

RedHead

THE CORPORATE MAGAZINE

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THE YEAR OF NEW OPPORTUNITIES

2021



WE GOT STRONGER

Confidence is the first thing that comes to my mind when I look back at 2021. We adapted to the pandemic and found a way to get through it relatively smoothly in order to minimize losses for business, for ourselves, and the people around us. We are actively getting vaccinated, and we recommend everyone to do it as well. I believe that this is the only way to get out of the crisis, both economic and social, as soon as possible. I expect the pandemic to be over by the end of 2022. So our business, in which we put so much meaning and love for almost 30 years, will see full recovery and growth in 2023.

We survived the most severe crisis and got stronger. Our relationship with most partners improved. We proved to ourselves and others that we could work even in such unprecedented circumstances. Yes, it was tough. But the worst kind of crisis is the inner one, and we managed to avoid it. After all, if everything goes well inside the company, people are motivated, and the team is solid, external difficulties are passed with minimal losses. I am grateful to the RedHead Family Corporation team for their faith in each other and their support. Thanks to all of you, we are going through these difficult times, perhaps imperfectly, but quite smoothly and certainly decently!

More recently, we opened the largest store in Ukraine among shopping mall-based children's



stores. We have the feeling that Antoshka is gaining its cruise speed and works at full power like in the good old days. At the same time, we are still ready to learn and get better. Meanwhile, Smarty Family, our distribution business unit, found a way to meet budget targets despite all imaginable and sometimes even unthinkable changes in the locations of the production facilities of our key suppliers.

The journey of the RedHead Family Corporation in the world of Ukrainian business continues. Thanks to everyone who follows this path with us, sharing our philosophy and values. Thanks to each one of you!

Vladislav Burda,
Founder and CEO of RedHead Family Corporation

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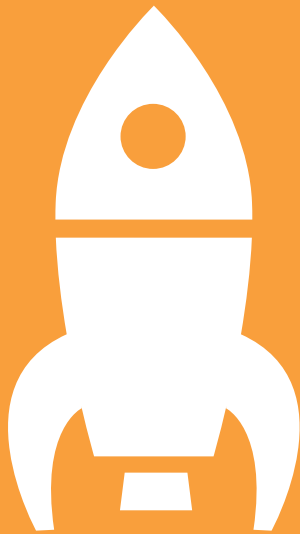
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Events of the year 2021
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COMPANY LEADERS ABOUT THE OUTGOING YEAR – A TIME OF NEW OPPORTUNITIES



In 2021, the pandemic kept putting pressure on almost all businesses, including our company. But, unlike the things going on in the complicated previous year, this time we learned to cope with non-standard tasks and even more appreciate our colleagues' cohesion and support. Our top managers talk about the implemented projects, significant achievements and new challenges, as well as how the integration and efficiency of the entire team helped turn a difficult period into a year of new opportunities.

A portrait of Vladislav Burda, a man with dark hair and a slight smile, wearing a white button-down shirt. He is standing outdoors with green foliage in the background.

VLADISLAV BURDA,
Founder and CEO of
RedHead Family Corporation

Working with no restrictions and offline, meeting face-to-face and sharing energy, making plans for the future, traveling, and everything that used to be the norm, was lost in 2020. Fortunately, these activities are coming back to our life and business in 2021. This year gave us a lot of pleasant moments, good news, events, and changes for the better.

THE LIGHT AT THE END OF THE TUNNEL

Of course, the main development of the year is the arrival of vaccines. In 2020, lockdowns were almost the only weapon in the fight against the spread of coronavirus, but in 2021, another tool appeared. It allows conquering the pandemic with the lowest losses. Since this spring, people have started to

OLD CHALLENGES AND NEW HORIZONS



THE NEW STAGE OF DEVELOPMENT FOR ANTOSHKA

In November 2021, we opened the largest Antoshka store in the shopping malls — Antoshka Respublika Park, located in Kyiv. It fully complies with the company strategy for the next decade that we dedicated to reaching our best capacity and scaling the Antoshka concept. We will continue opening new format stores, implementing ERP, CRM, and bonus programs, strengthening online commerce, remodeling existing stores. We will put all our efforts into making the Antoshka brand as strong as back in the 2000s when it was a leader in the market.

get vaccinated. The vaccines from different manufacturers appeared, which brought the confidence that the problem could be solved and sooner or later, we would defeat the pandemic. This news brought a long-awaited sense of certainty.

2020 VS 2021: BUSINESS REALITY

Last year, we had to respond to circumstances and cut the annual budget by more than half. Besides, many decisions, including financial ones, were made in real-time mode. It wasn't easy for such a big company as RedHead Family Corporation, given the fact that we got used to sustainable budgeting. But thanks to our excellent team and the trust between our employees,

WE WILL PUT ALL OUR EFFORTS INTO MAKING THE ANTOSHKA BRAND AS STRONG AS BACK IN THE 2000s WHEN IT WAS A LEADER IN THE MARKET

we did better than expected. At the beginning of 2021, we still didn't clearly understand the situation with the quarantine restrictions, so many decisions were hard to make. But by the fall, it had already become clear that there would be no total lockdowns. Reducing the impact of quarantine restrictions on business is a good trend, as it allows making long-term predictions. The situation will become even more stable with a growth in the percentage of vaccinated people, our clients.



Now, when RedHead Family Corporation has almost paid the corporate loan, which took about ten years, we will invest considerable funds and other resources into the new stage of Antoshka development.

OUR PARTNERS' CHANGES

The sale of Kolinska, one of our initial and most significant partners, a manufacturer of children's products under the trademark Bebi, was completed this year. We have been working with Kolinska since 1996, and it had four different owners during this period. Before the last sale, the owner was a Croatian company Atlantic Grupa. Back in the day, the production plant stayed the same with the change of ownership, but this time a new holder, the Serbian company Nelt, decided to move the production line to Serbia. The good news is that, despite all the changes, the Ukrainian distribution stays under the lead of Emir Khrkovich, whom we know as a guardian of Bebi brand values. We expect the end of this transformation at the very end of 2021 or the beginning of 2022.

The production move from the UK to the Netherlands also happened to Philips AVENT. Cases like these strongly affect the supplies, and therefore our sales. Unfortunately, major transformations, like the owner or management change, especially the production move,



THE ONLINE MODE COULD COME IN HANDY IN MANY ASPECTS. IN 2021, WE HELD OUR ANNUAL MEETING FOR THE FIRST TIME ONLINE

may affect the stability of our figures. But things like these happen every year, so we got used to them.

COMING BACK TO OFFICES

I don't believe that online will conquer offline. People will preserve the need for communication in person. I can see that all the processes run more effectively in the live mode. Of course, we learned that online could come to the rescue in case of lockdown or

quarantine restrictions. But still, it doesn't fit for long-term work. That's why RedHead Family Corporation returns to the office. I stand for face-to-face communication and offline working mode.

Of course, the online mode could come in handy in many aspects. For example, in 2021, we held our Annual Meeting for the first time online, and we enjoyed it. We assume that we will try a mixed format someday to involve as many people as possible.



THE BOARD OF REDHEAD FAMILY CORPORATION HAS EXISTED FOR MORE THAN NINE YEARS, AND FOR THE FIRST TIME DURING THIS PERIOD, ITS MEETING WAS HELD IN KYIV

PRESENTATION OF THE REDHEAD FAMILY CORPORATION BOARD

The directors' board of the RedHead Family Corporation has existed for more than nine years, and for the first time during this period, its meeting was held in Kyiv. I took the opportunity to tell the involved audience how the professional supervisory board works in the private Ukrainian enterprise. So I offered Ukrainian Corporate Governance Academy (UCGA) to become a co-organizer of the event,

which would involve the whole RedHead Family Corporation directors board and people interested in our experience.

I talked about the idea that inspired us to create the board and five stages of its development, how the board appointed top managers, introduced family members into administration, and approved the qualifications of managers (details on p. 72). So far, the RedHead Family Corporation is the only private company in

Ukraine with a 100% foreign independent directors board. I believe that our experience is important and valuable for everyone interested in corporate management in Ukraine.

FNB TOUR TO CROATIA

In June 2021, the first tour for FBN members took place in Croatia. We didn't expect to gather so many people, but eventually, there were more than 70 participants. We even had to rearrange the program. In the end, we had a wonderful time (details on p. 80). It was great to meet up and spend some time together like in the good old days. For four days, we had plenty of conversations and met the representatives of Croatian family companies.

This long-awaited event turned out to be very intense. For many participants, it was the first trip abroad since the beginning of the pandemic. The Croatian citizen Filip Vishich, a husband of the Kormotech and Enzim companies owner Elena Vovk, did his best to make our visit to his home country unforgettable.

Once again, the meeting proved the importance of live communication and reminded us about the value of everyday things, which we only realize when we lose them.

BACK TO SCHOOL

In the autumn of 2021, I enrolled the Ashoka Globalizer Social Entrepreneurship course. Ashoka is a global community that unites

over 3,000 social entrepreneurs in more than 80 countries. It was founded 40 years ago in the USA by Bill Drayton. What is social entrepreneurship? It's any activity that benefits society. It could be any project that was initiated and implemented by a social entrepreneur. The understanding that it's impossible to separate business and social parts within a company like ours, which is socially responsible and deals with children and their parents, brought me to the course.

We already know how to make business. Now it's time to think about the social component of our mission, which is to raise kids healthy, smart, and fashionable.

The course is still running, but I already have many ideas, for example, about business and social inclusion. I have already gained a lot of inspiring knowledge, and it forced me to rethink some ideas that I used to believe. I'm sure that 2022 will be full of new initiatives.

FBN TOUR IN CROATIA TURNED OUT TO BE INTENSE. FOR MANY PARTICIPANTS, IT WAS THE FIRST TRIP ABROAD SINCE THE BEGINNING OF THE PANDEMIC



WE STRIVE TO BE THE WORLD'S BEST



VADIM ORLOV,
CEO of Antoshka

For us, the year 2021 turned out to be an interesting, complicated, and non-conventional one. Some pandemic restrictions influencing our business activities are still on-and-off, but they are no longer a surprise or a disaster. Rather, they are now a part of the reality in which we are still learning to live.

We went through the January lockdown as well as quarantine restrictions brought in action in some regions from February 26 to early May in dignity. Having worked effectively in the non-lockdown period from May 7 to October 18, we made a good leap forward. Doing business is harder now than it was before the pandemic. We suffer heavy losses because of lockdowns, but we are doing everything to ensure that the company solves this situation with the least possible losses. On the other hand, the Antoshka team has been great. Salespeople, cashiers, directors, and their deputies, security guards, cleaners, database administrators, pediatricians,

hairdressers — everyone works in unison and efficiently, providing the best service for our customers and taking care of each other. Employees at the office, online store, and warehouses staff — all of them carry their weight for the company to grow. And we will grow together with it.

PROJECTS-2021

This year, we have put into action many significant projects. For instance, we were the first retailers in the childhood segment to launch a bonus program. The implementation took much of the year, and it was a major challenge for all the stores in our chain, as well as for the IT, finance, and marketing departments. And we already have the first customers who come back to buy something from us and pay with their bonuses.

LOOKING AT ALL THESE ASTOUNDING PEOPLE ON OUR TEAM, I REMAIN CONVINCED WE CAN DELIVER THE BEST CUSTOMER SERVICE IN THE WORLD

We have also introduced a crediting system. Our assortment includes such rather expensive things as children's furniture, strollers, child car seats. Our clients need to have the option to buy such goods from Antoshka by installments or on credit.

Despite the challenges we faced throughout the year, in December

2020, we managed to open the flagship Antoshka store in Kyiv's Ocean Plaza shopping mall. Another pride boast is the recent launch of the largest Antoshka among all stores in the shopping and entertainment malls — Antoshka in Kyiv's brand new Respublika Park. The first days of its operation were record-breaking, even though the mall is only 61% filled with tenants. We were ready for the opening day thanks to the well-coordinated work of the entire team.

Another major initiative of 2021 relates to improving product flow management. To implement it, we signed an agreement with ABM Cloud, the leader in replenishment system solutions. We are going to complete this large-scale project, which has already started in 2021, next year.

WORKING TOWARD A SHARED RESULT

All these accomplishments would have been impossible without our incredible colleagues. I thank the entire RedHead Family Corporation team for endurance, discipline, patience, and unity. Our company is a friendly team leading the children's products segment for several

years running, and it keeps strengthening its leadership positions.

This year we launched one excellent initiative, the online educational platform Lumiversity led by Anna Bebeshko. A school for store directors started its work, providing interesting lectures from our in-house experts in various fields.

The mission we are shaping is largely service-based. A tremendous job is being done by the service department created in 2020 and led by Elena Bogdanova. Every day the department team deals with complicated situations, they work individually with every client, and the number of our clients is growing.

Looking at all these astounding people on our team, I remain convinced we can provide the best customer service in the world. I spent many years abroad, living in the United States, studying there and in Europe, and I can safely say that our people are in no way inferior to everyone else. On the contrary, they are much superior in their depth and desire to help. It means we can boldly set the goal of being the best in the world in what we do. When customers see world-class service at Antoshka, they want to come back. They can buy many items in other stores, but a kind, sincere attitude can hardly be bought. It is because we love what we do — we turn taking care of children into a pleasure.

WE DON'T HAVE NONCHALANT PLAYERS ON OUR TEAM



**SVETLANA
YEVSTRATOVA,**
CEO of Smarty Family

Each business has its specific features. 2021 was full of opportunities but, at the same time, a challenging year.

One of the most stressful episodes happened when two of our key suppliers relocated their production from one country to another. TM Avent and Bebi Premium have a significant share in our business, so we experienced difficulties with the availability of necessary goods during the year. We believe that we will get new opportunities and prospects with our partners after the complete relocation of the factories.

But we also had many positive cases. For example, the external merchandising project launched back in 2020. In 2021, it has already shown some good

results. It's our child that is still learning to walk and growing up. We look after this child closely, protecting it with tenderness and educating with severity. Smarty Family continues investing in the project, and I believe it will reach a payback level next

Joannusmolen, is focused on the Smarty Family and offers us organic vegetarian nutrition products. We have never traded goods in this category before, but we're very interested in cooperation with Joannusmolen. After all, our portfolio includes not

started to implement the baby food standards. In 2022, we're planning to develop company standards for accessories and hygiene products.

"LOGISTICS AND WAREHOUSE" IS OUR SLOGAN

In 2019, we began to update and improve warehouse equipment and cars that deliver products to our customers. Also, we automated many logistics processes. We can say that Smarty Family has been running under the slogan "Logistics and Warehouse" for two years already, and it will be relevant for a few next years. For instance, we are thinking about opening a second distribution center in Kyiv.

TEAM FIRST

In 2021, in the Smarty Family team, we have been thinking a lot about the direction we should move in and the actions we should take when problems occur. That's why we held a strategic session with our top managers in October. Our main benefit is a team. And it's not all about top managers, heads of branches, and warehouse directors. Everyone's work matters. We don't have unnecessary people in our company. And most importantly, there are no indifferent workers — everyone is involved! We go together through all the stages, from failures to victories.

OUR MAIN BENEFIT IS A TEAM. AND IT'S NOT ALL ABOUT TOP MANAGERS, HEADS OF BRANCHES, AND WAREHOUSE DIRECTORS. EVERYONE'S WORK MATTERS

year. But now, the other companies ask us for this service. It means that we're on the right track.

This year, we also began to develop the website on the Prom.ua marketplace with a unique domain name. It allows us to work upon the website within the platform and, at the same time, to attract new customers using various online promotion tools.

WE OFFER THE BEST TO OUR CLIENTS

In 2021, we signed an exclusive contract for the distribution of organic baby food TM Biobim in Ukraine. Cereals, purees, and snacks are produced under this trademark. The manufacturer of Biobim, the Dutch corporation

only products for children but also grocery goods, such as oat flakes, crunches, granola, cookies, chocolate bars, snacks. Now, we want to pay more attention to this portfolio. That's why we launched the project called Food (by analogy with Baby food) in 2021.

This year, we started to develop company standards. So far, the Minimum Must List (minimum required range at the retail point) has been developed only for baby food. It's like a cheat sheet that helps sales representatives and account managers who work with key clients understand what should be on the shelf first and offer the most profitable products. In September, we have already

FROM TACTICAL DECISIONS TO LONG-TERM STRATEGY



ALEKSANDR KRIUK,
CFO, RedHead Family
Corporation

In 2021, there were significantly more positive events for RedHead Family Corporation than negative ones. Among the main ones is the reduction of the corporation's credit burden to a historical minimum, according to data starting 2009. It also led to the lowest expenses on the loan's interest. Notably, despite the growth in inflation and the discount rate of the National Bank of Ukraine, we still manage to restrain the growth of interest rates. In 2021, the bank clients were reluctant to part with money and invest in projects during the crisis. It allowed the banks to accumulate significant cash resources. Taking advantage of the fact that banks weren't ready to raise prices so their resources wouldn't

stand idle, we could obtain the most favorable conditions in 2021.

The deadline for the entire corporate loan repayment is approximately one and a half years. It allowed us to shift this year's focus from debt repayment to strategic development planning and functioning of the corporation's businesses. In 2020, we were in the "survival mode", solving tactical issues, but 2021 gave us a chance to focus on our future. We evaluated the strategy for the ten-year development of Antoshka (from 2022 to 2032) and planned the further development of our distribution and real estate branches.

In 2021, we did the retail sector budgeting in quite a traditional way, understanding that the situation might not stabilize by the end of the year. Now we see that we're fulfilling the plan, but retail needs to slip through the "high" November and December. Our working conditions during these two months will determine whether we will be left with money or with goods on the shelves.

Far less than 2020, but 2021 was still a year of uncertainty in Ukraine. It's directly related to the low rate of response to the pandemic through vaccination. It's down to a personal decision of everyone whether we can return to normal life in the nearest future.

Despite all the hardship, we believe that the situation will improve in 2022, and RedHead Family Corporation will continue to grow and develop actively.

WE ATTRACTED A LOT OF NEW TENANTS



DMITRII BURDA,
Head of Real Estate Department,
RedHead Family Corporation

According to financial results, 2021 was quite successful. Our department showed positive dynamics and economic growth.

We entered 2021 with a clear understanding that the pandemic was going on, so capital investment budgets were initially lower than before, and we focused on short-term projects. For instance, we planned to renovate the free space of the red cube. office center and rent out this part of the building. But we managed to find the tenants who agreed to make the renovation on their own. Avoiding these expenses, we redirected the funds to the reconstruction of the air conditioning system in the building.

This year was more fruitful in terms of the new tenants' number than the previous when the demand for office space dropped significantly. In 2021, the ranks of our tenants included the mobile operator lifecell and the Ukrainian office of a big brewing concern AB InBev. Both companies occupied the space in our office center on Bozhenko Street in Odesa. As for the red cube. in Kharkiv, four new tenants from the IT sector leased an area of about 2,500 square meters there.

Last year, we got a soulmate tenant, the elementary school IDity. In 2021, the school expanded and now occupies more than half of our building on Akhmatova Street in Kyiv.

Optimization of the available space remains a constantly important area of our work. We implemented a few such projects this year. For example, we turned the former kitchen of the Antoshka Cafe and the space on the technical floor of red cube. into full-fledged offices. Besides, we managed to make the space of our company museum more compact with no harm to the exposition quality. And we found one more tenant to fill the vacant space.

With the beginning of the pandemic, we had to reduce the staff of the RedHead Family Corporation real estate department since most of the business activities were frozen, and the development of this branch didn't look promising in general. But in 2021, against the growing economic activity, our department expanded again. We increased the number of blue-collar workers (electricians, interior fitters) and brought in a brand marketing specialist within our real estate portfolio.

VALUES EMERGE IN THE MOST DIFFICULT SITUATIONS



ANGELA PODDUBNAIA,
HRD, RedHead Family
Corporation

Our company survived through the second year of the pandemic with dignity. When external conditions are difficult, to say the least, work with personnel comes to the fore to maintain positions in the market. All the events of 2020-2021 have brought the management team, the business units, and the departments of RedHead Family Corporation even more together. These two years showed us how friendly the teams in our company are.

Among the large number of significant events that took place in 2021, I'd like to note a few, in my opinion, key ones. They show our best in terms of new capabilities, the strength of the team, and its values.



and provided the medical teams with a place in our offices. Elena Bogdanova, the Head of the Antoshka Service Department, took over the organization of this task. She kept in touch with the company employees and doctors so the whole process would go easily.

The time of change is the time for new strategic decisions. Vadim Orlov and Svetlana Yevstratova, as true leaders, know it well. They are the CEOs of Antoshka and Smarty Family business units. That's why both companies had their strategic sessions. What are the main paths of development? What new markets, products, and customers will we conquer? What will be the consequence of key decisions and actions of the whole team in the next few years? These are the most important questions that top managers answered.

In the spring, we held a traditional Annual Meeting, a unique format of RedHead Family Corporation. For our team, it's always a big thanksgiving day, full of warmth and cheerful meetings, and recognition. The new reality, dictated by the COVID-19 pandemic, didn't allow us to gather everyone in one place, as we always used to do. But digital technology came to the rescue, and it turned out that the new online format has many advantages. For instance, all the company employees could watch a live stream and witness

HEADS OF BUSINESS UNITS AND THE HR DEPT DRAW UP THE ACTION PLAN TOGETHER TO MAKE THE WORKING PROCESS EVEN MORE SATISFACTORY, STABLE AND JOYFUL FOR OUR EMPLOYEES

the joyful moments of the award ceremony together with their colleagues.

Taking care of our employees, as soon as the corporate vaccination campaign started in the summer, we gathered groups of people who wished to be vaccinated

I was pleased to be a participant and facilitator of the Smarty Family strategic session. I can say without any doubt that decisions articulated at this meeting and implemented by such a stable and involved team will bring the company to a whole new level of development in the near future.

Measurement and assessment are important for every business. In the HR field, the measurement unit is eNPS, the employee loyalty study. It shows in figures what the employees think about their company. During September and October, we interviewed all RedHead employees. Our constant outsourcer Jansen Capital Management provided anonymity and technical support for the survey. The main result is not only the figure that shows the level of employees' loyalty (it's positive, just like the previous eNPS survey showed in 2019) but, first of all, the answers to questions like, "What do you like the most about the company?" and "What do you like least about the company?". For the whole RedHead Family Corporation top management team, these comments are thought-provoking. They are the motivation for planning further actions concerning the work with personnel. The heads of business units and the HR department are drawing up the action plan, which is supposed to make the working process even more satisfactory, stable and joyful for the employees.

I'm sure that with such a strong team and values, RedHead Family Corporation has great new opportunities and achievements ahead!

HR-PROJECTS: INTERESTING, USEFUL, IMPORTANT



YELENA BOGACH,
Head of HR Department, Smarty
Family and Antoshka

The outgoing year was very productive for us, despite its difficulties. We had to overcome all consequences of 2020, restore the brand as an employer and increase the level of the employees' loyalty and involvement.

This year, we brought to life many important training projects for

Antoshka's workers. Firstly, we purchased the online platform where we created our university — Lumiversity. In 2021, we launched a newcomer adaptation program in Antoshka. Our employees can work with this program online. Store executives have a clear work plan for new workers. Moreover, each store selected a mentor who underwent a

special training course teaching how to pass the knowledge, how to become a helping and supporting friend to a new colleague.

Not only new employees and linear personnel of the stores study at Lumiversity, but store managers are among the students too. They are the local leaders, guides to our culture, values, and mission. Especially for them, we developed a course, School for Chiefs. I should note that the speakers of this project are our employees. We understand that employees of Antoshka are experts in their fields. There is so much knowledge within the company that it makes no sense to look somewhere else, we only had to set up the process of sharing the knowledge.

School for Chiefs was launched in September. We found an opportunity to bring all executives to Odesa and opened the project offline. It was a warm gathering filled with joy of finally meeting each other in person. Further education in School for Chiefs is held online. The first module of the program is called Gagarin — we imagined that we are sending our executives to space orbit. Of course, in the beginning level, we included topics that our executives are very familiar with — many methods have been used in our work for a long time. But structuring all this knowledge helped to make

it more effective. Of course, our executives learned a lot from the course. Judging from the comments, they enjoy School for Chiefs a lot. The first module is over now, but it is not the end. We are preparing the second and, probably, we will do the third in the future.

Also, this year we developed an adaptation system for the Smarty Family trade team. All our groundwork, check-lists for these positions are digitized to make the adaptation process as comfortable as possible for Smarty Family's new workers.

THERE IS SO MUCH KNOWLEDGE WITHIN THE COMPANY THAT IT MAKES NO SENSE TO LOOK SOMEWHERE ELSE, WE ONLY HAD TO SET UP THE PROCESS OF SHARING THE EXPERTISE

We believe that the adaptation program will be interesting for the employees and useful for their executives.

When the vaccines appeared, we faced the issue of employee vaccination. We invited mobile teams under the Ministry of Health program to our central offices in Odesa and Kyiv and held an organized employee vaccination. Also, we were providing our workers with the information on the vaccination centers across Ukraine. Considering the number of

myths around the vaccine and questions about it, we organized a video conference with a doctor recommended by the Ministry of Health, with help from Vadim Orlov and the Retail Association of Ukraine. At this conference, we discussed vaccination in detail. All our employees could ask their questions, and they received the answers.

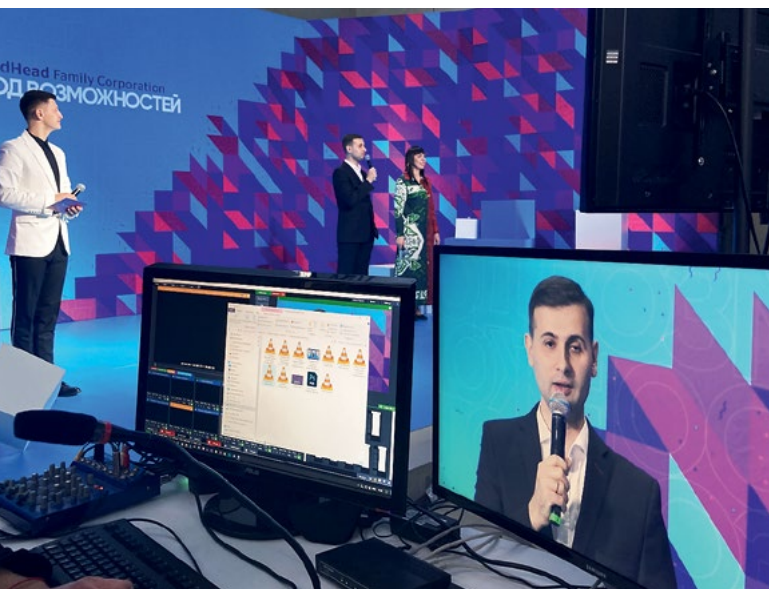
In September, we held a survey to define eNPS (Employee Net Promoter Score), an index of employees' loyalty. The survey showed that even despite the

crises of the last two years, the level of employees' loyalty is quite high — 26%. Today in Ukraine, the index between 11% and 30% is considered to be high. In our case, it is close to the upper limit. Of course, we still have a lot to strive for. We are working on a roadmap to implement in 2022, according to the eNPS results. I sincerely hope that the changes we are about to introduce will result in our employees having even better work experience with RedHead Family Corporation.

ANNUAL MEETING: NEW FORMAT AND NEW EMOTIONS

RedHead Family Corporation organizes the Annual Meeting to summarize the previous year and award the best employees. The event held in April 2021 turned out to be the most unusual in the company's history and brought lots of new emotions.





VADIM ORLOV, CEO of Antoshka

The Annual Meeting is a crucial element of our corporate culture. This is the moment when we can say Thank You to the people because all our achievements are created by the people working with the company.

This year, the Annual Meeting was dedicated to both successful 2019 and complicated 2020. I wanted to see and hug so many people, to shake their hands, but because of the quarantine restrictions I could not do that. We had to read out congratulations looking at the camera. It was hard to do without seeing the eyes of our colleagues. But I was thinking of all the people on the other side of the camera. I was imagining them listening and cheering for their victories and the success of their colleagues.

I had to put all my heart and everything I wanted to tell people personally, into the camera. It was a new experience, but, judging on the reaction of my colleagues, they enjoyed it. It turned out great, even though it was a bit harder than usually.

SVETLANA YEVSTRATOVA, CEO of Smarty Family

Every time, when I have to host an important meeting, I get anxious. We used to host in front of a hall full of people, and when I saw smiling faces, the nerves would go away. This time, however, we had to deal with the online format unknown to us. Everybody can see the hosts, and the hosts can see nobody. Still, everything turned out great! Even though I couldn't see my colleagues, I could feel their energy from a distance. During the first small break, I managed to read a few out of more than a hundred messages I had got. There was so much love and energy in these messages. It was so nice!

Many things were happening during the stream, so Vadim Orlov and I had to improvise. In general, it wasn't hard because we knew each nominee. Vadim and I couldn't see the chat where our colleagues were communicating during the stream, but afterwards we were told that the chat was a veritable firestorm of emotions when we spoke from our hearts.

Overall, everything went just great. After the meeting, I felt like I was flying. It was an incredible feeling that gave me so much energy. Next day in the office, I could see everyone charged with positive energy. For all of us, this was a very unusual but beautiful experience.



In 2020, when the world pandemic started, it was not possible to hold a yearly meeting. However, in spring of 2021, for the first time ever, RedHead Family Corporation recapped two years at once. Apart from that, the principle of the nominees' selection had changed.

“As usual, before the Annual Meeting, we conducted a staff assessment on our inner platform”, says **Yelena Bogach, Head of the HR Department, Smarty Family and Antoshka.**

“Before this year, only an executive could nominate an employee, but this time we have presented this opportunity to everyone. Team

WE COULD GO THROUGH
2020 WITH ITS SUDDEN
LOCKDOWNS ONLY BECAUSE
WE WERE UNITED AND
SUPPORTIVE TO EACH OTHER

awards became an important innovation. We could go through 2020 with its sudden lockdowns only because we were united and supportive to each other. We awarded the teams that had shown a high level of integration. We also presented a new team nomination in which we awarded the employees who worked together on implementation of global projects within the company. By the way, it could be people from different departments, who united and executed a great project for the good of the company.

The number of the nominees has changed too: only 100-150 people used to receive awards before, but this time, when the company was summarizing two years, there were around 250 nominees. But the main difference is that for the first time,

the meeting was held online. Of course, it was a forced measure. We didn't want to risk the health of the workers during the pandemic. Incidentally, the topic of the meeting was “The Year of Possibilities”. It turned out that the new format had many advantages.

“When the event was offline, we were always restricted by the venue capacity”, says **Angela Poddubnaia, HRD of RedHead Family Corporation.** “Usually, around 150 people were invited, meaning around 10% of the staff. This time, everyone could participate by joining the live stream. The online meeting lasted for almost three hours and the company traditions were respected. As always, Vladislav Burda, the Founder and CEO of RedHead Family Corporation, opened the ceremony. Svetlana Yevstratova and Vadim Orlov, CEOs of two departments, served as ceremony hosts and announced the nominations winners. We prepared diplomas and personalized statuettes, as we normally do, and sent them to the winners after the ceremony. Sixteen people received The Highest Award, while the rest of the nominees got The Master of Success Award.

“It turned out that the online format isn't that bad at all, and in certain aspects it is even better than the usual”, highlights Yelena Bogach. “Everyone could ‘be present’ at the meeting by joining the stream. Of course, when someone is called the winner, all colleagues want to hug and congratulate him or her. In offline format, when the ceremony went on, people in the hall could only applaud, but this time it was easier to express their emotions. Many workers were watching the stream in their offices, so when someone from their department was announced as a winner, they could express their joy without holding back. Many people commented in the chat. Thanks to the chat, the organizers of the event could feel the joyful atmosphere at the offices and stores.”

THE HIGHEST AWARD OF THE REDHEAD FAMILY CORPORATION WINNERS 2019 – 2020



**ANNA BEBESHKO,
Training and
Development Manager,
Antoshka**

For leadership and participation in many successful projects of the company: Service Vision, adaptation for Antoshka stores, online-store service, Smart Head, etc. For social and communications projects in the RedHead central office: Donor Day, charity fundraising, preparing of corporate magazine

**YELENA BOGACH,
Head of HR
Department, Smarty
Family and Antoshka**

For initiative and leadership. For a breakthrough in the new role of the Head of HR department of two business units of the company, distribution and retail. For creating safe atmosphere in the company, support of employees in word and deed, respect for the health of colleagues

**SERGEI VASILIEV,
Purchasing and
Promotion Director,
Smarty Family**

For our distribution trademark Smartik, for the new brands in the distribution case — SunFil, Friso, Belfud, Mamako. For the deal of the year with Hipp and creating a strong and professional team of brand-managers

**ANATOLIY
VOIEVIDKO,
Deputy Director
for Administrative
Affairs, Real Estate
Department**

For providing exceptional service to all tenants of Sun City business center. For creating new space for rent and the most efficient use of available space of the company

**DARIA GORBATOVA,
Brand Development
Manager, Smarty
Family**

For professionalism, marked even by people from outside the company. For leadership in development of entrusted brands, Bebi and Donat, and great results in sales and profit margins. For high loyalty to the company and setting an example of an exceptional team player



**KONSTANTIN
DYMOV,
IT Director, Smarty
Family**

For the bright example of the executive's professional growth and integration of the IT distribution team with other departments. For leadership in many key projects for the business: inner digital paperwork, Telegram-bot introduction in business processes of the trade team, integration of PowerBI reports with storage WMS data, etc.

**IVAN KROT,
Head of E-Commerce,
Smarty Family**

For mobility, ability to analyze, openness to everything new, tact, initiative, creativity, non-standard approach to problem-solving. For the successful start of e-commerce, a new direction for distribution (in 2020, the growth of sales and profit margins was over 42%)

**SERGEI MISHYNSKIY,
Head of Software
Development
Department, Antoshka**

For authorship of 80% of IT instructions for retail, leadership and expert participation in new automatization projects in Antoshka. For realization of 39 projects, including automatization of work time tracking of stores employees, change of the selection process for the online store, inner digital paperwork

**ANNA MUALLEM,
Category Head, Food,
Antoshka**

For introduction of new approaches to category management. Thanks to creative ideas, efficient management of commodity flows, and successful negotiations with suppliers, Antoshka's share of the Ukrainian baby food market grew by 22%. For the omnichannel championship among all categories of Antoshka

**NATALIA MURKA,
Financial Analyst,
Antoshka**

For building an effective process for payments planning and control, automatization of the calculation of complex bonus conditions. For rapid control of the conformity of commodity and financial reports. For investing personal time in solving business issues of the company



**ROMAN PERESYPKIN,
Category Head,
Furniture, Antoshka City
Tairova (Odesa)**

For achieving excellent results in the sale of high-margin products. For participation in the filming of 15 video presentations, which had a positive effect on the training of all consultants of the furniture department at Antoshka. For numerous positive reviews from clients and colleagues

**LIUDMILA REKA,
Head of the Merchandising
Department, Smarty
Family**

For the introduction of a mobile application for automatization of the accounting of the merchandisers' work, which made it possible to change the motivation of employees, to effectively control the quality of work. For the successful start of the project for the provision of merchandising services to external partners

**NATALIA ROMENSKAIA,
Key Account Expert,
Kharkiv region, Smarty
Family**

For effective cooperation with the largest local grocery supermarket chain of Kharkiv, the Klass, for outstanding sales growth (+ 43% by 2018) to this client in 2019, for holding positions in a difficult 2020

**ALINA SINITSYNA,
Deputy Director
for Development,
Purchasing
and Promotion
Department, Smarty
Family**

For leadership and striving for development, excellent results in the new role of Deputy Director for Development of the Purchasing and Promotion Department in the Food category

**ZHANNA CHITAK,
Category Head,
Clothing, Antoshka**

For keeping apparel sales in 2020 on a great level of 2019 thanks to accurate sales forecasts and adjusted orders. For high-quality work on reducing stocks, including in the new outlet, which made it possible to increase turnover, for increasing the payment deferral for a key supplier in the Autumn/Winter, Lenne, up to 300 days

ALEKSANDR ULYSKO, Category Head, Furniture, Antoshka

For the appearance of new brands in Antoshka's portfolio, which increased the profit margins of the Furniture category. For growth of sales in 2020 by 8%, and margins by 3%. For building long-term relationships with suppliers

*By the time of the magazine's release, Aleksandr has left the company



ANTOSHKA IN OCEAN PLAZA: FOCUS ON IMPRESSIONS

At the end of 2020, the Antoshka store of the renewed format opened in Ocean Plaza, one of the most popular shopping malls in Kyiv. The new store presents a wide variety of products in different categories.

The concept, which the management of Antoshka considered for quite a long time, includes a fresh approach to the idea of retail space. The store is zoned into categories according to the child's age, interests, and hobbies. For instance, there are sections for organic products, pregnancy and maternity, and a beauty zone for girls.

We are particularly proud of the Early Birds, a section with goods for prematurely born children. "This section is first made not only in Antoshka but in the children stores in Ukraine in general. We tried to make the navigation through these products as easy as possible for parents. There's special food, clothing, hygiene

products”, **Nina Grishchenko, Manager of Antoshka Ocean Plaza**, explains.

Another feature of the new store is an up-to-date navigation. For parents, there are tips that explain what children can do at a certain age and remark on the features of products. The tips are printed on the info panels and price tags. They highlight aspects that are important for clients when choosing a product. It helps customers to navigate through the assortment and find what they need without shop assistant advice.

The store turned out to be vibrant, interesting, and bright. “We wanted to make it special. The store isn’t just a place for

shopping. It’s quite a task now to surprise a customer with your range of products. We wanted to create a space that kids and their parents would prefer to the others after the first visit because their experience and emotions didn’t vanish”, **Svetlana Chumankova, Kyiv Region Director of Antoshka**, claims.

A wide entrance zone is divided into three parts. A bright and dynamic location is on the left. It

has a large screen that broadcasts an interactive video. It allows the little guests to become wizards and transform the store according to the style of their favorite characters. Just press one of the three buttons and a photo of your favorite character will appear on the screen, and the lights throughout the store will sparkle with new colors.

It's Easy to Be a Parent stand is located on the right. It provides





information about innovative products in different categories. In the middle, there are multi-category desks grouped by characters and topics. “We gathered products of different categories in one place, grouped them by topic, and made promotional offers on the selected items. Now, our young customers and their parents can easily find and collect all the necessary products with their favorite characters”, Svetlana explains.

Antoshka Ocean Plaza became the first store of the whole chain where the testers of home equipment (baby monitors, food steamers, multi-cookers) are available for customers. You can try it because it's not hidden in boxes on the shelves.



The new Antoshka has a baby changing room with all the necessary accessories and hygiene goods. You can comfortably feed your baby or change a diaper there. Another important service is the School of Future Parents. Twice a week, a pediatrician gives lectures that may be useful for young moms and dads. In our family beauty salon, the professional hairdressers are always ready to style your hair or make a haircut — both for kids and their parents.

Nina Grishchenko assesses the first year of work as successful: “The store is popular. Many clients remark on the innovations and especially the fact that they can find absolutely everything in this store, from everyday products to exclusive goods. According to sales statistics, we can tell that the customers are coming back to us. That's true.”

Svetlana Chumakova adds: “In terms of sales, we're



THIS STORE DOES ENJOY
POPULARITY, AND MANY
CLIENTS REMARK ON ITS
INNOVATIONS

moving forward within the planned framework. In some aspects, the result exceeded expectations. For example, we have very good performance in the Fashion segment. We have no competitors in the Furniture category since we provide a wide range of products, from a newborn cradle to a whole nursery.”

The priority of visual communication, smart zoning, tips for clients — it’s all made to free up the parents’ time and immerse them into communication with children as much as possible. The renewed format of Antoshka confirmed its relevance and proved that a store’s success lies in its customers who feel our care and enjoy shopping.



TRUST



BARBIE WITH THE UKRAINIAN ACCENT

АНТОНКА
КУЛЬТУРА



On October 14, the second exhibition by Antoshka 'Barbie: Miss Ukraine' opened in Odesa. The first edition started this spring and gained so much popularity that it's still on tour around Ukraine. It has already been exposed in Kyiv, Kharkiv, Vinnytsia, Dnipro, and Lviv.

"The project creation history is curious", **Irina Zelionaia, Head of Advertising Department, Antoshka**, confessed.

"Planning our activities dedicated to International Women's Day, my colleagues and I looked for marketing solutions. Eventually, we came up with the idea of presenting Barbie dolls in the looks of famous Ukrainian women. We picked out both historical and modern characters. I asked the guys from creative project Kukltura to advise us on doll costume designers. They joined the project and significantly expanded it. At the same time, I negotiated with ToyDiCo Ukraine, the official distributor of Mattel toys, about providing dolls for the exhibition. They agreed quickly. That's how our 'Barbie: Miss Ukraine' came up. We managed to deal with all the tasks in a month. Despite the fact that it was a lockdown period. Moreover, many characters are living people. So we couldn't make the dolls without official approval. For instance, we had Ruslana Lyzhychko, Oksana Karavanska, Yana Zinkevych etc on our list. It was the moment when our lawyers came to the rescue and quickly prepared all the necessary papers. An interesting fact is that Yana Zinkevych insisted on her doll sitting in a wheelchair. Alyona Alyona asked us to stick with her real body proportions."

The exhibition opened on March 8 in Mega-Antoshka store in Odesa and immediately aroused great interest in the press. But even more important was its popularity with the audience. “The kids were coming and asking who’s that”, Irina recalls, “And the parents had a chance to tell them that it was a teacher Sofiia Rusova or, for instance, the first female doctor in the Austro-Hungarian Empire, Sofiia Okunevska-Morachevska, and this lady — she was an astronomer Elena Kazimirchak-Polonska. So being a woman is not only about beauty and grace. It’s also about intelligence, self-realization, dedication, energy, which she can put into whatever activity she wants.”

The exhibition consisted of 36 dolls created by 28 designers. In its framework, there was a contest on the best look that was chosen by voting. The winner was Anastasiia Nedoluzhenko, who created the Yana Zinkevych doll. “Designers created the magnificent dolls”, Irina remarks, “Besides making clothes, they tinted faces to make dolls look more like the characters. They made the whole look. This work is serious, deep, and creative. That’s great that Kukltura managed to attract so many magnificent doll makers to the project.”

In the wake of the inspiration and success of the first exhibition, we came up with the question:



“If there’s Barbie, where’s her Ken?”. So, preparing for the next exhibition, we included male characters in the list. ToyDiKo and their American office approved it, and we gained support for the second project as well.

Andrei Adamenko, Marketing and E-commerce Director, Antoshka, claims, “We decided to continue the project when we saw the success of the first exhibition. As a topic for the sequel, we picked ‘Barbie: Dreamers and Inventors’. The idea boils down to showing our clients and their kids, interactively and casually, that Ukraine is rich in people who contributed to Ukrainian identity as a notion. It’s through their deeds that pride for the country and the national identity are formed. For myself, I noticed once again how many of these people we have, both in the past and now. When we started making a list, we could barely hold back since there were so many magnificent Ukrainians. But we knew that our time for preparing the exhibition and space in the store were limited. In the end, we stuck to 52 characters that were created by 31 designers. At the same time, we didn’t limit the doll makers in their vision of the characters. For example, the designer presented Taras Shevchenko



OUR EXHIBITION SHOWS THAT UKRAINE IS RICH IN GREAT PEOPLE WHO CONTRIBUTED TO UKRAINIAN IDENTITY AS A NOTION

as a young man, although the image of the middle-aged poet is more common.”

The exhibition opened on October 14, Ukrainian Defender’s Day, in the Mega-Antoshka store in Odesa. It turned out symbolically because many characters were and are real defenders of Ukraine. The designers perfectly rounded out the looks with accessories that reflected characters’ fields of activity or scientific interests. Ihor Sikorsky, Mykola Leontovych, Anastasiia Nezhdanova, Nata Zhyzhchenko, Taras Shevchenko, Marusia Churai, Alexey Botvinov, Oksana Lyniv, Vasyl Slipak, Ivan Marchuk, the Prince Daniel of Galicia, the Grand Prince of Kyiv Yaroslav the Wise, and many other personalities became closer to the kids.

“This time, we invited a professional jury to choose the contest winner in addition to the online voting of the audience,” Irina Zelenaiia remarks, “A doll



designer Olga Venzhega, the Marie Claire Ukraine brand director Yekaterina Lagutina, and the famous intellectual Boris Burda kindly agreed to evaluate the designers’ work, taking into account the likeness of a character, the technological complexity and the integrity of looks.”

Like the first one, this exhibition also gained immediate success and surely will go on tour around Ukraine. What’s next? Probably, the company will continue the project because the topic turned out to be promising. By the way, many visitors expressed their wish to buy a favorite doll. “The project is non-commercial. We don’t want to hurt our customers’ feelings, but we have commitments to our characters, so we can’t sell these dolls”, Irina shares, “People can get in touch with the designers directly, though. As a rule, they order historical personalities in beautiful dresses. There were also many commissions to the Yana Zinkevych doll, often from inclusive centers.” If the Mattel corporation picks one of the Ukrainian characters for mass production, then maybe, the whole Barbie-and-Ken product line will change. Why not?

Antoshka's Strategic Session

LOOKING FOR NEW WAYS

Sometimes, every company has to define the vector of its further development. This moment has arrived to Antoshka too.

“To develop our future strategy, we held a strategic session with

of questions: what is Antoshka, what competitive advantages do we have, how do we use them more effectively, what do we have to become to keep attracting the clients”, says **Grigorii Savelich, Commercial Director of Antoshka.**

of our clients, to find out who they are, and in which categories we would like to classify them. We need to rethink the roles of businesses within Antoshka, create a ‘Convenience store’ format, and solve many other important issues.”



WE ARE PLANNING TO OPEN NEW STORES, AND CERTAINLY, WE WILL DEVELOP OUR ONLINE CHANNEL. THESE ARE THE KEY DIRECTIONS OF OUR WORK IN THE FUTURE

the company's top managers and business executives from the commercial department. It took place this June”, says **Vadim Orlov, CEO of Antoshka.**

Andrey Dligach, a well-known specialist on strategic management and marketing, was invited as a moderator, as he has a waste experience in hosting such events. “Andrey helped us to look at our company from aside and answer a number

The session with the moderator lasted for two days. During this time, Antoshka's team defined the directions for further development, and then the work continued within the company.

“We spelled out all tasks that we formulated during the strategic session, and now we can work on them”, continues Grigorii Savelich. “For example, the marketing department received a task to hold an in-depth research

“The main principle of the strategy we selected is to concentrate on good service”, continues Vadim Orlov. “We are planning to open new stores, and certainly, we will develop our online channel. These are the key directions of our work in the future. Therefore, the session was effective, we have defined the new tasks for ourselves and united the team around our main ideas.”

Smarty Family's Strategic Session

CHALLENGING OURSELVES

"The baby goods market has high competition. Therefore, many categories of it are over saturated, like Baby Purées for example, and it limits our pace in growth and development", says **Svetlana Yevstratova, CEO of Smarty Family**. "But any problem is a possibility. We were having conversations with our team, reflecting on the state of our affairs. Finding new breakthrough solutions, outlining our perspectives, challenging ourselves — these were the global goals that we had set for ourselves. That's why we held a strategic session in October 2021."

To make sure all employees are free from ongoing tasks and fully submerged in the process, the strategic session participants left their offices and traveled to Château Purcari complex in Moldova. On the first day, they had a walk along the vineyards, went on excursions to the winery, and for the next two days they plunged into solving the distribution issues.

"We had to think which new market we can enter, which new brands we can find", says



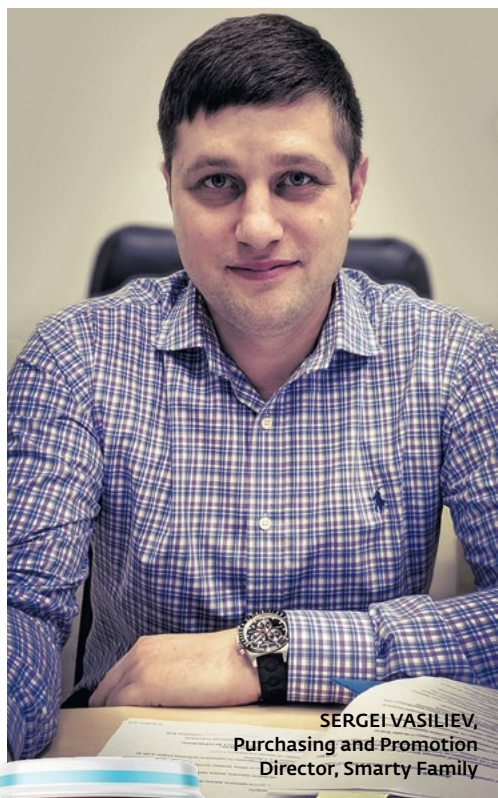
WE WILL BE ABLE TO RETHINK OUR MARKET VALUE AND START PROVIDING OUR CLIENTS AND SUPPLIERS WITH EVEN MORE BENEFITS FROM COOPERATION WITH US

Yelena Bogach, Head of the HR Department, Smarty Family and Antoshka. "As a result, we had a very interesting session. Angela Poddubnaia, HRD of RedHead Family Corporation, helped us a lot. Together with the team, we created a framework of topical issues that could be solved in short terms. Also, we created a list of projects that have

to be realized in two or three years. These projects will help us as a distribution business to transform into something entirely different. Of course, we won't give up our present activities, but we will be able to rethink our market value and start providing our clients and suppliers with even more benefits from cooperation with us."

BIOBIM IS NOW AVAILABLE IN ANTOSHKA!

In 2021, Smarty Family signed an exclusive distribution agreement on the Dutch organic baby food Biobim™ in Ukraine.



SERGEI VASILIEV,
Purchasing and Promotion
Director, Smarty Family



One of the most consistent world trends is a rapid growth in popularity of healthy organic food, baby food especially. The company's distribution portfolio has to meet the tendencies of the baby food market. Thus, the addition of the Biobim brand to the Smarty Family portfolio in 2021 makes the perfect sense.

It all started in 2019. **Sergei Vasiliev, Purchasing and Promotion Director, Smarty Family**, learned about the Biobim brand at the organic food fair in Cologne, Germany. After sharing the contact information, the sides initiated talks. But the plans were disrupted by the pandemic with its quarantines and lockdowns. As a result, all business arrangements had to be delayed. Later, they were successfully restored.

“Our Brand Manager Yulia Zagorodnaia carried on all

further negotiations with Biobim,” said Sergei. “As the head of the department, I would like to note that Yulia approached this question very professionally. These talks were long and complicated. But she had prepared herself very well, presented our arguments with competency, which resulted in the contract that meets the interests of our company. We got the exclusive right to distribute Biobim™ in Ukraine for five years.”

The Biobim is the first exclusive brand of organic baby food in the Smarty Family distribution portfolio. **Brand Manager Yulia Zagorodnaia** elaborates on the product and its producer: “The Biobim brand is a Joannusmolen Corporation trademark. Just like RedHead Family Corporation, it is a family business — that is why this company is especially relatable. Since its foundation in 1894, it

has belonged to one family, which means over 125 years of succeeding generations. Originally, Joannusmolen was engaged in flour manufacture but went on with making other products. In the second half of the 20th century, the company became one of the pioneers in the organic food market, launching organic flour and baking mixes. Since 1982, it has made organic baby food Biobim™. The brand covers several categories, such as vegetable and fruit purées (manufactured in Germany), snacks, porridge, and muesli. All products have the Green Leaf Mark on the packaging verifying their organic origin, and their purées also boast the Demeter sign.”

“After signing the contract with Joannusmolen, we received the first shipping to our warehouse in September,” says Sergei Vasiliev. “Today, there are 19 Biobim products available at Antoshka. As with any market entry, Biobim enjoys the support of our strong promotion campaign. Of course, the customers need time to appreciate the brand and become its devotees. However, Biobim became one of the leaders in the Snacks category only in one month since it went on sale. Parents opt for Biobim puffs as a wholesome snack for their children.”

Joannusmolen manufactures another product the RedHead Family Corporation is considering for distribution in the future, namely breast-milk substitute. However, this product category is complicated and nuanced, demanding some deep analysis.”

“The brand Biobim is very significant for us,” emphasizes Yuliia Zagorodnaia. “We appreciate our cooperation with Joannusmolen, value the similarities in our business philosophy, and, of course, count on further friendship with our partner from the Netherlands.”



YULIA ZAGORODNAIA,
Brand Manager



Green Leaf is a European mark for organic foods introduced in 2010. This mark on the packaging means that at least 95% of the ingredients used in the processed product have an organic origin.

Demeter is one of the oldest programs of organic products' certification, established in 1928. The Demeter sign was the first ecological mark for organic goods.





NEW HOME FOR THE NEW ANTOSHKA



On November 12, a significant event in the Antoshka family took place: the 44th store opened its doors in Kyiv's new shopping mall Respublika Park. It became the largest mall-based Antoshka in Ukraine.

Working on the new store, the team tried to consider the experience gained from the new store format and changes in the market to fulfill customer expectations and make their visit to Antoshka unforgettable.

“Kyiv was in a red zone on the opening day, so there were certain restrictions, and we couldn't throw a grand opening. But we still managed to arrange a party for kids and their parents”, **Tatiana Povstianaia, Regional Director**, shares.

The largest Antoshka, with an area of 1,200 square meters, settled in the largest shopping and entertainment mall in Ukraine, which has an area of 300 thousand square meters. There are the largest in Ukraine 15-screen cinema Multiplex with the new IMAX, the innovative digital-amusement park Neopolis with a roller coaster and a Ferris wheel inside the building, and the Oasis public space with living plants.

“It's a densely populated district of Kyiv, so many people came to the shopping mall on its first working day despite the quarantine restrictions. This place has every chance to become the most popular shopping point in the city. It's within walking distance of Teremky subway station, it has a large parking lot, and the mall management team gathered here all the best retail companies



The store in Respublika Park is on the main retail floor near the entrance zone, so it's well visible from all sides. "Our huge glass window is the coolest shopfront in the whole mall", Tatiana shares her feelings, "We just couldn't stop looking at it. Also, on the opening day, we gave our bright branded bags to all customers, and the entire shopping mall was full of people with these red bags!"

For the first time, the Antoshka team tested out the new store format in Ocean Plaza. After a year of work, some weak points had come up, and they were addressed.



AS BEFITS A NEW FORMAT OF ANTOSHKA, THERE IS MODERN LIGHTING, WHICH HELPS TO PRESENT THE PRODUCT IN THE BEST POSSIBLE WAY

“We changed the arrangement of products in the store. For example, we moved the nutrition and hygiene zone farther but placed our high-margin brands in categories that generate good income to the front. These are mainly toys and clothes”, Tatiana explains.

As befits a new format of Antoshka, there's modern lighting, which helps to present the product in the best possible way, info panels and price tags that make it easier for customers to make their choice, and an entrance zone with

promotional tables. A hairdressing salon will also start working soon.

The store turned out to be spacious, light and very convenient for customers. “The guys who designed this store put every effort and used all their knowledge to implement the concept and make a cool retail space”, Tatiana continues, “We’re sure that the store cannot fail to please the customers. The first days of work showed that Antoshka in Respublika Park might overtake the current leader of the Kyiv region in sales results.”





EXTERNAL MERCHANDISING: GROWTH IN INCOME AND CLIENTELE

Back in 2019, when Smarty Family started the implementation of its new project, no one could even imagine how successful it could become. Nevertheless, today it brings a significant income to the company, and the amount of new customers is constantly growing.





“ Compared to last year, we have grown a lot,” says Yurii Parkhomchuk, Sales Director for the Central and Southern Region, Smarty Family. “We expand the number of companies we provide services for having 13 clients in our portfolio today. Their sales are constantly growing. This cooperation is mutually beneficial: we help them with product display and quality merchandising, they improve their sales, expand their retail, and enter new chains. Our income is growing accordingly. At the same time, we don’t use any advertising — 80% of the customers come thanks to word of mouth marketing, people talk about us, advise us. The good name of Smarty Family helps too. Thanks to the new clients, the merchandising department

progresses. In particular, we adjusted exchange between the software used by our merchandisers and the Power BI system that helps to conduct a deep analysis of many indicators: time of visits to each point, movement between points, the total time of work per person, etc. This helps to distribute tasks efficiently, while the amount of work keeps growing due to the new clientele, so the new people need to be hired. In general, now the program is structured better, the data display is more simple, useful, and intuitive. This makes the work easier, even though its amount has objectively increased.”

Today, the merchandisers boast big clients. One of them is Store Food Distribution, a large

**YURI
PARKHOMCHUK,**
Sales Director for
the Central and
Southern Region,
Smarty Family



distributor of the grocery sector. This client was the one to push the project to further development. “Before our clients wanted only photos and display of goods, but Store Food Distribution requested analytics from us,” notes **Liudmila Reka, Head of Merchandising Department, Smarty Family**. “They’ve used our reports as a basis for financial motivation for their sales staff, so we had to arrange everything. We hired an analyst who completed the task successfully. The client enjoyed that we could dedicate a maximum amount of time and attention to them. We were implementing

WE HAVE ALREADY REACHED
OUR YEARLY GOAL, AND BY
THE END OF 2021, WE WILL
EXCEED IT THREE TIMES.
THIS IS AN ACHIEVEMENT
OF THE ENTIRE TEAM

the changes step by step. At first, it was hard, because we were expected to do much more than usually. But we knew that it was a very prospective client, so we did our best to complete probation. Now we have got the Auchan chain all around Ukraine. Also, we provide services to MegaMarket, Novus, Silpo, and regional retail chains.”

Besides Store Food Distribution, Smarty Family has two other big clients — Binfield Agro Technologies company that works with fertilizers, and Ukrainian-German company 2K from the household chemicals segment. These partners provide most of the income. However, Smarty Family values small companies equally, some of them have been with external merchandising project from the very start. And they also show growth: some started from 17 sales

points in the Silpo retail chain and have reached 60 by now. Many of these companies represent made in Ukraine organic products, like Bio Products Factory or Sunfill. For these companies, Smarty Family provides both distribution and merchandising services.

The success of this project allowed Smarty Family not only to expand the merchandisers' staff in big cities but also to work on the territories that were not covered before: Mariupol, Zaporizhia, Cherkasy, Mykolaiv, Kherson. "Of course, our income has grown significantly. We have already reached our yearly goal, and by the end of 2021, we will exceed it three times. The efficiency indicators rise each month. This is an achievement of the entire team," emphasizes Liudmila. "I would like to give a special mention to our supervisors Miroslava Zadorozhnaia (Kyiv), Viktor Anisimov (Lviv), Pavel Kirichko (Odesa), Irina Tarianyk (Kharkiv), Violetta Trishina (Dnipro), and Artiom Sulimenko, an analyst."

Of course, there are difficulties too. "We never had any particular requirements for customers, but we had some disappointments. We started to work with a cheap household chemicals' company that has large sales and large dimensions of goods," says Yurii. "This increased the workload of our staff substantially: it was hard to work with large 25-30 kilogram boxes, especially for women. We didn't drop this client, but we had to find a way to adopt, so we will take such nuances into account in the future."

"Also, it is very important not to lose the quality of our services," adds Liudmila. "Even now we have a very large workload: we have 13 partners, and each of them has a wide variety of goods. For example, Store Food Distribution has up to 120 positions. We have to do our job well, that's what they are paying for. Therefore, we are very quick to react even to the smallest remark or request."

Smarty Family's merchandisers' goals are very ambitious: in the next six months they

plan to achieve self-sufficiency, so they can fully cover the cost of the staff labor from the external customers' revenue. At this point, the income covers only 65% of this cost (before the merchandisers' cost was borne by the whole company). Also, they plan to create a full-fledged business unit within the company.

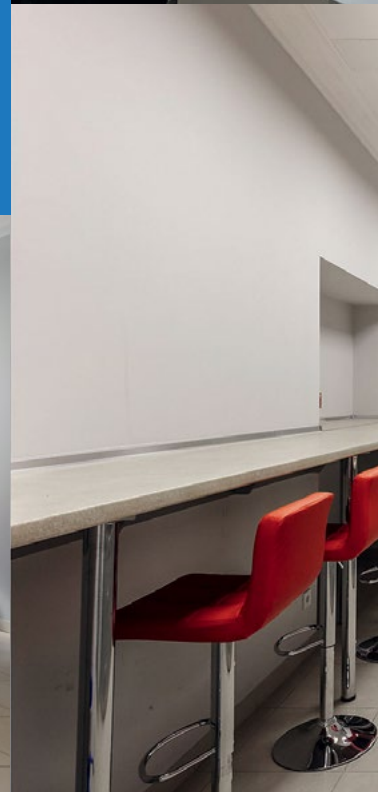
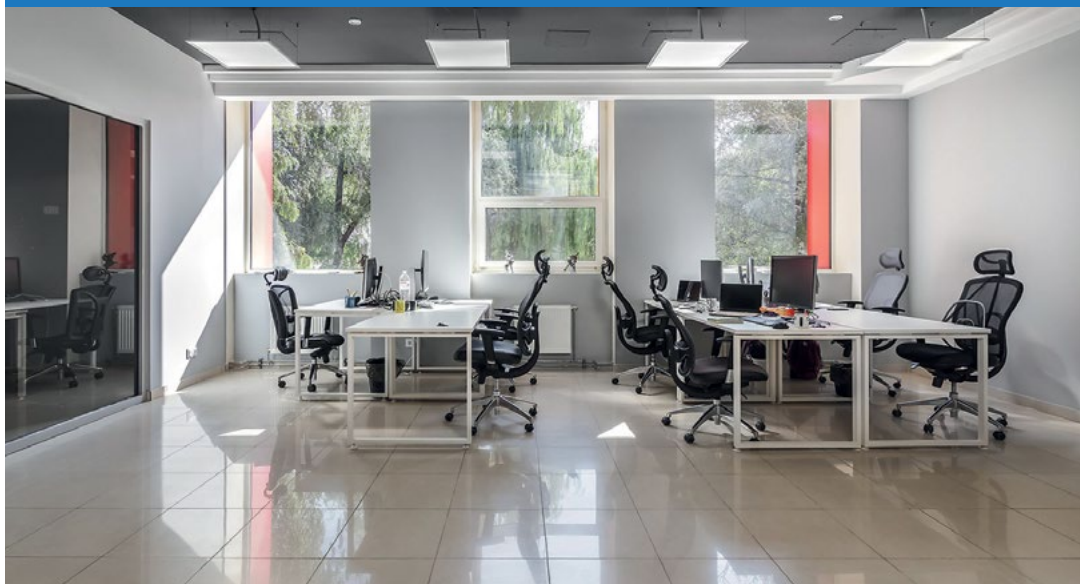
Smarty Family is proud of the merchandise team's success and waiting for new clients. "I am sure, someone will call us and tell us that they need merchandisers," Liudmila laughs. "It always happens. At the same time, we know that we shouldn't rush for money, but strive for the best quality instead."

LIUDMILA REKA,
Head of Merchandising
Department, Smarty
Family





REAL ESTATE NEWS: OFFICES, CAFES, AND E-CHARGING STATIONS





Rentable areas optimization and the search for new tenants are continuous tasks of the Real Estate Department of RedHead Family Corporation. But this year, other somewhat non-standard projects were also implemented.

SPACES FOR IT

In 2021, the Real Estate Department put through major efforts to optimize the red cube. rentable areas. To begin with, it was necessary to redesign the former kitchen of the Antoshka entertainment cafe into an office space. “For quite a considerable time, we were looking for a tenant who would agree to wait until we make the necessary renovations to this premises,” says **Dmitrii Burda, Head of the Real Estate Department**. “But then we decided to start primary works without waiting for this issue to be solved.”

The renovation took about two months. Workers dismantled unnecessary partitions, blocked numerous kitchen utility systems, leveled the floor, dismantled tiles from the walls, installed energy-saving windows and insulated window slopes. “We didn’t even have time to finish this work, when one IT company expressed their desire to rent out a total of 1,000 sq.m in our red cube., including these 200 meters of the former kitchen,” — says Dmitrii. “This company completed the renovation itself, designing the zoning and doing all finishing works to their liking.”

Another red cube. premises was optimized. Located on the technical floor, it used to serve as a room for Antoshka's security service and a locker room for animators. Due to the walk-through area, the premises were increased from 50 to 70 sq.m. The Real Estate Department team did the zoning redevelopment, expanded windows, introduced a restroom. The premises has become brighter, more beautiful and functional. In addition, the roof adjacent to the office was turned into a terrace. After all the work done, this premises was rented by the IT company.

NEW NAME ON NEW FACADE

The Real Estate Department team continues to improve the RedHead central office in Odesa, on Bozhenko Street. Having renovated Building B last year, in summer 2021, they started working on insulation and cladding of its facade. “We have a beautiful entrance area from Partyzanska Street but the company should be well represented from Bozhenko Street as well,” says Dmitrii Burda. “The

BY INSULATING THE BUILDING, WE WILL MAKE IT MORE ENERGY-EFFICIENT AND REDUCE HEATING COSTS FOR OUR TENANTS

facade renovation goes along with the rebranding of our office and warehouse complex *Solnechny Gorod*. When the new name and logo are designed, we will proudly present them from both streets. This will increase the visibility of this particular location and highlight the strength of our brand. In addition, by insulating the building, we will make it more energy-efficient and reduce heating costs for

tenants. And, of course, by renewing the facade, we will be able to attract new tenants to our premises on Bozhenko Steet.”

THE WAY TO A TENANT'S HEART

To frame differently a well-known saying, the way to a tenant's heart, as well as to the hearts of employees, may lie through their stomach. The issue of providing fresh and tasty food at office centers is far from the last. That's why the Real Estate Department has implemented a project to reorganize the canteen and cafe on Bozhenko Street.

“In 2020 and 2021, people went to offices less than they used to do. That's why we decided to try cooperating with external catering professionals,” says Dmitrii Burda. “We attracted entrepreneurs, held a tender, and nowadays we have two companies providing us with very high-quality food. There is a canteen on the first floor of the central office, and a cafe on the fifth. Everything is cooked at a spot, everything is very fresh and tasty. We have hot meals, coffee, smoothies, desserts, fresh croissants. Our cafe is in demand not only among RedHead Family Corporation employees but also among our tenants.”



DMITRII BURDA,
Head of the Real Estate
Department



THE OFFICE AND WAREHOUSE
COMPLEX ON BOZHENKO STREET IN
ODESA AND RED CUBE. IN KHARKIV
HAVE AN ESSENTIAL ADVANTAGE —
THEIR HUGE CAPACITIES

ELECTRIC CHARGING STATIONS

The office and warehouse complex on Bozhenko Street in Odesa and red cube. in Kharkiv have an essential advantage — their huge capacities. “I am a big fan of electric vehicles. So I found investors who would be interested in using our large facilities and installing charging stations in partnership with us,” adds Dmitrii Burda.

Investors also liked the favorable location of these two buildings. The complex on Bozhenko Street, where a 50 kW charging station was installed, is situated near the by-pass highway. This is very convenient for those who leave Odesa heading to Kyiv and Moldova. The red cube. Kharkiv is located



in the very center of the city. Having looked at this location, the investor purchased and installed even more expensive and powerful equipment here. “120 kW station has been installed at the red cube. Kharkiv,” shares Dmitrii Burda. “It takes an hour of charging, and the car gets a power capacity of 600 km. There are no more than a dozen such stations in Ukraine.”

Both charging stations, on Bozhenko Street in Odesa and in the red cube., can already boast having regular customers. This project opens up new prospects for RedHead Family Corporation, increasing the popularity of the company's real estate offers among potential tenants.

SMARTY FAMILY AND THEIR NEW STANDARDS

Representation of a certain assortment in stores significantly affects sales. How does Smarty Family define which part of its large portfolio has to be presented in a certain store? How does the company scale its approach to 10 thousand stores across the country?





There is a notion of MML (Minimum Must List), a minimal necessary assortment. Normally, MML is defined by the stores, formed into categories according to specific features: type of the store, the channel of sales, geography, etc. However, Smarty Family has chosen a more universal option: the length of shelves in the baby food category. Every store has such a shelf, and therefore each company, considering its potential, wants to occupy some space on this shelf.

The idea author **Sergei Vasiliev, Purchasing and Promotion Director, Smarty Family**, explains: “The idea came a long time ago. The large assortment in our portfolio and limited trading team resources forced us to make some ‘focus adjustments’. Especially, considering the fact that the Smarty Family’s brands are very different in commercial terms, turnover, and exclusivity. Therefore, we need to highlight the top ones, the most necessary ones. As long as the shelf only has so much space, we had to give the trading team the instrument of understanding what should be on a shelf in the first place. In general, it is a common practice when a company shapes MML focusing on sales volume, top-end assortment by sales or profit margin. We were guided by all three factors. We aimed to create a top-end assortment with high turnover that would correspond with our company’s demands on profitability at the same time. Simultaneously, we add brands that we represent in Ukraine exclusively.”

“Among the priority baby food brands in our portfolio, we picked some positions that should be constantly presented in certain formats of retail points, and we have over 10 thousand of them across the



YURII PARKHOMCHUK,
Sales Director for
the Central and
Southern Region,
Smarty Family



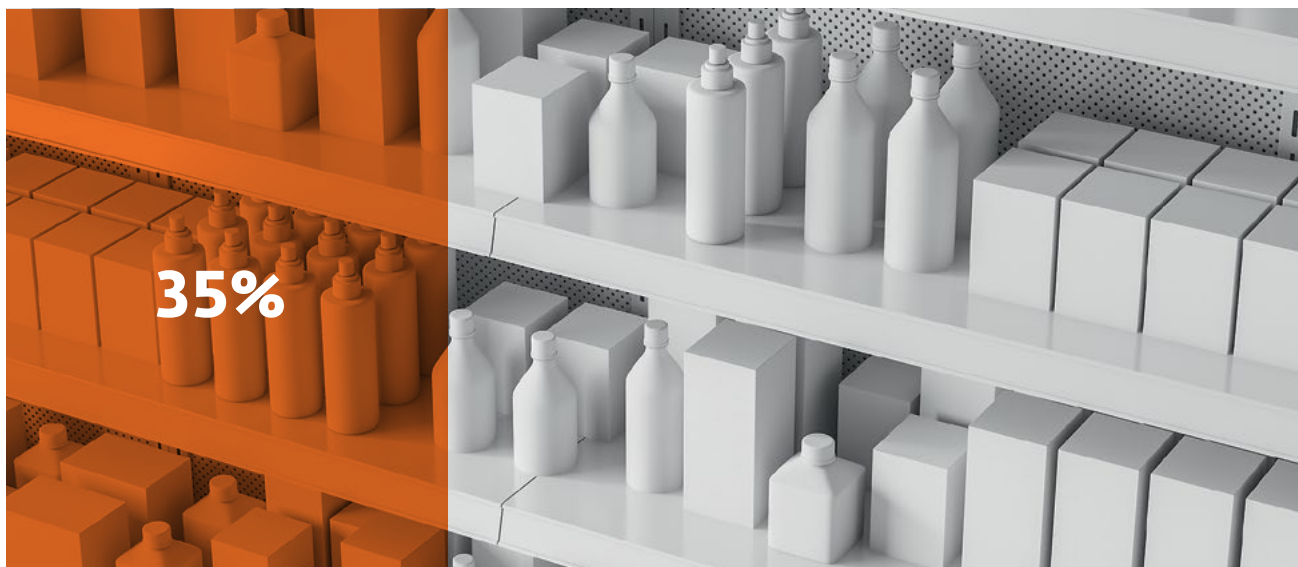
TATIANA LANDER,
Sales Director for
the Eastern and
Western Region,
Smarty Family

country,” continues **Yurii Parkhomchuk, Sales Director for the Central and Southern Region, Smarty Family.** “To scale it up to the whole country, we employed a merchandising instrument, the Pradata software. We decided to gather data on the shelf length in different stores in Pradata and use this standard everywhere, regardless of the type of the retail points: in pharmacies, supermarkets, hypermarkets, and children stores. For example, if the length of the shelf is 1 meter, Smarty Family with its selected products should occupy 35% of it. If the length increases, we add products proportionally. Currently, we are gathering data on the length of the shelves in all stores by the means of Pradata and sales representatives. Also, with help from the financial department, we set up information exchange between Pradata and internal reporting in Power BI, and now we can see the bigger picture that can be scaled to each retail point or assortment position.”

“This is crucial because there is a business enlargement trend in Ukraine: small businesses close and chain businesses come in their place. Therefore, there is a fight for shelves in the remaining stores in all sales channels,” notes **Tatiana Lander, Sales Director for the Eastern and Western Region, Smarty Family.** “As long as the assortment of the brands we represent is very wide, we decided to start with the largest category, Baby Food. At the same time, we aimed for the best representation of our long-term strategic partners on the shelves, brands like Bebi, Hame, Bambolina, Heinz, Slodych.”

Currently, Tatiana and Yurii, each responsible for a part of Ukraine, are making an audit of the implementation of the standards: at which stage it is and what percentage of the necessary products are placed on the shelves? Then, local top managers will set tasks to their subordinates





WE FEEL LIKE THE LEADER, SO WE SET A CORRESPONDING TASK: WE WANT TO HAVE 35% OF THE SHELF IN EACH CATEGORY, NO MATTER HOW BIG OR SMALL THE STORE IS

at each retail point. “This process is long and rigorous, and we will try to automatize it as much as possible,” says Tatiana. “Moreover, people have to understand why it is so important. We have serious competitors in the baby food segment in the categories of porridge, purées, juices, and cookies. There are big mono-brand companies with whom we want to compete for the space of the shelf. We feel like the leader, so we set a corresponding task: we want to have 35% of the shelf in each category, no matter how big or small the store is. We have to be noticeable, so it is perfect, if the products are set in a single block.”

What are the expectations from such a big scale project? The expectations are big as well. “We expect that the new standards will help us to increase the sales,” notes Tatiana. “Also, it will increase the customer loyalty because the clients will find what

they are looking for. This is a way to improve product turnover. The orientation at mutually beneficial cooperation with stores will help us to introduce new products in the future.”

“It is more profitable for both trade teams and customers to sell products from MML because they fly off the shelves fast. It brings profit to both us and the client, as these kinds of products have high profit margins,” adds Sergei Vasiliev.

“So far it is hard to present the profit in numbers,” says Yurii Parkhomchuk. “For example, currently, we have fulfilled around 30% of representation of the brands that are included in MML. Increase of this indicator to 50% has to affect the overall growth of the company's profit by approximately 6-7%. Our realistic goal is to fulfill these standards at least by 75-80%.”

As for today, the standards were presented to the whole trade team and implemented, although not everywhere yet. By the New Year, the company is planning to solve all the technical issues — complete the shelves measurements and digitalization of this information — and then will make one of the KPI for the trade team oriented at fulfillment of these standards.

SMART REPORT

Two years ago, RedHead Family Corporation introduced the Power BI system that substantially optimized reports and the work of a large number of people as a whole. This practice keeps on developing, as it is very perspective.

Business Intelligence, or BI is a block of analytical systems that accumulate and classify data, displaying them in a well-structured and easy-to-read format. The technology transforms big data, helping to analyze information quickly and make efficient business decisions based on it.

“Power BI is a system that provides necessary reports in a convenient way for many users,” explains **Liudmila Sapozhnikova, Deputy Financial Director, Smarty Family**. “In terms of reports and data presentation, this system has become a real breakthrough. We started applying interactive analytics instruments two years ago. There were two main reasons for launching the program. Firstly, expansion of informational support and decision-making for the staff, and ensuring the efficiency of the management analytics development. Secondly, the system provided a reduction of ineffective working time consumption thanks to the automatization of data processing and visualization of the results — meaning it would solve organizational and technical issues. In general, we came up with the idea of Power BI implementation a long time ago, however, it took a lot of time, because this is a large-scale and non-trivial task.

We had successful and unsuccessful attempts, and the implementation of the program from the first attempt to the launch took approximately six months. I would like to emphasize that usually such programs are realized by external specialists. But we managed to do this on our own with minimal training, and, of course, this makes us very proud.”

Microsoft Power BI is a flexible instrument. The possibility to include information from different sources is one of its main advantages.

Power BI consists of several elements that work together. Firstly, it is a classic Windows application — Power BI Desktop. Secondly, a web-service SaaS (a software service), Power BI service, and lastly, mobile application Power BI for Windows, iOS, and Android. The program allows the user to receive data directly from the system used in the company and from Internet sources. Therefore, employees can receive necessary reports right through their phones, even if they are not at their computers.

“We actively use the advantages of the system,” notes Liudmila. “We don’t have to send out to many people anymore, because our employees have



USUALLY, SUCH PROGRAMS ARE REALIZED BY EXTERNAL SPECIALISTS. BUT WE MANAGED TO MASTER MICROSOFT POWER BI ON OUR OWN, WITH MINIMAL TRAINING

LIUDMILA SAPOZHNIKOVA,
Deputy Financial Director,
Smarty Family

permanent access to this information. Moreover, the system has a real-time data update function, it is very convenient. But the main advantage is the accessibility of the information, a certain report is provided to certain people on a regular basis.”

It is worth mentioning that Power BI is used in many areas: marketing, sales, logistics, finance, production. In general, any sphere where a report and dashboard are needed can enjoy the advantages of this system. Currently, RedHead Family Corporation is using the Power BI program in the retail and distribution segment. Yulia Vorobyova is working with the program in Antoshka, and Liudmila Sapozhnikova, who introduced Power BI into the company, is working with it in Smarty Family. “The current task is to develop BI for logistics, and we’re involving our staff in this process. Of course, the system can be endlessly modified like any report,” says Liudmila. “But the crucial part is, of course, the implementation. And I continue to research this topic actively.”



ALEKSANDR MARKEVICH,
IT Director of Antoshka

A FIVE-YEAR PLAN IN A YEAR

The pandemic catalyzed many processes, including technology. Now the business makes new demands on information systems. Meeting these demands is a task for the Antoshka IT team.

“**B**ack in the day, it was enough for a company to provide customers with a quality product and good service to become a leader. But today we’re dealing with more demanding clients. Global informational and business trends are coming to Ukraine, becoming a part of our reality, and we must keep up with them,” **Aleksandr Markevich, IT Director of Antoshka**, claims.

The most ambitious project of 2021, according to Aleksandr, is the transition from a discount loyalty program to a bonus one. Another key project is the launch of a new online store on the Magento 2 platform. “We planned to launch the new website this October, but many improvement points emerged in the development process. We need to solve them to obtain all the key benefits from the new product. That’s why we postponed the launch of the new website antoshka.ua to 2022. It’s a new solution in terms of technology and architecture. We want our customers’ user experience to be pleasant

from the very first visit to the new online store,” Aleksandr shares.

Many projects implemented by the IT team of Antoshka were a platform for more global ones. For instance, Single Gateway for Establishing and Calculating Discounts, Client Virtual Cards, Unified Customer Database were essential for the new online store development and the new bonus program launch. At the same time, they benefited our external and internal customers.

Single Gateway for Establishing and Calculating Discounts made it possible to create a unified system for setting and calculating discounts both for the online store and retail. **Client Virtual Cards** completely relieved customers of the need to carry a plastic discount card with them. Now, they simply need to give their phone number, which became a contactless key to the bonus program at the store checkouts and on antoshka.ua. The project of

Unified Customer Database allowed to integrate online and offline client databases, make corrections and deduplication, which significantly improved the quality of customer data and opened access to new IT projects for the marketing department.

This year, the online store antoshka.ua got integrated with **AstraFit** service, the virtual fitting room where customers can set the body measurements and get a visual recommendation whether selected clothes fit their child.

In 2021, a **project to upgrade data collection terminals (DCT)** was also implemented. “So far, we have been using an insanely mixed system,” Aleksandr Markevich confesses, “Three generations of terminals on two different operating platforms were running in our stores. This year, we bought a fast sensor DCT instead of outdated equipment. Next year, we’re going to start the development of our own DCT application based on Android.”

By the end of the year, the IT department is planning to launch software recorders of bank transactions (SRBT). “These software packages allow us to create, and send digital receipts to our buyers,” the IT Director of Antoshka explains. “It’s convenient for our customers. Now, they will be able to access their receipts from a smartphone or computer anytime. This innovation opens new perspective projects that allow us to provide better service.”

IT department works on many exciting projects simultaneously. For example, **chatbot Antoshka** helps to improve communication with customers. Thanks to the **Antoshka lending project**, the company managed to integrate with the largest banks of Ukraine, namely PrivatBank, Alfa-Bank, UKRSIBBANK, Monobank, which allows clients to divide their payments into several parts or take loans.

Many processes within the company are developed and improved with the help of IT technologies. At the beginning of the year, the IT team and the HR department implemented the integration project

with **LMS Collaborator**. Learning Management System is a multifunction platform for staff training and development. It became an excellent choice for the HR and Education Department. Automation of the **Loyalty Program for Company Employees** is a project that aims to provide all the company workers with the most favorable conditions for online purchases.

There are also two infrastructure projects, namely strengthening the cloud infrastructure with the resources of one of the leaders in cloud solutions, **Ucloud**, and deploying a new web architecture in **AWS (Amazon Web Services)**.

Also, the IT team was actively describing business processes and managed to create 50 diagrams of the company's business processes by the BPMN notation

MANY PROJECTS IMPLEMENTED BY THE ANTOSHKA IT TEAM WERE A PLATFORM FOR MORE GLOBAL ONES

during the year. Well-described business processes can significantly improve the quality of work, and the new **Cawemo** tool helps to do this job.

Aleksandr Markevich remarks: “We’re improving our IT structure. The department specialists take courses on new technologies, practices, work with equipment and software. In a year, we launched as many projects as we used to implement in several years. And it’s just the beginning because the companies that use out-of-date technologies are not competitive. Latest accounting systems, cloud analytics platforms, automatic control systems for purchases and stocks, latest digital advertising tools and forms of digital communications, fast technological websites, flexible mobile apps, virtual assistants, and chatbots will help the company develop in an active competitive environment and always find a way to the customer's heart.”



KONSTANTIN DYMOV,
IT Director of Smarty Family

CHRISTMAS LIGHTS, ONLINE SHELF AND OTHERS

The projects that the Smarty Family IT department is working on can be roughly divided into three groups. The first group helps solve internal business tasks, the second group is driven by the needs of customers and suppliers, and the third one is dictated by legal requirements.

For the Smarty Family IT team, 2021 was more difficult than 2020, according to the IT Director Konstantin Dymov. Business activity declined last year due to the pandemic. Therefore, the need for IT service also decreased, and many projects remained frozen. But after a while, the mixed working mode became a habit, the business transformed, and the number of tasks that were to solve by the IT department grew significantly.

“In 2020, we implemented several large projects initiated by our suppliers who wanted a clear trade vision,” Konstantin Dymov, IT Director of Smarty Family recalls. “Namely, the Nestle project. The trick was that we faced the need to consolidate the data of two different systems (accounting and warehouse management systems). The result satisfied our partner, but we went even further. If earlier this company used to see monthly reports on sales and balances, now this information is provided to them weekly.”

Smarty Family also needs to understand which product is in great demand, what sells the best from the clients' shelves, and in what quantity. The Online Shelf helps get this information. “Thanks to this project, the distributors can consult their clients, recommend additionally buying a specific product. As a result, we can serve the needs of customers who are the end-users of our goods,” Konstantin remarks.

As for the solutions for inner business tasks, the mechanism to automate the bank statement obtaining process was implemented this year. It facilitated the work of the company's financial analysts significantly. In 2021, the report making according to HACCP standards also was automated. HACCP (Hazard Analysis Critical Control Point) is a system for finding, assessing, and management of dangerous factors affecting food quality. Every player in the food market is legally required to implement the HACCP system in his company.

Thanks to the project implementation, Smarty Family didn't have to hire additional workers to maintain documentation according to the HACCP system.

Online sales have been growing lately due to the pandemic. Therefore, the presence on large e-commerce platforms becomes more and more relevant. "In 2021, we managed to launch our products on two marketplace platforms", Konstantin Dymov shares, "It was Khoroshop and the famous service prom.ua."

Automation in warehouses and the accounting system implementation require high-quality communication with warehouse staff. To make it sustainable, the IT department established a backup channel provided by the Farlep-Invest company.

The department launched a few important logistic projects. The most interesting one is called Christmas Lights. It allows to sort goods and pick parcels quickly, making the whole process simple.

"To solve this task, we had to change the warehouse operating system and, at the same time, create new equipment because the solutions existing in the market didn't meet our needs," Konstantin Dymov shares, "I asked our outsourced contractor to do it. They were changing the code for us but had never done anything like the Lights before. It took me some effort to convince these guys that they can create such a 'smart piece of hardware'. And everything worked out. Now a sorter scans a product, and the shelf 'prompts' where to put it, flashing lights. The work is way more simple, and the sorting time is two to three times less."

The Christmas Lights is a case of successful collaboration with a contractor. However, Konstantin admits that outsourcing doesn't always bring a good result. "There's a staff shortage in the IT market today. It's through that we sometimes have to turn to specialized companies. But they

face the shortage problem as well as we do. So, in the end, we have poor feedback or failures in project implementation. That's why we try to solve all the tasks on our own, developing new skills of the department staff and involving our employees in the new directions. Say, somebody used to work on operating support only, but now takes part in projects. It's both profitable for business and interesting for people."

According to Konstantin Dymov, another significant achievement of 2021 is a collaboration with the real estate department of RedHead Family Corporation. "We took part in the negotiation

WE TRY TO SOLVE ALL THE TASKS
ON OUR OWN. IT'S PROFITABLE
FOR BUSINESS AND INTERESTING
FOR PEOPLE ON OUR TEAM

process and eventually started providing IT services to some of our tenants. We started selling these services. The figures are still small, but they're fundamentally important."

Speaking about the company digitalization as a whole, according to the Smarty Family IT Director Konstantin Dymov, the attitude of business toward IT specialists has changed dramatically during the last few years. "Back in the day, business used to grow quickly. Many processes were adjusted manually, and decisions about automation appeared later. Now, the IT department is involved in a project at the very early stage. In other words, new processes are automated initially. It is immediately discussed with the IT department what will happen if we stick to some idea. We need to ask our IT guys first if we are to change any process. There were no such things five years ago, and now the scene has changed. It's a very positive shift."



LET'S BRING THE GIFTS FOR NEW MOMS TO MATERNITY HOSPITALS!

For ten years now, Smarty Family has been introducing new moms to healthy high-quality products. And for the second year now, the company has been organizing a project to promote goods in maternity hospitals on its own.

In the first days after childbirth, many mothers are extremely sensitive to information. That's why an early encounter with high-quality products that will become reliable helpers for parents is very important. A significant feature is that new mothers, following certain superstitions, don't always take

everything they need for a baby to the hospital, buying these products only after the birth. It means that a new mom may find herself without many simple things in the maternity hospital. In that sense, the Smarty Family project that promotes products in maternity hospitals is truly meaningful and useful.

"The idea of giving mothers promotional packages in maternity hospitals isn't new, and we're not the only company that uses it. But now, when the world is going online, and many brands become more distant, avoiding direct contact with parents, we keep in touch. We realize that sometimes it's

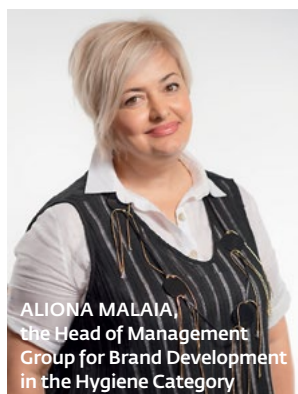
crucial to try products right here and right now”, **Aliona Malaia, the Head of Management Group for Brand Development in the Hygiene Category**, remarks, “That’s our main reason to develop this direction. Our department has been participating in the project for seven years already.”

A funny fact is that Aliona herself became familiar with the project in a maternity hospital. Being a mother of a newborn baby, she got a gift from Antoshka with a Bübchen tester inside, and it came very much in handy. “At my job interview, they asked me about my first interaction with Smarty Family products. I mentioned that moment. I believe that my way of meeting the project and products wasn’t just a coincidence. I had a chance to check the high quality of the brand myself and understood that using these products is a pure pleasure.”

Until recently, the Smarty Family company asked for the help of mediators while implementing a project to promote goods in maternity hospitals. “We assessed our resources and realized that we have everything to work independently, without additional costs,” Aliona explains. “We have brands to promote in maternity hospitals, a marketing budget, suppliers that support the initiative, an experienced team of doctors, and most importantly, an understanding of the project's importance. We can involve new partners, go to the moms with

even more fascinating and widely ranging offers, and thus bring income for the company.”

The project started with two body care products from Bübchen and Nuk. Now, it also covers baby food brands of MAMAKO®, Hame, Bebi, Heinz and Philips AVENT breastfeeding products. “Besides the info brochure about products, we put a mini version of diaper cream into the package. This is exactly what



ALIONA MALAIA,
the Head of Management
Group for Brand Development
in the Hygiene Category

a mother needs from the first days of her child's life. It’s an important feature that we have a 20 ml tube, not a tester, in the package, so the product lasts for 2-3 weeks of use,” Aliona emphasizes. “There’s also the AVENT breast pads tester and MAMAKO® porridge with goat milk. Of course, the porridge isn’t a food for a newborn, but a mother can try it and then buy it for the baby. The package also contains an invitation to make a trial purchase and get a discount in Antoshka stores.”

Today the Smarty Family program covers 27 maternity hospitals in

Kyiv, Odesa, Dnipro, Kharkiv, and Lviv, and we’re planning a significant expansion. Mothers, the company, and the maternity hospitals are all interested in the project. Everybody likes getting presents, so this kind of additional service at the hospital is always a plus to its reputation.

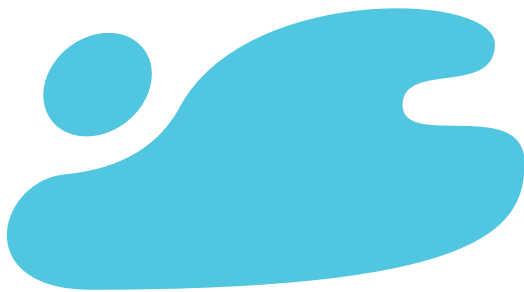
“After we took control of the project, first of all, we started actively searching for partners,” Aliona Malaia recalls. “We’re

TODAY THE PROGRAM
COVERS 27 MATERNITY
HOSPITALS IN KYIV, ODESA,
DNIPRO, KHARKIV, LVIV,
AND WE’RE PLANNING
A SIGNIFICANT EXPANSION

planning to make the project profitable next year. Together with brands’ representatives, we want to become partners for maternity hospitals and, in addition to giving samples, regularly provide them with sets of cosmetics for baby care. We want newborns to receive high-quality care from the first days of life. The Bübchen brand will be involved to achieve this. In addition, we provide maternity hospitals with products they can use for charity. For example, to support mothers with low-income. Our long-term goal is to be a reliable partner for young parents.”

LUMERS + UNIVERSITY = LUMIVERSITY

In 2021, a significant breakthrough took place in the education sector for Antoshka's employees. Online education in the company jumped to the next, so to speak, the university level.



Back in the day, classes for the staff took place mainly offline, but after a while, the company faced the need to switch into online mode, as about 1000 employees in 18 cities had to pass through educational programs. As the pandemic broke out, remote learning became the only possible option. “At that point, we realized that we badly needed an online educational platform where we could put our learning materials,” **Anna Bebeshko, Training and Development Manager**, claims. “And we found a solution. It was one of the top Ukrainian innovative platforms, which met our needs entirely. It’s the LMS (Learning Management System) Collaborator.”

On this platform basis, we created our own new “postgraduate school”, the Lumiversity. We played with the word *lumers*, which names the brand characters of Antoshka. These bright funny creatures inspired us to combine the

Latin basis of the word *lumus* (light) and the word *university*. That’s how we came up with the Lumiversity.

“Our collaboration with the LMS started in early 2021,” Anna elaborates. “We began uploading the learning content onto the online platform. It included information about our products, interactive presentations, videos and other useful materials. So far, several interesting projects have taken place in our Lumiversity, namely the mentorship program Light

a Star, the special course for cashiers *Lumikasa*. In September, we launched the School for Chiefs. The LMS gives us an opportunity for learning process gamification, and it’s extremely important. The platform is user-friendly and synchronizes with our personnel database. It’s a remarkable advantage because each staff member of Antoshka becomes a Lumiversity student from their first workday in the company.”

Another big and important project realized by the staff



education and development department is an adaptation program for newbies. “We were developing this program for almost half a year. The working group included store managers, HR-managers and regional director. Together, we created various materials, namely check-lists for each position, *The Newbie Handbook*, a video message from Vadim Orlov, CEO of Antoshka, to new workers,” Anna says. “What’s the point of all that? It’s clear that each newbie gets emotionally and professionally stressed on their first work days. We tried to increase the level of comfort by giving them a sufficient volume of information. In the framework of the adaptation program, our new retail staff gets information about the company, products, our working methods and range of their responsibility.”

The program was launched in May 2021. A little bit earlier, a two-month mentorship course took place in the Lumiversity. Store managers, their assistants as well as the most experienced and loyal employees (shop assistants, cashiers and department managers) mastered coaching techniques, and now they work as mentors for newbies.

“As a result, we have a cool project that we gently call *Lumerization*,” Anna says,



“Our mentors get experience and a chance to develop their management skills. We see now that newbies get up to speed quickly and understand the specific features of the working process in Antoshka. We want the work in our company to be pleasant for the employees. Of course, it’s also a business goal, since onboarded and competent employees do their work better and meet the clients’ needs on the highest level. It’s a win-win game for everyone — for employees, store team, company, and customers.

Uliana Solodovnik, Specialist of the Training and Development Department at Antoshka

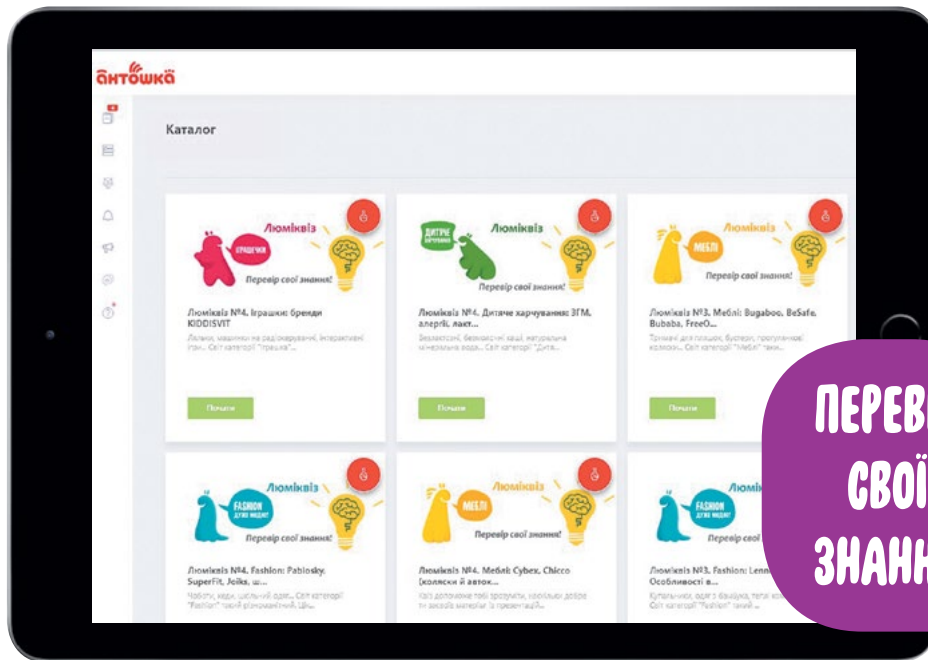
The online platform allows us to input gaming elements into the educational program. **Lumiquizes** can serve as a vivid example. When the Lumiversity reached a sufficient number of learning materials about our products, we decided to test employees’ knowledge of brands in a playful manner. I got a chance to make quizzes, and we called them Lumiquizes. We started issuing four

Lumiquizes per month, one for each category: Toys, Furniture, Nutrition/Body Care, and Fashion. A quiz contains 10 questions, and it's not a plain test for product specification knowledge. Lumiquizes include questions on attentiveness, logic, and ingenuity. The first set was launched in June 2021, the fifth and the last one in October. These tests are available for all our employees,

this program and will continue Lumiquizes in 2022.

Another stunning project developed by our department is **Lumikasa**. The goal of this project is to teach cashiers not only to comply with customer service standards, but also to be truly welcoming. Of course, we don't underestimate the role of the shop assistant. But we also realize that if a customer had an

the end of any process. In our learning materials, we compare customer service to making a cake. You need to knead the dough, cook the cream, bake the cakes, pull it all together, and then decorate it. So, the cash register service is our cherry on top. The two-week Lumikasa course took place in July 2021. The materials are available at our learning platform, and now all new cashiers of Antoshka take this course. The feedback we receive is very pleasant and important to us. Store employees say that they find a lot of useful information in the Lumikasa course, and they use some techniques and life hacks not only for work but also for everyday life.



namely shop assistants, store managers, cashiers, store department managers, database administrators. According to the results of five sets, we chose winners in each category and awarded them. We witness a high level of involvement in

excellent interaction with the shop assistant, but a problem occurred at the cash register, it would spoil the whole image of the store. It all boils down to the basics of human perception. People usually remember the beginning and



TRANSPARENT COMMUNICATION

Today, it is common knowledge that social media is a necessary resource for every business. Every day millions of people wake up, take their smartphones and don't let them out of their hands until the night: they communicate, amuse themselves, find useful information, do the shopping. According to the consumers' belief, if you are not on social networks, you don't exist.



We talked to the managers responsible for the RedHead Family social media accounts to learn which content they publish on the resources, how the audience reacts to certain publications, and what inspires them to create pages that connect the business and the clients.



ANASTASIA CHEBANIUK,
Antoshka
Account
Manager,
Facebook,
Instagram,
and Viber

Antoshka is a strong brand with an excellent reputation that has been working on the Ukrainian market for 24 years. We run social media to maintain the emotional connection with our buyers. They have already been to Antoshka and have a great first impression of our stores. On our social media, we continue this sincere connection or establish it with new clients. We think that we are not supposed to be the showcase of the online store, constantly suggesting buying something or informing only about new arrivals. There are plenty of shops like this on the Internet, but Antoshka stands out thanks to the playful and creative communication.

In marketing terms, the aim of our social media accounts is increasing brand awareness, brand loyalty, and building up the community of our clients. Also, I run the ‘younger brother’

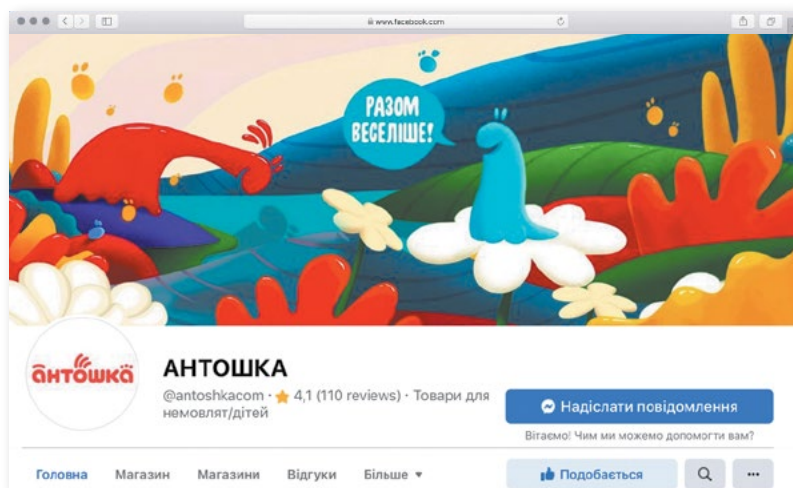
of our pages, the public in Viber, where the clients can get notifications on promo campaigns and new products.

The main instruments that we use to attract the audience are interactive types of content. The most popular are giveaways with valuable prizes. However, publications with interesting games like math problems, rebuses, and quizzes also attract the internet users. For example, the audience engages with publications in which we suggest picking a look for Barbie: an outfit for a party, for a walk, etc. The subscribers not only press the like button, but quite often they leave

their picks in the comments. The content is created based on the popularity of publications: we pay attention to the posts that gained the most engagement. Also, we know which products are the bestsellers and which are the most expected novelties, plus we focus on seasonality.

We popularize our pages at offline events too. For example, during Antoshka’s Birthday celebration, we organized photo zones in some stores. People could make a colorful photo there and post it on social media with our hashtag. Then we held a giveaway of our new soft toys, Lumers, Antoshka’s brand-heroes, among those who took part in this activity.

We are always serious about the giveaways. The winner is picked automatically, but we always check their page. If it is blank, we hold the giveaway again to make sure that the present



WE ARE HAPPY WHEN WE CAN SUPPORT OUR CLIENTS AFTER THE PURCHASE, AND SHARE THEIR JOY OF AN EXCELLENT CHOICE, AND SUGGEST SOMETHING

goes to a real supporter of our brand. Usually, the winners post photos of their children with the presents and say thank you to us.

The main audience of our social media are parents. However, children read us too. Sometimes, they write cute private messages, “Hello, Antoshka, how are you?”. Antoshka always answers, we never leave a comment or a private message without a reply.

If someone tags us in a story, we repost and answer it. Recently, one of our clients who bought furniture from us posted a photo of the new interior with a caption “Now we are ready for school”. We replied with a compliment and wished her children good luck in school. In return, the woman told us how long she was choosing the furniture and how glad she is that all pieces work together. Then she consulted on a desk lamp that she wanted to buy from us. We are happy when we can support our clients after the purchase, share the joy of an excellent choice with them, and suggest something, so they can come back to Antoshka.



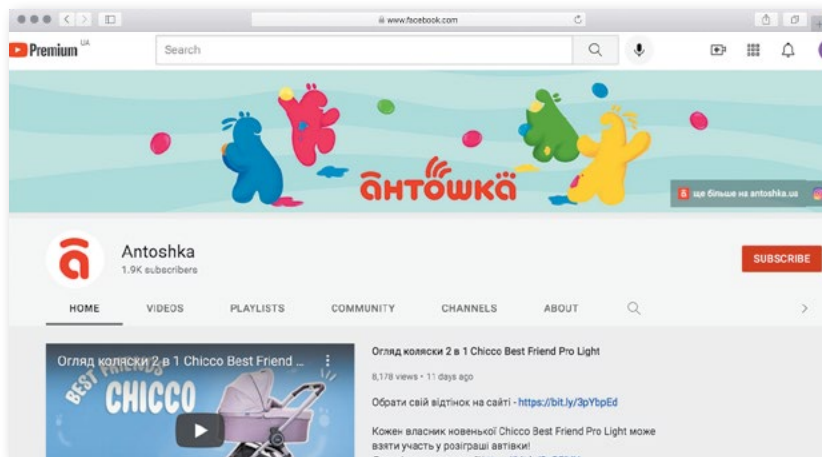
**IRINA
BEREZOVSKAIA,**
Antoshka's
YouTube
Channel
Manager

Antoshka's YouTube channel is one more point of contact of clients with our brand. Recently, we have relaunched the channel: we rebranded it, changed the intros, cleaned up the playlists, finalized the video categories and content plan. Now we are picking up speed. Initially, we were creating video materials for children, but then we analyzed the channel statistics and saw

that our main audience consists of parents. We are trying to feel our viewers and give them what they are interested in — reviews, toys and furniture tests.

It is important that our team is formed within the company. Our photographer who made photos of our products for the web-site and videographer who made short clips for our social media, took care of the filming process. They approached the work for the YouTube channel with creativity, constantly offering some ideas. Soon we are going to film a new line of LEGO that includes motorbikes with a mechanism for stunts, so our cameramen are preparing a fog machine to make a spectacular clip.

The hosts of our videos are children who won Antoshka's contests in social media, brand supporters, and our coworkers. Sometimes we film our coworkers' children, probably,



they are our biggest fans. Children are very active, they want to unpack a toy and start playing immediately, therefore sometimes we have to slow them down a little to film the process fully. Usually, the most fun moment arrives after the

We leave a link to our online store in every video to simplify the buyer's way to the product.

Firstly, we want to create quality videos that will help clients to choose Antoshka's products. Nevertheless, we would like to

the distribution partners, so they can visit our pages, see that we are active, developing, and ready for a partnership. Now we are working on a new design and content, so we are planning to launch updates soon. It will be a platform for general information, covering our trademarks, new products, and recommendations. We will actively talk about certain brands that don't have their social media accounts yet.

MAKING RELEVANT AND IN-DEMAND CONTENT IS OUR LONGTERM AND MEANINGFUL GOAL

shooting — we give children the toys they were shot with.

Our adult hosts are our employees who know our products perfectly. In our last videos, you can see Roman Peresytkin, Manager of the furniture category from Antoshka-City at Tairova. Typically, he reviewed baby strollers, but for the Back to School we made a review of the Mealux Montreal desk. Roman assembled it on camera in one take. Just look at his honed movements and confidence: only professionals could do it like this. Of course, an unprepared person faces difficulties working on camera and being natural. But I believe that we will discover many stars in our team of employees.

Also, in each video you can see our Lumers, Antoshka's heroes. They always appear with tips.

decorate our studio with a Golden Button. The world of YouTube is fantastic, it changes so rapidly, one trend is followed by another. Therefore, making relevant and in-demand content is our long-term meaningful goal.



ANNA WAGNER,
Smarty Family
Account
Manager,
Facebook and
Instagram

To be exact, we have several social media accounts. The Smarty Family page is aimed at communication with our business audience, as well as our direct consumers. In the modern world, 'alive' pages are crucial to draw the attention of people looking for

Additionally, we run a few separate accounts for the brands that we represent in Ukraine. Their content is targeted at a specific audience — parents of toddlers, especially mothers. We are living in times when social media became the simplest way of open communication with consumers. Active moms go to a brands' pages to find answers to their questions: they read reviews, assess the situation, observe the communication of the brand and decide on its credibility. In the contemporary world, such nuances can be delivered only through social media.

There are three categories of brand accounts: Food (Hame, Bebi Premium, Donat, Smartyk, Slodych, Heinz, Mamako), Hygiene (Baby-Nova, Bubchen, NUK, 59S, AGU), and Toys (SIKU). These brands have enjoyed the interest of our audience for many years, and we are trying to maintain it. These pages are curated by a network of



photos of their happy babies, and thank us for a tasty porridge or compliment the therapeutic properties of the water for the pregnant or tell us that thanks to our products their baby eats heartily. Such positive feedback is very inspiring!

It feels so nice to know that the consumers are satisfied with the products that we represent. We are proud of these trademarks, each of them is a quality mark in itself. They are worthy of being talked about, promoted and developed — these are the brands that have brought up our babies and continue to do so.

WE ARE IN CONTACT WITH SMM MANAGERS 24/7. SOMETIMES OUR CLIENTS HAVE URGENT AND UNCONVENTIONAL QUESTIONS, AND WE ANSWER THEM SHORTLY

managers. We are in contact with SMM managers 24/7. Sometimes our clients have urgent and unconventional questions, and we answer them immediately. The most common questions concern lists of ingredients, best prices, addresses of the stores where the products are available. Also, Smarty Family has a staff gastroenterologist and nutritionist Svetlana Golovina who always consults our consumers and answers their questions about nourishment and hygiene.

We are not running after the number of posts, but

prioritize important and useful information. We consider seasonality, new products, and hot questions from moms. The most popular publications are giveaways, promo campaigns, and adventure games. Posts with life hacks for moms, useful and informative materials are popular too. Sometimes it seems like they have less likes and comments, but in statistics we see that people read them eagerly.

It is very interesting to work for our target audience. We want to learn new things and share them. The biggest prize for us is when moms send us



**ANNA
BEBESHKO,
#rabotaigra
Account
Manager,
Facebook and
Instagram**

#rabotaigra is a page for the company employees, including future or potential ones. Here we talk about our colleagues' achievements and results. The community helps to strengthen RedHead Family Corporation positions as an employer. The hashtag #rabotaigra (work as a game) first appeared in 2016. As any game, work has rules and results. But the main thing in a game is to enjoy interacting with each other. Therefore, we treat our work as a game!

When we create content, we highlight our employees, even though this is an external communication channel. Antoshka stores and distribution branches have wide

Corporation life, share stories of our colleagues, and always cover social initiatives we join. Recently, we supported a campaign of charity foundation Tabletochki, we regularly

manager of Antoshka Pechersk. The newlyweds shared this joyful moment with their colleagues. The post received many warm wishes. On store birthdays, we post photos of the store teams and tell about the regional teams of Smarty Family. These publications meet a strong feedback because many employees can see their colleagues in the photos and wish them well.

EVERYONE EAGERLY SHARES THEIR STORIES WITH US, AND WE ARE ALWAYS GLAD TO HEAR NEW PUBLICATION OFFERS FROM OUR COLLEAGUES

geography, and we are trying to be in one infosphere. We post vacant positions. The hashtag #rabotaigra is mentioned in all advertisements on job search sites. Clicking on it, a candidate can see the life of the company from within before sending the CV.

We tell about important events in the RedHead Family

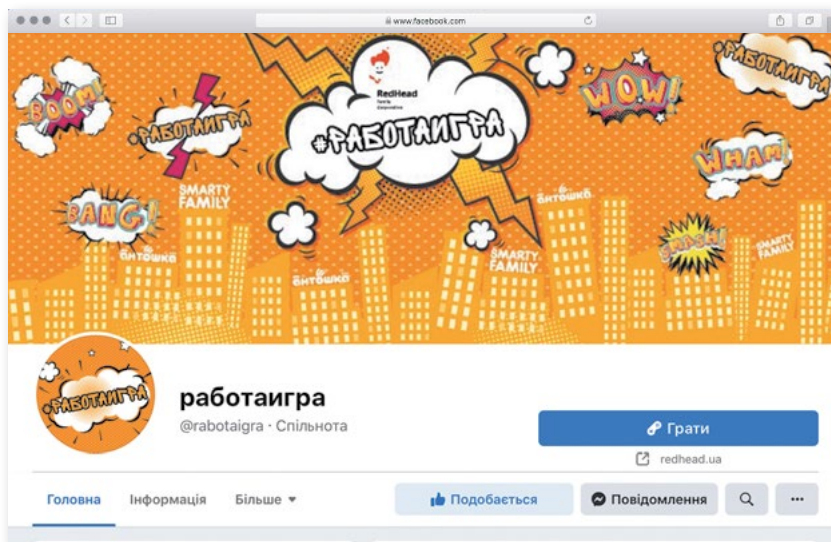
hold Donor Day, and join many charity initiatives. Such events are great publicity opportunities.

We receive the most feedback on publications about people. This summer, one of the most popular posts was about the wedding of Vadim, manager of Antoshka Ocean Plaza, and Anastasia, deputy store

The number of subscribers of the #rabotaigra page grows organically. Remarkably, the CEOs of Antoshka and Smarty Family are among the top fans of the page, as are many other colleagues. They share the publications actively, comment and support them with likes.

All our publications are made spontaneously, without a strict content plan. If there is a certain event, we cover it rapidly. All photos are not professional, but they are real and sincere — they are about us.

How do we learn about different events in the lives of our employees? The HR team knows everything! Everyone eagerly shares their stories with us, and we are always glad to hear new publication offers from our colleagues. I think the employees feel good when we write about them. And we enjoy making them feel good!





HOW TO CREATE AN EFFICIENT INTERNATIONAL
BOARD IN A PRIVATE UKRAINIAN COMPANY?

THE CASE OF REDHEAD FAMILY CORPORATION



On 6 October 2021, the meeting of the Ukrainian Corporate Governance Academy (UCGA) and FBN Ukraine community members with the current Supervisory Board of RedHead Family Corporation took place in the innovative campus Unit.City in Kyiv.

The meeting started with the speech of Vladislav Burda, Founder and CEO of RedHead Family Corporation, President of FBN Ukraine. He shared the Supervisory Board working experience in the Ukrainian family company. He told the audience how the Board was founded, some interesting cases of the last ten years of its existence, and also about the values that American, German, and Swiss experts could bring into Ukrainian business.

The speech was followed by a panel discussion with the participation of international expert Board members of RedHead Family Corporation. Hermut Kormann, Josef Astrahan, Reinaut van Lennep shared their vision of the situation with the corporate management in Ukraine. They answered the questions of the panel moderator Aivaras Abromavičius about the specifics of working on the Supervisory Board in the Ukrainian private companies, mentioning cultural, political, and economic factors. The speakers also explained what can attract a foreign expert to become a Supervisory Board member in a Ukrainian private



ONE SHOULD NEVER PUT THEIR RELATIONSHIP WITH A FAMILY IN DANGER FOR THE SAKE OF BUSINESS DECISIONS. THE BOARD IS A BUFFER WITHIN THE FAMILY

enterprise and how it can help the business. A special topic of discussion was the sustainable continuity, successful transfer of the family business to the next generations, and the ways to achieve successful interaction between family, shareholders, management, and the Board.

Hermut Kormann remarked on the importance of a Supervisory Board, “If you don’t have a Supervisory Board, you share the ideas with somebody anyway — with your spouse, friends, or strangers. So wouldn’t

it be better if it was a group of professionals? If this idea is not worth sharing with anyone, then the big question is, how worthwhile is this idea?”

The speech of the RedHead Family Corporation Supervisory Board member Josef Astrahan, *5 Signs Your Supervisory Board Needs Help*, ignited a vivid interest of the audience. He mentioned the best world practices and shared his experience of the board creating and functioning for private international enterprises. The speaker remarked, “You should



never put your relationship with your family in danger for the sake of business decisions. The board is a buffer within the family. He comes to the rescue when you need to make important decisions, make appointments or discuss rewards and dividends.”

“I’m grateful to all the panel participants for the perfect content and the ocean of thought concerning the corporate management improvements in a family company. A special thanks to Aivaras Abromavičius for his great questions, his love for supervisory boards, and his wonderful sense of humor. The audience was actively involved, and we had an interesting and productive time,” Vladislav Burda summed up.



THE 39TH EVENT IN ODESA

The meetings initiated by the Association of Family Company Owners of Ukraine are always about professional and friendly communication. They are full of conversations on challenging topics, leisure with people who share your interests, useful information, and positive vibes for everyone. The last event proved it. Eighty participants of the 39th FBN Ukraine meeting, which took place in July 2021 in Odesa, discussed the new trends in family business development, took a short trip around the region and became more familiar with three companies.





How are the resources of family companies used? How to define the path of brand development? What kind of flaws often occur in family business companies? Vladyslav Burda, President of FBN Ukraine, covered these topics in his speech. Larysa Mudrak, CEO of FBN Ukraine, told about the changes of the Association's strategy for the next ten years, the third contest for the best family business of the country, and some other working directions of FBN Ukraine. Traditionally, a special program in the framework of this event was dedicated to NextGen. This time, the representatives of second-generation business owners discussed algorithms and criteria of the NG development in a family business.

The next day, participants met the heroes of the hour, the invited speakers. The Volkov family was the first host. In 2016, they founded YugFood company and started production under the trademark Valesto. Today, the brand is popular with everyone who likes good bakeries, both in Ukraine and abroad. Valesto sells phyllo dough and products made



of it. Valerii Volkov, the founder and owner of YugFood, gave the FBN meeting participants a tour of his factory and made them aware of the production technology and company history.

Then participants went to Zatoka. Fifteen up-to-date hotel buildings, four-season holiday packages on the seaside, conference halls for various events, sport grounds — it's all about Ruta Resort & Event Hotel. The founders of this hotel complex are the Korin family. The Korins dedicated the presentation to the history of their business, its prospects, and the future family generations involvement.

The third destination of the trip was the Shabo winery complex. Giorgi Iukuridze, the co-founder of Shabo, told the visitors



THE EVENT PARTICIPANTS TOOK A SHORT TRIP AROUND THE REGION AND BECAME MORE FAMILIAR WITH THREE LOCAL COMPANIES





about his family that founded the factory. Naturally, his speech covered both the rich company history and its perspective. Despite the popularity and strong market position of Shabo wine, the company strives for bigger goals. For instance, they plan to claim a Michelin star for their family restaurant.

Traditionally, a sport competition took place in the framework of the event. It was the family game The Survivor: FBN edition.





HELLO, CROATIA!

In June 2021, the first post-quarantine FBN Ukraine traveling event took place. It was the 9th international tour for the Association. This time the destination country was Croatia.

The long-awaited FBN Ukraine tour gathered a record number of participants. They were seventy-seven. Historical places, wonderful nature, delicious cuisine, and unforgettable atmosphere were waiting for the participants. Ukrainian guests had a chance to see, taste, and feel it all. And, of course, the FBN members visited local family factories. Namely, they met the owners of a four-generation Kozlovich winery, nine-generation Gavrilovich butchery, two-generation Zigante truffle farm, and the founder of Rimac company that produces the world's most expensive electric car Nevera. All the business owners talked about the Croatian dignity and openness, the strength of family roots, and support for new aspirations.

The inspiration and co-organizer of the event was the Vovk family, more precisely, its Croatian part Philip Vishich, the husband of Elena Vovk.





On 16 June, after their charter flight and check-in to the historical Esplanade Zagreb Hotel, which was built especially for passengers of the Orient Express, the participants went on a tour of Zagreb. The day ended with the greeting of Vasyl Kyrlych, Ambassador of Ukraine to Croatia, and a casual conversation at dinner.

In the morning, the tour participants went to the office of the innovative car company Rimac. It made a splash in the market by presenting an electric car with a starting price of \$2 million. Mate Rimac, a 33-year-old company owner, started his career at his father's garage dreaming about the fastest car in the world. He confessed, "I have been putting all my efforts into this business



for twelve years. I can say that the most intricate thing is to cultivate the company values in the people who come to work with you.”

A whole dynasty of Gavrilovich, the major meat manufacturer, came to the meeting with the FBN participants in the Zagreb Museum of Contemporary Art. There was Djuro III Gavrilovich, the father, Djuro Jr., his son and a production manager, a grandson Gabriel, marketing and exports directors. The history of Gavrilovich strikes. It counts 330 years and nine generations. Today, the company issues over 200 product types under three trademarks — Gavrilovich, Jeli, Gala. They are popular throughout the Balkan market, visible in the EU, show positive results in Canada and the USA, and emerged in Ukraine about a year ago.

The third day of the event passed on the peninsula of Istria, where the participants visited the best Istrian winery, Kozlovic Winery. The fourth-generation business of





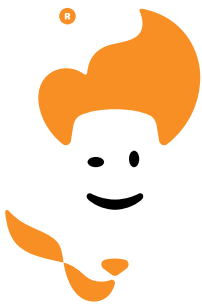
the Kozlovic family boasts distribution in ten countries, including the ‘winery’ ones, such as Italy, France, the USA. The production is ruled by the fourth generation, spouses Antonella and Gianfranco. Their daughter joined the family business as a certified enologist*.

On the last day of the tour, the participants visited a truffle processing plant. Zigante Tartufi is a two-generation family business. The factory not only produces 350 types of truffle products, but also has about 50 thousand visitors per year. After a short tour, the owners treated the guests with their products at the family restaurant.

The last evening in Croatia was marked by a special event. Andrei Stavnitser celebrated his birthday. The musical performances by Goran Bregovic and the De Phazz band became a great addition to the marvelous party mood and the magnificent landscapes of Istria.



* Enology — the study of wines



RedHead

Family
Corporation

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RedHead Family Corporation
Vladislav Burda

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