korzinka



Korzinka Annual Report 2024

2024

Another record year

152 stores

Annual Sales **UZS 9.399 tn**

1 million deliveries from Korzinka Go

1.8 million loyalty card holders

Almost **11,000** team members

Like for like sales growth **9.3%**

Investing for **growth**

Korzinka, better every day

Table of Contents

01 Strategic Report

1.1 Table of contents
1.2 Korzinka at a Glance - our approach, values and goals
1.3 Chairman's Statement
1.4 CEO's Statement
1.5 CFO's Statement
1.6 Strategic Priorities
1.7 Market Overview
1.8 Business Model
1.9 Format Review
1.10 Environment and Social

02 Corporate Governance Report

2.1 Chairman's Review
2.2 Corporate Govcernance Structure
  2.2.1 Supervisory Board
  2.2.2 Board Committees
  2.2.3 Senior Management Team
2.3 Stakeholder Management
  2.3.1 Business Integrity
  2.3.2 Our Stakeholders
2.4 Internal Control, Risk Management and Compliance

03 Supporting Information

3.0 Disclaimer
3.1 Glossary
3.2 Contact Information

Strategic Report

Korzinka at a Glance

Korzinka has a proud record of delivering quality and innovation in the sector, whilst remaining at the heart of the communities in which we operate.

With 156 stores, including our supermarkets, our exciting Mahalla proximity store concept and the dark stores of Korzinka Go, we are the trusted choice in the modern grocery market.

As modern retail grows in Uzbekistan, more and more consumers are choosing Korzinka for our range, quality, and convenience.

Our roster of blue-chip investors has been augmented this year by Abu Dhabi Uzbek Investment (ADUI), and the Uzbek-Oman Investment Company (UzOman), who have recognised the value in the Korzinka business. Terms were agreed in 2024 and a combined investment of USD 110m was confirmed in May 2025.

Our investors have signed on to our ambitious growth plans, which will see as many as 1,000 stores trading by 2030, backed by the region's most sophisticated grocery logistics operation. In 2024 we broke ground on a Class A distribution centre which we expect to revolutionise our operations and provide even better quality and value for our consumers.

'The Korzinka family now numbers almost 11,000 people'

This year, after extensive discussions with the government, a new retail and service industry training academy has been established. The academy, which, alongside Korzinka, is supported by a range of industry leaders and organisations, is aimed at promoting these vital sectors as a career, and giving potential workers the skills they need.



Almost
11,000
team members

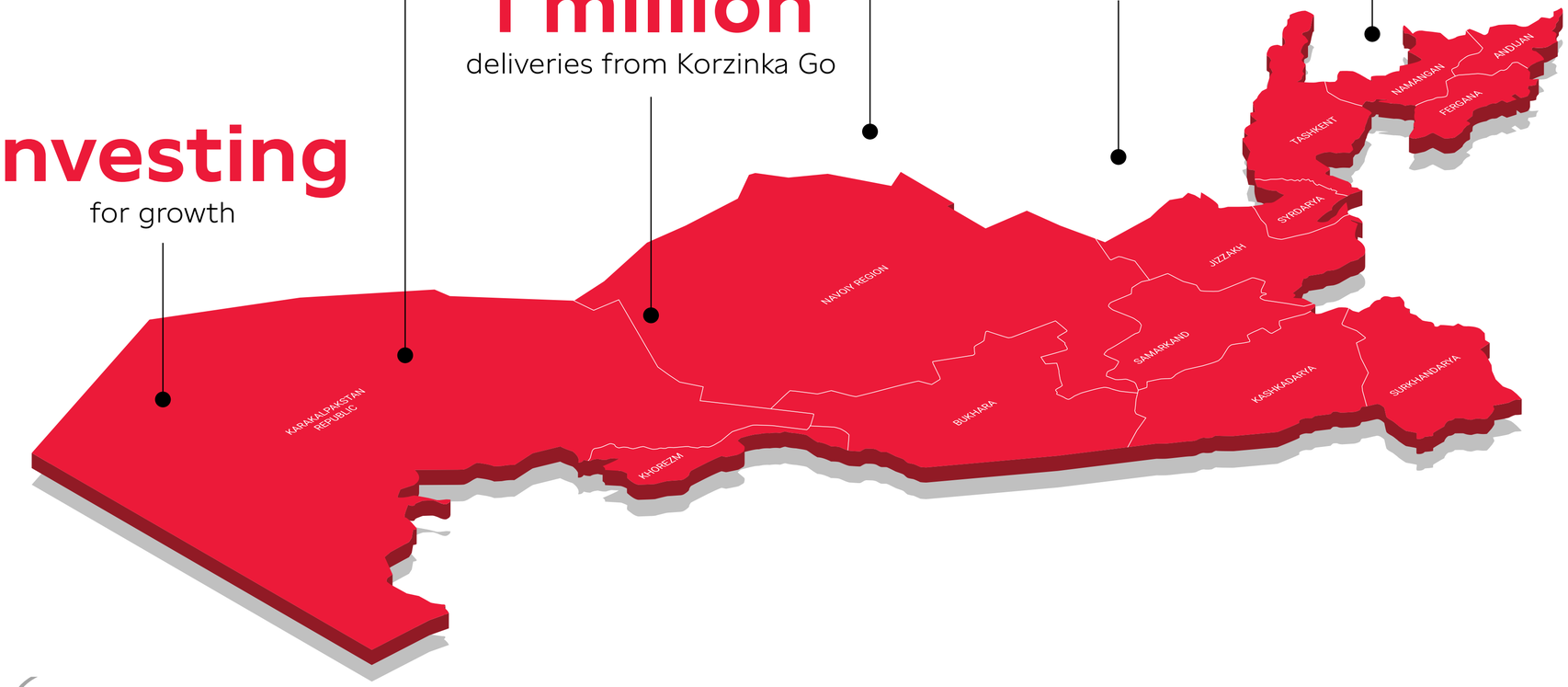
Like for like sales growth
9.3%

Annual Sales
UZS 9.399 tn

1.8 million
Loyalty Card Holders

1 million
deliveries from Korzinka Go

Investing
for growth



We hope that more businesses and industry bodies will join us in this ambitious programme and help to give a career in retail and the service sector the prominence we feel it should have.

Our customers are our biggest fans, and in surveys, Korzinka has a positive NPS (Net Promoter Score) of 83, but we are always striving to offer them more reasons to shop at Korzinka. In 2024, we launched our First Price (Yanada Arzon Narx) activity that guarantees customers will always get the best prices for a basket of everyday goods if they shop at Korzinka.

More than 2.4 m users have downloaded our loyalty programme app and almost 1.8m active users benefit from member-only special offers and can save bonus points every time they shop, offering them money off future purchases. The programme helps us to better understand our customers and in turn provide them with better targeted, better value offers and products.

2024 has been a year for us to refine our business and prepare for rapid growth through to 2030 when we expect to have grown our store numbers by as much as six times, providing our customers with even more opportunities to shop with Uzbekistan's leading retailer.

Our Mission, 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, and stakeholders and strive to be seen as a reliable and trustworthy partner.

Our 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's STATEMENT

Highlights

In 2024, the business reached two major milestones. Construction started on our new Class A Distribution Centre, made possible by our strong existing funding partnerships and we secured new funding from international Sovereign Wealth Funds that will help us to advance our ambitious growth plans.

Despite lighter than forecast trading in the second quarter, as consumers absorbed the impact of increased medical costs and utility price rises, Korzinka ended the year with exceptional like-for-like growth and we enter 2025 in a strong position.

Our Mahalla proximity store format has proved to be a success and will be the driver of our future offline growth as we expand. Korzinka Go recorded a stellar performance, increasing sales by 188% and delivering its one millionth order in December.

Our First Price initiative has resonated with our consumers and since its launch we have seen significant growth in like-for-like sales with minimal effect on ongoing margins. The EDLP (everyday low prices) activity covers a basket of more than 250 essential items and offers a promise to our customers that they will always get the most out of their household budget when shopping in our stores.

'Korzinka Go recorded a stellar performance, increasing sales by 188%'



ZAFAR KHASHIMOV
Chairman of the Supervisory Board

A focus on strategic direction

In January, I formally handed the role of CEO to Rud Pedersen, in order to focus on my strategic position, leading the Supervisory Board. Rud and his team have continued to drive the business forward with a combination of contemporary business skills and a firm eye on the specifics of Uzbekistan's culture, values and heritage.

As Chairman, along with the Supervisory Board, in 2024, I have concentrated on continuing to build our governance systems to be best in class. Our Code of Conduct for Business Partners and our Code of Business Ethics, which together, govern our relationships with all our stakeholders have been well received by our trading partners who see them as a sound bedrock for long-term relationships.

Working with investors

The Supervisory Board supported the work of management, our existing shareholders and our advisors, as they put together a prospectus, with the aim of securing investment to guarantee our medium-term business plans, which envisage significant growth in both store numbers and ancillary infrastructure.

As the Chairman of the Supervisory Board and the majority shareholder, I am pleased to announce that we agreed an investment with both Abu Dhabi Uzbek Investment (ADUI), and the Uzbek-Oman Investment Company (UzOman), and we will undoubtedly benefit from their ongoing advice and long-term investment view.

Continued investment in people

This year we made further appointments to our senior team. Vera Kudrashova is a seasoned HR professional with the necessary skillset to oversee the projected growth of our team in the next three years, whilst driving forward our corporate culture. Roman Rabaev joins us with a history of managing logistics for some of Eastern Europe's largest retailers. I have confidence that the Korzinka Senior Management team has the skills necessary to execute our strategy and, with the support of the Supervisory Board, will lead the successful development of the business in the medium to long term.

'33.5% of our store management team are women'

2025, a year of growth

With funding in place, and our new distribution centre due to open in the third quarter, the team are ready to concentrate on our ambitious growth plan which aims to increase store numbers to around 1,000 in the coming years. Our focus will be on the proven Mahalla concept which offers the best opportunity to bring the Korzinka experience to shoppers across Uzbekistan.



CEO's STATEMENT

2024 has been another strong year for the business, driven by the underlying strength of our supermarket operation, continued growth in Korzinka Go, and our growing Mahalla format. Despite a tough second quarter, which saw consumers adjust their household spending, following increases in utility costs and the application of VAT to prescription medicines, revenue rebounded in the second half of the year and December LFL (like-for-like) sales were almost 16.3% ahead of 2023. Sales in December alone exceeded full-year sales in 2016.

Uzbekistan's exceptional fruit and vegetable harvest ushered in significant price deflation in the ultra-fresh sector during second and third quarter, but overall basket remained consistent as our First Price initiative drove additional sales, particularly in fresh fruit and vegetables. Key staples, tomatoes, cabbage, carrot, cucumbers and potatoes saw volume increases of between 29% and 65% in the weight of produce sold, more than offsetting the effects of declining prices.

In 2024, we opened just 10 new supermarkets as our investment focus was on construction of our new Class A distribution centre and refinement and development of our Mahalla proximity store operation. Nevertheless, supermarkets are the bedrock of our operation and this year delivered another strong performance with sales up 21.7% and like-for-like sales from existing operations up 9.3%.



RUD PEDERSEN
Chief Executive Officer

Across the business, in December 2024, sales surpassed UZS 1tn, and 8.7m customers visited their local Korzinka, two million more than in January 2024, meaning that in the urban catchment of Korzinka stores, on average, each working age adult, visited a Korzinka store eight times in 2024, demonstrating the success of the Korzinka proposition.

'Each working age adult visited a Korzinka store eight times in 2024'

Every day in 2024, almost 250,000 customers visited their local Korzinka to take advantage of our growing fresh and ultra-fresh offer and capitalise on our First Price initiative, which now encompasses some 250 products from across a wide range of categories, adding EDLP to Korzinka's reputation for quality.

'Every day in 2024, almost 250,000 customers visited their local Korzinka'

The Mahalla operation has met all our expectations, with strong sales and customer numbers and solid average basket. We have seen no significant cannibalisation of existing business even for stores in close proximity to existing supermarkets, as Mahalla services a discrete segment of shoppers and shopping missions, often visiting twice or three times weekly to top-up on essentials. The fresh produce offer is essential to success in the segment and Korzinka is better placed than its competitors to service this need, because of the relative sophistication of our logistics systems, which allow daily fresh deliveries to store.

Online, Korzinka Go, has gone from strength-to-strength, with revenue up 188% over 2023, and share in the Tashkent region up 126%. In December, Korzinka Go served its one millionth customer. We now have two dark stores in Tashkent and our plans to develop the business into new regions are well developed. We expect to open further dark stores in 2025.

The new technological underpinning of the operation has allowed Korzinka Go to improve operational metrics across the board, from decreasing picking, order assembly and overall delivery times to increasing order accuracy and on-time delivery. Customers appreciate the opportunity to access the full Korzinka range and the flexibility of payment options, including a range of BNPL (buy now, pay later) choices.

Regulatory Developments

The government's drive to modernise and to tighten regulation of bazaars and their standards of operation is a welcome development as it will improve standards of hygiene and ensure the reduction of counterfeit products, long a scourge in the sector. We welcome the competition that will come from a reinvigorated bazaar sector as we believe that we can compete effectively on product quality and pricing and, at the same time, offer customers a better, more consistent range and convenient shopping experience.

Increases in utility prices and the addition of VAT on prescription medicines in the second quarter, impacted on our customers' household budgets and affected average basket in the short-term. However, full year LFL sales were up 9.3% and LFL sales in December were 16.3% ahead of 2023.

A step up in infrastructure

In 2024 we broke ground on our new 49,000m² Class A distribution centre. Once the new centre is commissioned, we will cease distribution operations in four existing sites and all of our existing logistics team from those locations will be redeployed to the new facility. The new site has integrated ambient, chilled and frozen zones and has sufficient capacity to service our next 500 stores. We expect a significant reduction in direct-to-store deliveries from our suppliers and improved on-shelf availability in stores. Coupled with our new fruit and vegetable warehouse in the Fergana Valley, we expect to see a step-change in the range and quality of ultra-fresh produce available instore, across our formats.

The new distribution centre will be the first in Central Asia to be Green Building certified and much of its electricity needs will be generated by roof mounted solar panels, with a capacity of 1MW peak, which will be expanded to 3MW peak in the coming years.

'The new distribution centre will be the first in Central Asia to be Green Building certified'

Focus on private label

Our private label brands, iz Korzinka and Kun365 have grown strongly over the course of the year and are pitched separately in the discount and mid-minus sectors. We have increased the assortment over the course of 2024 and now have 410 private label SKUs (stock-keeping units) ranging from essential beans and pulses through to everyday chemicals making up 7.6% of sales. As part of our 2030 strategy, we will drive private label development and in the next three years we expect to have 1,400 private label SKUs, amounting to between 20 and 25% of sales.

Competitive environment

Competition remains fragmented and localised. Modern retail remains a small segment in the wider grocery market, making up just 9% but Korzinka remains the largest player in terms of selling space and customer preference. Korzinka is recognised as offering the best value and price proposition, with top-of-mind brand awareness six times higher than its closest competition.

Although proximity stores are common across the country, most are family-owned and Korzinka's Mahalla stores are competing well, providing a fresh product offer that independent operators struggle to match.

Whilst there are other proximity chain operators, the market is in its infancy and Korzinka again leads on brand awareness and price perception. Following a two-year period in which the concept was refined, we expect our Mahalla stores to be a key contributor towards our 1,000 store target.

Korzinka Go is now an established player in the online grocery market. Yandex Lavka focuses on ready meals and Holodilnik has yet to gain widespread traction, so Korzinka go occupies an enviable niche in the sector. The business now operates from two dark stores, with more planned for 2025, and technological improvements mean that the business can now offer one-hour delivery across Tashkent. Revenue growth is exceptional and Korzinka Go sales constitute a fast-growing share of all Korzinka sales across the Tashkent region, up by 126% on the previous year.

Our venture into wholesale supply in the office and HORECA sectors, Korzinka Biznes, has not proved a success. Customers preferred operators offering direct delivery and given the investment necessary to deliver the benefits of scale, management felt that funding would be more profitably invested elsewhere. The existing store will close during 2025.

The year ahead

I am confident that 2025 will be another year of great progress for our business, driven by the work we have undertaken to develop a world class modern retail operation, the skills, experience and dedication of our team and our deep understanding of the local marketplace. We plan significant growth in store numbers, continued growth in like-for-like sales and reduced costs and improved quality as our new distribution centre comes on stream.

'2025 will be another year of great progress'



CFO's STATEMENT

The picture of the trading year 2024 is one in which Korzinka has overcome significant external shocks, one of which materially affected the purchasing power of our customers and another, which depressed pricing in a key segment, ending the year with a strong trading performance and growth in cash margin.

Increased utility prices and the application of VAT on medicines, led consumers to cut back on non-essential spending. Additionally, an exceptional harvest contributed to deflation in the prices of fruits (-8.8%) and vegetables (-3.3%), with staple products such as carrots and onions down by 32% and 41% respectively over the full year.

Additionally, fresh meat prices lagged wider market inflation, showing an increase of just 1.8%. To counter this, our First Price initiative drove new cohorts of consumers to experience Korzinka. LFL traffic which grew by just 0.7% in the first half of the year, as consumers were affected by the cost of living, rebounded following the launch of the activity and LFL traffic was 10.8% up in the second half. Across the year we served a remarkable 94 million customers.

The company's 2024-2030 strategy envisages growth through an omni-channel approach and a keen focus on providing best value for Uzbek consumers. Over the year, our supermarkets, the Mahalla proximity stores and Korzinka Go, our online platform, all saw strong year-on-year growth, buoyed by our First Price initiative. In total, sales for 2024 were UZS 9.40tn, up UZS 1.99tn on 2023.

Across the business, gross cash margin grew by 25.2% to UZS1.62tn, although this represented a decline in percentage margin of 0.29% to 17.4%.



ELENA MALTSEVA
Chief Financial Officer

We attribute this decline to one-off factors - investment in our First Price programme, re-launch of our loyalty programme and its integration with Korzinka Go, increased shrinkage and one-off changes to procurement costs. This was offset by reduced ongoing operating costs of the loyalty programme, optimisation of the product mix, and volume discounts and rebates. Logistics cost remained largely stable as increased efficiencies offset the effects of our First Price initiative and price deflation in the fresh fruit and vegetable sector. Over the year we have continued negotiations with our suppliers, to secure the most advantageous terms.

Strong performance in a difficult year

Over the year we experienced a number of negative effects on our EBITDA performance. Most of these were expected and planned for. Our labour cost increased to 9.2% as we prioritised our organisational development, investing in key talent, ahead of the rapid development planned through to 2030. Simultaneously, as we sought to secure additional funding for our expansion, there were significant financial, commercial and legal costs, which affected EBITDA. Costs for the early development of our Mahalla concept had a further detrimental effect.

Significant increase in utility costs imposed by the national monopolies on water, electricity and gas in May, nearly doubled our full-year costs from 0.6 to 1.1% of sales. When added to further effects arising from our First Price initiative and other ancillary costs our EBITDA fell to 3.1% from 5.5% in 2023.

Operational excellence

Operationally, all three formats delivered strong performances. Supermarkets boosted sales by UZS 1.5tn (LFL 9.3%), Mahalla by UZS 227bn (LFL 9.3%), but the strongest performance was delivered by Korzinka Go where revenue grew by 188% and the business delivered a positive contribution to EBITDA from September.

Optimised Controls

Given the harsh operating environment, we have continued our focus on key financial ratios, renegotiating terms with suppliers, improving collections with adjustments to credit terms, and more active follow-up, and we have slimmed inventory, reducing turnover days from 28 to 26.5, without affecting operational efficiency.



'Focus on key financial ratios'

Our First Price initiative, and deflation in fresh fruit and vegetable costs had a significant effect on the structure of sales, increasing the volume of product shipped to store but reducing the average value of each SKU. Added to a labour cost increase approaching 25%, the potential effect on EBITDA was 1.2%. Through a combination of process optimisation, layout changes and an increase in picking speed of 32% these effects were largely negated. We expect to further optimise these costs once the new DC is operating.

Instore, a programme of process optimisation, training and development and the use of self-checkout has reduced the FTE (full time equivalent headcount) to 56 from 60 per store in the Supermarket format.

CAPEX

In 2024, the largest call on Capital Expenditure came from our new distribution centre. A total of UZS 291.2bn was allocated to the project, which is expected to be operational in the second half of the year. A further UZS 80.0bn was allocated to the development of 10 new supermarkets and six Mahalla stores, and UZS 2.8bn to refurbish two stores to the Mahalla proximity store concept. These figures represent a significant reduction in cost per store of 28% for supermarkets and 14% for Mahalla and we expect further reductions in 2025.

A further UZS 7.37bn was used for the purchase of ten new delivery vehicles, to reduce reliance on external logistics fleets. The gas-powered vehicles have lower PM 2.5 and PM 10 emissions than our existing fleet and will help to reduce our carbon footprint.

Reduced Logistics Costs

With the opening of our new distribution centre in the third quarter of 2025, we are planning the rationalisation of our existing warehousing. One company owned property will be re-purposed to expand our ability to pack private label products and manage indirect procurement. Our warehousing in Fergana, used to consolidate fresh produce before onward distribution will also be retained.

Leases on other facilities will not be renewed. We expect to be able to redeploy any affected members of the team to roles at our new centre.

We expect the new centre to reduce costs, by allowing increased direct to store deliveries of ambient, chilled and frozen goods, reducing the number of kilometres driven by our fleet per store and reducing shrinkage by ensuring goods are maintained at optimum temperature throughout the logistics chain.

Cashflow from Operations

The business remains cashflow positive, showing an increase of 5.7% on 2023, at UZS 615bn, 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 and improve payment terms as part of every negotiation with suppliers.

‘New investment will fund future growth’

Free Cashflow

The business continues to generate healthy operational cashflow. These funds have been entirely used to finance our significant expansion plans and hence provide a healthy financing base for our future development. In 2024 Company invested significant resources to build a platform for future growth.

In late 2024 the company agreed terms with Abu Dhabi Uzbek Investment (ADUI), and the Uzbek-Oman Investment Company (UzOman), for an equity investment of US 110m. The investment, which was completed in May 2025 will fund more active development in the business.



Strategic Priorities

Our growth strategy, devised in 2023 and revised during 2024, known as Korzinka 3.0 envisages sixfold growth in store numbers by 2030, building on the 50% CAGR (Compound Annual Growth Rate) delivered to that point.

In the early part of 2024, we were affected by the significant effects on both ourselves and our consumers, of significant increases in utility costs and the imposition of VAT on prescription medicines. This led us to scale back our expansion plans for 2024, and we opened just 10 supermarkets and six new Mahalla proximity stores. On a positive note, however, the team spent the time addressing the capital requirements for new stores and we have been able to significantly reduce the capital necessary to fit-out both supermarkets and Mahalla stores.

We now foresee increased activity in 2025/6 as we make up the shortfall in openings and bring the business back into line with our plans to increase store numbers sixfold, albeit by 2030.

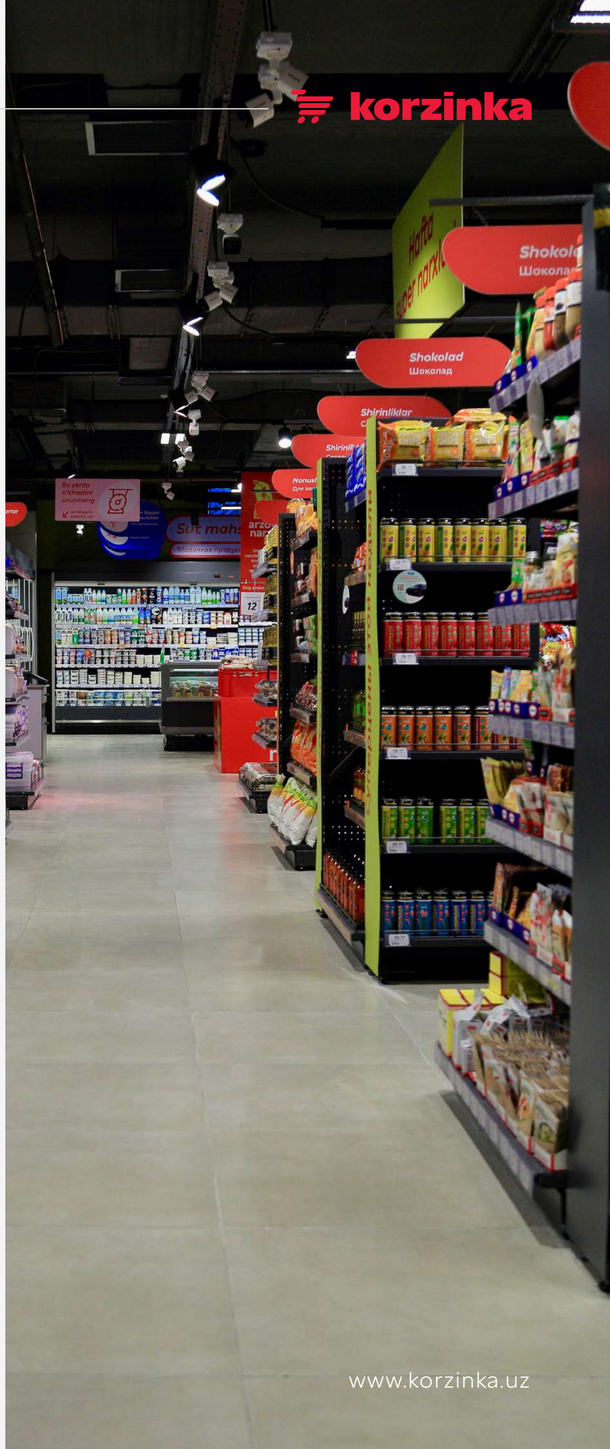
‘Maintaining our leading position’

Our response to the setback to consumer spending was to introduce our First Price initiative which restates to the consumer our EDLP credentials and ensures that for a specific basket of essential goods, Korzinka will always provide the best value. We do not see this activity as a short- or long-term promotional activity, but more a retail philosophy which will guide our strategic direction in the longer term.

In doing so, we will continue to lead the Uzbek grocery retail sector, growing with, and developing, modern retail trade.

‘Delivering the best of Uzbek traditions’

Our retail proposition offers quality and competitive prices, both online and offline, in supermarkets and in proximity stores, where, counter to standard retail practice, we offer the same low prices as in the rest of our business. We will continue to grow the fresh and ultra-fresh offer where possible, adding butchery and fish counters to our supermarkets and offering freshly baked traditional tandoor breads to our supermarket, Mahalla and online customers: delivering the best of Uzbek traditions in a world class environment.



To achieve our growth plans and maintain our leading position, we will focus on five 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 initially 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, with our First Price initiative
- 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

- In 2024 we achieved ISO (International Standards Organization) standard 27001 following the implementation of an information security management system and we continue working towards ISO 27032, which covers 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

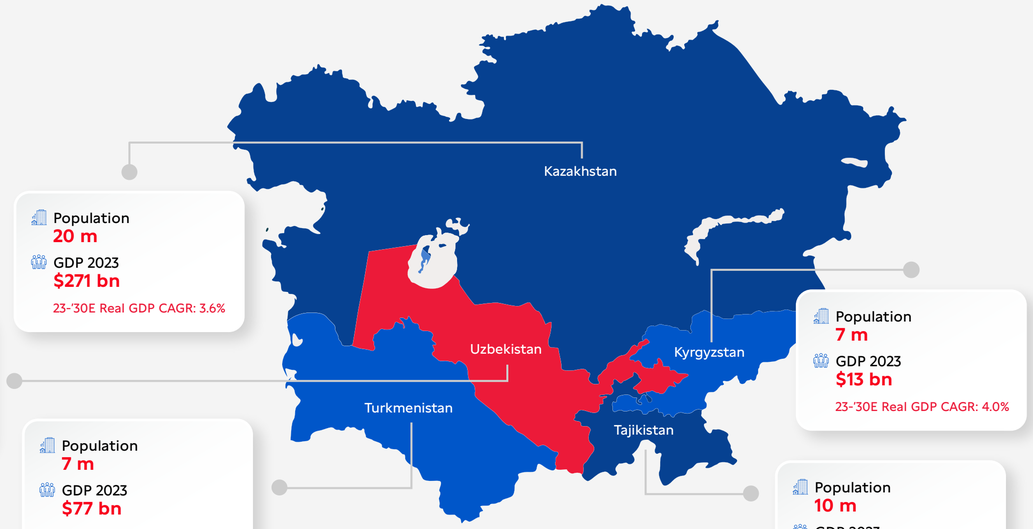
- We recognise that effective governance is one of the foundation stones of future growth and profitability



Market Overview

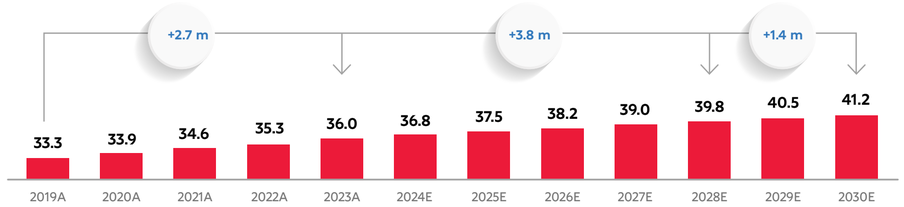
The Uzbek economy has been one of the most dynamic in the region in recent years, growing at an average of 5.8% over the last ten years, even remaining in growth during the COVID pandemic. Looking ahead, growth is expected to continue on its current course. In tandem with this, and despite significant population growth, GDP per head is also on an upward trend, expected to grow by over 50% between 2024 and 2029.

With a population of 37m, expected to grow to 41m by 2029, and with all key macro-economic indicators heading in the right direction, Uzbekistan represents a significant opportunity for modern retail.



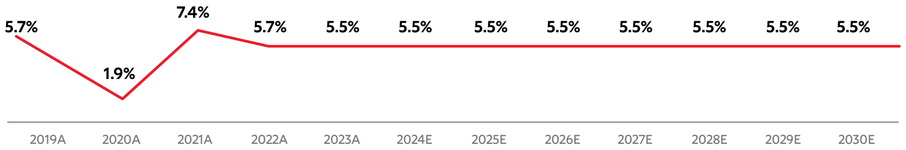
Rapid Population Growth

Population (m)



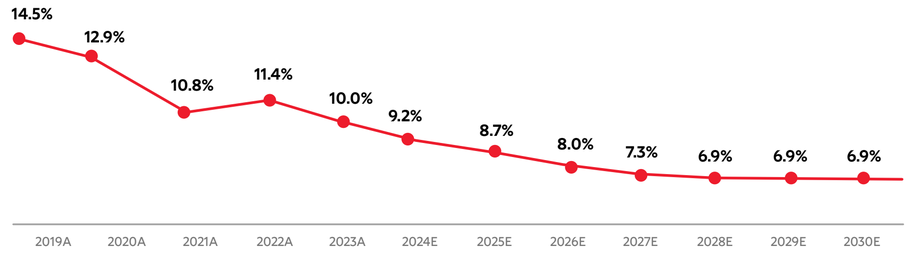
Consistent Real GDP Growth

Real GDP YoY Growth (%)



Decreasing Inflation

Inflation YoY Growth (%)

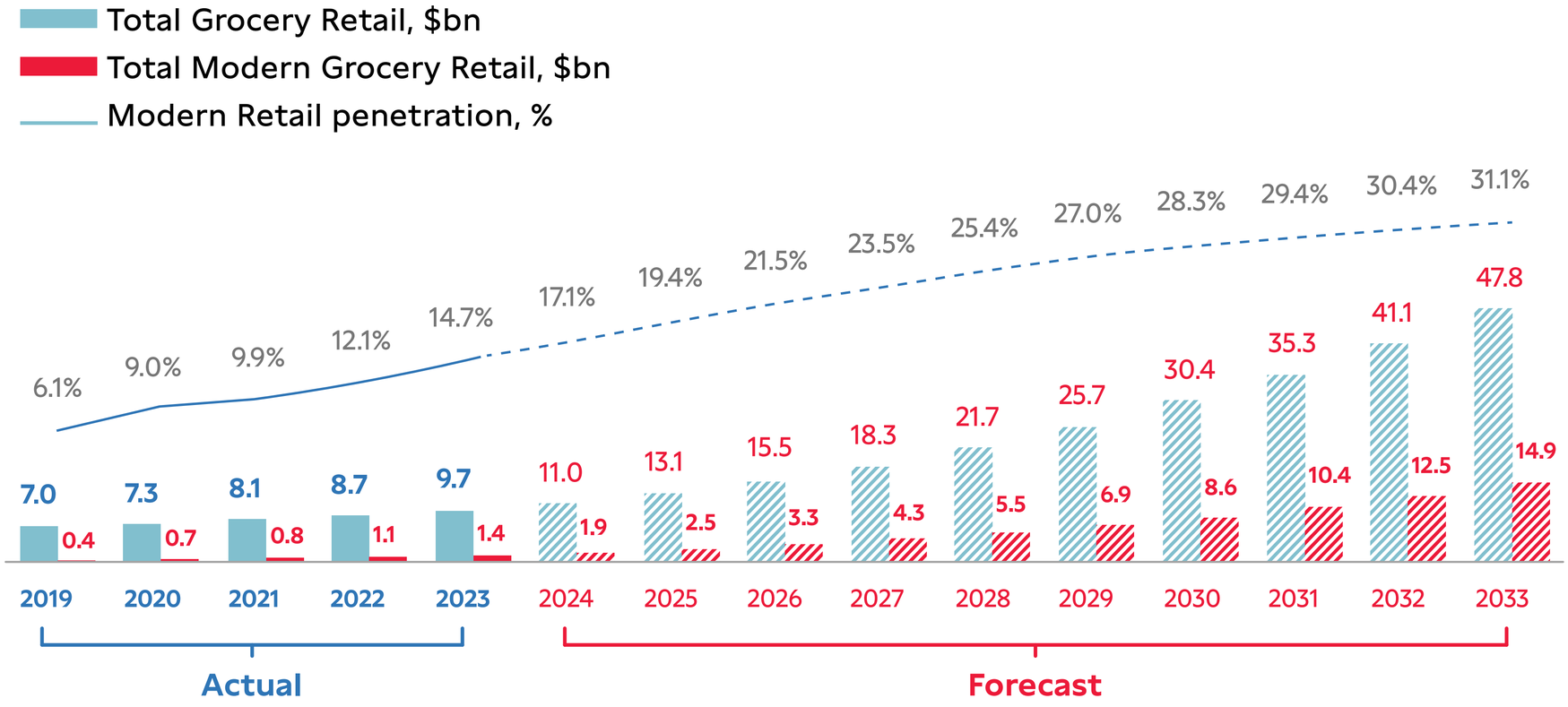


Positve economic indicators

Following on from government efforts to liberalise the economy in 2016, FDI grew by 71% to 2023. In 2024 according to the Central Bank of Uzbekistan (CBU), FDI was USD 2.8bn, demonstrating the confidence that investors have in what is the largest and fastest growing economy in the region. Starting in 2016, with judicial and legal reform, the nation has seen new anti-corruption legislation (2018), a deliberate plan to reduce the government's presence in the economy (2018), tax reform, benefitting corporations (2019), and significant investment in education (2022). The last of the World Bank's Doing Business reports (2020) showed Uzbekistan climbing 18 places.

'Uzbekistan represents a significant opportunity for modern retail'

The Uzbek Modern Grocery Retail Market, USD bn



CAGR 2020-2023 10%

CAGR 2023-2027 17%

CAGR 2027-2033 17%

Fast-growing retail opportunity

Uzbekistan's grocery retail market was USD 8bn in 2019, rising to USD 11.4bn in 2023, of which modern retailing made up little more than USD 1bn. The market is expected to grow to USD 17.7bn by 2030 with almost all of the growth in modern retailing, presenting an enormous opportunity for Korzinka to capitalise on its strong market presence through our ambitious store growth programme which sees up to 1,000 stores operating by then.

Building on our established market position

Korzinka's sales have grown consistently since the business was founded in 1996 and in 2024 were more than 25% up on the previous year, with like for like sales 9.3% ahead. We continue to grow our presence in modern retail in Uzbekistan, in the supermarket, proximity retailing and online sectors.

Our key competitors remain local bazaars. The bazaar is a cultural phenomenon as much as a retail arena and has been an enduring feature of Uzbek society for centuries. The challenge for modern retail is not just about matching or beating quality and prices in the bazaar but providing an experience and environment that customers value.

The First Price initiative ensures that Korzinka stores are competitive on price and our fresh bakeries, specialist meat and fish counters and ready prepared hot and cold food instore is designed to provide a bazaar-like experience in which customers can have confidence in the quality and provenance of the goods they buy. Essential to this is the pleasant, air-conditioned environment instore, when external temperatures can be as high as 50°C or as low as -15°C.

Our largest competitor in the modern retail trade, Havas, continued a programme of openings during 2024 and now has more than 340 stores. Havas operates a discounter model with a basic environment and a limited range, particularly of fresh and ultra-fresh products. Havas uses arcade-style zoning, offering the customer a snake-like path, which, although it ensures customers are guided past the entire offer, can make navigation extremely inconvenient, affecting the customers' experience. Our research shows that on a basket of most-frequently bought SKUs, Korzinka is competitive on price and a survey of shoppers, conducted before the launch of our First Price initiative, backs this up, showing that more consumers believed that Korzinka offered a compelling value proposition when compared to other modern retailers.

Makro is a well-established supermarket chain operating 56 stores. In 2024, Makro relaunched, offering new 'Local' and 'Express' store concepts, offering ready-to-eat baked goods and coffee points, alongside a limited range of grocery SKUs.

Additionally, the chain also opened a flagship store of more than 1,000m² featuring a number of new developments including a 'gastro-island' and a children's play area. The chain has undergone a number of significant operational and management changes in recent years and has seen a decline in its market share.

Uzbekistan is seen as a growth market by local and international competitors. Kazakh retailer Magnum entered the market in 2021 and has replicated its hypermarket model in the Tashkent region with six stores operating by the end of 2024. The company has announced plans for further expansion in the coming years.

In the proximity retail space, our key competitor is Olma Market, with over 100 stores in operation in the wider Tashkent region. More recently, Russian discount retailer Svetafor, which has approximately 3,000 stores across Russia, opened stores in Tashkent, Fergana and Andijan in December 2024.

We remain confident, however, in our ability to grow and prosper despite the competitive environment. Korzinka has a unique omni-channel business model, superior brand awareness, has trust built up over decades and we offer our consumers strong and distinctive combination of quality and EDLP.



EDLP and quality

Korzinka's First Price initiative has further reinforced the company's reputation for value and now price checks a basket of 250 items to ensure that we remain competitive across bazaars and the key players in modern retail. Our aim is to be recognised for our EDLP strategy whist at the same time offering a premium supermarket and proximity store environment and experience. This combination of value and quality makes Korzinka unique in the market.

Retail innovation

Korzinka is at the forefront of the online retail revolution in Uzbekistan. The market is growing fast and KPMG, a consultancy, predict that e-commerce will grow from USD 543m in 2023 to USD 2bn by 2027. Korzinka is in a unique position to capitalise on that growth. Following the incorporation of Lebazar into the business and its rebranding as Korzinka Go, the entire operation has been overhauled. Back office and operational changes mean that in 2025, Korzinka Go will be rolling out a system guaranteeing a 45 minute delivery time for orders placed online, across the Tashkent region.

In 2024 we trialled self-checkout in a number of Tashkent stores and the results have been positive. Customers like the convenience and ease of use of the system, and there has been a positive impact on labour cost instore. We are planning to roll-out self-checkout to further stores during 2025.

Across all our operations, working with banks and payment processors, we have incorporated a range of buy-now-pay-later (BNPL) options at physical and online checkouts allowing customers to have the convenience of paying at a time that suits them best.

The business sees such technological advances as one of the key ways to maintain its established market position.

Rewarding Loyalty

Whilst loyalty cards are ubiquitous across the retail sector in Uzbekistan, Korzinka's programme, and the accompanying app are unique in scale and sophistication. There are almost 1.8 million active users and more than 600,000 who use their account at least monthly (MAU). In all, 55% of purchases instore are now made by loyalty programme members.

The app is fully integrated into Korzinka's systems and allows customers to collect and spend points every time they are at the checkout, be that instore or online. The programme allows us to better understand our customers, offering them personalised discounts and promotions, creating value for both Korzinka and our customers.

‘365 Kun and iz Korzinki – 511 products across 51 categories’



Business Model

Founded in 1996, Korzinka is the largest retail brand in the country, the most admired retail grocery brand, achieving a Net Promoter Score of 83 in independent research and the most trusted brand in a 2024 government survey. Korzinka’s business model is founded on our commitment to offer our customers the best combination of convenience, service, value and quality available on the Uzbek market.

Our supermarkets, Mahalla proximity stores and Korzinka Go online store are decentralised, allowing for independent decision-making and agile operations, avoiding a one-size-fits-all approach. Our omni-channel approach, offers our customers the convenience of shopping with us for all of their shopping missions. From a weekly big-basket shop at our supermarkets to top-up shopping at Mahalla stores and the ultimate convenience of shopping with Korzinka Go.

Our customers know that whichever they choose, they will receive the true Korzinka experience. In order to deliver on that promise, every aspect of our business has to work together with optimum efficiency. Consequently, we place as much emphasis on the unseen elements of our business as we do on our customer-facing activities.

Delivering EDLP

In 2024, we took the decision to re-affirm our commitment to everyday low prices with our First Price programme. Korzinka has always been competitive on price and regularly benchmarked itself against competitors, but our messaging has often focused on convenience and the quality of our products. This year we decided to reinforce our EDLP credentials, guaranteeing our customers that they will always find the lowest prices for a basket of essential items at Korzinka.

We do not see this as a promotional activity as much as a long-term refocusing of our offer to our customers. Our customers appreciate this new approach and like for like sales have grown significantly since the start of the programme, ending the year 16.3% up in like-for-like trading in the month of December.

A focus on logistics

We enjoy a competitive advantage over other operators in the modern trade sector, by having our own logistics function, which will be augmented in the second half of 2025 by our new 49,000m² Class A distribution centre.



‘24-hour field-to-shelf for fresh produce’

We expect the new facility to have a significant effect across our operations.

In 2024, our logistics team worked to consistently take product from farm to store in 24 hours, consolidating product in our facility in Fergana before shipping it on, first to our distribution centre in Tashkent and then on to stores in the region. We expect this ability to offer the very best quality ultra-fresh produce to become a feature of the Korzinka offer, once all operations are transferred to the new distribution centre.

Availability, always a challenge in a double-landlocked territory, with limited domestic production, reached 92% in 2024 and we expect this to increase given improvements to forecasting and other back-office systems in the new operation and the capacity to store additional long lead-time product as necessary. We will also further reduce the number of direct to store deliveries from suppliers, by consolidating the number of deliveries to store, reducing delivery kilometres to stores by over half, to an average of 80km per store.

Buying better, buying smarter

We continue to focus on purchasing direct from our suppliers, wherever possible avoiding using distributors, to both optimise cost and, importantly, to ensure that we build strategic relationships with our most important suppliers.

Where possible, we seek out open-book pricing to maximise opportunities for all parties. We use data gathered from our loyalty programme to assist us in our relationships with suppliers, helping us to focus on mutually beneficial relationships.

Turkey and China have become increasingly important as sourcing destinations as international brands have reduced their presence in Russia. These long supply chains present significant challenges but are ameliorated by our developing relationships with the brand owners.

Our engagement with local producers continues to bear fruit and we see it as essential that we develop these relationships. However, the process is slow as local suppliers often have little experience of the consistency and quality standards necessary for such large-scale contracts. Nevertheless, we see this as a key focus for the team and potentially, a point of difference over our competitors.

Before entering into a supply contract, all suppliers are required to commit to our Code of Conduct for Business Partners and our Code of Ethics which together govern our relationship. The codes make clear a requirement for honesty, transparency and strict adherence to legislation in all elements of our relationship.

All new private label suppliers are thoroughly audited.

The Korzinka team audit both the production facilities and the products themselves before products reach the shelves and we expect to conduct benchmark audits as frequently as every two months, particularly in the fresh and ultra-fresh categories.

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 private label brands, 365 Kun and iz Korzinki continue to grow both in terms of the number of products, which has now reached 511 across 51 categories and share of basket, which in 2024 reached 7.6%. Our private label brands are an important element of the business's EDLP strategy, demonstrating that Korzinka provides an optimum combination of quality and value.



'Flexible payment terms for loyalty card holders'

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 immediate focus was on developing processes and automation for our central distribution system, generating efficiencies in our back-office and instore inventory management processes. In 2024 we reduced our picking time 32%, reduced turnover days and trialled a 24-hour field-to-shelf fresh produce programme.

In 2024 we have additionally focused on developments in our Korzinka Go operation, driving sales growth by increasing availability, reducing delivery times and integrating delivery aggregators and payment platforms to create the country's biggest online grocery retailer.

The Korzinka Go app has been fully integrated with the Korzinka loyalty app allowing customers to claim all the benefits of loyalty programme membership. The loyalty programme continues to go from strength with 1.8m programme members and more than 600,000 Monthly Active Users (MAU) of the app.

The app incorporates push notifications and the ability to claim tax refunds from the state tax committee and has been augmented in 2024 with the opportunity to pay through the app, using a range of bank cards or with bonus points, and the opportunity to select a buy-now-pay-later provider.

The app is providing a wealth of data for use in planning and measuring promotions, product launches and customer preferences.

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. In 2024 we achieved certification to ISO 27001, which sets out a framework to establish, implement, operate, monitor, review, maintain and continually improve an ISMS (information security management system).

Building the new Korzinka

In 2024, CAPEX constraints meant that our store development programme was limited to 10 new supermarkets, alongside two closures, and six Mahalla proximity stores.

Consequently, the team undertook a thorough review of the CAPEX requirements for each format and have been able to decrease the investment required by more than 28% for supermarkets and 14% for Mahalla proximity stores. This decrease comes from a careful analysis of the required trading area, amendments to specifications for construction and shop-fitting materials, particularly in Mahalla proximity stores, and further negotiations with suppliers. This reduction in CAPEX has not come at the expense of environmental concerns and all new stores will be fitted with refrigeration cabinets with fully closing doors, which we estimate saves up to 28% in electricity usage compared to open fridges, and we are exploring opportunities to supply power from photo-voltaic systems in company-owned locations.



'3,000 potential locations for future development'

Construction of our new Distribution Centre continued throughout 2024 and we expect it to be in full operation in Q3 2025. On completion, it will be one of the most environmentally friendly facilities of its type. The plans have preliminarily received an Edge Green Building assessment. Although HVAC systems will use traditional refrigerant gases, refrigeration systems in the centre will use carbon dioxide as a cooling gas, avoiding the need for gases which harm the ozone layer. The roof will have photo-voltaic panels capable of generating up to 1MWp with future expansion opportunities up to 3MWp, sufficient to cover the energy use of the facility and input power into the Uzbek electricity grid.

Our team have invested in in-house geoinformatics systems capable of examining potential store locations in granular detail and have identified 3,000 potential locations for future development, using proprietary software which maps locations with overlays of population density, traffic flows and other metrics.

We have targeted a network of approximately 1,000 stores by 2030. Unlike our existing estate, we expect the overwhelming majority of new locations to be leasehold, ensuring that available CAPEX is used to drive forward our expansion plans. Such rapid expansion has required the development of both cross-functional and specialist teams to ensure the process runs smoothly, but we start 2025 with our plans in hand.



Format Review

2024 saw the full launch of our omni-channel operations, with our proximity store operation, Mahalla, having passed the proof-of-concept stage and showing like-for-like full-year gains, significant development in sales at Korzinka Go, and a continued strong performance by traditional supermarkets.

The core supermarket format continues to deliver the overwhelming majority of turnover, with sales up 22% (9.3% LFL) with little or no cannibalisation evident from Korzinka Go, or Mahalla proximity stores, even if located in close proximity. Serviced from its own dark stores, by year end, Korzinka Go grew revenue by 188% and online sales made up 3.92% of total sales in the Tashkent region. Alongside this, by year-end there were 18 Mahalla proximity stores serving a distinct market of shoppers seeking out essentials, top-up shopping, or picking up bread and snacks. Like-for-like sales growth in Mahalla stores was 9.3%.

Our strategy sees continued growth in each channel but with an emphasis on Mahalla proximity stores, which, with their modest up-front investment, will be a key contributor towards the 2030 target of 1,000 stores.



Supermarkets

Korzinka is the nation's most successful supermarket chain, and this year we have added a further eight stores to the chain, making 129 units, operating across 11 of the 13 regions of Uzbekistan. We aim to provide a conveniently located store, offering the widest range of products, with a focus on the fresh and ultra-fresh sectors, all at competitive prices.

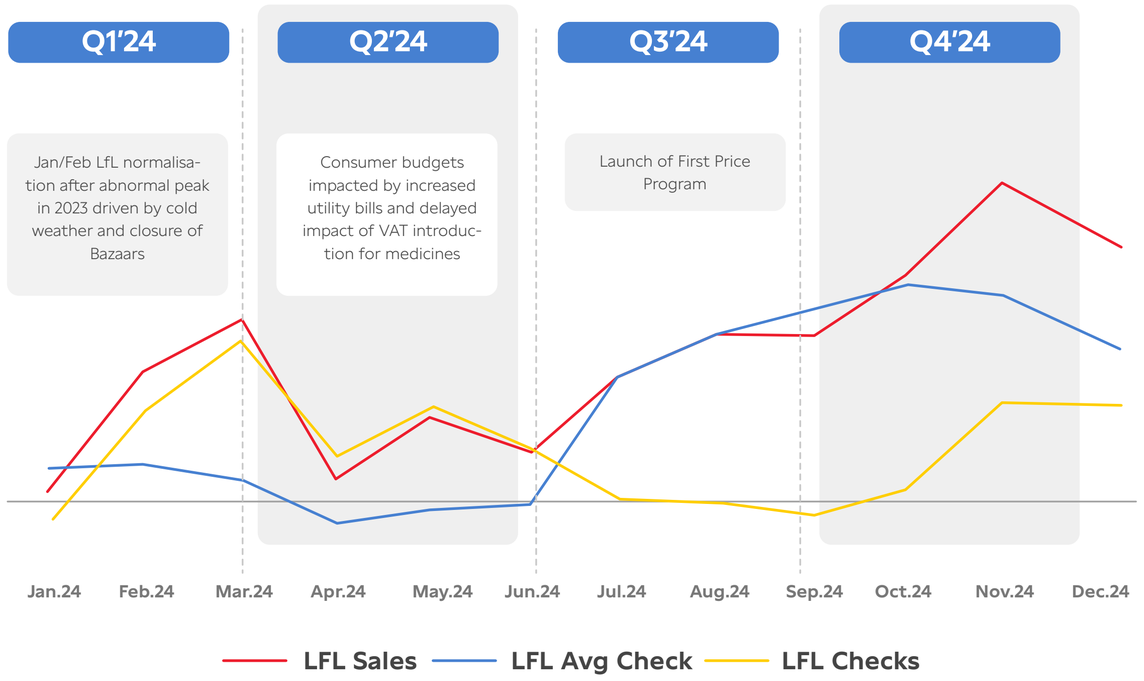
Our full-service offering is appreciated by the nation's shoppers and this year they made 84.8m visits to Korzinka stores, up 19.3% (5.9% LFL) on the previous year. Total revenue also grew to UZS 8.6tn, up 22.0% (9.3% LFL) on 2023.

We opened relatively fewer stores in 2024 than in previous years, as we prioritised our Capex on our new DC, but we have used the time to hone our existing operation. The team have paid particular attention to training and have focused on short intensive sessions concentrating on specific skills or knowledge. We have also re-evaluated shift planning and delivery schedules to optimise labour utilisation. In 2024, we revised store layouts to focus more on our fresh and ultra-fresh produce, instore butcheries, fishmongers and bakeries. These sectors outperformed other grocery and non-food selections and as our new distribution centre comes online in 2025, we will continue to develop and expand their offerings.

Korzinka now bakes more than 100,000 lepeshkas (a traditional Uzbek bread) every day, across 121 instore bakeries. Our customers appreciate convenience, and we have continued to grow our ready-to-eat sections. We have reformulated our freshly grilled meats and sausages, to improve taste and quality and have worked extensively with an external supplier to offer a range of fresh salads which have proved an instant hit with our customers.

'The Korzinka family now numbers almost 11,000 people'

Our long-term First Price activity has been a resounding success. Stating with a range of just 40 products, over the year the range of essential products has been expanded to more than 250 and now includes a range of KVIs (key value items), demonstrating to our customers the exceptional value of shopping at Korzinka. Products included in the activity now make up 18.7% of every basket, reinforcing our customers' perception of Korzinka as being at the vanguard of both quality and price.

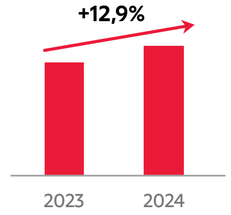




Customers have enthusiastically adopted the use of self-service checkouts that we introduced in 2024. We now have 62 self-checkouts across locations in Tashkent and our analysis shows that not only does this reduce queueing time at static checkouts, but that our customers appreciate the added convenience of self-service. In some stores, more than 20% of our transactions were at self-checkout by the end of the year. These changes have allowed us to reduce the number of cashiers necessary in these stores and redeploy the individuals elsewhere.

Across the operation, we have improved labour productivity by 12.9%. No one change has been responsible for this achievement, but we credit the combination of the hard work and dedication of our team to implement new instore processes and procedures, more intensive staff training, automation and the implementation of self-service checkouts. In stores with self-checkout, we have reduced the FTE (full time equivalent) headcount to an average of 56. Following the success to date, we are planning a wider roll-out of self-service checkouts.

Average check



In 2025, our store opening plans envisage at least 35 new stores, although we recognise the difficulty of obtaining suitable sites for our large format operations. We already have fully trained management teams ready to take on this ambitious task. New stores will always be opened by experienced management teams, with newly trained managers taking on stores already in operation.

With the introduction of deliveries from our new distribution centre, in the second half of the year, we expect to see a rise in availability and a decline in shrinkage, and, alongside that, we have plans for the automated monitoring of shelf-life which we expect to have a further noticeable effect on shrinkage.

Mahalla

In 2024 we opened a further six Mahalla proximity stores, as we refined the concept in advance of a full roll-out starting in 2025. Like for like sales in the stores that have been trading in excess of a year were up 40% and trading in the new stores is also strong. On average, every day, 900 customers shop in each Mahalla proximity store. Average basket size has exceeded our expectations and more than 10% the checks are higher than UZS 150,000, confirming that a small supermarket mission can be covered by the assortment and service provided by Mahalla proximity stores.

Our experience is that our stores have a catchment area of approximately 500m, and loyalty card data shows that where a Korzinka supermarket is located within that area, almost no cannibalisation occurs, as the two formats each satisfy unique shopping missions.

Customers are reassured by the Korzinka brand, which has significantly better brand awareness and top-of mind recall than our competitors and already 58% of our revenue comes from Korzinka loyalty programme members. Alongside this, Mahalla's high operational standards and keen pricing - there is no premium over Korzinka supermarket prices - add to the concept's attractiveness.

Our analysis shows that the fresh offer, particularly fresh meat, fruit and vegetables and freshly-baked bread are the major drivers of traffic to the stores – freshly baked bread appears in every fifth basket and eight of the top ten sellers by value are fresh meat products. In many stores we also offer coffee and hot snacks to go. This focus on fresh is a point of difference between Mahalla and all other independent or chain operators, that lack the sophisticated distribution networks necessary to compete.

Data suggests that not only do Mahalla customers shop for immediate consumption, but that the wide range of products available instore (c. 3,500-3,700 SKUs) alongside the fresh offer, means that many shopping missions are to meet their needs for two or three days.

A comprehensive fresh offering requires sophisticated stock management and tight monitoring by our instore team and initially this proved problematic, as we gauged the market dynamics. However, by year end, shrinkage had been reduced to below 4.5% and although we feel that there is further room for improvement, we will not sacrifice product quality or availability.

'Sixty new locations already secured'

The concept is suited to any medium to high traffic location which allows visibility from a major street, which is easily accessible on foot and located in the centre of a neighbourhood. We have settled on a preferred size of approximately 275m², which is the ideal size necessary to accommodate a full assortment, including our fresh selection and bakery, whilst Mahalla stores larger than 400m² seem to offer no additional benefits. Consequently, there is no shortage of available locations in Tashkent and further afield.

Once construction is complete, we aim to have a new Mahalla store up and running in six days. Our operational focus for new stores will be to simplify the operation wherever possible and to cross-train staff, reducing the need for specialist employees and adding flexibility to the operation.

We expect the Mahalla proximity stores to be the primary driver of growth for Korzinka in 2025. We have sixty new locations already secured and our programme for the year envisages more than 40 new stores.

Korzinka Go

This has been an exceptional year for the Korzinka Go operation. Over 2024, the business focused on scaling the operation up and driving growth and ended the year with sales 188% ahead of 2023, making a net contribution at EBITDA as early as September. At the heart of these impressive growth numbers has been effective integration of the Korzinka Go app with the Korzinka Loyalty Programme, development of an extended assortment, launch of on-demand delivery, opening of new sales channels with delivery aggregators and the convenience of a range of Buy Now Pay Later (BNPL) options at checkout.

By mid-August, we completed the linking of Korzinka Go users with Korzinka Loyalty Programme card holders and issuing loyalty cards to those Go users who were not already members. This ensures a 100% loyalty card usage rate and drives additional revenue growth through the programme. Users are now able to save and spend bonus points accrued in either off- or online purchases. Shoppers spend on average over 20% more once they become omni-channel customers.

We have agreed partnerships with the largest BNPL operators in Uzbekistan, including Alif Nasiya, Solfy Bank, Anor Bank, and Zood. Payment is seamlessly integrated into the Korzinka Go app and our customers have the flexibility of 30 days interest-free credit when they checkout. BNPL customers have a monthly retention rate twice as high those using traditional payment methods.

In May, we launched on-demand delivery, across the full Korzinka range, promising order to delivery in less than one hour. Within eight weeks, on-demand orders accounted for 43% of all orders, with an on-time delivery rate over 90%.

Over the year, we have begun working with food delivery marketplaces, to improve presence and availability, and the results have been impressive. By the end of 2024, we had established partnerships with Yandex Eats and Uzum Tezkor.



‘Korzinka Go sales 188% ahead of 2023’

With the ability for Korzinka Go to draw on these aggregators' established client base, the two combined accounted for almost one quarter of orders delivered in December. Order value through aggregators is somewhat lower than for our in-house deliveries, but our experience shows, that many users move to purchasing through the Korzinka app within a short time, recognising the convenience of direct ordering and the benefits of the Korzinka loyalty programme. We expect to conclude relationships with the two other significant aggregators, over the course of 2025.

Our customers appreciate the online-only range offered by Korzinka Go. The business stocks a range of larger pack sizes than offline stores and an extended range in specialist areas such as baby care and pet food, where sales are more than three times higher than in traditional Korzinka outlets.

We have bolstered the team, to work on improving operational metrics. Over the year we saw improvements in the picking operation with individual item picking time down by 28.0% and orders per picker, per hour, up over 20%. New technological improvements reduced shrinkage by 66.9% and increased the stock turnover rate from 11 to 7 days. Customers using the platform saw an increase in 'in-full' rate and a decrease in on demand delivery time to an average of 44 minutes.

Our drive for growth has been underpinned by systemic and operational improvements in which all key operational metrics have improved, integration with existing business operations, and the development of partnerships with integrators and payment platforms.

Our plans for 2025 envisage two new dark stores in Tashkent, which we expect to allow us to grow volume and reduce delivery times, and expansion of the operation to Samarkand where we see significant potential, as Uzbekistan's second city already has significant online business and an existing infrastructure of aggregators.

We expect to see continued organic growth in the business, driven by the economies and efficiencies of scale, which will drive down our cost per order and allow us to offer guaranteed 45-minute delivery, or the option to choose a specific delivery slot. All this will be supported with new aggregator partnerships, development of the BNPL sector, the continued development of the online only product selection, channel-specific marketing communications and further technological progress in back-office operations.



Environmental and Social

Korzinka is committed to engaging in responsible business practices which support national and international climate and environmental standards and which build a sustainable and equitable future for our team, our investors, our suppliers and our customers. We recognise that this is both a long and difficult journey and requires commitment at all levels of our business and among all of our stakeholders. We have a dedicated team focusing on this area, to ensure that our business decisions take account of our environmental and social programme.

Working with Partners

Korzinka works with local and international organisations to promote internationally recognised sustainability-related initiatives, sharing its experience and understanding with the wider business community. Korzinka was the first Uzbek business to support the UN Coalition of Business Champions for Sustainable Development in Uzbekistan and the UN Global Compact. Our Chairman is a member of Chapter Zero Uzbekistan and a Korzinka representative sits on the ESG Committee of the American Chamber of Commerce. In 2024, Korzinka adopted and signed the Women's Empowerment Principles (WEPs), a joint initiative of UN Women and the United Nations. Our collaborative approach benefits both our environmental and social priorities and those of the wider business community.

Reducing our Carbon Footprint

We recognise that our operation is carbon intensive, particularly the maintenance of the cold chain throughout our distribution system and instore, maintaining a pleasant environment instore for our customers and the use of diesel fuel in our delivery fleet and back-up generators.

GHG and Energy consumption

During 2024, Korzinka re-calculated its carbon footprint under Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased energy), using data for the Financial Year 2022, and calculated Scope 1 and Scope 2 for 2023. 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. Other sources of Scope 1 emissions include the use of fuel in stores, our distribution centres and office buildings and the use of diesel fuel in emergency generators and delivery vehicles. In 2024 we replaced some of our delivery fleet with vehicles operating on methane, reducing PM10 and PM2.5 particulate emissions significantly over our existing diesel fleet. We further expect to see a reduction in the number of delivery kilometres driven to each store, potentially as much as 50%, once our new distribution centre is fully operational.

Our Scope 1 and Scope 2 emissions for 2024 will be calculated in the first half of 2025 and made available at esg@korzinka.uz

Over 2024, we calculated our Scope 2 emissions for 2023 - 34,845 tonnes CO_2e. These come largely from the use of electricity drawn from the Uzbek electrical grid. This compares to 27,178 in CO_2e in 2022.

As the Korzinka estate continues to grow, total emissions are not a reliable indicator, as direct comparisons are not possible. A widely accepted international metric to compare GHG (Greenhouse Gas) emissions over time, is GHG emissions intensity. In 2024, we re-calculated values for 2022 to take account of refrigerant leakage in our regional estate, producing a revised GHG emissions intensity value of 365 kg CO_2e/m^2. The comparable figure for 2023 is 356 kg CO_2e/m^2. However, although this figure is lower, roundings and assumptions during the calculation process mean that the reduction is not statistically significant. Our figures for 2024 will be calculated during 2025 and will be available at esg@korzinka.uz.

In 2024, the company issued a tender for new refrigeration equipment for future store openings. The new equipment will produce a saving in electricity of approximately 30% over previous units. Further, we are exploring PPAs (power purchasing agreements) for the installation of solar panels on the roofs of company owned premises, which may ultimately generate as much as 5MWp (megawatts peak).

Korzinka is no longer purchasing R22 refrigerant for use in its stores. Very few locations still use R22 and we expect to have ceased its use by 2027 and replaced it with equipment using refrigerant gases which do not cause ozone depletion.

Waste and recycling

We recognise that recycling is an essential component of any corporate environmental programme and last year we sent more than 5,000 tonnes of paper, plastic waste and waste cooking oils for recycling. However, we also acknowledge the more pressing need to minimise waste generation associated with our operation. With that in mind we have reached agreement with the IFC (International Finance Corporation) to develop a food loss and waste strategy and associated policy and objectives. We expect to be able to put the policy in place by the end of 2025.

The company's paperless receipt programme secured a CSR award from the American Chamber of Commerce in 2024. The scheme has seen more than 20,000 customers opt to receive digital receipts through the Korzinka app, saving over 21km of thermal paper annually.

Building for the future

In 2024, Korzinka broke ground on a new Class A distribution centre. Once in operation, in the second half of 2025, the centre will be one of the most energy efficient such facilities in Central Asia and the development has been awarded EDGE (Excellence in Design for Greater Efficiencies) preliminary certification. In comparison to similar buildings in Uzbekistan, we expect a saving in energy use of 41% and water of 22%. In addition, it is estimated that the materials used in construction of the distribution centre will allow for savings of 1,676.76 tCO_2 over a similar non-EDGE facility.

As a refrigerant, the centre will use CO_2 which has a GWP (global warming potential) as much as 4,000 times lower than traditional refrigerant gases and the centre's roof will be lined with photo-voltaic panels with an initial capacity of 1MWp and will allow for future expansion opportunities up to 3MWp.

The new centre will also help to reduce the number of kilometres travelled by our delivery fleet. Over time we expect delivery kilometres per store, per day, to be halved to 90 or fewer.

'The distribution centre will allow for savings of 1,676.76 tCO_2'

Assessing climate risk

With the assistance of specialist consultants, in 2024 Korzinka explored and evaluated the likely risks of climate change to the business, examining a sub-set of physical assets (stores and distribution centres). The risk subcategories with the highest financial impact (risk with an impact on the operating margin of more than 20%) were established as an increase in maximum temperature, more severe and/or more frequent flooding and more frequent heat waves.

Alongside this we examined the risks involved in transitioning to a lower carbon operating environment based on current government policies, a scenario which sees a delayed transition and a third envisaging carbon neutrality by 2050. The major risks identified came from potential carbon tax or trading schemes, increased focus from stakeholders and restrictions on use of fossil fuels.

Where Korzinka is able, in the short term, to address the risks identified directly, the mitigation strategies revolve around lower energy consumption and use of renewable power.

Consequently, alongside ongoing strategies, we have decided to install photo-voltaic equipment in company locations in order to generate renewable electricity. This programme will commence in 2025. Additionally, as refrigeration equipment is a major consumer of electricity, we will install more energy efficient glazed cabinets when opening new locations, and we expect electricity savings of up to 30% compared to existing refrigeration equipment.

A responsible employer

By December 2024, the Korzinka team had grown to almost 11,000 employees. Korzinka is widely recognised as a good employer and our people-centric approach, fosters a workplace culture that values diversity, inclusion, and professional development. We ensure that our team members have all the skills and support necessary to thrive in a complex working environment. We provide comprehensive training both to new joiners and to those at every stage of their career. This is backed up with comprehensive benefits and wellness programmes. Korzinka's employees are essential partners in our operation and their dedication, skills, and commitment directly influence customer experiences, operational efficiency and the company's bottom line.

Korzinka is acknowledged to be one of the country's most admired employers. In 2024, at the prestigious Employer Brand Award & Summit, Korzinka was awarded a prize for its innovative approach to human resource management and talent development. A major element of this success was the introduction of policies designed to help women build careers with the company, including an equal opportunity policy, protection against discrimination, and a transparent career progression system. According to an analysis conducted by the Ministry of Employment and Poverty Reduction, Korzinka is one of the leading employers of women in the country, with over 3,900 female employees.

Our Keephub portal allows our employees to engage in discussions about hot issues in the business, seek out information or voice their concerns, comments and feedback. In research conducted in 2024, gauging employee feedback, the Keephub portal received an eNPS (employee Net Promotor Score) of 67.8%. Senior managers welcome this opportunity for engagement with the wider team. 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 can offer.

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.

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 2024, the proportion of women store managers reached 33.5% and the number of women supervisors in stores increased by 3%, to 48%. In 2024, three of the 14 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.

Korzinka is the first company in the country to receive EDGE Assess Certification, which recognises adherence to gender equality standards. In 2024, Korzinka adopted and signed the Women's Empowerment Principles (WEP), a joint initiative of UN Women and the United Nations Global Compact.

This initiative aims to promote gender equality and foster corporate social responsibility in business.

'The first company in the country to receive EDGE Assess Certification'

In 2024 Korzinka adopted a Human Rights Policy which requires equal pay for work of equal value, with specific reference to gender. The company is obliged to 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 to ensure that those leading the programme have the necessary decision-making power.

Other programmes supporting women in the workplace include the Yulduz programme designed to support women's personal and professional development. Started in 2022, and originally aimed at the 71 women in supervisory positions, by 2024, the number of women involved in the project had increased to 126. Additionally, the company runs the Lola Women's Club, which fosters communication and professional and personal development.

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. The company sets great store in the professional development of its team and has a programme that covers the cost of external courses and training for employees, including funding for university tuition fees for employees and their families. Thus far, we have supported 109 employees through external training programmes and 1,981 people through their university education.

Our online courses focus on topics related to education, career and self-development and, as of 2024, more than 1,350 Korzinka employees used the platform daily and had access to 2,052 different learning resources, including courses, videos, podcasts, books and articles. During the year, 14,200 employees completed at least one e-learning course. Over 5,000 employees have completed our in-person training programmes, including more than 3,000 who have completed sanitary and hygiene training and successfully obtained certification. On average, our managers completed 89 training hours in 2024, and other employees 42 hours. More than 730 employees have taken part in training programmes focused on advancing women's leadership and gender equality.

korzinka

'We have supported 1,981 people through their university education'



Our commitment to employee growth is reflected in our adoption of data-driven performance evaluation methods, leveraging analytics and feedback to drive individual development, and our talent assessment system allows us to identify and nurture potential leaders through personalised training. Currently, over 150 employees are part of our internal talent pool for leadership positions and are engaged in development programmes.

In 2025, the HR function will focus on talent acquisition and development to support store openings, the launch of our new distribution centre and work to ensure that we have core competencies in our headquarters team. We will speed up human resources transactions to meet new volume requirements and enhance performance management culture.

A focus 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 (IMS) 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. And, as our team has grown, during 2024, we have bolstered our Occupational Health and Safety team with the addition of four Health and Safety Specialists and four Fire Safety Specialists. 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.

During 2024, to ensure that relevant data is always available, we have completed the process of digitising all of our safety procedures. Additionally, this will ensure that any updates to policies are immediately available throughout the organisation.

We identified our butcheries as a critical area for health and safety and over the course of 2024 we held two video conferences with butchers and their supervisors, produced a range of health and safety posters and held a masterclass, at which important health and safety messages were delivered.

A video record of this event is available to all of our team. To ensure safer manual handling, we have replaced 10 existing loading bridges and provided 20 hydraulic lifts in stores that previously moved goods on ramps.

We have enhanced our reporting and compliance monitoring across all of our sites to ensure that incidents are minimised and that should any events occur, they are professionally managed and the organisation takes on any relevant learning points.

Working with the community

Our local communities are essential to the success of our business and as the country's largest retailer, we feel it is our duty to do what we can to support, enhance and enrich communities across the country. Our local stores are part of their Mahalla (a local government region) and our team engage with and support local initiatives, such as a 'back-to-school campaign which worked with Mahallas to provide essential items for students from low-income families. On a national level we are active supporters of a range of programmes involved in health and fitness, equality and the promotion of environmental awareness.

Time of Heroes

Korzinka assisted with the publication of the Time of Heroes series of books written by Madina Muminova. These three vibrantly illustrated books engage children and their parents, raising awareness of environmental pollution and highlighting the importance of early action to protect the planet. In 2024, Korzinka was awarded the Oltin Chinor Prize for Children's Environmental Books for its work on the series.

Building on the success of the books, a children's environmental movement has been launched, along with the 'Little Eco-Hero' award. This initiative aims to foster environmentally conscious habits and a broader culture of sustainability amongst children and their families.

Thanks to the efforts of the NGO Mehrli qo'llar, the books in the Time of Heroes series have been printed in Braille, and with the support of the Ministry of Ecology, donated to schools for visually impaired children across Uzbekistan.

Making the arts accessible

Korzinka is a major sponsor of the Uzbekistan State Symphony Orchestra. We recognise the value of the arts to the wider community and alongside the regular programme of around 70 events, many of which feature internationally famous artists, in 2024 we also sponsored a range of free concerts, marking the Orchestra's 10th Anniversary, providing access for all to this exceptional cultural resource.

Sport and health

For six years, Korzinka has supported the Samarkand Marathon series - three challenging events held in the Zaamin National Park, Bukhara and culminating in Samarkand. The events, organised by the Foundation for the Development of Culture and Art of Uzbekistan are aimed at drawing public attention to the problem of inclusivity in culture and art, promoting a healthy lifestyle, and developing sports tourism in Uzbekistan.

Korzinka is also an official partner of Challenge Samarkand, an international triathlon competition, which is part of the Global Challenge Family series. The event draws people from all over the world to compete and includes a range of distances from 200m for the smallest children through to a full triathlon, covering more than 100km.

Korzika was also a partner at the 2024 World Triathlon Cup held in Samarkand and the 2024 Uzbekistan Duathlon Championships in Tashkent.

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. In 2024, on World Diabetes Day, Korzinka worked with the Centre at an event to raise awareness of early signs of diabetes, help with speedy diagnosis and to promote healthy living. Doctors, lecturers and students from the participating organisations carried out rapid blood tests for shoppers.

Environment and sustainability awareness

The WHO estimates that as many as 4.2 million people die prematurely worldwide from atmospheric pollution. The chief causes are fine particles known as PM2.5 and PM10. The Korzinka team have installed the first monitoring station at the company's head office. The sensor allows for real time monitoring of air pollution levels, with results accessible online.

In December, Korzinka hosted students from Westminster International University in Tashkent (WIUT) for a session aimed at raising awareness on the principles of sustainability in business. Korzinka specialists shared their expertise and practical experience of the United Nations' Sustainable Development Goals (SDG). They highlighted the company's initiatives to minimise environmental impact and foster positive social change.

The event provided students with valuable insights into the 17 SDGs and real-world experience of implementing them in business. We aim to continue to work with students and young people during 2025, to help them better understand the environmental challenges we all face.

As part of our commitment to the environment and sustainable development, Korzinka and the European Bank for Reconstruction and Development (EBRD) brought together its specialists and suppliers to a workshop run by an international consultancy firm, aimed at identifying climate challenges and integrating climate imperatives into business procedures.

The workshop served as a platform to exchange knowledge and experiences and strengthen collaboration in sustainable development.

Responsible Sourcing

In 2024 in line with our EDGE Assess certification which recognises adherence to gender equality standards and the UN's Women's Empowerment Principles (WEPs) to which we are a signatory, we shared gender-responsive practices (covering women's participation and empowerment in the workplace, anti-harassment practices and gender inclusive human resource practices) with our 350 suppliers. The policy adds to our existing Ethics Code of Business Ethics which lays out our policies on fairness, and responsibility and anti-corruption and we expect our suppliers to comply with the letter and spirit of both policies.

Meeting International Standards

Korzinka recognises the need to formalise our policies and standards and, in this respect, we are leaders in Uzbekistan. In 2024 we achieved certification to ISO 27001 which sets out a framework to establish, implement, operate, monitor, review, maintain and continually improve an ISMS (information security management system) and we successfully passed surveillance 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.

Corporate Governance Review

Chairman's Review

The Supervisory Board has had a busy year, working closely with management, overseeing the implementation of our distribution centre project, securing funding for expansion, further developing our governance systems and developing a new incentive programme for our senior team.

Funding growth

In line with our ambitious plans for the business, the Supervisory Board and our Korzinka Senior Management team, in conjunction with our advisors, worked this year on securing investment through a private placement. I am pleased to announce that this effort was a success and we agreed terms with Abu Dhabi Uzbek Investment (ADUI), and the Uzbek-Oman Investment Company (UzOman) in late 2024, concluding the investment in May 2025. Together, they will invest US110m into the Korzinka vision. Alongside earlier funding and investment from the ADB (Asian Development Bank), the EBRD (European Bank for Reconstruction and Development) and DEG (Deutsche Investitions- und Entwicklungsgesellschaft mbH), this investment will help to speed the business towards its medium- and long-term goals.

Building for the future

The Supervisory Board paid close attention to the construction of our new distribution centre in 2024. The facility represents the company's largest ever capital investment and is key to the business's medium-term future. We expect the facility to be fully operational in the second half of 2025, delivering significant improvements in costs, product quality and product availability.

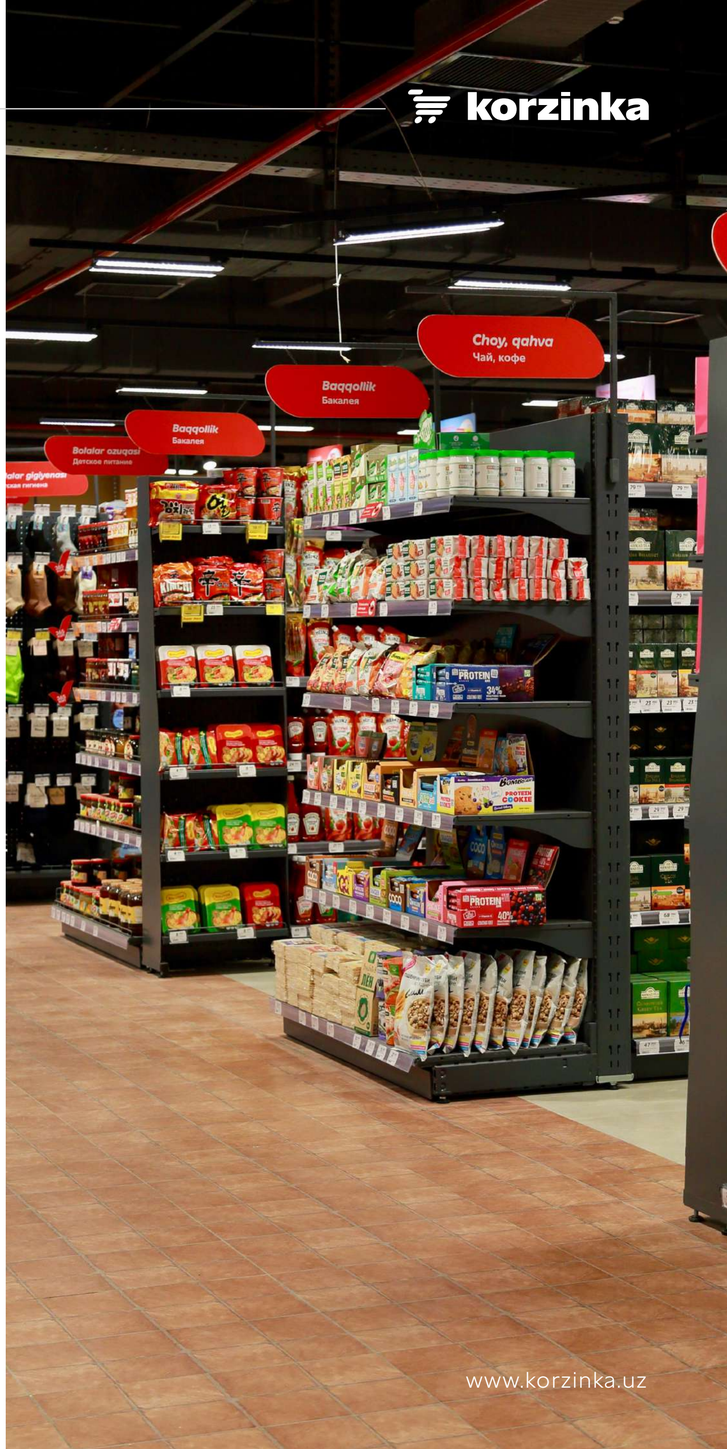
Working towards best-in-class governance

In 2024, our focus on corporate governance continued. We have further developed our compliance function and successfully completed the full programme of audits set out by the internal audit function. Our conflict of interest and code of ethics policies are now embedded into the operation and our stakeholders welcome the clarity and stability that they represent. We expect to place additional focus on managing risk within the organisation in 2025.

Retaining the top team

Additionally, much focus was placed on an incentive programme for the Korzinka Senior Management team, other senior managers and functional heads. The five-year, long-term programme, which runs alongside an annual incentive scheme, is linked to business and functional KPIs and will ensure that the interests of management and shareholders are fully aligned for the longer term. A separate annual programme for the next tier of managers and functional heads also offers annual KPI-linked bonuses.

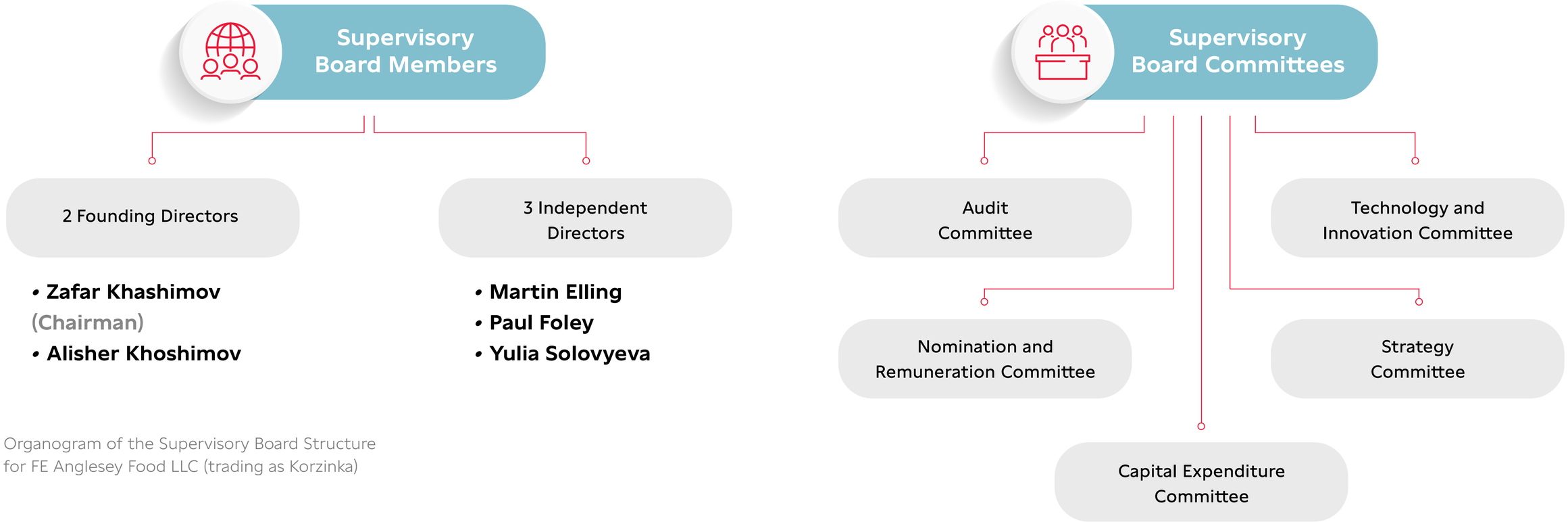
Our ambitious expansion plans require the business to recruit and retain talent with international experience and a record of success and I believe that this programme is an essential component in that process.



www.korzinka.uz

Corporate Governance Structure

Korzinka – Supervisory Board Structure



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 three independent directors. The Supervisory Board was established in 2020. It is chaired by Zafar Khashimov. The second non-independent 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 a former senior executive in the tech sector, 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 Korzinka 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 directors hold monthly calls with management and 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 Korzinka 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 Korzinka 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. Every three years,, 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.

Supervisory Board Administration

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

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 Korzinka 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 in the organisation of the affairs of the Supervisory Board and reports directly to the Chairman.





ZAFAR KHASHIMOV

Chairman

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

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 Korzinka where he led operational work until 2022.

Mr. Khoshimov sits on the following sub-committees of the Supervisory Board: the Strategy Committee and the Nomination and Remuneration Committee. Mr. Koshimov left the Audit Committee during the year to take up a position on the CAPEX committee.



MARTIN ELLING

Independent 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

Independent 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, is an independent Board member at BIM in Turkey and Morocco and at Austria Pet Food Gmbh.

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

Independent Director

Julia has over 30 years' experience in the internet search, media, retail and telecommunication sectors. She has significant experience in the international tech sector in Russia and the EMEA regions and has held various senior Executive and Non-executive positions in Moscow, with media, technology, telecoms and retail businesses, including Lenta and X5.

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 2024, supervised its implementation.

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

Independence of Directors and Conflict of Interest

The Independent Directors are required to be wholly independent and their independence is assessed in line with the requirements of Annex II of the European Commission Recommendation dated 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the supervisory board, complemented by additional criteria which address the objectivity and independence of judgment that Independent Directors should have in practice.

Each of them is required to annually re-affirm their independence to the Supervisory Board. The Independent Directors were appointed in 2020.

Mr. Foley and Ms. Solovyeva hold directorships in other retail operations, but given the territories in which those businesses operate, the board does not consider that this represents any conflict of interest.

Ms. Boitchenko is a relative by marriage to a shareholder of a business, ultimately also majority owned by the majority shareholder of Korzinka. As Ms. Boitchenko plays no part in the decision-making process of the Supervisory Board, the Board does not view this as a conflict of interest.



Board Committees

The committees of the Supervisory Board provide oversight of the key functions of the business. The role of the committees is to interact with the Korzinka Senior Management team on all issues pertinent to their expertise, arrive at an informed opinion and provide advice to the Supervisory Board. The committees also review and advise the Supervisory Board on compliance with regulation, on policies and procedures and on the risk profile of the business. The Supervisory Board decides on the strategic direction of the business, having taken into consideration the recommendations of its committees.

Korzinka's Supervisory Board has established 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

Audit and Risk Committee

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 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 Korzinka 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.

Following the adoption of the company's Ethics Policy in 2023, the committee is working with management to roll-out the policy throughout the organisation and all of its stakeholders, sub-contractors and suppliers. The company has established an Ethics Committee which reports directly to the Audit Committee.

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 management, 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 the 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.

Finally, the committee has oversight of the company's Environmental and Social programme and regularly reviews departmental progress in this fast-developing sector.

Remit: The remit of the committee was unchanged in 2024, but much focus was placed on deepening the work started in previous years on the Internal Control and Internal Audit functions. The Committee also worked closely with management to implement a comprehensive Compliance Function.

Membership: In 2024, the committee was chaired by Martin Elling, with Yulia Solovyeva and Alisher Koshimov as members. Mr. Khoshimov left the Audit Committee and joined the Capital Expenditure Committee, in October 2024, to contribute to the implementation of the expansion strategy. The committee did not co-opt additional members or engage the services of external consultants during the year.

Meetings: The committee met six times, four of which were in person, in Tashkent, held a number of additional working calls and completed a number of store visits.

Matters under discussion: Specific attention was paid in 2024 to the implementation of a company-wide compliance function. Additionally, the committee is pleased to report that Internal Audit is now fully integrated in the Company's operations.

The IA Function has a comprehensive IA plan, submits regular reports to the Committee and closely monitors implementation of its findings and recommendations. The IA Function works closely with the various management functions to ensure that its findings are taken fully into account and that its recommendations are shared with management.

At the end of 2023, a financial function health check was conducted on the advice of the Audit Committee. In 2024, efforts were focused on addressing the recommendations, and this work will continue in 2025.

During the year, the Company further strengthened the Financial Control Function and closely supervised its development given the importance of this 'second-line of defence' mechanism.

With the adoption of the Company's Ethics Policy in 2023, the committee has been working with management to roll-out the policy throughout the organisation and all of its stakeholders, subcontractors and suppliers. The Company has set up an Ethics Committee that reports directly to the Audit Committee.

The committee has fully supported management and shareholders in their negotiations with the various IFIs (international Financial Institutions) and equity raising activities and in the implementation of the recommendations in the External Auditor's management letter.

The committee also assisted management to put in place the Finance Department's implementation capabilities.



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 and 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.

Remit: The committee's remit remains unchanged but this year it has paid significant attention to cost reduction, cost control and preparation of the company's capacity to embark on its major strategic growth strategy in 2025. Consequently, the committee has advised on the development of the Expansion Department, the formulation of strategic partnerships for construction and the identification of potential locations.

Membership: The committee is chaired by Martin Elling and Zafar Khashimov is a member of the committee. To assist with the projected workload of the committee and to offer his experience in the sector, Alisher Khoshimov joined the committee during the year. The committee did not co-opt additional members or engage the services of external consultants during the year.

Meetings: The committee met four times in person in Tashkent and held other online meetings throughout the year. Management provides the committee with regular reporting on both openings and capex dynamics. Members regularly visit new and existing stores and ongoing capital expenditure projects.

Matters under discussion: The committee held extensive discussions on the optimisation of capital expenditure for new store openings and refurbishments. To meet the business's expansion plans, we have targeted a 33% cost saving on new Supermarkets and a 45% cost saving on new Mahalla stores.

The committee also worked closely with the Audit Committee and the Company's Cost Control Function to improve capital expenditure outflow.

New procedures were put in place which will be audited by the IA function in 2025. Jointly, the committees offered their advice and recommendations on the strengthening of the company's procurement processes and procedures, and during the year significant savings were made in this area.

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.

Remit: There were no changes to the remit of the committee in 2024.

Membership: The committee is chaired by Paul Foley. Yulia Solovyeva, Martin Elling, Alisher Khoshimov and Zafar Khashimov are members of the committee. During the year, no changes were made to the composition of the committee, and no additional or temporary members were elected or co-opted.

During the year, the committee commissioned a benchmark study into Korzinka's price perception and ways in which this can be improved and an external survey exploring the types of consumers that visit traditional trade and why, in order to guide Korzinka's consumer segmentation strategy.

Meetings and attendance: The committee met seven times during 2024 and visited Korzinka stores and competitors six times. The committee also supported a visit by the Korzinka Senior Management team to Türkiye to learn about private label development.

Discussions: The committee's focus was development of a new supply chain initiative based around our new Class A distribution centre, the largest in Central Asia. Additionally, the committee worked with management to refine our new Mahalla proximity store concept.

2024 also saw the development and implementation of an EDLP strategy and our First Price activity. The committee provided advice and guidance throughout this process.

Korzinka already has the largest, best established loyalty programme in the country and the committee provided advice on segmentation so that marketing can be more effectively targeted.

The Nomination and Remuneration Committee

The committee advises the Supervisory Board on recruitment, succession planning, human resources and performance evaluation and training of Supervisory Board members.

Under its nomination remit the committee:

- Recommends a nomination policy to the Supervisory Board and regularly assesses its implementation
- Ensures that plans are in place for orderly succession by identifying and suggesting candidates to the Supervisory Board to fill any vacant positions.
- Advises on the appointment, re-appointment, and dismissal of the CEO (Chief Executive Officer, General Director) and all of the Korzinka Senior Management team and recommends high-level policies to the HR (Human Resources) department.
- Assesses the effectiveness of the Supervisory Board and offers recommendations to the Supervisory Board, regarding skill development programmes for both the Supervisory Board and the Korzinka 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 Korzinka 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.

Remit: During the year the terms of reference of the committee were changed to place more focus on the Korzinka Senior Management team and company-wide incentive programmes.

Membership: The committee is chaired by Paul Foley. Yulia Solovyeva, Zafar Khashimov and Alisher Khoshimov are members of the committee. During the year, no changes were made to the composition of the committee, and no additional or temporary members were elected or co-opted.

During the year, the committee commissioned the Egon Zehnder Consultancy to analyse and benchmark the professional skills and competencies of the Korzinka Senior Management team.

Meetings and attendance: The full committee met six times in person during 2024, and on each occasion also visited operational departments, including HR, Korzinka Go, Logistics & Supply Chain and the Commercial Department.

Discussions: During 2024, the committee paid close attention to compensation and benefits for the Korzinka Senior Management team, and other senior managers and functional heads within the business, developing a Long-term Incentive Programme (LTIP) for Korzinka Senior Management to support the company's 2024-2030 strategy and a wider programme of annual incentives for managers and functional heads.

The committee oversaw a transformation of the Human Resources function allowing it to focus separately on individual sales channels and the supply chain function. As part of this process a new HR director and a new Supply Chain Director were recruited.

The committee agreed to fund external MBA courses for the Marketing Director and Sales Operations Director, and external professional coaching for the Expansion Director and Commercial Director.

During the year, the committee oversaw the establishment of a new retail college to train individuals for a career in the retail industry with the aim of making a retail career a more attractive proposition.

Premises have been identified and government support secured. The committee hope that other retailers will support the college and raise the profile of the industry.

Finally, the committee developed a new human rights policy, both for use within the company and in our relationships with suppliers, contractors and consultants.

Technology and Innovation Committee

The committee places particular emphasis on ensuring that Korzinka's technological systems and processes are resilient and fit for purpose.

Korzinka's strategy envisages significant growth in its on and offline business and the committee's main role is to ensure that the right people, hardware, systems and software are in place to manage that growth effectively. 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

Remit: There has been no change to the remit of the committee in 2024.

Membership: The committee is chaired by Yulia Solovyeva. Zafar Kashimov and Paul Foley are members of the committee. During the year, no changes were made to the composition of the committee, and no additional or temporary members were elected or co-opted.

Meetings and attendance: The committee met four times in person and a further three times on-line, with all members in attendance. During visits to Tashkent, alongside visits to company stores and those of competitors, the committee visited the company's dark stores, to observe operational processes.

In 2024, the committee commissioned consulting companies, including Novardis, and B1 (formerly EY Russia) to provide expert advice on data platforms, SAP implementation and ongoing strategy. Their outputs were presented to the Supervisory Board and used to provide guidance to management.

Discussions: Ambitious expansion plans and the construction of the new distribution centre have required a major review by the committee of the company's IT infrastructure, data platform and ERP systems to ensure that they remain fit for purpose. Alongside this, discussions focused on operational and capital expenditure to meet these growing needs.

The committee also focused on IT and Information security, providing advice to the management team to ensure that the company met the ISO 27001 (information security management system) standard and input into plans to meet ISO 27032, which covers cyber-security and protection of personal data.

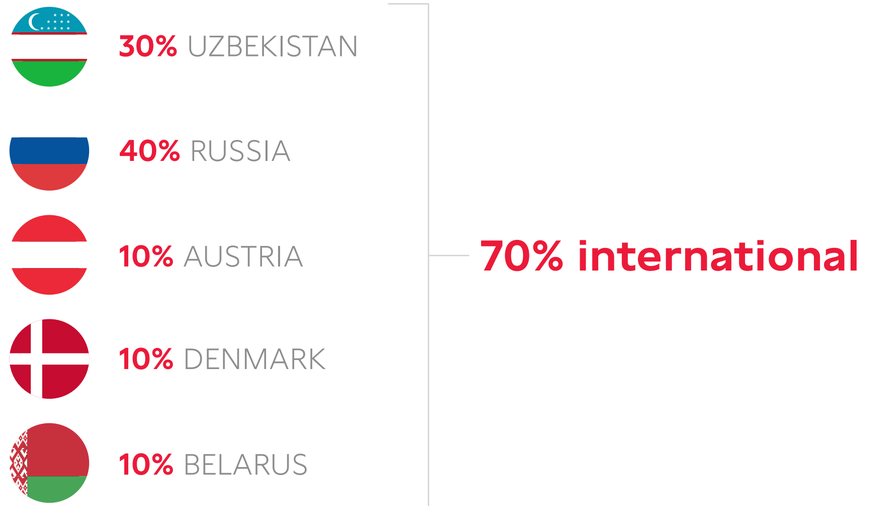
The committee reviewed Korzinka Go's strategy, performance and operational metrics, the operating model for the company's dark stores and the rationale and plans for opening new dark stores.

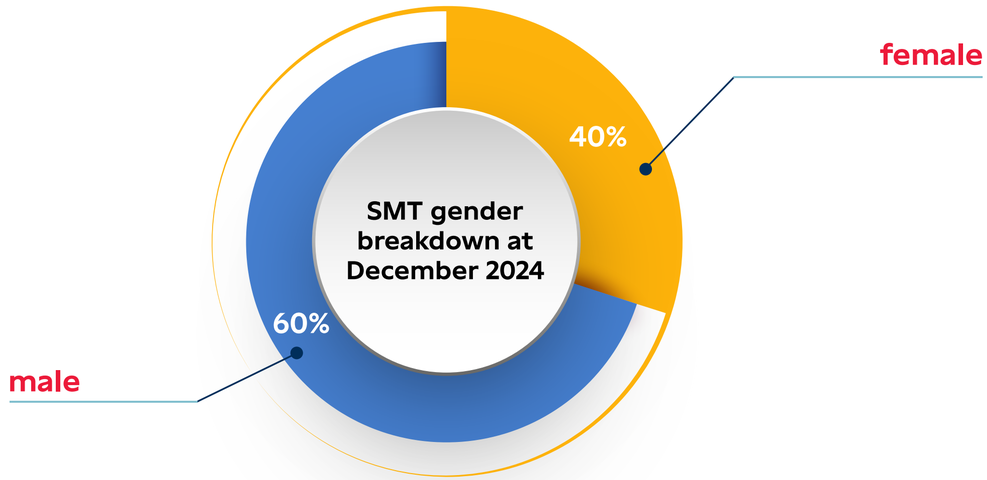
The committee continues to explore the potential for relationships with other online players, both to develop Korzinka's current roster of technology partners and services and to identify opportunities in related fields.

Senior Management Team

Full composition of the SMT during 2024

Name	Position	Appointed	Employment History
Rud Pedersen	Chief Executive Officer (Designate)	**2022**	Lenta, Carlsberg, 1C Group A/S, Levi Strauss & Co. AstraZeneca, Cadbury, Deloitte
Temur Islamov	Real Estate Director	**2008**	Korzinka
Sherzod Makhmudov	Commercial Director	**2009**	Korzinka
Malik Karimov	Marketing Director	**2016**	Nestle Food Kazakhstan, Uzmarkazimpex, Interbrand Marketing LLC
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
Vera Kudryashova	HR Director	**2024**	X5, Alfa-Group, Alfa-Insurance, Alfa-Health Center, French financial group Societé General





Senior Management Team

In 2024, we continued to strengthen our senior management with the addition of Vera Kudrashova as HR Director, in May 2024. The board now feels that Korzinka has a complete team, capable of developing the business and taking forward their strategic vision.

The 2025 leadership development strategy for the Korzinka Senior Management team will be centered around six initiatives to foster growth and enhance leadership capabilities aligned with the company's vision and core values, focusing on change management, strategic thinking, scalability, leadership skills, and results orientation.

The team have already started to accelerate development of our business, taking forward our plans for our supermarket business and building new revenue streams in online and proximity stores. Our ambitious business plans for the coming years are challenging but the board is content that we have the skills onboard.

Over the course of 2024, Saodat Zakirova and Igor Lebedev left the team to pursue new opportunities and the Board and the Korzinka Senior Management team wish them well in their new roles. Mansur Tillaboyev has taken on a new role within Korzinka.

The Korzinka Senior Management team line-up is as follows:

Rud Pedersen

Chief Executive Officer



Skills and Experience

Rud joined Korzinka in August 2022 as Chief Financial Officer and took on the role of CEO effective from 01 January 2024. Rud has more than 31 years' experience in senior leadership positions in EMEA and has worked and lived in a number of countries in East and Western Europe. 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 and COO of Carlsberg (Eastern Europe).

Rud has extensive experience in senior finance and leadership roles, delivering on strategic growth plans and building and motivating high performance teams with a range of privately held and listed international companies.

Education

Rud holds an M.Sc. in International Business Administration and Commercial Law from Aarhus School of Business and an 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) and took on the role fully in January 2024. She has more than 20 years of experience as a retail finance professional and prides herself on her logical and systematic approach to her work.

Elena came to Korzinka having worked for some of the biggest retailers in Russia, including X5, Lenta, where she was Finance Director of Small Format and Billa where she was Chief Financial Officer.

Education

Elena holds Bachelor's degrees in Economics and Enterprise Management and in Automation of Technical Processes from the Bratsk State Technical University and a Master's in Business Administration and 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 (the International Finance Corporation, a World Bank body) in Belarus.

Education

Anastasiya holds a Bachelor's degree in International Economic Relations from the Belarusian State Economic University and is currently studying for a Women in Leadership qualification from the London Business School.



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

Jasmin holds a 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 Korzinka Go. He is an eCommerce, technology, digital strategy and operations professional with over 20 years of experience. In September 2023 he took on the role of Chief Technology Officer for all Korzinka businesses.

Prior to joining Korzinka Go, Konstantin was Director of Strategy at AVITO.ru one of the world's largest classified advertising sites, COO of Sdelano, an interior design company, was Digital Transformation Director at Leroy Merlin and Strategic Programme Director and PMO leader at M.Video.

Education

Konstantin holds a Master of Science in Management from the Stanford University Graduate School of Business and a Master's 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 18 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

Malik holds a BA Hons in Business Administration from Westminster University in Tashkent and is studying for an Executive MBA at the London Business School.

Sherzod Makhmudov

Commercial Director



Skills and Experience

Sherzod joined Korzinka in August 2009 as a Project Manager. He 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 an Executive MBA from the London Business School.

Roman Rabaev

Supply Chain Director



Skills and Experience

Roman joined Korzinka in 2023. He has more than 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

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

Vera Kudryashova

HR Director



Skills and Experience

Vera joined Korzinka in May 2024. She has more than 15 years of experience in personnel management in national and multinational businesses, including leading Russian retailer X5, Alfa-Group businesses, Alfa-Insurance and Alfa-Health Center, and French financial group Societé General.

Education

Vera holds a Master's degree in Personnel Management from Kingston University a CIPD Advanced level Diploma and a Master's degree in Linguistics from Voronezh State University.

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 he launched and headed an MBA programme at the Higher School of Diplomacy.

In 2024, he was appointed as Real Estate Director, consolidating the previously independent functions of Expansion, Construction, Maintenance and Sublease.

Education

Temur holds a Bachelor of Arts in Business Administration from Westminster International University in Tashkent and a Master of Business Administration from the American University in Dubai. Temur is currently pursuing a PhD degree in International Relations at MGIMO.

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 a 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 in Uzbekistan 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.

Our Stakeholders

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

- A Code of 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. In 2024 we updated our Code of Ethics to bring it closer into line with the company's mission and values.
- 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.
- A human rights policy, which outlaws gender-based discrimination and offers equality of employment, and employment rights, ensuring equal pay for work of equal value.

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.

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 the Korzinka Senior Management Team
- 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.



www.korzinka.uz

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.

The company 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.

In line with our commitment to be good corporate citizens, Korzinka plays its part by engaging actively in local and international business and society organisations. Korzinka was the first business in Uzbekistan to support the UN Global Compact, a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and, importantly, to report on their implementation. Korzinka's Chairman, Zafar Kashimov is also the co-chairperson of the UN Global Compact Central Asia Advisory Board. Korzinka has also signed on to the UN Women's Empowerment Principles.

The principles offer guidance to business on how to advance gender equality and women's empowerment in the workplace, marketplace and community, and are a central plank in the promotion of the UN's Sustainable Development Goals. The Anti-Corruption Business Charter of the Republic of Uzbekistan was drawn up in 2022 and Korzinka was one of its first signatories. This initiative, promoted by the Business Ombudsman, the Chamber of Commerce and the Anti-corruption Agency, fosters transparent business practice, providing advice on best 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 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. Our First Price initiative is a demonstration of our commitment to exceeding customer expectations, and a recognition that by providing unparallelled value, we benefit all of our stakeholders.

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 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.

We regularly survey our customers to make sure that we continue to offer them the experience they want and Korzinka far outscores its modern retail competitors on measures of value, convenience, variety and quality. Nevertheless, we are constantly seeking out new ways to enhance our customers' experience. Understanding our customers' needs and expectations is a top priority. To ensure we stay attuned to consumer preferences and behaviours, every year, we conduct three large-scale surveys. These surveys provide valuable insights that allow us to better understand our consumers and provide input in shaping our strategic decisions, enabling us to enhance our offerings and improve customer service.

Our Customer Relationship Management Programme, which includes a 24/7 call centre, is committed to providing timely information and handling customer enquiries and in 2024 alone, our team successfully processed over 290,000 customer enquiries, reflecting our commitment to responsiveness and service excellence. We leverage a world-class CRM platform which enables us to manage customer interactions with precision and efficiency.

We offer customers a range of channels through which they can reach us, including a client inquiries book, available in every store, a Telegram bot for instant assistance, our official website and email support, social media platforms for direct engagement and our 24/7 call centre for real-time customer support. In addition, the Korzinka and Korzinka Go mobile apps, allow customers to rate their shopping experience.

By leveraging data analytics and technology in this way, the company endeavours to offer a seamless and personalised shopping journey, from product recommendations to exclusive offers, enhancing customer satisfaction and loyalty. Korzinka places strong emphasis on customer feedback and communication channels and actively listens to customer concerns and preferences. 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 important stakeholders. Korzinka's success hinges on the loyalty and satisfaction of local residents who use 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 Mahalla proximity stores, 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 national and local events and partnerships with national and local charities. These efforts create a sense of shared responsibility and demonstrate Korzinka's commitment to being a responsible corporate citizen.

Our efforts are focused on the arts, health and well-being and include sponsorship of the Uzbekistan State Symphony Orchestra, which holds as many as 70 performances annually, some of which, in 2024, were free to concert-goers, and the Samarkand Marathon series organised by the Uzbekistan Culture and Arts Development Fund.

Korzinka was a founding sponsor of the Samarkand Marathon series in 2019 and has supported the event ever since. The series includes the Zaamin Ultra, an ultramarathon, the Bukhara Night Run and concludes with the Samarkand Marathon. Each event also includes shorter distance categories and opportunities for children to take part. The company also supported the UNICEF Children's Marathon, the Uzbekistan Duathlon Championship, and the Uzbek leg of the World Triathlon Championship in 2024.

The company has for some time, worked with the Republican Specialised Scientific and Practical Medical Centre of Endocrinology and this year supported its diabetes awareness campaign which offered on the spot blood testing for shoppers. Korzinka also supports the Ezgu Amal Foundation, which helps children with cancer and other serious diseases, across Uzbekistan.

Among our community activities, we have worked with local Mahalla's (local community councils) to provide 'back to school' packages for disadvantaged families. Korzinka places emphasis on social responsibility and carefully listening to Uzbek cultural preferences, tailoring our outreach 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. In 2024, we launched a joint business planning project with some of our major suppliers in which we shared our growth strategy, KPIs, and resources, to ensure that we are jointly better able to serve our customers. The project involved Coca-Cola, L'Oréal, and Henkel and we expect to expand our relationships to other suppliers over the course of 2025.

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 collaborative planning to optimise inventory levels and 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 156 and from 5,000 employees to almost 11,000. 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, due to open in the second half of 2025, 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 of USD 50m from the International Finance Corporation and DEG (Deutsche Investitions- und Entwicklungsgesellschaft mbH).

Our investors' 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 facility of its kind in Central Asia.

During 2024, along with our advisors, Morgan Stanley, we sought additional finance to assist with our ambitious expansion programme. In late 2024, we agreed terms with Abu Dhabi Uzbek Investment (ADUI), and the Uzbek-Oman Investment Company (UzOman), for an equity investment of US 110m and arrangements were finalised in May 2025.



www.korzinka.uz

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 Korzinka 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 has used the COSO framework as a basis for internal control on financial reporting, starting from the financial year 2024.



www.korzinka.uz



Compliance

Compliance monitoring is an integral part of the company's risk management process, and the Supervisory Board and the Korzinka 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.

The Compliance Function has now been moved under the supervision of the General Counsel. The Compliance Function has finalised the compliance monitoring plan and has already conducted compliance monitoring sessions in over 60 supermarkets, distribution centres, and proximity stores. By August 2025, the Compliance Function will have fully monitored 150 supermarkets and proximity stores, all distribution centres, dark stores, and private label manufacturing facilities.

While this year was dedicated to compliance checks in critical areas such as health and safety, fire safety, product quality, and environmental and social safeguards, we aim by the end of 2025 to develop a compliance matrix that provides 360-degree visibility on the company's entire compliance requirements. Additionally, by the end of 2025, the company will have reviewed critical areas such as HR, anti-competition law, indirect procurement, data protection and IT security.

The Compliance Function also provides critical assistance to other departments in terms of policy preparation and revision. Moving the compliance from its report to the CFO to the General Counsel, and the expansion of the team to include legal professionals, has allowed the function to have a deeper understanding of all aspects of retail operations. This integration provides an invaluable feedback loop, ensuring that compliance and legal functions are aligned with the operational realities of the business.

Risk Management

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

The approach is reinforced by a commitment from each key member of the Korzinka Senior Management team to integrate internal control into their policies, procedures, and processes.

Management have initiated further development of the risk management process using the ISO 31000 Risk Management methodology. This approach ensures a continuous risk management cycle, allowing the company to assess individual financial risks and obtain formal approval from the Supervisory Board and shareholders when establishing the company's risk appetite. The methodology requires assigning specific risks to risk owners, developing risk mitigation plans and implementing risk management procedures. Management will present its Integrated Risk Management Plan to the Supervisory Board for review in mid-2025 and will then compile an initial comprehensive risk register and complete its first risk management cycle by the end of 2025.

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 Key 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, focusing mainly on business process and store audits, all gained at international companies. As of 31 December 2024, the IA Function had six full time employees and is seeking to add an IT and Cyber-security Auditor in 2025. 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 2024, the IA Function completed audits of the Commercial Department processes, including a back margin calculation, an indirect procurement audit, an audit of the consulting project for the new DC, and a fleet management audit. Further, two mandatory annual audits of the Annual Inventory Stocktake and expenditure on corporate cards and business trips were undertaken. We consider our business process auditing function to be fully mature and in 2025 we will develop plans to bring Store and IT audit functions to the same high standards. We regularly review the scope and timings of our investigations and any relevant follow-up. Approved in August 2024, our three-year Internal Audit plan will cover off all key business streams and our priorities for 2025 are currently being established.

In 2024, the following audits were completed:

- Manage User Identity and Logical Access audit, September 2024
- HR Function process audit, including payroll function, November 2024
- Audit of Rent Agreements, December 2024
- Annual review of management of Corporate Cards, December 2024

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 2025, 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.

Supporting Information

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.



Glossary

ADUI – Abu Dhabi Uzbek Investment
bn – billion
BNPL – buy now, pay later
CAGR – compound annual growth rate
CAPEX – capital expenditure
CEO Chief Executive Officer
CFO – Chief Financial Officer
COO – Chief Operating Officer
CO2 – carbon dioxide
CO2e – carbon dioxide (equivalent) emissions
CO2e/m2 – carbon dioxide(equivalent) emissions per square metre
CSR – corporate social responsibility
DC – distribution centre
DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH, a development finance institution
EBITDA – earnings before interest, taxation, depreciation and amortisation
EBRD – European Bank for Reconstruction and Development
EDGE(1) – Economic Dividends for Gender Equality
EDGE(2) – Excellence in Design for Greater Efficiency
EDLP - everyday low prices
EMEA – Europe, Middle East and Africa
ESG – environmental, social and governance
FDI – foreign direct investment
FMCG – fast-moving consumer goods
FTE – full-time equivalent
GHG – greenhouse gas
GWP – global warming potential
HR – human resources
HVAC – heating, ventilation and air-conditioning
IA – internal audit
IMF – International Monetary Fund
KVI – key value item
IFC – International Finance Corporation, a member of the World Bank group
IMS – integrated management system
IPO – initial public offering
ISO – International Standards Organization
LFL – like-for-like
m(1) – metre
m(2) – million
m² – square metres
MAU – monthly active users
MW – megawatt
MWh – megawatt hour
MWp – megawatt peak
NGO – non-governmental organisation
NPS – Net Promoter Score
OHS – occupational health and safety
PM 2.5 – particulate matter under 2.5 micrometres
PM10 – particulate matter under 10 micrometres
PMO – project management office
PPA – power purchase agreement
R22 – chlorodifluoromethane, a refrigerant gas
SAP – Systems, Applications, and Products in Data Processing, a software supplier
SDG – (United Nations) Sustainable Development Goals
SKU – stockkeeping unit
tCO_2 - tonnes of carbon dioxide
tCO_2e – tonnes of carbon dioxide equivalent
tn – trillion
VAT – Value Added Tax
UNICEF – United Nations Children's Fund
USD - United States Dollar
UzOman – Uzbek-Oman Investment Company
UZS – Uzbekistan Som
WEP – (United Nations) Women's Empowerment Principles
°C – degrees Centigrade

ANGLESEY FOOD FE LLC

Legal address: 57, Turob Tula St. Tashkent 100066, Uzbekistan
Head office: 120, Kichik Khalka St. Tashkent, 100015
Telephone: +998 78 140 1414
General Enquiries: info@korzinka.uz
Press Enquiries: pr@korzinka.uz