NIKORA GROUP

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

Together with the Independent Auditors’ Report

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FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Management of JSC Nikora

Qualified Opinion

We have audited the consolidated financial statements of JSC Nikora (the Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified *Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

We were unable to obtain sufficient and appropriate audit evidence about compliance with IFRS neither for the initial recognition nor for the key assumptions used in the impairment test of goodwill for current and comparable periods. The Balance of the goodwill as of 31 December 2023 and 31 December 2022 amounted to 43,618 thousand Gel. Our audit opinion for the financial statement for the year ended 31 December 2022 issued on 15 May 2023 was modified accordingly for the same reason. We were unable to perform the relevant audit procedures and were unable to determine whether any adjustments were required regarding Goodwill's carrying amount and the related elements making up the consolidated financial statements. Our opinion on the current period's financial statement is also modified because of the possible effect of this matter on the comparability of the current period and the corresponding figures of the goodwill.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Georgia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below are the key audit matters to be communicated in our report.

Key audit matters	**How the scope of our audit responded to the key audit matter**
Revenue recognition and related discounts We have identified the recognition of revenue from contracts with customers as a key audit matter. Contracts with customers include the sale of food and non-food products in retail chain with more than 579 shop. Recognition and measurement of revenue is significantly dependent on the determination of the transaction price, which is substantially influenced by the discounts offered to customers, customer loyalty programs, activity-based bonuses. Refer to revenue recognition policy and additional Information in Note 29.2 and 6, respectively.	**We have performed the following audit procedures to address the key audit matter:** • We assessed whether the revenue recognition policy was in line with the requirements of International Financial Reporting Standards, in particular the use of IFRS 15 "Revenue from Contracts with Customers"; • We performed procedures over adjustments to revenue. We obtained a detailed understanding of these manual adjustments. Due to the manual nature of these adjustments, we performed substantive audit procedures; • We confirmed the recognised revenue with the supported documents; • We carried out analytical procedures on revenue, cost of goods sold and other expenses correlated with revenue; • We examined the adequacy of the information used by management in determining the transaction price and the reasonableness of the estimates; • We discussed whether experience and business practices were properly taken into account in determining the transaction price; • We have investigated the terms of the Customer Loyalty Program; • We obtained evidence that revenue is deferred according to the number of points awarded to customers under the loyalty program and revenue is recognised in the correct accounting period; • We reviewed the discounts and bonuses offered to customers after the reporting period for which the revenue was recognized during the reporting period. We compared these discounts and bonuses with the assumptions used in determining the transaction price. • We assessed whether the disclosures in the financial statements are appropriate and in accordance with IFRS requirement.

Fair value accounted property, plant and equipment

We have identified the fair value accounted property, plant and equipment as key audit matter. The group's land and buildings within property, plant and equipment, as disclosed in note 13. The land and buildings are independently appraised by professionally qualified valuer using the market and cost approach.

We have performed the following audit procedures to address the key audit matter:

- We assessed whether the valuer is independent of the Group and considered the reliability and competency of the valuer;
- We selected a sample of properties which we considered to be of most audit interest and with the assistance of our Real Estate Valuations expert to audit the valuations in detail;
- We assessed whether the disclosures in the financial statements are appropriate and in accordance with IFRS 13 Fair Value Measurement; and
- We assessed whether all property valuations have been correctly included in the financial statements.

Accounting of leases for the lessee in accordance with IFRS 16-leases

The Group enters numerous lease transactions in the capacity of the lessee and recognizes significant assets and liabilities in accordance with IFRS 16. Accounting of leases for lessees in accordance with IFRS 16 is related to significant management estimation, because of that we have identified the accounting of leases transaction as a key audit.

The Group relevant accounting policy and additional information are presented in Notes 29.6 and 14, respectively.

We have performed the following audit procedures to address the key audit matter:

- We assessed whether the Group policy related to accounting of lease operation in the capacity of the lessee was in line with the requirements of IFRS 16. We assessed the adequacy of policy for the identification of short-term leases, and lease with fixed and variable payment.
- We check compliance of the measurement policy related to asset and liability with IFRS.
- On a sample basis we have traced the relevant lease module used for calculation back to the source document (lease contract, invoice, payment i.e.).
- We carried out analytical procedures on the right of use asset, lease liability, interest expenses, and other items correlated with lease;
- We assessed whether the disclosures in the financial statements are appropriate and in accordance with IFRS requirement.

Responsibilities of Management and Those Charged with Governance for the consolidate financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

Auditor’s Responsibilities for the Audit of the consolidate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent audit report is Ivan Jelia.

Ivan Jelia (Auditor’s registration number SARAS -A-954810)
Managing Partner
Baker Tilly Georgia LLC
15 May 2024
Tbilisi, Georgia

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Ivan Jelia (Auditor's registration number SARAS -A-954810)
Managing Partner
Baker Tilly Georgia LLC
15 May 2024
Tbilisi, Georgia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

(In thousands of GEL)

	Note	2023	2022
Revenue	6	1,295,207	1,012,729
Cost of sale	7	(915,309)	(713,701)
Gross profit		**379,898**	**299,028**
Other income	8	1,084	1,002
Selling and distribution expenses	9	(251,172)	(188,582)
General and administrative expenses	10	(41,987)	(39,209)
Other gain net	11	1,213	1,641
Share of profit of associates and joint ventures	17	360	-
Financial income		2,301	1,564
Financial expenses		(25,747)	(24,612)
Foreign exchange gain/(loss) net		(1,384)	19,393
Profit before income tax		**64,566**	**70,225**
Income tax expenses		(2,134)	(1,243)
Profit for the year		**62,432**	**68,982**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property and bearer plants		10,767	807
Total comprehensive Profit for the year		**73,199**	**69,789**
Total Profit attributable to			
Owner of the Company		61,162	66,934
Non-controlling interest		1,270	2,048
Total Profit		**62,432**	**68,982**
Total comprehensive Profit attributable to:			
Owner of the Company		71,862	67,700
Non-controlling interest		1,337	2,089
Total comprehensive Profit		**73,199**	**69,789**

The consolidated financial statements for the year ended 31 December 2023 was approved on behalf of the management on 15 May 2024 by:

Director	______________________	Irakli Bokolishvili
Financial director	______________________	Irakli Gejadze

NIKORA GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

(In thousands of GEL)

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The consolidated financial statements for the year ended 31 December 2023 was approved on behalf of the management on 15 May 2024 by:

Director ______________________ Irakli Bokolishvili

Financial director ______________________ Irakli Gejadze

Notes on pages 12-48 are the integral part of this consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(In thousands of GEL)

	Note	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Goodwill	12	43,618	43,618
Property, plant and equipment	13	237,723	165,594
Right of use asset	14	146,552	118,196
Intangible assets	15	7,089	6,340
Biological assets	16	1,361	1,121
Prepayment for non-current assets		7,482	2,463
Investments in Associates and Joint Venture	17	8,453	-
		452,278	**337,332**
Current assets			
Inventories	18	167,197	128,815
Trade and other receivables	19	37,916	32,838
Issued loans to Joint Venture		325	-
Cash and cash equivalents	20	20,814	39,804
		226,252	**201,457**
Total assets		**678,530**	**538,789**
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital	21	6,471	6,471
Preference share capital	21	21,620	19,546
Treasury shares	21	(417)	(501)
Revaluation reserve		34,545	24,081
Accumulated profit		132,960	76,562
Non-controlling interests	22	4,015	3,794
		199,194	**129,953**
Non-current liabilities			
Bonds and borrowings	23	78,285	94,636
Lease liabilities	14	110,895	88,178
Deferred income	24	2,537	2,537
		191,717	**185,351**
Current liabilities			
Trade and other payables	25	201,774	166,194
Bonds and borrowings	23	53,040	31,023
Lease liabilities	14	32,805	26,268
		287,619	**223,485**
Total liabilities		**479,336**	**408,836**
Total equity and liabilities		**678,530**	**538,789**

The consolidated financial statements for the year ended 31 December 2023 was approved on behalf of the management on 15 May 2024 by:

Director ______________________ Irakli Bokolishvili

Financial director ______________________ Irakli Gejadze

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NIKORA GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

(In thousands of GEL)

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Director _______________ Irakli Bokolishvili

Financial director _______________ Irakli Gejadze

Notes on pages 12-48 are the integral part of this consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

(In thousands of GEL)

	Ordinary Share capital	Preference share capital	Ordinary treasury shares	Revaluation reserve	Accumulated profit	Attributable to the shareholders of the Company	Attributable to non-controlling interests	Total
31 December 2021	**6,471**	**19,158**	**(728)**	**24,887**	**7,297**	**57,085**	**1,719**	**58,804**
Profit for the year	-	-	-	-	66,934	**66,934**	2,048	**68,982**
Revaluation of property and plants	-	-	-	766	-	**766**	41	**807**
Reclassification of revaluation reserve	-	-	-	(1,752)	1,752	**-**	-	**-**
Transactions with non-controlling interests	-	-	-	180	(6,662)	**(6,482)**	(14)	**(6,496)**
Dividends on ordinary shares	-	-	-	-	(5,648)	**(5,648)**	-	**(5,648)**
Dividends on preference shares	-	-	-	-	(1,373)	**(1,373)**	-	**(1,373)**
Sale of preference share	-	1,430	-	-	-	**1,430**	-	**1,430**
Purchase of preference share	-	(1,042)	-	-	-	**(1,042)**	-	**(1,042)**
Purchase of treasury share	-	-	(32)	-	(2,012)	**(2,044)**	-	**(2,044)**
Sale of Treasury share	-	-	259	-	16,274	**16,533**	-	**16,533**
31 December 2022	**6,471**	**19,546**	**(501)**	**24,081**	**76,562**	**126,159**	**3,794**	**129,953**
Profit for the year	-	-	-	-	61,162	**61,162**	1,270	**62,432**
Revaluation of property and plants	-	-	-	10,700	-	**10,700**	67	**10,767**
Reclassification of revaluation reserve	-	-	-	(216)	216	**-**	-	**-**
Transactions with non-controlling interests	-	-	-	(20)	2,031	**2,011**	(1,029)	**982**
Dividends on ordinary shares	-	-	-	-	(10,707)	**(10,707)**	-	**(10,707)**
Dividends on preference shares	-	-	-	-	(1,269)	**(1,269)**	-	**(1,269)**
Dividends for the owner of non-controlling interests	-	-	-	-	-	**-**	(87)	**(87)**
Sale of preference share	-	2,279	-	-	-	**2,279**	-	**2,279**
Purchase of preference share	-	(205)	-	-	-	**(205)**	-	**(205)**
Sale of treasury share	-	-	84	-	4,965	**5,049**	-	**5,049**
31 December 2023	**6,471**	**21,620**	**(417)**	**34,545**	**132,960**	**195,179**	**4,015**	**199,194**

The consolidated financial statements for the year ended 31 December 2023 was approved on behalf of the management on 15 May 2024 by:

Director ______________________ Irakli Bokolishvili

Financial director ______________________ Irakli Gejadze

NIKORA GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

(In thousands of GEL)

	Ordinary Share capital	Preference share capital	Ordinary treasury shares	Revaluation reserve	Accumulated profit	Attributable to the shareholders of the Company	Attributable to non-controlling interests	Total
31 December 2021	**6,471**	**19,158**	**(728)**	**24,887**	**7,297**	**57,085**	**1,719**	**58,804**
Profit for the year	-	-	-	-	66,934	66,934	2,048	68,982
Revaluation of property and plants	-	-	-	766	-	766	41	807
Reclassification of revaluation reserve	-	-	-	(1,752)	1,752	-	-	-
Transactions with non-controlling interests	-	-	-	180	(6,662)	(6,482)	(14)	(6,496)
Dividends on ordinary shares	-	-	-	-	(5,648)	(5,648)	-	(5,648)
Dividends on preference shares	-	-	-	-	(1,373)	(1,373)	-	(1,373)
Sale of preference share	-	1,430	-	-	-	1,430	-	1,430
Purchase of preference share	-	(1,042)	-	-	-	(1,042)	-	(1,042)
Purchase of treasury share	-	-	(32)	-	(2,012)	(2,044)	-	(2,044)
Sale of Treasury share	-	-	259	-	16,274	16,533	-	16,533
31 December 2022	**6,471**	**19,546**	**(501)**	**24,081**	**76,562**	**126,159**	**3,794**	**129,953**
Profit for the year	-	-	-	-	61,162	61,162	1,270	62,432
Revaluation of property and plants	-	-	-	10,700	-	10,700	67	10,767
Reclassification of revaluation reserve	-	-	-	(216)	216	-	-	-
Transactions with non-controlling interests	-	-	-	(20)	2,031	2,011	(1,029)	982
Dividends on ordinary shares	-	-	-	-	(10,707)	(10,707)	-	(10,707)
Dividends on preference shares	-	-	-	-	(1,269)	(1,269)	-	(1,269)
Dividends for the owner of non-controlling interests	-	-	-	-	-	-	(87)	(87)
Sale of preference share	-	2,279	-	-	-	2,279	-	2,279
Purchase of preference share	-	(205)	-	-	-	(205)	-	(205)
Sale of treasury share	-	-	84	-	4,965	5,049	-	5,049
31 December 2023	**6,471**	**21,620**	**(417)**	**34,545**	**132,960**	**195,179**	**4,015**	**199,194**

The consolidated financial statements for the year ended 31 December 2023 was approved on behalf of the management on 15 May 2024 by:

Director ______________________ Irakli Bokolishvili

Financial director ______________________ Irakli Gejadze

(In thousands of GEL)

	2023	2022
Cash flows from operating activities		
Profit for the year	**64,566**	**70,225**
Adjustments for:		
Depreciation and amortization	55,835	45,199
Financial expenses	25,747	24,612
Inventory losses	28,047	17,748
Foreign exchange (gain)/loss	1,384	(19,393)
Loss from biological transformation	(1,922)	(2,099)
Impairment of financial assets	134	50
(Gain)/Loss on disposal of property, plant and equipment	33	(521)
Financial income	(2,301)	(1,564)
Movements in working capital		
Increase in trade and other receivables	(5,182)	(7,902)
Increase in inventories	(64,507)	(56,351)
Increase in trade and other payables	34,912	56,450
Cash inflow from operating activities	**136,746**	**126,454**
Interest paid	(25,428)	(25,143)
Income tax paid	(1,911)	(1,143)
Interest received	2,307	1,501
Net cash inflow from operating activities	**111,714**	**101,669**
Cash flows from investing activities		
Payments for property, plant and equipment	(96,454)	(59,932)
Payments for intangible assets	(1,614)	(1,953)
Proceeds from disposal of property, plant and equipment	694	5,972
loans issued	(1,147)	-
Repayment of loans issued	822	-
Cash received from disposal of subsidiaries	1,222	-
Acquisition of associates	(3,336)	-
Acquisition of subsidiary	(2,717)	(5,882)
Net cash outflow from investing activities	**(102,530)**	**(61,795)**
Cash flows from financial activities		
Proceeds from borrowings and bonds	180,765	361,292
Repayment of borrowings and bonds	(176,179)	(363,001)
Repayment of lease liabilities	(25,368)	(23,095)
Dividends paid	(12,059)	(6,995)
Acquisition of preference shares	(266)	(1,251)
Sale of preference shares	404	-
Purchase of own shares	-	(2,112)
Sale of treasury share	4,774	15,167
Net cash outflow from financing activities	**(27,929)**	**(19,995)**
Net increase/ (decrease) in cash and cash equivalents	**(18,745)**	**19,879**
Cash and cash equivalents at the beginning of the year	**39,804**	**20,462**
Effect of changes in foreign exchange rate	(245)	(537)
Cash and cash equivalents at the end of the year	**20,814**	**39,804**

The consolidated financial statements for the year ended 31 December 2023 was approved on behalf of the management on 15 May 2024 by:

Director ______________________ Irakli Bokolishvili

Financial director ______________________ Irakli Gejadze

Notes on pages 12-48 are the integral part of this consolidated financial statements

NIKORA GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

(In thousands of GEL)

	2023	2022
Cash flows from operating activities		
Profit for the year	64,566	70,225
Adjustments for:		
Depreciation and amortization	55,835	45,199
Financial expenses	25,747	24,612
Inventory losses	28,047	17,748
Foreign exchange (gain)/loss	1,384	(19,393)
Loss from biological transformation	(1,922)	(2,099)
Impairment of financial assets	134	50
(Gain)/Loss on disposal of property, plant and equipment	33	(521)
Financial income	(2,301)	(1,564)
Movements in working capital		
Increase in trade and other receivables	(5,182)	(7,902)
Increase in inventories	(64,507)	(56,351)
Increase in trade and other payables	34,912	56,450
Cash inflow from operating activities	**136,746**	**126,454**
Interest paid	(25,428)	(25,143)
Income tax paid	(1,911)	(1,143)
Interest received	2,307	1,501
Net cash inflow from operating activities	**111,714**	**101,669**
Cash flows from investing activities		
Payments for property, plant and equipment	(96,454)	(59,932)
Payments for intangible assets	(1,614)	(1,953)
Proceeds from disposal of property, plant and equipment	694	5,972
loans issued	(1,147)	-
Repayment of loans issued	822	-
Cash received from disposal of subsidiaries	1,222	-
Acquisition of associates	(3,336)	-
Acquisition of subsidiary	(2,717)	(5,882)
Net cash outflow from investing activities	**(102,530)**	**(61,795)**
Cash flows from financial activities		
Proceeds from borrowings and bonds	180,765	361,292
Repayment of borrowings and bonds	(176,179)	(363,001)
Repayment of lease liabilities	(25,368)	(23,095)
Dividends paid	(12,059)	(6,995)
Acquisition of preference shares	(266)	(1,251)
Sale of preference shares	404	-
Purchase of own shares	-	(2,112)
Sale of treasury share	4,774	15,167
Net cash outflow from financing activities	**(27,929)**	**(19,995)**
Net increase/ (decrease) in cash and cash equivalents	**(18,745)**	**19,879**
Cash and cash equivalents at the beginning of the year	39,804	20,462
Effect of changes in foreign exchange rate	(245)	(537)
Cash and cash equivalents at the end of the year	20,814	39,804

The consolidated financial statements for the year ended 31 December 2023 was approved on behalf of the management on 15 May 2024 by:

Director ______________________ Irakli Bokolishvili

Financial director ______________________ Irakli Gejadze

Notes on pages 12-48 are the integral part of this consolidated financial statements

1. General information

These consolidated financial statements include financial information of JSC Nikora (the "Parent Company") and of its subsidiaries (together referred to as the "Group"). The Parent Company is a registered Joint Stock Company incorporated in Georgia having its business address at 2 A. Mrevlishvili street, Tbilisi, Georgia.

The Group operates food retail stores chain in Georgia having 579 stores as at 31 December 2023 (31 December 2022: 465 stores), also the Group manufactures food and has distribution chain in Georgia.

The following table shows JSC Nikora's subsidiaries:

Name	31.12.2023	31.12.2022	Identification Number	Type of operations
Nikora Trade JSC	96.6%	96.9%	206255808	Retail
Mila Sakartvelo LLC	50%	50%	400095008	Trade
Nikora LLC	100%	100%	400132183	Manufacturing - Meat products
Korida LLC	100%	100%	215133193	Manufacturing- Meat products
Oceane LLC	100%	100%	200265239	Manufacturing - Sea products
Chveni Fermeri LLC	100%	100%	200265220	Manufacturing - Dairy products
Mzareuli I LLC	80%	100%	200104699	Manufacturing - Bakery products
Kulinari LLC	50%	50%	405099389	Manufacturing - Salads
Partner LLC	100%	100%	400132192	Distribution
Intrade LLC	100%	100%	200115883	Import
Multitrade LLC	100%	100%	200273765	Import
Vakijvris kalmakhi LLC	94%	94%	237074857	Agricultural activity - Trout farm
Napareulis dzveli marani LLC	100%	100%	231260827	Agricultural activity - vineyards
Nikora Bakuriani LLC	50%	50%	426112823	Real estate
Ref N LLC *	50%	63.1%	400345195	Real estate
Den Braven Georgia LLC	100%	-	205026498	Dormant
Intrade Poti LLC	100%	100%	215149097	Dormant
Nikora Kakheti LLC	100%	100%	231278131	Dormant
Nikora Agro LLC	100%	100%	200271482	Dormant
Web Trade LLC	100%	100%	400178017	Dormant
Krtsanisi 14 LLC	100%	100%	404561620	Dormant
Royal Kaspia LLC	50%	50%	200255721	Dormant
Lazi_Holding LLC	67%	67%	419982308	Dormant
Nugeshi LLC	100%	100%	404865231	Dormant
Iberti LLC	50%	50%	200109140	Dormant
Nikora 1 LLC	100%	100%	200178155	Dormant
Food and Drink LLC	100%	100%	204514515	Dormant

*As of 31 December 2023, the Parent Company lost control of its subsidiary, Ref-en Ltd Group, and the company remained a jointly-controlled entity (details provided in Note 17)

2. Basis of preparation

2.1. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs). The preparation of consolidated financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the most appropriate application in applying the accounting policies. The areas where significant judgments and estimates have been made in preparing the consolidated financial statements are disclosed in Note 3.

2.2. Basis of measurement

The consolidated financial statements have been prepared under the historical cost bases, except fair value accounted Land and Buildings within property, plant and equipment and fair value accounted biological assets. The reporting period for the Group is the calendar year from 1 January to 31 December.

2.3. Going concern

These consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue its operations for the foreseeable future. The management and shareholder have the intention to further develop the business of the Group in Georgia. In adopting the going concern basis for preparing the consolidated financial statements, the management have considered the Group's business activities, objectives

and strategy, principal risks and uncertainties in achieving its objectives, and performance. The management have performed a robust assessment of the Group's consolidated financial forecasts across a range of scenarios over 12 months from the date the consolidated financial statements are authorised for issue, incorporating extreme downside scenario, which involved examining the level of disruption that may cause the Group to fail. The assessment specifically incorporated analysis of the COVID-19 pandemic impact implications on the Group's projected performance, liquidity and funding. Based on this, management believes that the ability of the Group to continue operating as going concern within 12 months of the approval of the consolidated financial statements is not materially uncertain

2.4. Adoption of new or revised standards and interpretations

2.4.1. New and amended standards which became effective from 1 January 2023

The following amended standards became effective from 1 January 2023, but did not have any material impact on the Company:

Title	Key requirements	Effective date
IFRS 17 *Insurance Contracts*	IFRS 17 was issued in May 2017 as replacement for IFRS 4 *Insurance Contracts*. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of: discounted probability-weighted cash flows an explicit risk adjustment, and a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for eligible groups of insurance contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17	1 January 2023

	to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023. Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.	
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 *Presentation of Financial Statements* to require entities to disclose their *material* rather than their *significant* accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 *Making Materiality Judgements* to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	The amendment to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	The amendments to IAS 12 *Income Taxes* require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: right-of-use assets and lease liabilities, and decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in the opening balance of retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on- balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.	1 January 2023

OECD Pillar Two Rules	In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules (the Global Anti- Base Erosion Proposal, or 'GloBE') to reform international corporate taxation. Large multinational enterprises within the scope of the rules are required to calculate their GloBE effective tax rate for each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. In May 2023, the IASB made narrow-scope amendments to IAS 12 which provide a temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments also require affected companies to disclose: the fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes their current tax expense (if any) related to the Pillar Two income taxes, and during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, known or reasonably estimable information that would help users of financial statements to understand an entity's exposure to Pillar Two income taxes arising from that legislation. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure. ** The amendments must be applied immediately, subject to any local endorsement process, and retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, the disclosures about the known or reasonably estimable exposure to Pillar Two income taxes are only required for annual reporting periods beginning on or after 1 January 2023 and do not need to be made in interim financial reports for interim periods ending on or before 31 December 2023.	Immediately, except for certain disclosures

As at 30 June 2023, the following agenda decisions were issued that relevant for the preparation of annual reports in 2023, but did not have any material impact on the Company. the date issued refers to the date of approval by the IASB as per the IASB's website.

Date issued	Topic
July 2022	Negative Low Emission Vehicle Credits (IAS 37)
July 2022	Special Purpose Acquisition Companies: Classification of Public Shares as Financial Liabilities or Equity (IAS 32)
July 2022	Transfer of Insurance Coverage under a Group of Annuity Contracts (IFRS 17); for PwC guidance, see *In transition – the latest on IFRS 17 implementation – June 2022*
October 2022	Special Purpose Acquisition Companies (SPAC): Accounting for Warrants at Acquisition
October 2022	Lessor Forgiveness of Lease Payments (IFRS 9 and IFRS 16); for PwC guidance, see In brief INT2022-15
October 2022	Multi-currency groups of insurance contracts (IFRS 17 and IAS 21); for PwC guidance, see *In transition – the latest on IFRS 17 implementation – June 2022*
April 2023	Definition of a Lease – Substitution Rights (IFRS 16)

2.4.2. New accounting pronouncement which are effective after 31 December 2023

The following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2023. The Company has not early adopted any of the amendments effective after 31 December 2023 and it expects they will have an insignificant effect, when adopted, on the financial statement of the Company:

Title	Key requirements	Effective date
Classification of Liabilities as Current or Non-current – Amendments to IAS 1 *Non-current Liabilities with Covenants – Amendments to IAS 1*	Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as non- current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include: • the carrying amount of the liability • information about the covenants, and • facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants. The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note. The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.	1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.	1 January 2024
Supplier finance arrangements	The IASB has issued new disclosure requirements about supplier financing	1 January 2024

– Amendments to IAS 7 and IFRS 7	arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs. The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following: The terms and conditions of SFAs. 1. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented. 2. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers. 3. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements. 4. Non-cash changes in the carrying amounts of financial liabilities in (b). 5. Access to SFA facilities and concentration of liquidity risk with finance providers. The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.	

2.5. Basis of consolidation

The consolidated financial statements incorporate the financial information of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The consolidated financial statements present the results of the Company and its subsidiaries (the Group) as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

3. Critical accounting estimates and judgments

In the application of the Group's accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Useful lives of property, plant and equipment

The estimation of the useful life of an item of property, plant and equipment is a matter of management judgment based upon experience with similar assets. In determining the useful life of an asset, management considers the

expected usage, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments for future depreciation rates.

3.2 Impairment of long-term assets

The Group periodically evaluates the recoverability of the carrying amount of its assets. Whenever events or changes in circumstances indicate that the carrying amounts of those assets may not be recoverable, the Group estimates the recoverable amount of the asset. This requires the Group to make judgments regarding long-term forecasts of future revenues and costs related to the assets, subjected to review. In turn, these forecasts are uncertain in that they require assumptions about demand for products and future market conditions. Significant and unanticipated changes to these assumptions and estimates included within the impairment reviews could result in significantly different results than those recorded in the consolidated financial statements.

3.3 Impairment of financial assets

The Group assesses the probability of the uncollectable trade receivables. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables and twelve month and lifetime expected credit loss. Significant and unanticipated changes to these assumptions and estimates included within the impairment of financial assets could result in significantly different results than those recorded in the financial statements.

3.4 Valuation of Land and Buildings and biological assets

Land and buildings within property, plant and equipment and biological assets are stated in the consolidated statement of financial position at their revalued amounts. Management uses significant assumptions. Significant and unanticipated changes to these assumptions and estimates could result in significantly different results than those recorded in the consolidated financial statements.

3.5 Lease term, incremental borrowing rate (IBR) and lease payments

The lease term is defined as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease (including the renewal option implied through customary business practices) if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. Management applies judgement to determine the lease term when lease contracts include renewal options that are exercisable only by the Group. It considers all relevant factors that create an economic incentive to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or a change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew, or to terminate the lease.

The management applies judgement to estimate the IBR. The management uses an observable information to determine the base rate and adjustments for the lessee specific factors and the asset factors (the adjustment for security).

In Georgia it is customary that lease renewal option is implied through customary business practices and not all renewal options are documented within the lease agreements. In such cases, the initial measurement of the lease liability assumes the payments for renewal periods equal to the contractually agreed amount and will remain unchanged throughout the lease term.

The Group uses assumptions to determine in-substance fixed lease payments. For the assumption of in-substance fixed lease payments, the Group considers all relevant facts and circumstances that indicate that payments are essentially unavoidable. Therefore, actual lease payments may differ significantly from those presented in the consolidated financial statement.

3.6 De-facto control estimation

De facto control exists in situations where the Company has the practical ability unilaterally to direct the relevant activities of the company without a majority voting right. To estimate if de-facto control exists, the Company considered all relevant facts and circumstances. Experience and existing circumstances to determining de-facto control may differ from those developments in the future that lead to a loss of de facto control.

The table below shows subsidiaries, on which the Company has de-facto control;

Name	31.12.2023	31.12.2022	Type of operations
Mila Sakartvelo LLC	50%	50%	Trade
Kulinari LLC	50%	50%	Manufacturing - Salads
Nikora bakuriani LLC	50%	50%	Real estate

The Group determined that the Company has the practical ability to unilaterally manage the significant activities of the above companies and have been identified as subsidiaries. The determinants of identifying de facto control are the practice of past decisions and access to finance.

4. Financial instruments - Risk Management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Foreign currency risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Major categories of financial instruments

The Group’s principal financial liabilities comprise financial liabilities at fair value, Bonds and borrowings, lease liabilities and trade and other payables. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group’s principal financial assets are financial assets at fair value, other financial assets, trade and other receivables and cash and cash equivalents. The following table shows the major categories of financial instruments.

	31.12.2023	31.12.2022
Issued loans	325	-
Trade and other receivables net of impairment	26,889	24,724
Cash and cash equivalents	20,814	39,804
Total financial assets	**48,028**	**64,528**
Trade and other payables	179,815	147,304
Lease liabilities	143,700	114,446
Bonds and borrowings	131,325	125,659
Total financial liabilities	**454,840**	**387,409**

Fair value of financial instruments

A number of assets and liabilities included in the Group's financial statements require measurement and disclosure of fair value. The fair value measurement of the Group's financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. Georgia continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore, may not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial assets carried at amortised cost. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty. Carrying amounts of trade receivables and other short-term financial assets approximate fair values due to their short-term maturities. The fair value of cash and cash equivalents were determined using level 1 measurement.

Liabilities carried at amortised cost. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Carrying amounts of financial liabilities within trade and other payables approximate fair values due to their short-term maturities

Other financial assets fair value using level 3 inputs was made in accordance with valuation pricing models based on discounted cash flow analysis using market inputs and management judgments given volatility of interest rates available on the market. The fair value using level 3 inputs was calculated using market rates based on the range from 7% to 14% per annum interest rate. Carrying amounts of other financial assets recorded in the financial statements approximate their fair values.

The estimation of Bonds and borrowings fair value using level 2 inputs was made in accordance with valuation pricing models based on discounted cash flow analysis using market inputs and management judgments given the volatility of interest rates available on the market. For borrowings, the fair value using level 2 inputs were calculated using market rates based on the range from 6% to 14 % per annum interest rate under which the Group could get financing based on currency and maturity diversification. Carrying amounts of bonds and borrowings recorded in the financial statements approximate their fair values.

The estimation of lease liabilities fair value using level 3 inputs was made in accordance with valuation pricing models based on discounted cash flow analysis using market inputs and management judgments given the volatility of interest rates available on the market. For lease liabilities, the fair value using level 3 were calculated using market rates based on the range from 7% to 14 % per annum.

Capital management

The Group manages its capital to ensure that entities of the Group will be able to continue as a going concern while maximizing the return to the equity holder through the optimization of the debt and equity balance. Management of the Group reviews the capital structure on a regular basis. Based on the results of this review, the Group takes steps to balance its overall capital structure through the payment of dividends, capital contributions as well as taking of new loans and borrowings or redemption of existing Bonds and borrowings.

General objectives, policies and processes

Top management has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group does not have a written policy of risk management. However, Top management maintains control to the risks and aims to work out such policy that will reduce risks, in order to protect Group's

competitiveness and flexibility from negative effect arising from the risks. It is possible to get more accurate information about the Group risk management approach below.

Foreign currency risk

Currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed. The Group undertakes certain transactions denominated in foreign currencies. The Group doesn't use any derivatives to manage foreign currency risk exposure. The following table shows the carrying amounts of the Group's foreign currency denominated monetary assets and liabilities.

	31.12.2023		31.12.2022	
	USD	EUR	USD	EUR
Financial assets				
Trade and other receivables	2	-	1	1
Cash and cash equivalents	35	1	2,030	207
Total financial assets	**37**	**1**	**2,031**	**208**
Financial liabilities				
Trade and other payables	15,370	5,681	7,350	6,137
Lease liabilities	127,547	200	98,968	298
Bonds and borrowings	19,002	16,671	12,656	10,821
Total financial liabilities	**161,919**	**22,552**	**118,974**	**17,256**
Net financial position	**(161,882)**	**(22,551)**	**(116,943)**	**(17,048)**

The following table details the Group's sensitivity to a 20% increase and decrease in the GEL against the relevant foreign currencies. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. The following table shows impact on profit or loss and equity based on asset and liabilities values.

	USD/GEL + 20%	USD/GEL - 20%	EUR/GEL + 20%	EUR/GEL - 20%
Profit/(loss) 2023	(32,376)	32,376	(4,510)	4,510
Profit/(loss) 2022	(23,389)	23,389	(3,410)	3,410

Interest rate risk

Interest rate risk is the risk that changes in floating interest rates will impact the financial results of the Group. The Group does not use any derivatives to manage interest rate risk exposure. The Group is exposed to cash flow interest rate risk as entities in the Group borrow funds at floating interest rates. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest-bearing positions. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. Based on the simulations performed, the impact on profit or loss and equity of a 100 basis-point shift (being the maximum reasonable expectation of changes in interest rates [basis point: 1/100th of a percentage point]) is presented in the table below:

	2023		2022	
	Increase 100 base point	Decrease 100 base point	Increase 100 base point	Decrease 100 base point
Profit/(loss)	(1,306)	1,306	(1,247))	1,247

Limitations of sensitivity analysis. The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. There is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Group's assets and liabilities are actively managed. Additionally, the financial position of the Group may vary at the time that any actual market movement occurs. For example, the Group's financial risk management strategy aims to manage the exposure to market fluctuations. As investment markets move past various trigger levels, management actions could include selling investments, changing investment portfolio allocation and taking other protective action. Consequently, the actual impact of a change in the assumptions may not have any impact on the liabilities. Other limitations in the above sensitivity analysis include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty; and the assumption that all interest rates move in an identical fashion.

Credit risk

Credit risk is the risk of financial loss to the Group if counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from its trade receivables and cash and cash equivalents (excluding cash on hand). The Group's management has established a credit policy under which each customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

In monitoring customer credit risk, customers are grouped according to their overdue status, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, maturity and existence of previous financial difficulties. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the management, and future sales are made necessary on a prepayment basis. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	31.12.2023	31.12.2022
Issued loans	325	-
Trade and other receivables net of impairment	26,889	24,724
Cash and cash equivalents except cash on hand	19,164	38,419
Total	**46,378**	**63,143**

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they are due. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the contractual maturity date. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The following tables detail the Group's remaining contractual maturity for financial liabilities with agreed repayment periods.

	Less than 6 months	From 6 month to 1 year	1 - 5 year	More than 5 year	Total
Trade and other payables	179,815	-	-	-	**179,815**
Lease liabilities	23,619	20,063	116,745	22,736	**183,163**
Bonds and borrowings	17,495	45,914	86,617	8,200	**158,226**
Total 31.12.2023	**220,929**	**65,977**	**203,362**	**30,936**	**521,204**
Trade and other payables	146,688	-	-	-	**146,688**
Lease liabilities	19,004	15,523	94,627	11,379	**140,533**
Bonds and borrowings	33,502	8,242	112,291	3,806	**157,841**
Total 31.12.2022	**199,194**	**23,765**	**206,918**	**15,185**	**445,062**

5. Segment information

The Group disclose information about the segments as the Group has issued bonds on the Georgian stock exchange.

Description of the types of products and services from which each reportable segment derives its revenues

The Group has three main segments.

(a) Retail – the segment is involved in the retail market and offers a wide range of food and non-food products to its customers through the chain of stores “Nikora”, “Libre”, “Nugeshi”. Retail is the largest part of the Group’s business, which collects 90.16% of the Group’s external revenue (2022 – 88.23%).

(b) Manufacturing – the segment is involved in the manufacturing of meat, bakery, milk, seafood and semi-finished products. The products are delivered to the customers through their own retail chain and wholesale to external customers. The chief operating decision maker in the Group carefully monitors this segment as a potential growth business segment and is expected to materially contribute to the Group's revenue in future. This segment generating 2.87% (2022: 3.51%) of the Group’s external revenues.

(c) Import and Distribution – the segment is involved in distribution of various products, within the Group and external customers. The segment imports and sells raw materials, food, beverages and non-food products. The chief operating decision maker in the Group carefully monitors this segment as a potential growth business segment and is expected to materially contribute to the Group's revenue in future. This segment generating 6.79% (2022: 8.05%) of the Group’s external revenues.

Other segments involved in agricultural and real estate activities. The Group owns a fish farm and offers Trout to internal and external customers, also the Group owns vineyards and delivers to agricultural products to customers in the form of grapes. Real estate operation includes construction of a complex in Bakuriani, which is intended for selling and renting residential and commercial spaces. The total assets and total revenue from this segment are the smallest part of the Group and does not meet the quantitative thresholds to be a reportable segment.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. The Group uses the quantitative thresholds to identify the operating segment. The Group reports separately information about an operating segment that meets quantitative thresholds. Each of the reportable segment owns more than 10% of the total assets of the Group and generates more than 10% of the results of the Group activities.

Operating segments are aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects:

(a) the nature of the products and services;

(b) the nature of the production processes;

(c) the type or class of customer for their products and services;

(d) the methods used to distribute their products or provide their services; and

(e) if applicable, the nature of the regulatory environment.

Management aggregated the following segments:

- **Manufacturing -** which includes the production of food products and semi-finished products through various components;

- **Import and distribution** - includes import of a wide range of products and delivery to internal and external customers.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is General Director of the parent company.

Measurement of operating segment profit or loss, assets and liabilities

The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS. The Group does not allocate the following expenses to operating segments:

- Non-recurring income and expenses;
- Financial income generated from the outside of the Group;
- Net financial expenses: intragroup financial income minus financial expenses;
- Foreign exchange loss
- Other general expenses;
- Income tax expenses.

The Group's segment assets are located in Georgia. Accordingly, the Group does not present information about the geographical distribution of assets. Segment assets and liabilities exclude assets and liabilities arising from external operations of the head office. The property on the balance sheet of the parent company is allocated to the segment based on lease agreements. Borrowings and bonds on the balance sheet of the parent company are allocated to the segment according to the loans issued to them within the group. Estimates of segment profit or loss, segment assets and liabilities, accounting method for transactions performed between reporting segments do not differ from the Group's accounting policies.

The following table shows the results of the operating segments;

	Retail	Manufacturing	Import and Distribution	Other	Total Segment	Un distributed	Elimination	2023
Revenue	1,169,278	187,232	340,284	2,866	1,699,660	10	(404,463)	1,295,207
Cost of sale	(872,496)	(144,525)	(296,748)	(2,153)	(1,315,922)	-	400,613	(915,309)
Gross profit	**296,782**	**42,707**	**43,536**	**713**	**383,738**	**10**	**(3,850)**	**379,898**
Other income	899	9	56	641	1,605	-	(521)	1,084
Selling and distribution expenses	(230,282)	(8,991)	(19,789)	-	(259,062)	-	7,890	(251,172)
General, administrative expenses	(19,771)	(10,127)	(5,549)	(607)	(36,054)	(4,366)	(1,567)	(41,987)
Other income net	1,172	(376)	162	22	980	3	230	1,213
Share of profit of associates	-	-	-	-	-	360	-	360
Financial income	3,745	130	-	1	3,876	106	(1,681)	2,301
Financial expenses	(17,462)	(3,244)	(3,285)	(608)	(24,599)	(6,254)	5,106	(25,747)
Foreign exchange loss net	(239)	(564)	(332)	(59)	(1,194)	(190)	-	(1,384)
Profit before income tax	**34,844**	**19,544**	**14,799**	**103**	**69,290**	**(10,331)**	**5,607**	**64,566**
Income tax expenses	-	-	-	-	-	(2,134)	-	(2,134)
Profit for the year	**34,844**	**19,544**	**14,799**	**103**	**69,290**	**(12,465)**	**5,607**	**62,432**

The following table shows the results of the operating segments;

	Retail	Manufacturing	Import and Distribution	Other	Total Segment	Un distributed	Elimination	2022
Revenue	895,009	172,964	276,123	2,757	1,346,853	88	(334,212)	1,012,729
Cost of sale	(665,658)	(138,436)	(239,953)	(2,037)	(1,046,084)	-	332,383	(713,701)
Gross profit	**229,351**	**34,528**	**36,170**	**720**	**300,769**	**88**	**(1,829)**	**299,028**
Other income	839	7	45	419	1,310	-	(308)	1,002
Selling and distribution expenses	(170,256)	(9,449)	(14,578)	-	(194,283)	-	5,701	(188,582)
General, administrative expenses	(16,191)	(8,643)	(5,658)	(590)	(31,082)	(6,187)	(1,940)	(39,209)
Other income net	382	158	177	105	822	598	221	1,641
Financial income	1,886	-	-	-	1,886	49	(371)	1,564
Financial expenses	(15,870)	(3,699)	(3,469)	(503)	(23,541)	(5,511)	4,440	(24,612)
Foreign exchange gain net	14,264	1,877	1,405	525	18,071	1,322	-	19,393
Profit before income tax	**44,405**	**14,779**	**14,092**	**676**	**73,952**	**(9,641)**	**5,914**	**70,225**
Income tax expenses	-	-	-	-	-	(1,243)	-	(1,243)
Profit for the year	**44,405**	**14,779**	**14,092**	**676**	**73,952**	**(10,884)**	**5,914**	**68,982**

The following table shows intragroup revenues between segments;

Segment as supplier	**Segment as customer**				
	Retail	**Manufacturing**	**Import and distribution**	**Other**	**Total 2023**
Retail	-	291	1,156	102	1,549
Manufacturing	27,737	3,515	118,694	90	150,036
Import and Distribution	165,121	46,306	40,877	-	252,304
Other	320	254	-	-	574
Total	**193,178**	**50,366**	**160,727**	**192**	**404,463**

Segment as supplier	**Segment as customer**				
	Retail	**Manufacturing**	**Import and distribution**	**Other**	**Total 2022**
Retail	-	894	631	2	1,527
Manufacturing	32,353	4,820	100,196	41	137,410
Import and Distribution	117,508	41,205	35,844	13	194,570
Other	377	328	-		705
Total	**150,238**	**47,247**	**136,671**	**56**	**334,212**

The following table shows segments assets and liabilities;

	Retail	Manufacturing	Import and Distribution	Other	Total Segment	Un distributed	Elimination	2023
Total non-current assets	342,029	75,011	14,694	14,548	446,282	16,833	(10,837)	452,278
Total current assets	180,053	39,291	77,333	949	297,626	673	(72,047)	226,252
Total assets	**522,082**	**114,302**	**92,027**	**15,497**	**743,908**	**17,506**	**(82,884)**	**678,530**
Total non-current liabilities	116,366	38,062	7,979	3,240	165,647	47,495	(21,425)	191,717
Total current liabilities	267,390	19,722	55,387	2,861	345,360	24,212	(81,951)	287,621
Total liabilities	**383,756**	**57,784**	**63,366**	**6,101**	**511,007**	**71,707**	**(103,376)**	**479,338**
Net assets	**138,326**	**56,518**	**28,661**	**9,396**	**232,901**	**(54,201)**	**20,492**	**199,192**

The following table shows segments assets and liabilities;

	Retail	Manufacturing	Import and Distribution	Other	Total Segment	Un distributed	Elimination	2022
Total non-current assets	271,246	46,987	5,258	14,521	338,012	7,997	(8,677)	337,332
Total current assets	141,394	32,045	64,817	2,320	240,576	2,786	(41,905)	201,457
Total assets	**412,640**	**79,032**	**70,075**	**16,841**	**578,588**	**10,783**	**(50,582)**	**538,789**
Total non-current liabilities	129,789	13,241	134	2,617	145,781	47,468	(7,898)	185,351
Total current liabilities	187,917	33,289	54,877	4,247	280,330	6,761	(63,606)	223,485
Total liabilities	**317,706**	**46,530**	**55,011**	**6,864**	**426,111**	**54,229**	**(71,504)**	**408,836**
Net assets	**94,934**	**32,502**	**15,064**	**9,977**	**152,477**	**(43,446)**	**20,922**	**129,953**

The Group estimates customers as significant, from which external revenue exceeds 10% of total revenue. The Group has not significant customers.

6. Revenue

	2023	2022
Food	704,061	555,742
Non-food	463,666	337,740
Total retail	**1,167,727**	**893,482**
Food	127,443	118,539
Non-food	8	2
Rendering of services	1	607
Other	28	99
Total wholesale	**127,480**	**119,247**
Total	**1,295,207**	**1,012,729**

The Group generates revenue from the retail stores selling own manufactured and external food and non-food products, also wholesale to external customers. The Group recognizes revenue point in time.

7. Cost of sale

	2023	2022
Cost of goods sold	(887,970)	(697,021)
Inventories shrinkage and Obsolete inventories cost	(27,339)	(16,680)
Total	**(915,309)**	**(713,701)**

8. Other income

	2023	2022
Rent income	1,084	1,002
Total	**1,084**	**1,002**

9. Selling and distribution expenses

	2023	2022
Staff cost	(126,488)	(88,538)
Depreciation and amortization	(46,674)	(37,873)
Utilities	(29,051)	(23,327)
Distribution	(11,332)	(10,557)
Marketing	(5,288)	(5,298)
Rent	(11,914)	(7,879)
Maintenance	(3,961)	(3,152)
Other	(16,464)	(11,958)
Total	**(251,172)**	**(188,582)**

10. General and administrative expenses

	2023	2022
Staff cost	(25,512)	(25,883)
Depreciation and amortization	(5,925)	(4,521)
Taxes other than income tax	(4,723)	(2,267)
Office expenses	(917)	(866)
Consulting	(978)	(784)
Other	(3,932)	(4,888)
Total	**(41,987)**	**(39,209)**

The cost of audit of the consolidated financial statements for the year 2023 is GEL 180 thousand.

11. Other income/(expense),net

	2023	2022
Transformation expense of biological assets	(1,922)	(2,099)
Revaluation of biological assets	1,922	2,099
Gain/Loss from disposal of property, plant and equipment	(33)	671
Fair value gain/(loss) of property revaluation	11	(150)
Other income	1,235	1,120
Total	**1,213**	**1,641**

12. Goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. Goodwill is assigned to cash-generating units, including newly created units, that are expected to benefit from the synergy generated by the merger and is the lowest level of the group over management controls Goodwill.

The recoverable amounts of goodwill is determined using value in use calculations, based on cash flow projections from formally approved budgets covering a five-year period and followed by an extrapolation of the expected cash flows for the remaining period using a permanent growth rate determined by management. The recoverable amount of the goodwill equals GEL52,430 thousand as at 31 December 2023 (31 December 2022: GEL51,560 thousand). The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of future cash flows.

As at 31 December 2023 and 2022, the management has determined future cash flows and related assumptions for the calculation of goodwill's recoverable amount in USD. The present value of the expected cash flow is determined by applying a suitable discount rate reflecting current assessments of the time value of money and risks specific to the Group.

Key assumptions and sensitivity analysis related to cash flow

Management's key assumptions include stable operating profit margins, based on past experience. The Group's management believes that this is the best available input for forecasting future cash flows. The management has used the following key assumptions: a) Operating margin b) Discount rate c) growth rate. Changes in key assumptions may have material impact on recoverable amount.

The table below shows key assumptions, sensitivity analyses If any one of the following changes were made to the above key assumptions, the carrying amount and recoverable amount for the year ended 31 December 2023 and 2022 :

Key assumptions		a) +0.4% b) c) +1%	a) -0.4% b) c) -1%	Net book value equals to recoverable amount
a) operating margin	3.95%	20,550	(14,985)	decrease 3.95% to 3.7%
b) discount rate	12.68%	(8,850)	9,530	increase 12.68% to 13.10%
c) growth rate	3.00%	6,523	(5,622)	decrease 3 % to 2.4%

Key assumptions		a) +0.4% b) c) +1%	a) -0.4% b) c) -1%	Net book value equals to recoverable amount
a) operating margin	3.89%	19,985	(13,485)	decrease 3.89% to 3.55%
b) discount rate	13.68%	(9,850)	8,830	increase 13.68% to 13.99%
c) growth rate	4.2%	6,743	(5,743)	decrease 4.2 % to 3.5%

a) Operating Margin - The cash flow forecast reflects the stable profit margin. Management believes to improve profitability and budgeted operating margin differ from actual profit margin of the year 2023 and 2022 by 1.2 % and 1.1%.

b) Discount rate - The discount rate is the weighted average cost of capital (WACC), which takes into account the appropriate adjustments to market risk and group-specific risks.

c) Growth rate - The growth rate reflects the long-term average growth rate for the Group CGU's.

The above sensitivity analyses include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty; The above tables demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. There is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

13. Property, plant and equipment

Cost or valuation	Land	Buildings	Plant and equipment	Office Equipment	lease hold Improvement	Vehicles	Grape vine establish-ment	Assets under construction	Total
01.01.2022	**16,696**	**46,361**	**92,943**	**32,119**	**23,644**	**10,550**	**505**	**2,564**	**225,382**
Addition	9,400	4,204	20,809	11,210	5,391	2,677	3	3,707	**57,401**
Reclassification	-	161	(33)	(46)	(5)	-	-	(77)	**-**
Disposals	(344)	(3,893)	(6,008)	(569)	(126)	(554)	-	(4)	**(11,498)**
Revaluation	1,451	(1,797)	-	-	-	-	(23)	-	**(369)**
31.12.2022	**27,203**	**45,036**	**107,711**	**42,714**	**28,904**	**12,673**	**485**	**6,190**	**270,916**
Addition	14,677	13,099	24,778	10,534	13,248	5,898	47	10,124	**92,405**
Reclassification	-	1,038	616	98	3	-	-	(1,755)	**-**
Disposals	(24)	(446)	(3,671)	(304)	(816)	(722)	(50)	(3)	**(6,036)**
disposal due to loss of control in a subsidiary	-	(1,174)	-	-	-	-	-	-	**(1,174)**
Revaluation	9,331	178	-	-	-	-	(5)	-	**9,504**
31.12.2023	**51,187**	**57,731**	**129,434**	**53,042**	**41,339**	**17,849**	**477**	**14,556**	**365,615**
Accumulated depreciation									
01.01.2022	**-**	**-**	**(53,171)**	**(20,026)**	**(10,435)**	**(5,834)**	**-**	**-**	**(89,466)**
Depreciation	-	(1,086)	(12,572)	(5,348)	(3,245)	(1,441)	(25)	-	**(23,717)**
Reclassification	-	-	-	-	-	-	-	-	**-**
Disposals	-	85	5,641	511	96	502	-	-	**6,835**
Revaluation	-	1,001	-	-	-	-	25	-	**1,026**
31.12.2022	**-**	**-**	**(60,102)**	**(24,863)**	**(13,584)**	**(6,773)**	**-**	**-**	**(105,322)**
Depreciation	-	(1,246)	(14,184)	(6,523)	(4,365)	(1,998)	(39)	-	**(28,355)**
Disposals	-	11	3,389	276	155	467	213	-	**4,511**
Revaluation	-	1,235	-	-	-	-	39	-	**1,274**
31.12.2023	**-**	**-**	**(70,897)**	**(31,110)**	**(17,794)**	**(8,304)**	**213**	**-**	**(127,892)**
Net book value									
01.01.2022	**16,696**	**46,361**	**39,772**	**12,093**	**13,209**	**4,716**	**505**	**2,564**	**135,916**
31.12.2022	**27,203**	**45,036**	**47,609**	**17,851**	**15,320**	**5,900**	**485**	**6,190**	**165,594**
31.12.2023	**51,187**	**57,731**	**58,537**	**21,932**	**23,545**	**9,545**	**690**	**14,556**	**237,723**

Additions to Assets under construction include land (GEL 2,537) granted by the state with a future investment commitment. The land was granted in December 2021. The investment commitment totaled 14,485 over the years 2022-2023. Additionally, the recipient of the grant is obligated to complete the construction and commence production in August 2024 and to maintain production in the new factory building for at least five years. The initial recognition of the Asset and the relevant grant deferred income are measured at fair value. As of 31 December 2023, the investment commitment was fulfilled.

As at 31 December 2023 and 2022 Land, buildings and all other assets have been pledged to secure borrowings of the Group.

Valuation technique and significant unobservable inputs

The fair value of the Land and Buildings as of 31 December 2023 and 2022 was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The Group uses land and buildings for operating purposes.

For most of the land and buildings, there is an active market in Georgia therefore, a market approach was used. These fair values are classified into 2 levels. If the valuation technique used has at least one significant unobservable data, then the fair value is classified into 3 levels.

The following table shows used approaches:

Used approach for 31 December 2023	**Fair value level**	**Land**	**Buildings**	**Total**
Market Approach	Level 2	50,928	54,199	105,127
Cost approach	Level 3	259	3,535	3,794
Total		**51,187**	**57,734**	**108,921**

Used approach for 31 December 2022	**Fair value level**	**Land**	**Buildings**	**Total**
Market Approach	Level 2	26,948	41,849	68,797
Cost approach	Level 3	254	3,187	3,441
Total		**27,202**	**45,036**	**72,238**

The key assumptions used in the fair value assessment are based on internal and external sources of information and represent management's best estimate. There was no change in valuation technique between periods. Fair value is measured based on the highest and best use of the assets listed above, which are not different from their current use.

If the revalued property were measured at cost, net book value would be GEL 33,277 thousand for land and GEL 43,127 thousand for Buildings (2022: land GEL18,624 thousand, buildings GEL 31,352 thousand).

Vineyards - The fair value of the vineyards as of 31 December 2023 and 2022 was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The Company uses vineyards for producing agricultural product. The fair value is determined based on the principles of market approach. The fair value is classified as level 2. The key assumptions used in the fair value assessment are based on internal and external sources of information and represent management's best estimate. There has been no change in the valuation technique between the periods. Fair value is measured based on the highest and best use of the assets listed above, which are not different from their current use. If the revalued property were measured at cost, net book value would be GEL476 thousand (2022; GEL487 thousand). During the reporting period, the Group has generated agricultural product in 5 tone - 7 thousand Gel 2023 (2022: 95 tone - 110 thousand Gel), which is presented in other income.

14. Right of use asset and lease liabilities

The Group mainly leases buildings for stores and warehouses. The contractual lease terms are within the range of 1 to 12 years. The renewal option is implied through customary business practices. The management estimates outstanding lease terms at the end of each reporting period. The management assumption to utilization renewal option is depended on future economic benefits which will flow to the Group and past experience.

The Group has no borrowings received in the current or comparable period with similar currency, maturity and terms. Incremental Borrowing Rates (IBRs) were determined based on observable market data for a similar sector. The IBRs are within range 11.21 % to 14.00 % for leases denominated in GEL and within range 7.00% to 9.00% for leases denominated in USD.

The Group lease agreements set out fixed and variable lease payments. Variable lease payments are calculated from the revenue of the store located in the leased premises on a monthly basis. The Group separate substantially fixed lease payments from such variable lease payments. The Group calculates substantially fixed lease payments based on the expected minimum revenue from the store located in the leased premises.

The following table shows the movement of right of use assets.

	2023	**2022**
At 1 January	**118,196**	**95,402**
Additions	51,425	32,855
Depreciation	(26,050)	(20,854)
Modification	3,360	11,017
Termination	(379)	(224)
At 31 December	**146,552**	**118,196**

The following table shows the movement of lease liabilities.

	2023	2022
At 1 January	**114,446**	**107,564**
Additions	51,425	32,855
Interest expense	10,967	9,221
Lease payments	(36,335)	(32,317)
Foreign exchange gain/loss	173	(13,607)
Modification	3,360	11,017
Termination	(336)	(287)
At 31 December	**143,700**	**114,446**

15. Intangible Assets

Historical cost	Programs	Programs under implementation	Other	Total
01.01.2022	**4,096**	**2,580**	**1,432**	**8,108**
Addition	333	1,841	28	2,202
31.12.2022	**4,429**	**4,421**	**1,460**	**10,310**
Addition	634	1,193	354	2,181
31.12.2023	**5,063**	**5,614**	**1,814**	**12,491**
Accumulated amortization				
01.01.2022	**(2,369)**	**-**	**(973)**	**(3,342)**
Amortization	(466)	-	(162)	(628)
31.12.2022	**(2,835)**	**-**	**(1,135)**	**(3,970)**
Amortization	(1,309)	-	(123)	(1,432)
31.12.2023	**(4,144)**	**-**	**(1,258)**	**(5,402)**
Net book value				
01.01.2022	**1,727**	**2,580**	**459**	**4,766**
31.12.2022	**1,594**	**4,421**	**325**	**6,340**
31.12.2023	**919**	**5,614**	**556**	**7,089**

16. Biological assets

Valuation	Fish
01.01.2022	**770**
Biological transformation	2,099
Harvested as agricultural produce	(1,748)
31.12.2022	**1,121**
Biological transformation	1,922
Harvested as agricultural produce	(1,682)
31.12.2023	**1,361**
-	
Net book value	
01.01.2022	**770**
31.12.2022	**1,121**
31.12.2023	**1,361**

Fish - The group owns fish farm of Trout, which is used for biological transformation and supply to the market. Fish is valued at fair value less costs to sell. To determine the fair value, the management uses observable market operations. The Group uses internal and external sources of information to determine the fair value. Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets At the end of the reporting period estimated Trout equal 118 tones (2022: 120 tones). Fish transformation cycle is less than 2 year. During the reporting period, the Group recognized other income from transformation of biological asset GEL 1,922 thousand (2022 GEL 2,099 thousand).

As at 31 December 2023 and 2022 all Biological assets have been pledged to secure borrowings of the Group.

17. Investments in Associates and Joint Ventures

Name	Identification Number	31.12.2023	31.12.2022
Ref N LLC (Joint Venture)	400345195	50%	63%
Rent house LLC (Associates)	204863576	48%	-
Alma Veko Georgia LLC (Joint Venture)	400358741	50%	-

The Group's interest in Rent House LLC was pledged as collateral to secure the liability incurred from the acquisition of the relevant interest in equity. The amount of the liability is 3,362.

	31.12.2023
At 1 January	**-**
Investments in Joint Ventures	1,396
Investments in Associates	6,697
Share of profit recognized during the year	360
At 31 December	**8,453**

The following table shows LLC Ref N's revenues, total assets and liabilities:

	31.12.2023
Total non-current assets	3,520
Total current assets	562
Total assets	**4,082**
Total non-current liabilities	152
Total current liabilities	4,190
Total liabilities	**4,342**
Net assets	**(260)**

	31.12.2023
Revenue	260
Expenses (including income tax expenses)	(73)
Other comprehensive income	533
Total Comprehensive Profit for the year	**720**
Attributable to the other Owners of the Company	360
Attributable to the JSC Nikora	360

The following table shows LLC Rent house's revenues, total assets and liabilities:

	31.12.2023
Total non-current assets	674
Total current assets	44
Total assets	**718**
Total non-current liabilities	-
Total current liabilities	3
Total liabilities	**3**
Net assets	**715**

	31.12.2023
Revenue	16
Expenses (including income tax expenses)	(16)
Other comprehensive income	-
Total Comprehensive Profit for the year	**-**
Attributable to the other Owners of the Company	-
Attributable to the JSC Nikora	-

The following table shows LLC Alma Veko Georgia's revenues, total assets and liabilities:

	31.12.2023
Total non-current assets	12
Total current assets	202
Total assets	**214**
Total non-current liabilities	118
Total current liabilities	132
Total liabilities	**250**
Net assets	**(36)**

	31.12.2023
Revenue	141
Expenses (including income tax expenses)	(177)
Other comprehensive income	-
Total Comprehensive Profit for the year	**(36)**
Attributable to the other Owners of the Company	(18)
Attributable to the JSC Nikora	(18)

During the establishment process and throughout the year 2023, the Group made no investment in LLC Alma Veko. The loss of LLC Alma Veko for the year was not recognized in the consolidated financial statement of the Group.

18. Inventories

	31.12.2023	31.12.2022
Finished goods	147,026	111,546
Work in progress	1,358	1,540
Other materials	18,813	15,729
Total	**167,197**	**128,815**

As at 31 December 2023 and 2022 all inventories have been pledged to secure borrowings of the Group.

19. Trade and other receivables

	31.12.2023	31.12.2022
Trade receivables	27,264	25,010
Less: provision for impairment	(375)	(286)
Net financial assets	**26,889**	**24,724**
Less: provision for impairment advances	(58)	(42)
Prepaid taxes	1,459	1,726
Other advances and receivables	9,626	6,430
Total	**37,916**	**32,838**

The following table shows movement in provision of impairment.

	2023	2022
1 January	**(286)**	**(557)**
Impairment losses recognized during the year	(89)	(10)
Recalculation (recovery)	-	281
At 31 December	**(375)**	**(286)**

The following table shows movement in provision of impairment advances.

	2023	2022
1 January	**(42)**	**(97)**
Impairment losses recognized during the year	(45)	(42)
Usage of reserves	29	97
At 31 December	**(58)**	**(42)**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Group operates.

As at 31 December 2023 and 2022 all trade and other receivables have been pledged to secure borrowings of the Group.

20. Cash and cash equivalents

	31.12.2023	31.12.2022
Cash on current accounts with banks in Georgian Lari	19,148	36,182
Cash on current accounts with banks in foreign currency	16	2,237
Cash on hand	1,650	1,385
Total	**20,814**	**39,804**

21. Share capital

The table below shows ordinary shares holders:

	Voting rights		Quantity	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Sukhiashvili Vasil	25%	25%	1,488,235	1,488,235
Gubanovi Oleg	11%	18%	647,057	1,035,293
Dumbadze David	11%	11%	679,413	679,413
Taradini Vasil	-	9%	-	517,638
Cirekidze Taliko	10%	10%	582,353	582,353
Salukvadze Maka	7%	7%	388,236	388,236
Tsertsvadze Guram	5%	5%	323,529	323,529
Nikolaishvili Irakli	3%	3%	177,942	177,942
Sukhiashvili Nika	3%	3%	194,118	194,118
Sukhiashvili Sopo	3%	3%	194,118	194,118
Taradini Gleb	2%	2%	129,412	129,412
Taradini Dementi	2%	2%	129,412	129,412
Taradini Denis	2%	2%	129,412	129,412
GREENMOON LTD	10%	-	601,756	-
Gubanova Ekaterina	2%	-	129,412	-
Gubanova Olga	2%	-	129,412	-
Gubanova Ksenia	2%	-	129,412	-
JSC Nikora (treasury shares)	–	-	417,359	501,477
Total	**100%**	**100%**	**6,470,588**	**6,470,588**

The table below shows preference shares holders:

	Quantity		Amount	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Isaevi Andrei	78	78	12,248	12,248
Pelicans venture corp	20	20	2,692	2,692
JSC Galt and Taggart (nominal holder)	5	6	612	734
Maziashvili Archil	6	6	498	498
Fichkhaia Tamar	4	4	485	485
Vachnadze Giorgi	13	3	1,602	263
Tsertsvadze Guram	2	2	225	225
Novikovi Volodimer	1	1	140	140
Ambrolidze Murman	-	1	-	83
Janjgava Ivane	1	1	83	83
Jangidze Tamar	1	1	164	164
Nareshelashvili Irakli	1	1	117	117
Kiknadze Nodar	1	1	125	125
Gvazava Otar	1	1	120	120
Nizharadze Taras	10	10	1,430	1,430
Tikhonova Daria	1	1	139	139
Iatsenko Sergi	1	-	134	-
Panasiuk Katerina	1	-	135	-
Panasiuk Oleksandr	1	-	135	-
Kavelashvili Tamar	4	-	536	-
Redeemed preference shares	8	23	-	-
Total	**160**	**160**	**21,620**	**19,546**

As at 31 December 2023 and 2022 The Group has 6,471 thousand authorized ordinary shares at the par value 1 GEL. The Group has authorized 160 preference shares (issued 160 and 145 as 31 December 2023 and 31 December 2022 respectively), at the par value USD 50,000. Issued ordinary and preferred shares are fully paid. See details below. The holders of ordinary shares are not entitled to a fixed income. The number of fully paid shares corresponds to the voting right. The holders of ordinary shares are entitled to receive dividends declared by the Company. The holders of non-redeemable preference shares are entitled to receive an annual dividend at a fixed interest rate, which is not fixed and may change at the discretion of ordinary shareholders. Preferred shares have no voting rights.

As of 31 December 2023, the Group had GEL 417 thousand (2022: 501 thousand) treasury ordinary shares, which are recorded at a total nominal value of GEL 417 thousand (2020: 501 thousand). The difference between the amount paid/received at the redemption/resale of own shares and the face value was recorded in retained earnings for the period when the shares were redeemed/sold.

22. Non-controlling interests

The table below shows non-controlling interests in subsidiaries;

Name	31.12.2023	31.12.2022	Type of operations
JSC Nikora Trade	3%	3%	Retail
Mila Sakartvelo LLC	50%	50%	Trade
Kulinari LLC	50%	50%	Manufacturing - Salads
Vakijvris kalmakhi LLC	6%	6%	Trout farm
Nikora Bakuriani LLC	50%	50%	Real estate
Lazi-holding LLC	33%	33%	Dormant
Ref N LLC	-	37%	Real estate
Mzareuli I LLC	20%	-	Manufacturing – Bakery products

The table shows information on assets and liabilities in subsidiaries with non-controlling interests.

	JSC Nikora trade		Other subsidiaries	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Assets				
Goodwill	38,560	38,560	-	-
Property, plant and equipment	104,136	72,199	11,806	11,134
Right of use asset	151,162	124,411	623	490
Intangible assets	5,974	5,699	15	15
Biological assets	-	-	1,361	1,121
Other non-current assets	1,572	601	-	-
Inventories	131,902	99,183	895	721
Trade and other receivables	7,416	6,093	1,404	2,227
Loans issued	23,102	305	-	-
Cash and cash equivalents	17,633	35,474	98	138
Total assets	**481,457**	**382,525**	**16,202**	**15,846**
Liabilities				
Bonds and borrowings	39,264	39,682	8,749	5,912
Lease liabilities	150,316	122,228	678	537
Trade and other payables	194,178	155,458	2,176	2,644
Total liabilities	**383,758**	**317,368**	**11,603**	**9,093**
Attributable to non-controlling interest	**3,329**	**2,108**	**686**	**1,686**

The table shows the performance of subsidiaries with non-controlling interests.

	JSC Nikora trade		Other subsidiaries	
	2023	2022	2023	2022
Revenue	1,169,278	895,009	16,138	5,819
Cost of sale	(872,496)	(665,658)	(11,797)	(4,278)
Gross profit	**296,782**	**229,351**	**4,341**	**1,541**
Other income	899	839	614	419
Selling and distribution expenses	(230,282)	(170,256)	(708)	(121)
General and administrative expenses	(19,771)	(16,161)	(1,508)	(881)
Other income/(expense), net	1,172	352	(312)	(39)
Financial income	3,745	1,886	-	-
Financial expenses	(17,462)	(15,870)	(1,120)	(653)
Foreign exchange gain (loss) net	(239)	14,264	(46)	577
Gain/Loss before income tax	**34,844**	**44,405**	**1,261**	**843**
Other comprehensive income				
Revaluation of property	1,128	1,053	-	-
Gain/Loss for the year	**35,972**	**45,458**	**1,261**	**843**
Total Gain/loss to non-controlling interest	**1,064**	**1,815**	**206**	**233**
Total comprehensive Gain/loss to non-controlling interest	**1,099**	**1,847**	**238**	**242**

The table shows cash flows of subsidiaries with non-controlling interests.

	JSC Nikora trade		Other subsidiaries	
	2023	2022	2023	2022
Net cashflow from operating activities	88,262	88,272	2,291	408
Net cashflow from investing activities	(76,314)	(36,383)	(1,916)	(2,241)
Net cashflow from financing activities	(29,740)	(35,055)	(290)	1,931
Net increase/(decrease) in cash and cash equivalents	**(17,792)**	**16,834**	**85**	**98**

23. Bonds and borrowings

	31.12.2023	31.12.2022
Bank borrowings with floating interest rates	43,065	24,384
Bank borrowings with fixed interest rates	485	753
Bonds with floating interest rates	34,735	69,499
Total non-current borrowings	**78,285**	**94,636**
Bank borrowings with floating interest rates	16,845	29,762
Bank borrowings with fixed interest rates	106	105
Borrowings with fixed interest rates from related parties	88	86
Bonds with floating interest rates	36,001	1,070
Total current borrowings	**53,040**	**31,023**
Total	**131,325**	**125,659**

Bank loan terms are within the range of 1 to 9 years. Borrowings denominated in Georgian GEL have an average annual floating rate tied (plus interest rate 3.5 percent) to the Tbilisi Interbank Offered rate (2023 and 2022: 9.5% and 11% respectively). Borrowings denominated in EUR have a floating average annual rate of 7.19 %-8.86 % tied to Euribor. Borrowings denominated in USD have a floating average annual rate of 8.19% to 8.85%, tied to SOFR. Borrowings with fixed interest rates are denominated in Georgian GEL, USD, and Euro. Borrowing in GEL bears an annual rate of 11%, while borrowings in USD and EUR bear an annual rate in the range of 6.4% to 8.5%. The borrowings are secured by fixed assets, inventories, biological assets, and trade receivables. For additional information, see the relevant notes on assets.

The following table shows reconciliation of liabilities from financing transactions;

	2023	2022
1 January	**125,659**	**133,955**
Proceeds from borrowings	180,765	326,651
Bonds emission	-	34,641
Principal paid	(176,179)	(335,001)
Settlement with share purchase agreement receivable	-	(1,433)
Repayment of bonds	-	(28,000)
Interest expense, netted by 759 (109 for the year 2022) relevant state subsidy	14,753	15,354
Interest paid	(14,461)	(15,921)
Capitalized Interest	153	
Effect of changes in foreign exchange rate	635	(4,587)
31 December	**131,325**	**125,659**

On 12th of November 2021, the Group issued bonds with the total value of GEL35,000 thousand with scheduled maturities 3 years. Bonds rates are floating and tied to TIBR3M +3.25 % annually. Average annual rate for the year ended 31 December 2023 was 10.078%. Interest should be paid quarterly. The bonds are the Group's direct unsecured obligations that are equal in priority and equal to the Group's unsecured and non-subordinated obligations.

In November 2022, the Group issued bonds with the total value of GEL35,000 thousand with scheduled maturities 3 years. Bonds rate are floating and tied to TIBR3M +3.5 % annually (TIBR3M average rate as of 31 December 2023 was 10.078 %). Interest should be paid quarterly. The bonds are the Group's direct unsecured obligations that are equal in priority and equal to the Group's unsecured and non-subordinated obligations.

Bonds and borrowings agreement set out certain financial and non-financial covenants to the Group. In the event of a breach of covenants, the lender has the right but not the obligation to demand part or full repayment of the liabilities. The bond agreement includes restrictions on the payment of dividends.

The following table shows financial covenants in accordance with bond and bank loan agreements. As of 31 December 2023, the Group did comply with these financial covenants:

	Bonds
Debt service coverage ratio (DSCR)	1.1
Interest coverage ratio (ICR)	1.1
(DEBT/EBITDA)	4.5(4 with bank contract)

Per the main bank loan agreement, the Group commits to maintain some financial ratios, which are calculated based on the specific non-IFRS-based financial figure for full and partial consolidated levels. Per bank calculation as of 31 December 2023, the Group complied with this requirement.

24. Deferred Income

Deferred income is related to granted land from the state with a future investment commitment. Additionally, the recipient of the grant is obligated to complete the construction and commence production in August 2024, and to maintain production in the new factory building for at least five years. The initial recognition of the asset and the relevant grant deferred income are measured at fair value. For details related to the valuation and relevant assets, see Note 13. As of 31 December 2023, the investment commitment was fulfilled.

25. Trade and other payables

	31.12.2023	31.12.2022
Financial liabilities		
Trade and other payables	179,815	147,304
Total financial liabilities	**179,815**	**147,304**
Salaries payables	11,612	12,396
Contract liabilities	2,843	2,618
Tax payables	7,000	3,524
Advance received	495	337
Other payables	9	15
Total non-financial liabilities	**21,959**	**18,890**
Total	**201,774**	**166,194**

The following table shows reconciliation of contract liabilities;

	2023	2022
1 January	**2,618**	**2,519**
Cash received in advance of performance and not recognised as revenue during the period	2,331	1,824
Amounts included in contract liabilities that was recognised as revenue during the period	(1,784)	(1,462)
Effect of value added tax	(322)	(263)
31 December	**2,843**	**2,618**

The payable of certain suppliers secured by bank guaranty amounted to GEL 3,816 thousand.

26. Related party transaction and outstanding balances

	31.12.2023	31.12.2022
Lease liabilities	9,854	7,088
Key management compensation	7,290	4,701
Salaries and bonuses payables	2,266	5,097
Purchase of PPE	2,253	626
Purchase of financial and other services	1,675	521
Trade and other payables	3,533	381
Trade and other receivables	-	20
Loans received	88	86
Purchase of Inventories	125	-
Distribution of Dividends	86	-
Interest income	18	-

The Group does not disclose intra group-operations and balances, all of them are eliminated in the Consolidated financial statement.

27. Commitments and contingencies

Legal proceedings - As at 31 December 2023 and 2022 the Group was not engaged in any material litigation proceedings. Management is of the opinion that no material unaccrued losses will be incurred and accordingly no provision has been made in these consolidated financial statements.

Taxes - Georgian tax legislation in particular may give rise to varying interpretations and amendments. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Group may be assessed additional taxes, penalties and interest. The Group believes that it has already accrual all tax liabilities, and therefore no allowance has been made in the consolidated financial statements.

Operating environment

Emerging markets such as Georgia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Georgia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Georgia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

28. Events after the reporting period

In 2024 before the authorisation of financial statement:

- The group's parent company declared dividends of 5,032 thousand Georgian Lari on the common stock and distributed 4,720 thousand Georgian Lari.
- The group's parent company declared and distributed dividends of 349 thousand Georgian Lari on preferred stock.
- One of the group companies declared and distributed dividends totaling 304 thousand Georgian Lari, including to minority shareholders.
- The group's equity interest in the subsidiary company, Kulinari LLC, has been increased to 100%.
- The group has completely sold its equity interest in Ref N LLC.
- The group's parent company formed a new entity with other founders, where it owns 50% of the stock. JSC Nikora contributed real estate to the new entity, valued at 1,517 thousand Georgian Lari at the time of contribution.

There have been no other after reporting date events that require additional adjustments or disclosure in the financial statements.

Approval of financial statement. On 15 May 2024 the management approved financial statement, the Group owners have the power to amend the financial statements after the issue.

29. Summary of significant accounting policies

Principal accounting policies applied in the preparation of this consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

29.1 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (‘the functional currency’). Consolidated financial statements is presented in Georgian Lari, which is the Group’s functional and presentation currency.

Consolidated financial statement are presented in thousands of GEL.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are premeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are included in the consolidated statement of profit or loss and other comprehensive income for the period. Foreign exchange gains and losses that relate to financial instruments are presented in the consolidated statement of comprehensive income.

Official rate of the National Bank of Georgia	USD	EUR
Exchange rate as at 31.12.2023	2.6894	2.9753
Exchange rate as at 31.12.2022	2.7020	2.8844

29.2 Revenue from contract with customers

The Group recognises revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. The Group use five-step model for all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts;
- Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods/services underlying the particular performance obligation is transferred to the customer.

Performance obligation and revenue recognition

The Groups revenue streams are: sales of its own manufactured products, sales of food and non-food products in retail stores, sales of products produced by other parties through the distribution chain.

The Group recognized revenue at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, control might also be transferred when delivered either to the place of departure or place of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question.

Determining the transaction price

The Group’s most of the contracts are fixed price for retail stores. The Group distributes the entire contract price to each of the performed obligations by their individual sale price. Prices may change periodically, however the customer knows the price for each product before purchase. The customer pays for the product immediately at the time of purchase. Consequently, management does not adjust transaction price due to the time value of money.

The Group gives to customers the option to acquire additional goods for free or at a discounted price. Specifically, Group give to customer award credits (option) under customer loyalty rewards program. The customers can use the award credits (options) to acquire additional future goods for free or at discounted price. These points represent a contractual obligation for the Group. The transaction price is the cash and cash equivalents received from the customers, which is separated between the obligations to be fulfilled at the moment of purchase and the obligations to be fulfilled on the basis of bonus points.

For other streams, contract prices are variable. The Group estimates variable prices: (a) The expected value is the sum of probability weighted amounts in a range of possible consideration amounts. An expected value may be an appropriate estimate of the amount of variable consideration if an entity has a large number of contracts with similar characteristics. (b) The most likely amount is the single most likely amount in a range of possible consideration amounts. The most likely amount may be an appropriate estimate of the amount of variable consideration if the contract has only two possible outcomes (for example, an entity either achieves a performance bonus or does not).

Allocating amounts to performance obligations

For reward credits the Group allocates the transaction price to performance obligations on a relative stand-alone selling price basis. If the stand-alone selling price for a customer’s option to acquire additional goods or services is not directly observable, the Group estimate it.

Bonus points awarded to a customer under the Consumer Loyalty Program are accounted for separately from the proceeds under which the bonus points were awarded. The fair value of the consideration received or receivable at the initial stage of the sale is divided between the bonus points and the other components of the sale. The allocated contract price to the bonus points is recognized as a contractual obligation within trade and other payables, which is recognized in profit or loss in proportion to the delivery of the product.

29.3 Expenses

Expenses are recognised in the consolidated income statement if there arises any decrease of economic benefit related to the decrease of an asset or increase of a liability that can be reliably assessed. Expenses are recognised in the consolidated income statement immediately, if the expenses do not result in future economic profit any more, or if future economic profit do not meet or stop to meet the requirements of recognition as an asset in the consolidated financial statement.

29.4 Taxation

The Group will recognise the income tax payable on the distribution of dividends as a liability and an expense in the period in which the dividends are declared regardless of the period for which the dividends are declared or the period in which the dividends are ultimately distributed. Owing to the specific nature of the taxation system in Georgia, there are no differences between the carrying amounts and tax bases of the assets and liabilities of companies registered in Georgia that could result in deferred tax assets or deferred tax liabilities.

29.5 Taxes other than income tax

Taxes other than income tax are recognised when obligating events have occurred. The obligating events are an event that raises a liability to pay a tax. Taxes are calculated in accordance with Georgian legislation. Prepaid taxes are recognised as assets.

29.6 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. Goodwill impairment is not reversed in subsequent periods. Refer to note 12 for impairment testing procedures.

29.7 Property, plant and equipment

Land and buildings within property, plant and equipment are stated in the statement of financial position at their revalued amounts, the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Revaluations are performed with sufficient regularity by independent valuator such that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such property is recognized in other comprehensive income (except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged) and is shown as revaluation reserve in shareholder’s equity. A decrease in the carrying amount arising on the revaluation of such property and equipment is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties’ revaluation reserve is transferred directly to accumulated profit.

Other items of property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises purchase price including import duties and non-refundable purchase taxes and other directly attributable costs. When an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment. Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes directly attributable expenditures, site preparation, installation and assembly costs, professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Group’s accounting policy.

Expenditure to replace a component of an item of property and equipment that is accounted for separately is capitalized with the carrying amount of the component being written off. Other subsequent expenditure is capitalized if future economic benefits arise from the expenditure. All other expenditure, including repair and maintenance, is recognized in profit or loss as incurred. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation is charged to profit or loss or is added to the cost of other asset on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences when assets are available for use. The estimated useful lives are as follows. Lands and buildings under construction are not depreciated.

	Useful life
Buildings	5-70
Plant and equipment	2-25
Leasehold improvements	3-20
Office equipment	1-20
Vehicles	2-10

Vineyards - is used in the production or supply of agricultural produce, is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Bearer plans at initially recognised at cost and subsequently at its fair value. Bearer plants accounting policy for revaluation is appropriate to policy of property, plant and equipment revaluation. Bearer plants depreciation on straight line basis and useful life is 30 years.

29.8 Biological assets

The Group owns biological assets: vineyards and fishes.

The Group recognises a biological asset or agricultural produce when, and only when: (a) the entity controls the asset as a result of past events; (b) it is probable that future economic benefits associated with the asset will flow to the Group; and (c) the fair value or cost of the asset can be measured reliably.

Fishes - Biological asset measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. Agricultural produce harvested from the Group's biological assets measured at its fair value less costs to sell at the point of harvest. Difference between value of initial and subsequent measurement is recognised in profit or loss.

29.9 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the consolidated statement of comprehensive income. Intangible assets are amortised from 1 to 50 years.

29.10 Leases

A contract is, or contains, a lease when it conveys the right to use an underlying asset for a period of time, in exchange for consideration. At inception of a contract, the Group assesses whether it meets the two following cumulative conditions to be qualified as a lease:

- its execution involves the use of an identified asset, and
- it conveys the right to direct the use of that identified asset.

Initial recognition

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Leases are recognized on the Group's balance sheet as follows:

- an asset representing the right to use the underlying asset over the lease term,
- a liability for the obligation to pay the lease payments.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments) less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

(c) amounts expected to be payable by the lessee under residual value guarantees;

(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and

(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Lease payments include any in-substance fixed lease payments. In-substance fixed lease payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In-substance fixed lease payments

exist, for example, if payments are structured as variable lease payments, but there is no genuine variability in those payments. Those payments contain variable clauses that do not have real economic substance.

At the commencement date, a Group measures the right-of-use asset at cost. The cost of the right-of-use asset is comprised:

- The amount of the initial measurement of the lease liability;
- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent measurement

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the revised discount rate.

When the variable element of future lease payments dependent on a rate or index is revised, it adjusts the carrying amount of the lease liability to reflect the payments to make over the remaining terms, which are discounted at the same discount rate that applied on lease commencement. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

The Group elects, by class of underlying asset, not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component.

Determination of lease term

The lease term is defined as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease (including the renewal option implied through customary business practices) if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. Management applies judgement to determine the lease term when lease contracts include renewal options that are exercisable only by the Group. It considers all relevant factors that create an economic incentive to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or a change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew, or to terminate the lease.

Determination of incremental borrowing rate (IBR)

IBR is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The discount rate is not determined for the Group as a whole, but for each individual lease. The management applies judgement to estimate the IBR. The management uses an observable information to determine the base rate and adjustments for the lessee specific factors and the asset factors (the adjustment for security).

Determination of lease payments

In Georgia it is customary that lease renewal option is implied through customary business practices and not all renewal options are documented within the lease agreements. In such cases, the initial measurement of the lease liability assumes the payment for renewal period will remain unchanged throughout the lease term.

Short-term leases and leases of low-value assets

The Group applies the recognition exemption for short-term leases (i.e. lease with a lease term of 12 months or less from the commencement date) and leases of low-value assets. Associated lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

29.11 Impairment of tangible and intangible assets (except of goodwill)

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated statement of profit or loss and other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of profit or loss and other comprehensive income.

29.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the Group from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. Expenses covering activities related to production (conversion costs) are included in the cost of inventories.

The costs of conversion of inventories include costs directly related to the units of production. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Fixed production overheads are those indirect costs of production that remain relatively constant regardless of the volume of production. Variable production overheads are those indirect costs of production that vary directly, or nearly directly, with the volume of production. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance. The actual level of production is used if it approximates normal capacity. The amount of fixed overhead allocated to each unit of production is not increased as a consequence of low production or idle plant.

Unallocated overheads are recognised as an expense in the period in which they are incurred. In periods of abnormally high production, the amount of fixed overhead allocated to each unit of production is decreased so that inventories are not measured above cost. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities. Movements of inventories are accounted for using FIFO method.

Agricultural produce

The agricultural produce harvested from the Group's biological assets is measured at its fair value less costs to sell at the point of harvest and is recognised as revenue immediately in consolidated statement of profit or loss and inventory in consolidated financial statement.

29.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

29.14 Contingent assets and liabilities

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are recognised only when the contingency is resolved.

29.15 Financial instruments

Financial assets

Financial assets are classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL). The Group's management has assessed which business models apply to the financial assets held by the Group and has classified financial assets within "financial assets measured at amortised cost" category.

Financial assets at amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables, insurance receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current insurance and trade and other receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the insurance, trade and other receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the insurance, trade and other receivables. For insurance, trade and other receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the

statement of comprehensive income. On confirmation that the insurance, trade and receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's financial assets measured at amortised cost comprise trade and other financial receivables, cash and cash equivalents in the consolidated statement of financial position. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. the Group has classified financial liabilities within "fair value through profit or loss" and "Other financial liabilities" category. Other financial liabilities include the following items: borrowings and bonds, trade payables and short-term monetary liabilities.

Other financial liabilities are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Offset of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

29.16 Share capital, treasury shares and non-controlling interest

Share capital is determined by the owners of the company. Share capital includes ordinary shares, which holders have voting rights and non-redeemable preferred shares, that do not have voting rights. Preferred shares are recorded in equity when owners of which are entitled to receive an annual dividend at the fixed interest rate which is not constant and dividends distribution to preference shareholders is at the discretion of the common shareholders. Otherwise, they are recorded as liabilities.

Purchased own shares are recognized at fair value. Differences arising from issuance and purchase of own shares, which exceed shares nominal value, are recognized as retained earnings. Redeemed shares from the owner for the purpose of subsequent reissuance, are recognized as treasury shares. Purchased own shares for cancelation, are recognized as a reduction of share capital.

Non-controlling interest is the interest in subsidiaries not held by the Group. Non-controlling interest at the reporting date represents the non-controlling shareholders' share in the net fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary at the acquisition date and the minorities' share in movements in equity since the acquisition date. Non-controlling interest is presented within equity. Losses allocated to holders of non-controlling interest do not exceed the non-controlling interest in the equity of the subsidiary unless there is a binding obligation of the holders of non-controlling interests to fund the losses. All such losses are allocated to the Group.

Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are recognized as equity transactions.

29.17 Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorised for issue are disclosed in the subsequent events note.