsibilities between the Supervisory Board and the Senior Management Team, ensuring strategic alignment and operational efficiency. Independent Non-executive Directors are in the majority on the Board and all of them have significant international experience and expertise. Consequently, the Supervisory Board facilitates impartial decision-making, fosters transparency and safeguards the business's interests.

The business has the confidence of international financial institutions and enjoys productive relationships with the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation (IFC) and the Asian Development Bank (ADB).

Our Senior Management Team has been augmented over the course of 2023, to include senior international business professionals whose skills complement those of our existing team.

In 2023, we continued the process of developing our internal control, compliance and internal audit functions and 2024 will see further work to move towards best international practice.

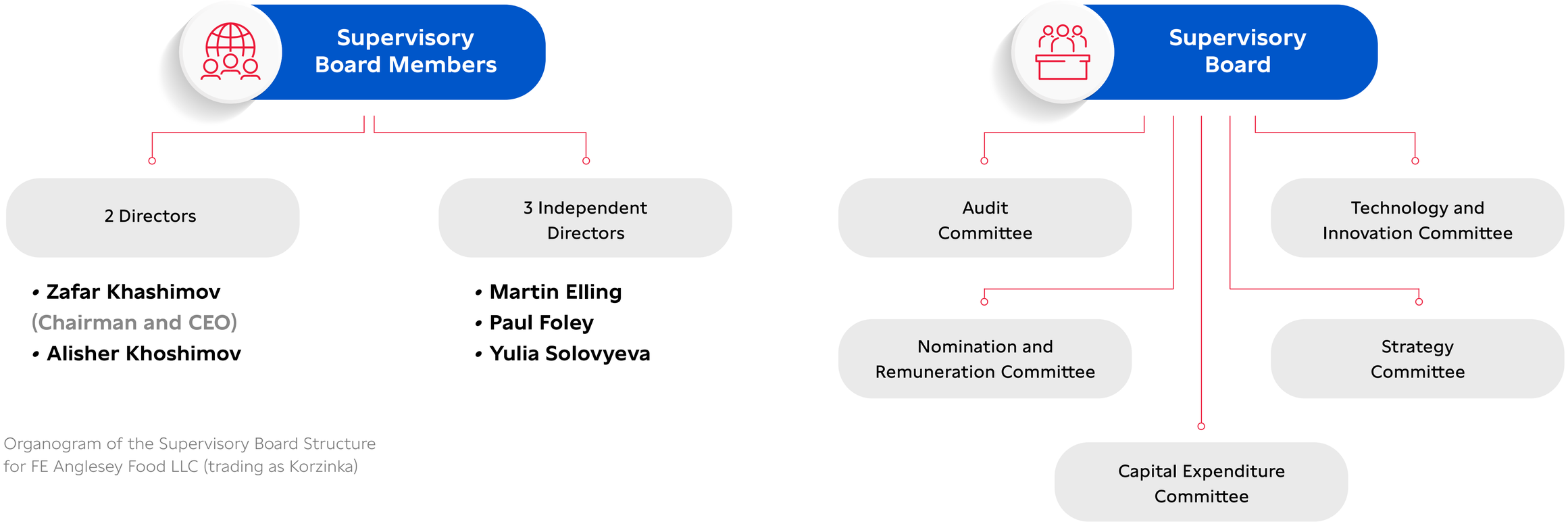
In the past year the Supervisory Board has paid particular attention to its Environmental Social and Governance responsibilities, and the Senior Management Team has built specialist teams to ensure that our business is managed with efficiency, transparency, accountability and with regard to our impact on the environment.

Looking ahead to 2024, our unwavering focus remains on advancing these critical initiatives to uphold our commitment to responsible business practice and sustainable growth.



Corporate Governance Structure

Supervisory Board Structure of Korzinka



Organogram of the Supervisory Board Structure for FE Anglesey Food LLC (trading as Korzinka)

Supervisory Board

The Supervisory Board is the highest decision-making authority of the company. It is tasked with promoting the long-term success of Korzinka and safeguarding its reputation. It is accountable to the shareholders for setting the company's strategic aims, monitoring management's performance against those aims, ensuring that Korzinka is adequately resourced and that effective controls and governance are in place. It oversees the way in which the executive team manages and runs the company's operations.

The Supervisory Board is made up of five people: two directors, one of whom is the Chairman and CEO, and three independent directors. The Supervisory Board was established in 2020. It is chaired by Zafar Khashimov. The second executive Supervisory Board director is Alisher Khoshimov who has extensive local market knowledge. The independent directors are Paul Foley, Martin Elling, and Yulia Solovyeva.
Paul Foley chairs the Strategy Committee and Nomination and Remuneration Committee. He has extensive experience in retail operations. Martin Elling chairs the Audit and Risk Committee and the Capital Expenditure Committee.

He has substantial expertise in financial markets, agribusiness and retail. Yulia Solovyeva chairs the Technology and Innovation Committee. As the former CEO of Google Russia, she brings a focus on technology and innovation to our traditional Supervisory Board background.

The Supervisory Board and their Committees meet not less than six times per year to discuss their mandated responsibilities and other relevant matters that arise. The Senior Management Team ensures the Board remains well-informed by providing detailed monthly performance reports, and detailed business reviews during committee and board meetings.

The independent directors hold monthly calls with the Senior Management Team, and the Supervisory Board maintain regular informal dialogue.

A Supervisory Board Observer, nominated by the EBRD, is authorised to attend and actively participate in meetings of Korzinka's Supervisory Board but has no voting rights.

The Supervisory Board's main responsibilities are:

- Guiding, reviewing and providing preliminary approval of the corporate strategy before its submission to the General Meeting of Shareholders for final approval, including establishing the overall strategic direction, risk appetite, priorities and long-term objectives of Korzinka
- Reviewing and approving business plans, annual budgets, plans of action and policies and ensuring they support the approved strategy
- Approval of any modification to the annual budget
- Approval of any financial commitment or expenditure in excess of the approved annual budget
- Setting performance objectives and key performance indicators for the Senior Management Team
- Regularly reviewing the performance of Korzinka, in light of the strategy, annual budget, industry trends and market developments
- Oversight of the preparation of the annual report and annual accounts before their approval by the General Meeting of Shareholders
- Overseeing major capital expenditure, acquisitions and disposals
- Ensuring the functioning of Korzinka's risk management and internal control system and monitoring its effectiveness
- Ensuring the proper funding of an Internal Audit Department
- Monitoring the effectiveness of Korzinka's governance arrangements and practices
- Making proposals to the General Meeting of Shareholders for the appointment, dismissal and remuneration of the General Director (CEO) and Supervisory Board Members and the Senior Management Team
- Overseeing the process of external disclosure and communications

The Supervisory Board actively champions transparency, by carrying out annual performance assessments, issuing declarations of independence, and disclosing concurrent board affiliations. Triennially, an external consultant conducts an independent evaluation of the Supervisory Board.

The Directors have a contractual duty to avoid situations in which they have, or could have, indirect or direct interests that conflict, or may conflict, with the interests of the Company and all such matters must be disclosed.

The Supervisory Board has a procedure for avoiding potential conflicts of interests. Directors are required to declare all other appointments, including directorships outside the Company, that could give rise to a potential conflict of interest.

Board Administration

All communications between Supervisory Board Members and from the Supervisory Board to the Senior Management Team are facilitated by the Corporate Secretary. The Corporate Secretary is appointed by the Supervisory Board following recommendation from the Chairman/CEO.

The Corporate Secretary acts as the secretary to the Supervisory Board and its Committees. The Corporate Secretary also performs activities for the Supervisory Board, as provided for in the bylaws of the Supervisory Board.

The secretary is responsible for the effective functioning and support of the Supervisory Board and its Committees and for ensuring efficient communication and information flows between the Supervisory Board, its committees, and the Senior Management Team.

The Corporate Secretary also supports good governance and ensures compliance with corporate governance rules and regulations.

All Supervisory Board members have access to the advice and services of the secretary. The secretary supports the Chairman/CEO in the organisation of the affairs of the Supervisory Board and reports directly to the Chairman/CEO.





ZAFAR KHASHIMOV

Chairman/CEO

Zafar is a successful and well-established entrepreneur, philanthropist and innovator in the field of retail, wholesale and logistics. He is the Founder of Korzinka, owner of REDTAG Uzbekistan (a global fast fashion franchise), FLO Uzbekistan (a Turkish footwear franchise), and Balton Trading Asia (a leading Uzbek FMCG distribution company) Zafar is also an Honorary Professor at Westminster International University in Tashkent.

Mr. Khashimov sits on the following sub-committees of the Supervisory Board: the Strategy Committee, the Nomination and Remuneration Committee, the Capital Expenditure Committee and the Technology and Innovation Committee.



ALISHER KHOSHIMOV

Executive Director

Alisher graduated from Tashkent Agrarian University with BA in Economics, and also studied at the Russian Academy of Foreign Trade. He was awarded his PhD by the Ministry of Macro Economics of Uzbekistan. He worked in the Ministry of Agriculture for three years and in the Ministry of Foreign Trade for seven years. Since 1999, he has been working at Anglesey Foods, Korzinka's parent company, where he leads operational work.

Mr. Khoshimov sits on the following sub-committees of the Supervisory Board: the Audit Committee, the Strategy Committee and the Nomination and Remuneration Committee.



MARTIN ELLING

Non-executive Director

Martin, a Dutch national, graduated in economics in 1979, after which he joined the United Nations, where he worked for 11 years on sector policy lending in Asia, Eastern Europe and Africa, mostly for the World Bank. In 1992, he joined the European Bank for Reconstruction and Development (EBRD) in London, as a Senior Banker. Martin left the Bank in 1997 and has since created several businesses in B2B services in Ukraine and Russia. After achieving three successful exits, Martin now works mostly as a Non-executive Director in the retail and banking industries, concentrating on strategic development and corporate governance.

Mr. Elling sits on the following sub-committees of the Supervisory Board: the Audit Committee (chair), the Capital Expenditure Committee (chair) and the Strategy Committee.



PAUL FOLEY

Non-executive Director

Paul spent 23 years working for Aldi Süd, a privately held, German-headquartered global retailer, with operations in 10 countries covering Europe, the US and Australia. He has since held Supervisory Board positions at FORTENOVA (Formerly Agrokor) in Croatia and Slovenia, MAGNIT in Russia, AHT Cooling Systems in Austria and at Iceland Foods in the UK. Along with his current role on the Supervisory Board of Korzinka, he is also serving as the Strategy Chair at VOLI in Montenegro and is an independent Board member at BIM in Turkey and Morocco.

Mr. Foley sits on the following sub-committees of the Supervisory Board: the Nomination and Remuneration Committee (chair), the Strategy Committee (chair) and the Technology and Innovation Committee.



YULIA SOLOVYEVA

Non-executive Director

Julia has over 30 years' experience in the internet search, media, retail and telecommunication sectors. She joined Google in 2013 as Managing Director/Country Manager Russia and was Director, Business Operations for Emerging Markets EMEA from 2016 - 2022. She has held various senior Executive and Non-executive positions in Moscow, with media, technology, telecoms and retail businesses, including Lenta and X5, and in March 2023 she became the Chair of Softline, a leading Russian software company.

Ms. Solovyeva sits on the following sub-committees of the Supervisory Board: the Technology and Innovation Committee (chair), the Strategy Committee, the Nomination and Remuneration Committee and the Audit Committee.



ANNA BOITCHENKO

Corporate Secretary

Korzinka's Corporate Secretary is Anna Boitchenko. She has been in this position since the creation of the Supervisory Board in 2020. Anna has more than 15 years of experience in strategy consulting. She was a Consulting Partner with Deloitte in Moscow, as Head of the Strategy Service Line. In 2020, Anna managed Korzinka's strategy development project and, until recently, has been supervising its implementation.

Anna holds a Bachelor's Degree, a Master's Degree and a PhD in Economics from the Moscow Lomonosov State University.

Board Committees

The Supervisory Board has five committees: the Audit and Risk Committee, the Nomination and Remuneration Committee, the Strategy Committee, the Capital Expenditure Committee and the Technology and Innovation Committee. The committees provide oversight of the key functions of the business. The role of the committees is to interact with the Senior Management Team on a wide range of issues, to arrive at an informed opinion and then to advise the Supervisory Board on those issues. Committees also review and advise the Supervisory Board on compliance with regulatory requirements, on key policies and procedures and on the risk profile of the business. The Supervisory Board decides on the strategic direction for the business, having taken into consideration the recommendations of its committees.

The Audit and Risk Committee oversees financial management and reporting, compliance and Korzinka's risk exposure. The committee seeks to ensure the integrity of the financial operations and reporting of the company by:

- Examining and approving changes made to significant accounting policies
- Evaluating the methodologies employed for accounting for significant or exceptional transactions
- Scrutinising the clarity and comprehensiveness of disclosures in Korzinka's annual report
- Assessing compliance with relevant legal and regulatory obligations
- Interacting with the company's external auditors on the progress and results of the annual audits and ensuring that the recommendations of the auditors' management letters are fully considered by the company
- Regularly assessing, together with the Senior Management Team, the risks identified by the company and reviewing the risk mitigation measures

The Committee also supervises and monitors the functioning of the company's three lines of defence so as to ensure solid financial controls. In practice, the committee regularly receives reports from and scrutinises the functions of the compliance, internal controls, and internal audit departments.

The Committee has oversight over management's implementation of appropriate controls designed for the prevention and detection of fraud, bribery, and corruption. It also receives reports on instances of non-compliance.

As the second line of defence, the Committee assesses Korzinka's internal financial control systems, which identify, assess, manage, and monitor financial risks. It ensures the effectiveness of other internal control and risk management systems, if necessary, with the use of external consultants. Additionally, it reviews, together with the Senior Management Team, the risk profile of the company to allow the Supervisory Board to have an informed discussion on the probability and potential financial impact of the principal risks faced by the company and the recommendations on how best to mitigate those risks. This then, also allows the Supervisory Board to establish the company's risk appetite, including its reputational risk.

Finally, the Audit and Risk Committee engages with the Head of Internal Audit who reports directly to the Committee to ensure their independence. On an annual basis, the committee approves the internal audit programme and receives quarterly internal audit reports, including reports on the progress of follow-up investigations on earlier findings.

The committee also conducts an annual evaluation of the effectiveness of the Internal Audit Department's work, examining key findings, risks, and recommendations from each internal audit assignment. The committee keeps the Supervisory Board informed on a regular basis of the principal findings and recommendations of the Internal Audit Department.

During the year 2023, the Audit Committee paid particular attention to strengthening financial procedures, reporting and financial control and also to a number of support functions, such as the legal, ESG (Environmental, Social, and Governance), compliance, anti-fraud and risk management functions. Each of these functions required strengthening and the committee has been actively involved in the recruitment of additional professionals and the definition of their terms of reference. The committee is pleased to note the progress in these essential elements of corporate governance, that the company has been able to achieve during the year and is confident that each of these functions now have a solid basis for the further improvements needed to support the growth of the business.

The Nomination and Remuneration Committee

The committee advises the Supervisory Board on issues related to recruitment, succession planning, human resources, performance evaluation and training of Supervisory Board members, in addition to its specific nomination and remuneration remits.

Under its nomination remit the committee has the following responsibilities:

- Recommending a nomination policy to the Supervisory Board and regularly assessing its implementation
- Ensuriung plans are in place for orderly succession of Supervisory Board positions
- Identifying and suggesting candidates to the Supervisory Board to fill any vacant positions
- Providing advice on the appointment, re-appointment, and dismissal of the CEO (Chief Executive Officer, General Director), CFO (Chief Financial Officer), and COO (Chief Operations Officer)
- Recommends key policies to the HR (Human Resources) department
- Supervising the annual evaluation process to assess the effectiveness of the Supervisory Board
- Offering recommendations to the Supervisory Board, regarding skill development programmes for both the Supervisory Board and the Senior Management Team

Under its remuneration remit the committee:

- Provides recommendations to the Supervisory Board concerning the remuneration, incentives, and severance compensation policies for Supervisory Board members and the Senior Management Team and for company-wide incentives
- Offers guidance to the Supervisory Board on the structure of the remuneration framework for Supervisory Board members
- Ensures that compensation programmes align with the overall strategy of Korzinka.

In 2023, the Committee focused on strengthening the Senior Management Team so that it is capable and effectively motivated to deliver the target long-term growth. A team has been put in place that complements deep local knowledge with wide international experience.

A long-term incentive programme, linked to strategy implementation, was introduced to ensure engagement and retention of the Senior Management Team, and is in addition to the existing annual bonus system, aligned with budgeted KPIs (Key Performance Indicators).

The Committee also undertook performance assessments and a review of individual development plans for the Senior Management Team during the year.

The Committee also supervised the streamlining of the recruitment, onboarding, training and turnover management processes to ensure that the company is able to efficiently and effectively deal with tens of thousands of new employees in the next five years.

The Strategy Committee

The committee provides advice and recommendations to the Supervisory Board on:

- Formulation and review of Korzinka's overall strategy, including monitoring functional strategies that underpin strategy implementation
- Close understanding of the project management function and supporting strategy implementation
- Definition of key performance indicators, their methodology, and targets to assess Korzinka's performance against the strategy
- Creating the vision for future budgets for the Senior Management Team to develop and the Supervisory Board to approve
- Establishment of the overall risk appetite, tolerance, and strategy for Korzinka, including the principal and emerging risks the company is willing to undertake to achieve its long-term strategic objectives

In 2023, as the successful implementation of the 2020-2023 strategy was coming to its conclusion, the Committee tasked the Senior Management Team to run a complex strategy update project, aimed at maximising Korzinka's growth potential.

The new corporate strategy was broken down into detailed functional strategies and a KPI system. Its implementation will be supported by a Project Management Office and monitoring processes. The strategic planning process is linked to the annual budgeting exercise and is a starting base for developing financing plans. The focus area in 2023, was the development and piloting of the Mahalla proximity store format, bringing Korzinka closer to our customers. The committee sees Mahalla as a key growth driver for the business.

Increasing staff productivity remains an important topic for the committee, which involves all the key functional areas, from in-store process optimisation and staff training, through to logistics, IT developments and commercial operational improvements.

The Capital Expenditure Committee

The committee is tasked with overseeing the company's policies, objectives, and plans related to capital expenditure and to provide oversight of the execution, financial controls and financial performance of the company's capital expenditure.

The committee also evaluates and presents recommendations to the Supervisory Board concerning proposed capital expenditure that surpasses predetermined thresholds. The committee closely monitors the actual performance of significant capital expenditure projects against their initial projections.

The committee reviews, together with the Audit and Risk Committee, the recommendations of the company's procurement function, in terms of cost optimisation, expenditure supervision and controls.

The committee oversees real estate acquisitions and new store openings, from review of the investment proposal to final deployment.

In 2023, the approval of a major investment proposal for a new distribution centre has been a key topic for the committee.

Finally, the committee closely monitors new store performance. Over the years, the committee has worked closely with the Senior Management Team to improve the company's investment proposal methodology and it is pleased to note that actual performance of new stores generally closely follows the initial investment proposal projections.

In 2023, the Committee focused on making sure that the retail expansion and capex management processes were streamlined and efficient enough to support the planned strategic growth.

The Technology and Innovation Committee

The committee was established in 2022 to coincide with the appointment of Yulia Solovyeva, who also Chairs the committee.

Korzinka's business is undergoing significant technological change, as it develops a new logistics model, introduces new technology in-store, develops its loyalty programme and the exploitation of the consequent 'big data' and drives forward the hugely successful Korzinka Go online store.

The committee places particular emphasis on ensuring that Korzinka's technological systems and processes are resilient and fit for purpose. In the coming years this will require significant investment in new technology, simplification of technology architecture and, potentially, changes to suppliers of key technology services. The committee also has a responsibility to ensure the effectiveness of the company's management and control mechanisms relating to information, cyber-security and data governance.

Its primary responsibilities are:

- Assessing the implementation of technology with the potential for a substantial impact on Korzinka's performance and strategic objectives
- Monitoring and evaluating the success of innovation initiatives
- Giving focused attention to cyber-security, data analytics, and matters related to intellectual property
- Advocating for a customer-centric approach to digital innovation
- Overseeing and addressing technology-related risks within the parameters of the risk appetite set by the Supervisory Board and devising mitigation plans
- Enhancing the overall health and resilience of the organisation through the strategic use of technology and streamlining the existing technological architecture of Korzinka

In 2023 the committee focused on three major topics: IT strategy development, support for Korzinka Go and IT security enhancement.

Korzinka has migrated its ERP system to SAP S/4 HANA and, over the past year, The Senior Management Team, under the supervision of the committee and with the help of external consultants (Novardis, B1) have conducted a deep analysis of the Company's IT architecture and infrastructure and developed an IT strategy aimed at maximising economic benefits from the systems and supporting our ambitious growth plans.

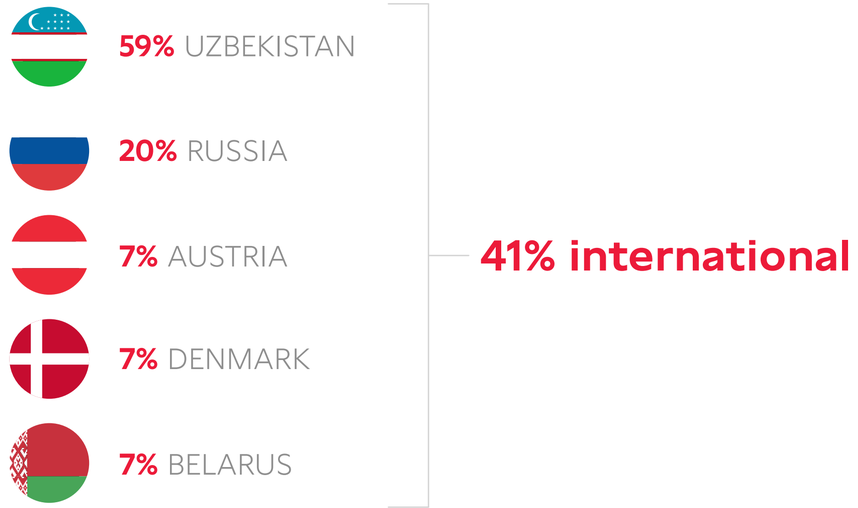
In 2023 we re-branded our e-commerce operations and launched our new platform, Korzinka Go. Since relaunch the operation has received positive customer feedback, and we have seen rapid growth and achievement of key performance indicators.

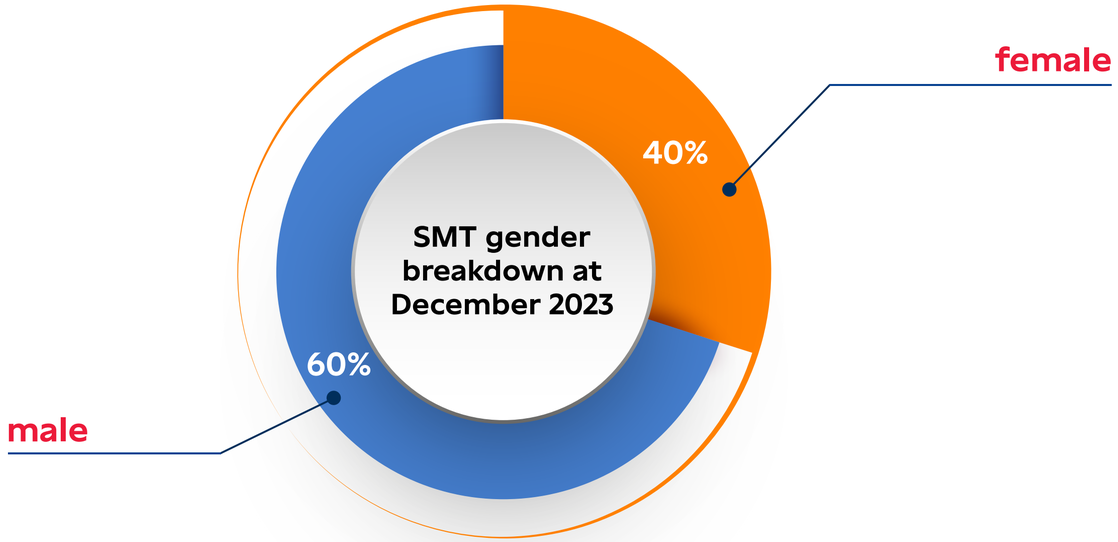
An Information Security Department was established alongside the Internal Audit Department (which itself includes a standalone IT Audit division), in 2023. A complex health check was undertaken and a development plan formalised.

Senior Management Team

Full composition of the SMT during 2023

Name	Position	Appointed	Employment History
Rud Pedersen	Chief Executive Officer (Designate)	2022	Lenta, Carlsberg, 1C Group A/S, Levi Strauss & Co. AstraZeneca, Cadbury, Deloitte
Igor Lebedev	IT Director	2002	Angelsey Food
Mansur Tillaboev	Supply Chain Director	2006	Balton Trading
Hamid Sultonov	M&A Director	2007	Mir Store JV Ltd. Kontinent TYT JV Ltd.
Temur Islamov	Real Estate Director	2008	Korzinka
Sherzod Makhmudov	Commercial Director	2009	Korzinka
Nargisa Baymirzaeva	Corporate Development Director	2015	British American Tobacco
Saodat Zakirova	Interim HR Director	2015	Unitel (Beeline)
Malik Karimov	Marketing Director	2016	Nestle Food Kazakhstan, Uzmarkazimpex, Interbrand Marketing LLC
Anna Miraubova	HR Director	2017	Korzinka
Anastasiya Kulakovskaya	Supermarket Operations Director	2021	Domashniy and Centralniy supermarket chains, RTL Holding (Rublevski), NTS (Rodina Storona) Trade and Traditions
Jasmin Heil	Mahalla Operations Director	2022	Lenta, Billa (Rewe Group), REWE International AG, Lehrhotel Semmering GmbH, Movenpick Hotels and Resorts
Konstantin Nechaev	Chief Technology Officer, Director, Korzinka Go	2023	AVITO.ru, @sdelano.ru, Leroy Merlin, M. Video, Deloitte, IBS, Frontstep CIS
Elena Maltseva	Chief Financial Officer	2023	Lenta, Billa (Rewe Group), X5 Retail Group
Roman Rabaev	Supply Chain Director	2024	O'KEY, Lenta, Magnit, Auchan, Monetka





Senior Management Team

The past year has been transformational for our Senior Management Team. There have been a number of changes in Korzinka's leadership team, in line with the company's strategy and transformation plans. The new team offer an unmatched combination of local knowledge and best in class retail experience, which will be instrumental in delivering both our challenging operational goals and our long-term strategy.

In 2022, Korzinka added online delivery to its core value proposition and accelerated development of the omnichannel experience under the leadership of Konstantin Nechaev, the CEO of Korzinka' s e-commerce format, Korzinka Go. In August 2023, Konstantin was appointed to the newly created role of Chief Technology Officer to ensure continued growth and development of our e-commerce offering. Until the appointment of a new CEO for the e-grocery business, Konstantin will combine the two roles.

Elena Maltseva joined the Senior Management Team at Korzinka as Chief Financial Officer (designate), in December 2023, and has succeeded Rud Pedersen who became CEO as of 1 January 2024.

During 2024, Korzinka will engage a senior HR professional to continue the development and transformation of the function and build for the future. In the interim, Soadat Zakirova, a seasoned HR professional, with almost ten tears of experience at Korzinka, will lead the team.

Our full Senior Management Team line-up is as follows:

Rud Pedersen

Chief Executive Officer (Designate)



Skills and Experience

Rud joined Korzinka in August 2022 as Chief Financial Officer. Rud has more than 31 years' experience in finance and strategic planning in EMEA, and has worked and lived in Denmark, Cyprus, Russia, The United Kingdom, Belgium and Uzbekistan. Between April 2019 and March 2022, Rud served as Group CFO and Member of the Board of Directors of Lenta IPJSC. Prior to that, he was CFO of Carlsberg (Eastern Europe).

Rud has extensive experience in senior finance and leadership roles, building and motivating high performance teams with a range of international businesses.

Education

M.Sc. in International Business Administration and Commercial Law from Aarhus School of Business.
Executive MBA from London Business School.

Elena Maltseva

Chief Financial Officer



Skills and Experience

Elena joined Korzinka in December 2023 as Chief Financial Officer (designate). She has significant experience as a finance professional and prides herself on her logical and systematic approach to her work.

Elena came to Korzinka from Lenta where she was Finance Director of Small Format and Billa where she was Chief Financial Officer.

Education

Bachelor's degrees in Economics and Enterprise Management and in Automation of Technical Processes from the Bratsk State Technical University.
Master of Business Administration in Finance Management from the Moscow High School of Business.

Anastasiya Kulakovskaya

Supermarket Operations Director



Skills and Experience

Anastasiya is an experienced senior operations professional who has spent more than twenty years guiding, developing and managing processes and teams in some of the biggest businesses in the wholesale, retail and FMCG sectors in Belarus.

She has significant experience managing growing operations and successfully led and implemented transformation projects during the IPO of Rublevski (RTL-Holding group), alongside the IFC in Belarus.

Education

Bachelor's degree in International Economic Relations from the Belarusian State Economic University

Jasmin Heil

Operations Director, Mahalla



Skills and Experience

Jasmin joined Korzinka in June 2022 to head up the Small Format Project. She is a skilled PMO development, retail operations and project management specialist.

Before joining Korzinka, Jasmin worked as Project Manager for M&A Integration at Lenta. Earlier, she worked for Billa Realty, first as Strategy Manager and Sustainability Coordinator and then as Head of the Project Management Office.

Education

Master of Arts in Business (Sales Management) from CAMPUS 02, University of Applied Sciences in Graz

Kostantin Nechaev

Chief Technology Officer and Director Korzinka Go



Skills and Experience

Konstantin joined Korzinka in May 2022 as Chief Executive Officer of KorzinkaGo. He is an eCommerce, technology, digital strategy and operations professional with over 20 years of experience. Since September 2023 he has taken on the role of Chief Technology Officer for all Korzinka businesses.

Prior to joining KorzinkaGo, Konstantin was Director of Strategy at AVITO.ru, COO of Sdelano, an interior design company and was Digital Transformation Director at Leroy Merlin and Strategic Programme Director and PMO leader at M.Video.

Education

Master of Science in Business Project Management from Stanford University Graduate School
Masters Degree in Management from Moscow Lomonosov State University

Malik Karimov

Marketing Director



Skills and Experience

Malik joined Korzinka in September 2016 as Chief Marketing Officer. He has 17 years of expertise in consumer and retail marketing in Uzbekistan and Kazakhstan, developing effective marketing strategies, branding and customer loyalty programmes.

Malik previously worked with Nestle Kazakhstan as a Category Sales Development Manager and earlier with Nestle Uzbekistan as a Brand Manager. From 2017 to 2019 Malik was a visiting lecturer at Westminster International University in Tashkent.

Education

BA Hons in Business Administration from Westminster University in Tashkent
Executive MBA, London Business School

Sherzod Makhmudov

Commercial Director



Skills and Experience

Sherzod joined Korzinka in August 2009 as a Project Manager. Sherzod has developed his skills in data analytics, merchandising strategies and negotiation skills within the company.

He was appointed Commercial Director in 2020, following earlier roles in Category Management, Marketing and Procurement.

Education

Sherzod holds a PhD in Economics from Tashkent State Economics University and is an Executive MBA candidate at the London Business School.

Roman Rabaev

Supply Chain Director



Skills and Experience

Roman joined Korzinka in 2023. He has 20 years of experience in supply chain management, building effective and efficient logistics systems in developing businesses.

His working career has been spent with national and multinational retailers including Auchan, Lenta, Magnit and most recently O'KEY.

Education

Master's degree in Mathematics from the Boris Yeltsin Ural Federal University in Ekaterinburg
Management in Retail programme from the Higher School of Economics in St. Petersburg

Mansur Tillaboev

Supply Chain Director



Skills and Experience

Mansur joined Korzinka in 2004 as a procurement manager. He later headed Fruit and Vegetable Category Management before, in 2018, becoming Supply Chain Director. Mansur implemented Lean WMS, doubling warehouse productivity, successfully managed logistics during the COVID-19 pandemic and launched the new Khanabad distribution centre. Previously, he held a number of roles with Balton Trading Asia where he finished his career as Chief Financial Officer.

In 2023, Mansur moved on from Korzinka and the directors wish him well in his future career.

Education

Mansur holds a PhD in Medical Sciences.

Temur Islamov

Real Estate Director



Skills and Experience

Temur joined Korzinka in 2008 as executive assistant to the CEO. He launched Korzinka's first call-centre and secured the franchise for the international brands REDTAG and FLO. He project-managed the building and launch of Korzinka's first refrigerated warehouse and distribution centre.

In 2021, Temur was appointed as Expansion Director. He launched and headed an MBA programme at the Higher School of Diplomacy.

Education

Bachelor of Arts in Business Administration from Westminster International University in Tashkent. Master of Business Administration from the American University in Dubai. Currently pursuing a PhD degree in International Relations at MGIMO.

Saodat Zakirova

Interim HR Director



Skills and Experience

Saodat joined Korzinka in December 2015 after 15 years of working at Unitel, the largest mobile operator providing services under the Beeline brand. She has 20 years of experience in HR management in large corporations.

The growth and complexity of the business means that a new senior management role of HR Director has been created and Soadat's comprehensive experience of the business will be much valued until a permanent appointment is made.

Education

Master's degree in Philology from Tashkent State University.

Nargisa Baymirzaeva

Corporate Development Director



Skills and Experience

Nargisa Baymirzaeva, is a seasoned Senior HR professional with over two decades of experience in the FMCG and Retail Sectors. Nargisa joined Korzinka in July 2015 as HR Director, moving to the role of Corporate Development Director in 2023 to drive organisational changes in line with the corporate strategy and business priorities.

During 2023, Nargisa moved on to a role outside of Korzinka and the executive team wish her well in her future endeavours.

Education

Bachelor's degree in Finance and Credit from Samarkand Institute of Business and Services
CIPD Certified HR professional.

Anna Mirayubova

HR Director



Skills and Experience

Anna joined Korzinka in February 2017 as a Compensation and Benefits Specialist and thereafter held various positions in the company before her appointment in January as HR Director.

During this time, Anna developed and implemented a compensation and benefits system, initiated a new approach to recruitment, and reassessed and updated the training system.

During 2023, Anna left the company to concentrate on new opportunities and the directors wish her well.

Igor Lebedev

IT Director



Skills and Experience

Igor initially worked for an associated company, focusing on Korzinka's IT structures. Igor headed the project which led to the launch of Uzbekistan's first online delivery service and managed the implementation of SAP ERP in Korzinka.
Igor is a member of the working group of the fiscal data operator of the Public Council under the State Tax Committee of the Republic of Uzbekistan and a member of the Board of Trustees of the charitable foundation Ezgu Amal.

In 2023, Igor left Korzinka to focus on new projects.

Education

Bachelor's degree in Production Process Automation from Moscow Technological University

Hamid Sultonov

Director of M&A



Skills and Experience

Hamid joined Korzinka in May 2007 as Director of Sales. He held various positions within the company, including Strategic Business Development Manager, Sales Director, Deputy Operations Director before appointment to his role of Director of M&A.

Previously, Hamid was Deputy Commercial Director and Deputy Sales Director at Mir Store JV Ltd. and Head of the Commercial Department and Supermarket Director at Kontinent TYT JV Ltd.

Hamid left Korzinka in 2023 to pursue other opportunities and the directors wish him well in his future career.

Education

Bachelor's degree (hons.) from the Faculty of International Relations at the University of World Economy and Diplomacy

Stakeholder Management

Stakeholder Management

Our approach to stakeholder management aligns with Korzinka's vision. In order to be viewed as a valued employer, a trusted choice for our customers and reliable partner for our suppliers we strive to maintain regular and transparent communication with all of our stakeholders.

Business Integrity

Korzinka recognises that business integrity is vital for the continued success of our business. We recognise that it is good for business as it enhances our reputation, facilitates our internal processes and creates value. The company, actively supported by its shareholders and its Supervisory Board, pursues a policy of ethical behaviour throughout the organisation.

We know that this is important for regulators and legislators, but it also responds to a growing consumer awareness in this field, while suppliers and our international stakeholders increasingly demand that we conduct our business with the highest level of integrity and transparency.

Consequently, we have put in place a range of policies and codes of conduct to manage our business ethically and in line with international best practice. We recognise that there is always more to do and we are planning to progressively expand the range of codes and policies in the field of governance, the environment, and human and labour rights.



To take a public stance against corruption, Korzinka became the first company to sign the 'Entrepreneurs Against Corruption Charter' promoted by the Business Ombudsman, the Chamber of Commerce and Industry and the Anti-Corruption Agency of Uzbekistan. The company has committed to actively fighting any manifestation of corrupt or illegal activities and to actively promote values of probity and integrity in society and business.

In order to formalise our policy, the company has adopted:

- a Code of Business Ethics which provides a framework for employees on ethical decision-making and fostering a culture of integrity and trust. It offers guidance on how to make principled choices that align with the organisation's values and objectives, when there are no clear rules or direct controls. The Code promotes a positive workplace culture, nurtured through respect, fairness and accountability.

- a Code of Conduct for Business Partners that defines principles that must be followed by all counterparties doing business with the company. The company regards those principles as fundamental for socially responsible behaviour and business practice. The principles constitute the basis for the code.

We expect our business partners to comply with the highest standards in the areas of anti-corruption, human rights, health and safety, employee relations, environmental protection, business conduct and community involvement.

Our Stakeholders

Shareholders

Shareholders are key stakeholders. Korzinka is in the positive situation that its shareholders are actively involved in the company's development. The shareholders are also fully aligned with the company's strategy, which aims to create long-term value for its stakeholders. This includes not only a fast-growing and efficient business, but also fostering an ethical company with strong corporate governance.

The Company and the Supervisory Board are in regular dialogue with the shareholders to ensure that the business's strategy and corporate values are fully aligned with the shareholders' goals and objectives.

Practically, this is assured by the bylaws of the company that require the shareholders' consent on major decision-making processes, such as on the election of Supervisory Board members, adoption of the strategy and annual budget and on significant business transactions such as:

- Amendments or additions to Korzinka's Charter
- Increases to the share capital of Korzinka or the charter fund
- Mergers, acquisitions, liquidation or transformation of any kind to the company
- Appointment and dismissal of Auditors
- Nomination and remuneration of the Supervisory Board and senior management
- Approval of the annual budget and any significant deviations

As the majority shareholder is also the Chairman of the Supervisory Board and the EBRD has observer status on the Supervisory Board, day-to-day communication on these issues is assured.



Regulators/Authorities

Korzinka's corporate governance system ensures compliance with material laws of the Republic of Uzbekistan. The company continuously improves its corporate governance, focusing on the best national and international practice, ensuring the protection of stakeholder rights.

Korzinka interacts with regulators, particularly in the area of legislative development, where we openly engage, to discuss the implications of new laws. As an example, in preparation of our internal policies and procedures for data protection, the company engaged with the State Personalisation Centre to discuss data warehousing requirements in Uzbekistan.

Furthermore, Korzinka is an active member of trade organisations such as EuroUz and AmCham. In 2023 Korzinka was instrumental in the creation of the EuroUz ESG and Compliance Committee and became the first chair of the committee. The committee's first meeting centred on sustainability and responsible business practice.

Customers

Korzinka is the retail market leader in Uzbekistan but nevertheless operates in a healthy competitive environment. Our customers are therefore pivotal stakeholders with a profound impact on the company's success and sustainability. Recognising customers as key stakeholders is not merely a nod to conventional business wisdom but a strategic imperative, deeply embedded in the fabric of Korzinka's operational culture.

Our commitment to customer satisfaction extends beyond routine transactions and hinges on our ability to not only meet, but exceed customer expectations, fostering a relationship that transcends commerce. Through personalised services, loyalty programmes, and an unwavering dedication to quality, Korzinka endeavours to build enduring connections with its customer base, solidifying their status as key stakeholders, whose satisfaction is intrinsically linked to the company's prosperity.

Korzinka engages its customers using a multi-channel approach designed to foster lasting relationships and enhance the overall shopping experience. Central to this strategy is a commitment to understanding, and responding to, customer preferences.

Korzinka employs personalised customer engagement initiatives, including targeted promotions, loyalty programmes, and tailored discounts, to resonate with the diverse needs of its customer base.

By leveraging data analytics and technology, the company endeavours to offer a seamless and personalised shopping journey, from product recommendations to exclusive offers, enhancing customer satisfaction and loyalty.

Furthermore, Korzinka places strong emphasis on customer feedback and communication channels. The company actively listens to customer concerns and preferences and has a comprehensive programme to capture customer feedback. Customers can provide feedback instore, online, over the telephone or through social media. We respond to every complaint or suggestion and our team follow each to a resolution where possible. The Company utilises this valuable input to refine its product assortment and service offerings. In-store experiences are designed to be customer-centric, with a focus on accessibility, cleanliness, and efficient service.

The Community

Beyond the aisles and checkouts, Korzinka aims to have a positive impact on the community that it serves, and on which it depends.

Our local communities are key stakeholders. Korzinka's success hinges on the loyalty and satisfaction of local residents who frequent its stores.



By providing essential goods and services at competitive prices, Korzinka becomes an integral part of the daily life of the community, addressing its fundamental needs. Through our proximity stores, Korzinka Mahalla, we bring our assortment and our business closer to local communities.

Korzinka also engages with the community through various initiatives that extend beyond the transactional nature of retail. Korzinka contributes to the well-being of the community with community outreach programmes, sponsorship of local events and partnerships with local charities. These efforts create a sense of shared responsibility and demonstrate Korzinka's commitment to being a responsible corporate citizen.

In managing its relationship with the community, Korzinka places emphasis on sustainability and social responsibility and carefully listening to Uzbek cultural preferences, tailoring our product offerings to meet those needs and respecting the unique characteristics of each community.

Finally, Korzinka actively seeks feedback from the community through surveys and town hall meetings, ensuring that local voices are heard and considered in decision-making processes.

Suppliers

Suppliers are also indispensable stakeholders, playing a pivotal role in the Company's success and sustained growth. Korzinka's relationship with suppliers is not merely transactional but forms the bedrock of our supply chain resilience, product quality, and strategic agility.

Suppliers are key stakeholders because of their importance in assuring Korzinka's inventory, product assortment, and operational efficiency. Korzinka's commitment to offering a comprehensive range of products, which reflects evolving consumer preferences, hinges on a mutual relationship with suppliers who contribute to the company's product innovation and diversity.

Korzinka engages suppliers through transparent communication and collaborative partnerships, by maintaining open channels for dialogue, ensuring that suppliers are well-informed about market trends, consumer demands and Korzinka's strategic objectives. By fostering a collaborative environment, Korzinka encourages suppliers to align their offerings with market dynamics and maintain a flexible supply chain.

Korzinka's engagement with suppliers is marked by a commitment to fair and transparent business practices. We ask all of our suppliers to commit to our Code of Conduct for Business Partners, a comprehensive document covering amongst other things, values, ethical principles, business etiquette and confidentiality.

Our suppliers have access to a confidential reporting procedure including a 24-hour hotline, to report any breaches of our ethics policy.

The company recognises the importance of timely payments and collaborative planning to optimise inventory levels. The company employs modern technologies and data analytics to streamline supply chain processes, ensuring efficient order fulfilment and minimal disruption.

Financial institutions

Korzinka first worked with an international financial institution in 2019. The EBRD's capital injection was their first equity investment in Uzbekistan in a decade. Since then, Korzinka has expanded from 50 stores, to 138 and from 5,000 employees to 10,000.

In 2021, the Asian Development Bank provided debt financing to promote food security. The financing helped Korzinka build inventory buffers to mitigate supply chain disruptions caused by the Covid-19 pandemic, allowed faster payments to suppliers and funded Covid-19 safety measures.

Korzinka's new distribution centre will facilitate our store network expansion, introduce efficiencies in logistics and deliver a step-change in the quality of our fresh produce offer. It was made possible by funding from the IFC.

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The IFC's focus on incentivising 'green' financing means that the new distribution centre will have a landmark global certification: the Excellence in Design for Greater Efficiencies (EDGE) green building certification - the first of its kind in Central Asia.



Internal Control, Risk Management and Compliance

The Supervisory Board is responsible for ensuring that the company is compliant, has adequate risk management policies in place and that its internal financial controls and reporting policies and procedures are adequate to efficiently manage the business.

The detailed oversight of these policies and procedures has been delegated by the Supervisory Board to the Audit and Risk Committee. Management is responsible for designing and putting in place the internal control processes necessary to provide reasonable assurance that the business is managed in the most effective manner possible, confirming continued compliance with the applicable legislation and regulations and ensuring reliable internal and external financial reporting.

Korzinka's risk controls framework has been built around the internationally recognised 'three lines of defence' approach. This framework, splits responsibility for operational risk management across three functions.

- In the first, managers own and manage risks directly and the company's processes and procedures aim to manage these risks responsibly and transparently. They guide the development and implementation of internal policies and procedures and ensure activities are consistent with the objectives and goals of the Company.

- Our second line of defence is the functions that support management to ensure risks and controls are effectively managed, i.e. to ensure the first line of defence is properly designed, in place, and is operating effectively. These departments include, but are not limited to, the Internal Controls and Risks Department, the Compliance Department and the Legal Department. These functions help to build on and/or monitor the controls in the first line of defence. The second line of defence serves an important purpose, but because of their management function, they cannot be considered completely independent. Consequently, the Internal Control and Risks Department is responsible for evaluating processes and internal controls within the company, developing recommendations to the Senior Management Team and oversight of implementation of proposals aimed at decreasing risks to an acceptable level. The department reports to the CFO and the Audit Committee.

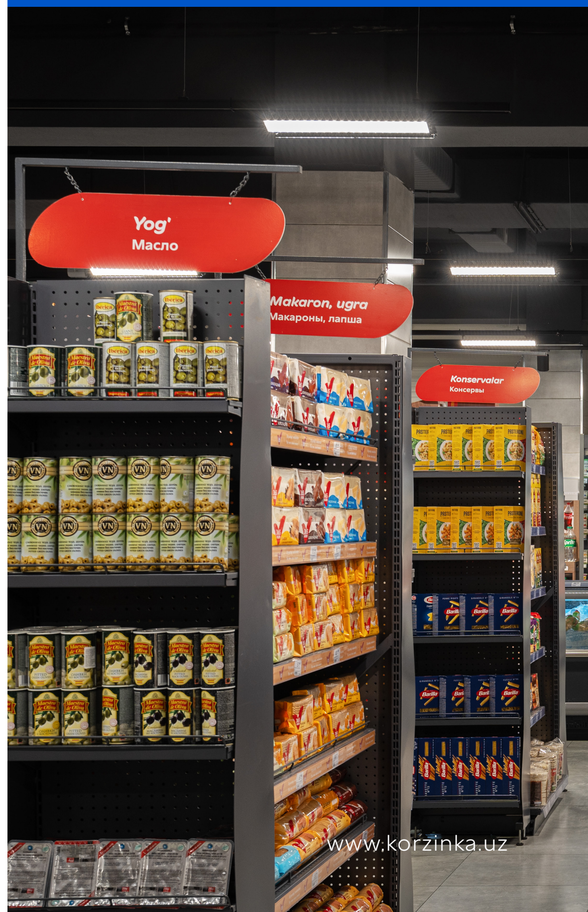
- Finally, the Internal Audit Function, as a third line of defence, provides independent assurance of the first two.

The Group expects to use the COSO framework as a basis for internal control on financial reporting, starting from the financial year 2024

Internal Controls and Compliance

The company has established Internal Controls, Compliance and Risk Management Functions to support and review how frontline managers execute the company's policies and procedures, implement controls and deal with day-to-day risks. The Heads of the Internal Control, Compliance and Risk Management Functions are not only responsible for providing oversight but also for providing guidance to the Senior Management Team, so that they can do their job effectively.

The Internal Controls, Compliance and Risk Management Functions are staffed with professionals, experienced in working with multinational companies and with significant international experience. The departments report to the CFO and the Audit Committee.





Compliance

The Compliance Function programme is an integral part of the company's risk management process and the Supervisory Board and Senior Management Team actively support this programme. In establishing Korzinka's compliance programme, the company has adopted an approach of 'Compliance by Design'. The programme is rooted in best international practice and embraces six elements to manage compliance risks, foster a culture of compliance and promote compliant conduct.

During 2023, a full mapping of the compliance landscape was completed and three of the six elements of the programme - Culture & Discipline, Reporting Mechanisms, Communication & Training – were further developed and implemented.

The remaining three elements - Policies and Procedures, Compliance Function and Oversight, and Compliance Monitoring, will be the focus of the Compliance Function's work in 2024. During this exercise, significant employee training will also be undertaken to ensure full understanding of the importance and the scope of the function.

The Compliance Function has a clearly defined reporting and escalation procedure to senior management and the Supervisory Board (Chairman of the Audit and Risk Committee) to ensure that management and the Supervisory Board are made aware in a timely manner, of any possible material breaches in compliance.

When deciding which issues to report and escalate, the compliance function takes into account the materiality of the matter, in terms of its potential operational, social, financial or reputational impact, the credibility of the concern and the likelihood of independent corroboration.

The company uses iAuditor, dedicated compliance software, to support its compliance activities. Further, in 2024, the company plans to introduce other digital compliance tools to support its compliance activities. Among them is E-repository, a policies and procedures framework tool that should enhance employees' experience in accessing and understanding policies and procedures. The tool also provides support for creation of coherent policies and procedures and to facilitate the review and approval of such policies and procedures.

Risk Management

In 2023, the company initiated the development of a comprehensive risk management process. Presently, the Risk Function, in close collaboration with senior management, identifies and tracks a range of possible risks to the business including macro-economic and geo-political trends, alongside the many operational risks that may be faced by the company. For this purpose, our Senior Management Team are individually charged with the requirement to handle risks responsibly in their respective areas, while maintaining operational efficiency.

The approach is underpinned with an obligation placed on each member of the Senior Management Team, to embed internal controls into their policies, procedures and processes.

The Senior Management Team has initiated further development of a risk management process using ISO 31000 (Risk Management) methodology, to manage the overall risk management cycle on a continuing basis, to allow the estimation of individual financial risks and to receive formal confirmation from the company's Supervisory Board and shareholders of the company's risk appetite.

The methodology requires specific risks to be assigned to risk owners, to draw-up risk mitigation plans and to implement risk management procedures. Management will present its Integrated Risk Management Plan to the Supervisory Board during the first quarter of 2024 for their consideration. Subsequently, the company will draw up a full initial Risk Register and complete its first risk management cycle by the end of 2024.

The Supervisory Board and the company's shareholders have indicated that they wish the company to pay particular attention to potential reputational risk.

Internal Audit

The Internal Audit (AI) Function provides objective and independent assurance to the group and helps the company accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The Senior Management Team and the Supervisory Board may also ask the IA team to support investigations and evaluations of possible conflict of interest, fraud and ethics issues that may arise.

The Head of IA reports directly to the Chairman of the Audit Committee. Administratively, the function reports to the company's CFO. The Head of Internal Audit has extensive international experience as an internal auditor at major listed companies. Other members of the team have a range of internal audit experience, all gained at international companies. As of 31 December 2023, the IA Function had four full time employees, and had added a further new role of IT and Cyber-security Auditor.

The IA Function governs itself by adherence to the Institute of Internal Auditors' mandatory guidance procedures, including the definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. This mandatory guidance constitutes principles governing the fundamental requirements for the professional practice of internal auditing and for evaluating the performance and effectiveness of the Internal Audit Function.

In 2023, the following audits were completed:

- Manage User Identity and Logical Access audit, September 2023
- HR Function process audit, including payroll function, November 2023
- Audit of Rent Agreements, December 2023
- Annual review of management of Corporate Cards, December 2023

In addition, a number of high-level policy and procedure reviews were undertaken, in the following departments: Commercial Department, Marketing Department, M&A Department, Expansion Department, Operations Department, HR and Payroll Department, Legal Department.

The 2024 Internal Audit plan was approved by the Supervisory Board and includes adequate resources for additional ad-hoc audits to be performed if, and when, required by the Senior Management Team or the Audit Committee

For 2024, the main priorities of the IA team will be:

- Internal audits of the company's main business streams, including commercial P2P processes, non-commercial P2P processes, supply chain processes and financial management processes.
- Establishment of an Internal Audit plan for 3 years (2025 - 2027), aligned with company strategy and based on the company's risk map.

Consolidated Financial Statements

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Anglesey Food Foreign Enterprise
Limited Liability Company

International Financial Reporting Standards Consolidated Financial Statements and Independent Auditors' Report

31 December 2023

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Statement of management's responsibilities for the preparation and approval of the consolidated financial statements for the year ended 31 December 2023

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of Anglesey Food Foreign Enterprise Limited Liability Company (the Company) and its only subsidiary Lean Trade Solutions Limited Liability Company (together referred to as the Group) as at 31 December 2023, and the results of its operations, cash flows and changes in equity for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information
- Providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the Group's consolidated financial position and financial performance
- Making an assessment of the Group's ability to continue as a going concern

Management is also responsible for:

- Designing, implementing, and maintaining a effective and sound system of internal controls, throughout the Group
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS:
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Uzbekistan
- Taking such steps as are reasonably available to them to safeguard the assets of the Group
- Preventing and detecting fraud and other irregularities

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by the Management of the Group on 14 March 2024.

On behalf of the Management:

Mr. Rud Pedersen
General Director
Anglesey Food FE LLC

Mr. Tal'at Shakirov
Chief Accountant
Anglesey Food FE LLC

Tashkent, Uzbekistan

Anglesey Food Foreign Enterprise LLC
Consolidated Statement of Financial Position

In millions of UZS	31 December 2023	31 December 2022
ASSETS		
Non-current assets		
Property, plant and equipment	1 658 463	1 269 071
Intangible assets	39 201	25 309
Investment properties	3 721	3 837
Right of use assets	419 140	290 108
Restricted cash	575	167
Deferred tax assets	10 921	6 835
Total non-current assets	**2 132 021**	**1 595 327**
Current assets		
Inventories	796 969	562 487
Trade and other receivables	255 780	228 909
Cash and cash equivalents	248 915	176 368
Total current assets	**1 301 664**	**967 764**
TOTAL ASSETS	**3 433 685**	**2 563 091**

Cont'd

In millions of UZS	31 December 2023	31 December 2022
EQUITY		
Share Capital	556 326	439 761
Additional paid in capital	20 727	20 727
Retained earnings	175 689	165 483
TOTAL EQUITY	**752 742**	**625 971**
LIABILITIES		
Non-current liabilities		
Borrowings	73 232	32 701
Lease liabilities	310 304	220 768
Total non-current liabilities	**383 536**	**253 469**
Current liabilities		
Borrowings	839 587	750 478
Lease liabilities	133 512	90 367
Trade and other payables	1 282 427	812 822
Deferred revenue	32 687	8 407
Current income tax liability	415	4 345
Other taxes and charges payable	8 779	17 232
Total current liabilities	**2 297 407**	**1 683 651**
TOTAL LIABILITIES	**2 680 943**	**1 937 120**
TOTAL LIABILITIES AND EQUITY	**3 433 685**	**2 563 091**

Approved for issue and signed on 14 March 2024

Mr. Rud Pedersen
General Director
Anglesey Food FE LLC

Anglesey Food Foreign Enterprise LLC
Consolidated Statement of Profit or Loss and Other Comprehensive Income

In millions of UZS	2023	2022
Revenue	7 407 876	4 981 546
Cost of sales	(6 034 411)	(4 019 191)
Gross profit	**1 373 465**	**962 355**
Selling, distribution, general and administrative expenses	(1 134 693)	(741 244)
Operating profit	**238 772**	**221 111**
Interest expense	(214 621)	(128 638)
Finance income	1 248	2 614
Foreign exchange translation losses, net	(793)	(3 489)
Profit before income tax	**24 606**	**91 598**
Income tax expense	(14 400)	(20 806)
Profit for the year	**10 206**	**70 792**
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**10 206**	**70 792**

Anglesey Food Foreign Enterprise LLC
Consolidated Statement of Cash Flows

In millions of UZS	2023	2022
Net cash from operating activities	**582 186**	**318 880**
Net cash used in investing activities	**(478 226)**	**(486 642)**
Net cash (used in)/from financing activities	**(31 413)**	**249 696**
Net increase in cash and cash equivalents	**72 547**	**81 934**
Cash and cash equivalents at the beginning of the year	176 368	94 434
Cash and cash equivalents at the end of the year	**248 915**	**176 368**

Supporting Information

Glossary

- AC Amortised Cost
- ADB Asian Development Bank
- bn billion
- CAGR Compound Annual Growth Rate
- CAPEX Capital Expenditure
- CIS Commonwealth of Independent States
- CEO Chief Executive Officer
- CFO Chief Financial Office
- CO_2 Carbon Dioxide
- CO_2e/m^2 Carbon Dioxide (equivalent) per Square Metre
- COSO Committee of Sponsoring Organizations of the Treadway Commission
- CTO Chief Technical Officer
- DEG Deutsche Investitions - und Entwicklungsgesellschaft mbH
- EBITDA Earnings Before Interest, Taxation, Depreciation and Amortisation
- ECL Expected Credit Loss
- EBRD European Bank for Reconstruction and Development
- ESG Environmental, Social and Governance
- EUR Euro
- FMCG Fast Moving Consumer Goods
- FVTPL Fair Value through Profit or Loss
- FVOCI Fair Value Through Other Comprehensive Income
- FTE Full Time Equivalent
- GDP Gross Domestic Product
- GHG Greenhouse Gas
- HORECA Hotel, Retail and Catering
- IFC International Finance Corporation
- IFI International Financial Institution
- IFRS International Financial Reporting Standards
- IPCC International Panel on Climate Change
- ISO International Standards Organization
- KPI Key Performance Indicator
- KVI Known Value Items
- LFL Like-for-like
- m^2 Square Metre
- OCI Other Comprehensive Income
- OHS Occupational Health and Safety
- OTIF On-time, In-full
- SKU Stock-keeping Unit
- SPPI Solely Payments of Principal and Interest
- t tonne
- tn trillion
- USD United States Dollars
- UZS Uzbek Som
- WACC Weighted Average Cost of Capital

Currency

Currency conversions undertaken during the preparation of the narrative elements of this report have used the 2023 full-year average rate of USD1 = UZS 11,741.89 – and should be considered indicative only.

Disclaimer

We have prepared this Annual Report for informational purposes only. While we aim to provide accurate and comprehensive information, we advise against definitively relying on it for making decisions, entering into contracts, or taking action.

We do not make any representation or warranty, express or implied, regarding the accuracy or completeness of the information contained herein. We accept no responsibility, obligation, or liability (whether direct or indirect or otherwise) in relation to any such information. We expressly disclaim any and all liability arising from any errors or omissions in this document.

Any forward-looking statements or projections included in this report are based solely on our current internal expectations, estimates, projections, assumptions, and beliefs.

They may prove to be incorrect due to changing financial, economic, or market conditions. Therefore, undue reliance should not be placed on them, and we do not guarantee their accuracy or achievement.

The statements in this Annual Report are not guarantees of future performance. Any views or terms contained herein are preliminary only and are subject to change based on prevailing financial, economic, market, and other conditions.

We assume no obligation to update or revise any statements or projections in this report to reflect new events or circumstances unless required by applicable laws.

While we strive to provide valuable insights and information, readers should exercise caution and seek professional advice when interpreting and using the contents of this Annual Report.



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