

JSC NIKORA MANAGEMENT GROUP

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

Together with the Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Management of JSC Nikora Management Group

Qualified Opinion

We have audited the consolidated financial statements of JSC Nikora Management Group (the Company) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025, 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 2025 and 31 December 2024 amounted to 43,618 thousand Gel. Our audit opinion for the financial statement for the year ended 31 December 2024 issued on 15 May 2025 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
<p>Revenue recognition and related discounts</p> <p>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 674 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.</p> <p>Refer to revenue recognition policy and additional Information in Note 30.2 and 6, respectively.</p>	<p>We have performed the following audit procedures to address the key audit matter:</p> <ul style="list-style-type: none"> • 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 audit of the fair value of land and buildings classified under Property, Plant and Equipment as a key audit matter, due to its material impact on the financial statements and the significant judgment and estimation required by the Group's management. The Group's land and buildings, included within Property, Plant and Equipment, are disclosed in Note 13. These assets are independently appraised by professionally qualified valuers.

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

- We assessed the independence of the valuer from the Company and evaluated the reliability and competence of the valuer, including their certification status in accordance with applicable legislation
- With the assistance of our Real Estate Valuations expert, we assessed the methodology and key assumptions used, as well as their compliance with the requirements of IFRS 13 - Fair Value Measurement
- We verified and validated the data used by the valuer during the valuation process and assessed their appropriateness for the valuation objectives
- We assessed whether the disclosures in the financial statements are appropriate and in accordance with IFRS 13 Fair Value Measurement.

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 30.12 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 consolidated 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 consolidated 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 2026
Tbilisi, Georgia

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Ivan Jelia (Auditor's registration number SARAS -A-954810)
Managing Partner
Baker Tilly Georgia LLC
15 May 2026
Tbilisi, Georgia



JSC NIKORA MANAGEMENT GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

(In thousands of GEL)

	Note	2025	2024
Revenue	6	1,568,181	1,451,046
Cost of sale	7	(1,143,152)	(1,031,193)
Gross profit		425,029	419,853
Other income	8	1,812	1,484
Selling and distribution expenses	9	(329,651)	(306,407)
General and administrative expenses	10	(53,294)	(47,408)
Other gain net	11	1,802	3,851
Share of profit of associates and joint ventures	17	312	119
Financial income		1,509	1,592
Financial expenses		(34,594)	(29,419)
Foreign exchange gain/(loss) net		4,404	(7,551)
Profit before income tax		17,329	36,114
Income tax expenses		(2,249)	(2,591)
Profit for the year		15,080	33,523
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation of property and bearer plants		(493)	7,001
Total comprehensive Profit for the year		14,587	40,524
Total Profit attributable to			
Owner of the Company		15,018	32,872
Non-controlling interest		62	651
Total Profit		15,080	33,523
Total comprehensive Profit attributable to:			
Owner of the Company		14,643	39,427
Non-controlling interest		(56)	1,097
Total comprehensive Profit		14,587	40,524

The consolidated financial statements for the year ended 31 December 2025 was approved on behalf of the management on 15 May 2026 by:

Director _____ Irakli Bokolishvili

Financial director _____ Irakli Gejadze

JSC NIKORA MANAGEMENT GROUP

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME


For the year ended 31 December 2025

(In thousands of GEL)

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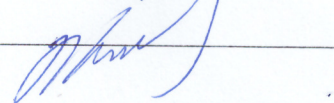
The consolidated financial statements for the year ended 31 December 2025 was approved on behalf of the management on 15 May 2026 by:

Director



Irakli Bokolishvili

Financial director



Irakli Gejadze

JSC NIKORA MANAGEMENT GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

(In thousands of GEL)

	Note	31.12.2025	31.12.2024
ASSETS			
Non-current assets			
Goodwill	12	43,618	43,618
Property, plant and equipment	13	321,196	303,113
Right of use asset	14	191,739	160,974
Intangible assets	15	13,275	10,754
Biological assets	16	999	1,208
Prepayment for non-current assets		2,999	10,351
Investments in Associates and Joint Venture	17	268	119
		574,094	530,137
Current assets			
Inventories	18	239,699	211,979
Trade and other receivables	19	51,674	52,352
Certificates of deposit	20	27,881	-
Cash and cash equivalents	21	86,157	21,640
		405,411	285,971
Total assets		979,505	816,108
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital	22	6,471	6,471
Preference share capital	22	22,715	22,702
Treasury shares		(417)	(417)
Revaluation reserve		31,562	36,858
Accumulated profit		160,994	154,108
Non-controlling interests	23	7,464	7,225
		228,789	226,947
Non-current liabilities			
Bonds and borrowings	24	282,509	136,414
Lease liabilities	14	151,867	129,031
Deferred income	25	2,537	2,537
		436,913	267,982
Current liabilities			
Trade and other payables	26	238,088	216,264
Bonds and borrowings	24	39,638	70,645
Lease liabilities	14	36,077	34,270
		313,803	321,179
Total liabilities		750,716	589,161
Total equity and liabilities		979,505	816,108

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

JSC NIKORA MANAGEMENT GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

(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 2023	6,471	21,620	(417)	34,545	132,960	195,179	4,015	199,194
Profit for the year	-	-	-	-	32,872	32,872	651	33,523
Revaluation of property and plants	-	-	-	6,555	-	6,555	446	7,001
Reclassification of revaluation reserve	-	-	-	(4,242)	4,242	-	-	-
Transactions with non- controlling interests	-	-	-	-	(1,772)	(1,772)	2,528	756
Dividends on ordinary shares	-	-	-	-	(12,742)	(12,742)	-	(12,742)
Dividends on preference shares	-	-	-	-	(1,452)	(1,452)	-	(1,452)
Dividends for the owner of non-controlling interests	-	-	-	-	-	-	(415)	(415)
Sale of preference share	-	1,766	-	-	-	1,766	-	1,766
Purchase of preference share	-	(684)	-	-	-	(684)	-	(684)
31 December 2024	6,471	22,702	(417)	36,858	154,108	219,722	7,225	226,947
Profit for the year	-	-	-	-	15,018	15,018	62	15,080
Revaluation of property and plants	-	-	-	(375)	-	(375)	(118)	(493)
Reclassification of revaluation reserve	-	-	-	(4,921)	4,921	-	-	-
Transactions with non- controlling interests	-	-	-	-	(324)	(324)	574	250
Dividends on ordinary shares	-	-	-	-	(11,227)	(11,227)	-	(11,227)
Dividends on preference shares	-	-	-	-	(1,502)	(1,502)	-	(1,502)
Dividends for the owner of non-controlling interests	-	-	-	-	-	-	(279)	(279)
Sale of preference share	-	135	-	-	-	135	-	135
Purchase of preference share	-	(122)	-	-	-	(122)	-	(122)
31 December 2025	6,471	22,715	(417)	31,562	160,994	221,325	7,464	228,789

JSC NIKORA MANAGEMENT GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

(In thousands of GEL)

	Note	2025	2024
Cash flows from operating activities			
Profit for the year		17,329	36,114
Adjustments for:			
Depreciation and amortization	13-15	75,756	66,410
Financial expenses		34,594	29,419
Inventory losses	7	49,139	30,867
Foreign exchange (gain)/loss		(4,404)	7,551
Gain from biological transformation	11	(2,000)	(2,212)
Impairment of financial assets		164	97
Gain on disposal of property, plant and equipment		(850)	(3,163)
Financial income		(1,509)	(1,592)
Movements in working capital			
Increase/ (Decrease) in trade and other receivables		442	(14,527)
Increase in inventories		(74,858)	(73,438)
Increase in trade and other payables		21,095	19,236
Cash inflow from operating activities		114,898	94,762
Interest paid	14, 24	(38,801)	(28,672)
Income tax paid		(2,249)	(2,305)
Interest received		2,490	1,550
Net cash inflow from operating activities		76,338	65,335
Cash flows from investing activities			
Payments for property, plant and equipment		(71,240)	(114,735)
Payments for intangible assets		(2,347)	(3,356)
Proceeds from disposal of property, plant and equipment		20,742	17,644
loans issued		-	(200)
Repayment of loans issued		5	525
Proceeds from disposal of subsidiaries		50	1,612
Acquisition of subsidiaries		(341)	-
Acquisition of associates		-	(10,539)
Proceeds from disposal of investment in associates		-	14,418
Proceeds from disposal/(Acquisition) of subsidiary		30	(199)
Payments for acquisition of certificate of deposits	20	(27,000)	-
Net cash outflow from investing activities		(80,101)	(94,830)
Cash flows from financial activities			
Proceeds from borrowings and bonds	24	331,703	368,057
Repayment of borrowings and bonds	24	(218,175)	(293,833)
Repayment of lease liabilities	14	(32,921)	(31,528)
Dividends paid		(12,725)	(14,773)
Acquisition of preference shares		(122)	(407)
Sale of preference shares		135	1,492
Capital contribution by the non-controlling interest shareholder		560	1,200
Net cash inflow from financing activities		68,455	30,208
Net increase in cash and cash equivalents		64,692	713
Cash and cash equivalents at the beginning of the year	21	21,640	20,814
Effect of changes in foreign exchange rate		(175)	113
Cash and cash equivalents at the end of the year	21	86,157	21,640

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

JSC NIKORA MANAGEMENT GROUP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In thousands of GEL)

1. General information

These consolidated financial statements include financial information of JSC Nikora Management Group (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 674 stores as at 31 December 2025 (31 December 2024: 634 stores), also the Group manufactures food and has distribution chain in Georgia.

The following table shows JSC Nikora Management Group’s subsidiaries:

Name	31.12.2025	31.12.2024	Identification Number	Type of operations
Nikora Trade JSC	96.6%	96.6%	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	90%	80%	200104699	Manufacturing - Bakery products
Kulinari LLC	100%	100%	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 L LLC	50%	50%	400387149	Real estate
Ref B LLC	80%	80%	400402872	Dormant
Den Braven Georgia LLC	100%	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%	200109140	Dormant
Nikora 1 LLC	100%	100%	200178155	Dormant
Food and Drink LLC	100%	100%	204514515	Dormant

In May 2025, Kulinari LLC ceased its production operations, and its activities were taken over by Nikora LLC.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In thousands of GEL)

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 2025**

The following amended standards became effective from 1 January 2025, but did not have any material impact on the Group:

The following agenda decisions were issued in 2025 that might be relevant for the preparation of financial statements for annual periods beginning on or after 1 January 2025. The 'Date issued' refers to the date of approval by the IASB according to the IASB's website:

Date issued	Topic
Feb 2025	Classification of Cash Flows related to Variation Margin Calls on 'Collateralised-to-Market' Contracts (IAS 7) The decision clarified the classification of cash flows from variation margin calls on collateralised derivative contracts as operating or financing activities.
April 2025	Recognition of Revenue from Tuition Fees (IFRS 15) The decision provided some guidance on recognising revenue from tuition, particularly regarding performance obligations and timing.
April 2025	Recognition of Intangible Assets from Climate-related Expenditure (IAS 38) The decision clarified when costs for climate initiatives (such as research and development) create intangible assets or are expensed, emphasising the need to assess future economic benefits.
April 2025	Guarantees Issued on Obligations of Other Entities The decision addressed accounting for guarantees given on obligations of other entities, ensuring proper recognition and measurement.
July 2025	Assessing Indicators of Hyperinflationary Economies (IAS 29) The decision provides guidance on how to apply the IAS 29 indicators when assessing if an economy has become hyperinflationary.

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2.4.2. New accounting pronouncement which are effective after 31 December 2025

The following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2025. The Group has not early adopted any of the amendments effective after 31 December 2025 and it expects they will have an insignificant effect, when adopted, on the financial statement of the Group:

Title	Key requirements	Effective date
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	<p>In May 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice. These amendments:</p> <p>(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;</p> <p>(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;</p> <p>(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and</p> <p>(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).</p> <p>The amendments in (b) are most relevant to financial institutions, but the amendments in (a), (c) and (d) are relevant to all entities.</p> <p>The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted.</p>	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	<p>The IASB has made the following improvements in September 2024:</p> <p>IFRS 1, ‘First-time Adoption of International Financial Reporting’ – to improve consistency between IFRS 1 and IFRS 9, ‘Financial Instruments’, in relation to the requirements for hedge accounting, and to improve the understandability of IFRS 1; IFRS 7, ‘Financial Instruments: Disclosures’ – to improve consistency in the language used in IFRS 7 with the language used in IFRS 13, ‘Fair Value Measurement’;</p> <p>IFRS 9 – to clarify how a lessee accounts for the derecognition of a lease liability when it is extinguished, and to address an inconsistency between IFRS 9 and IFRS 15, ‘Revenue from Contracts with Customers’, in relation to the term ‘transaction price’;</p> <p>IFRS 10, ‘Consolidated Financial Statements’ – to clarify the requirements in relation to determining de facto agents of an entity; and</p> <p>IAS 7, ‘Statement of Cash Flows’ – to replace the term ‘cost method’ with ‘at cost’, since the term is no longer defined in IFRS Accounting Standards.</p>	1 January 2026

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<p>Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7</p>	<p>In December 2024, the IASB issued targeted amendments to IFRS 7 and IFRS 9 to allow entities to better reflect nature- dependent electricity contracts in the financial statements. The amendments:</p> <p>(a) clarify the application of the ‘own-use’ criteria to nature- dependent electricity contracts;</p> <p>(b) permit hedge accounting if these contracts are used as hedging instruments; and</p> <p>(c) add new disclosure requirements to enable users of financial statements to better understand the effect of these contracts on an entity’s financial performance and cash flows.</p> <p>The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted.</p>	<p>1 January 2026</p>
<p>IFRS 18, ‘Presentation and Disclosure in Financial Statements’</p>	<p>In April 2024, the IASB issued IFRS 18 in response to investors’ concerns about comparability and transparency of entities’ performance reporting. The new presentation requirements introduced in IFRS 18 will increase comparability of the financial performance of similar entities, especially related to how ‘operating profit or loss’ is defined. The new disclosure requirements for ‘management-defined performance measures’ will enhance transparency. IFRS 18 is effective from 1 January 2027 and has not yet been adopted by the Company/Group.</p>	<p>1 January 2027</p>
<p>IFRS 19, ‘Subsidiaries without Public Accountability: Disclosures’</p>	<p>In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS Accounting Standards. IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.</p>	<p>1 January 2027</p>

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.

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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	31.12.2025	31.12.2024	Type of operations
Mila Sakartvelo LLC	50%	50%	Trade
Ref L LLC	50%	50%	Real estate
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.

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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.

	31.12.2025	31.12.2024
Trade and other receivables net of impairment	41,066	36,601
Certificates of deposit	27,881	-
Cash and cash equivalents	86,157	21,640
Total financial assets	155,104	58,241
Trade and other payables	226,056	201,780
Lease liabilities	187,944	163,301
Bonds and borrowings	322,147	207,059
Total financial liabilities	736,147	572,140

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 6% to 14% per annum interest rate. Carrying amounts of other financial assets recorded in the financial statements approximate their fair values.

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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.

	31.12.2025		31.12.2024	
	USD	EUR	USD	EUR
Financial assets				
Trade and other receivables	1,075	434	4,803	-
Cash and cash equivalents	59	3	66	1
Total financial assets	1,134	437	4,869	1
Financial liabilities				
Trade and other payables	15,047	11,853	8,154	3,506
Lease liabilities	175,794	27	149,546	70
Bonds and borrowings	27,167	26,390	32,587	19,431
Total financial liabilities	218,008	38,270	190,287	23,007
Net financial position	(216,874)	(37,833)	(185,418)	(23,006)

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.

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	USD/GEL + 20%	USD/GEL - 20%	EUR/GEL + 20%	EUR/GEL - 20%
Profit/(loss) 2025	(43,375)	43,375	(7,567)	7,567
Profit/(loss) 2024	(37,084)	37,084	(4,601)	4,601

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:

	2025		2024	
	Increase 100 base point	Decrease 100 base point	Increase 100 base point	Decrease 100 base point
Profit/(loss)	(3,202)	3,202	(2,060)	2,060

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:

	31.12.2025	31.12.2024
Trade and other receivables net of impairment	41,066	36,601
Certificates of deposit	27,881	-
Interest receivable from bank deposits	1,356	-
Cash and cash equivalents except cash on hand	84,434	19,909
Total	154,737	56,510

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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	226,056	-	-	-	226,056
Lease liabilities	27,695	22,571	44,819	63,164	158,249
Bonds and borrowings	64,095	24,168	335,860	12,205	436,328
Total 31.12.2025	317,846	46,739	380,679	75,369	820,633
Trade and other payables	201,780	-	-	-	201,780
Lease liabilities	25,787	24,355	132,084	33,504	215,730
Bonds and borrowings	33,756	51,059	165,960	19,806	270,581
Total 31.12.2024	261,323	75,414	298,044	53,310	688,091

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.

- 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 86.36% of the Group's external revenue (2024 - 89.86%).
- 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 1.73% (2024: 3.17%) of the Group's external revenues.
- 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 8.89% (2024: 6.77%) 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:

- the nature of the products and services;

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- (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	2025
Revenue	1,433,874	165,984	471,794	2,593	2,074,245	-	(506,064)	1,568,181
Cost of sale	(1,098,178)	(135,848)	(407,975)	(2,146)	(1,644,147)	-	500,995	(1,143,152)
Gross profit	335,696	30,136	63,819	447	430,098	-	(5,069)	425,029
Other income	1,741	2	91	829	2,663	-	(851)	1,812
Selling and distribution expenses	(297,413)	(9,534)	(33,070)	-	(340,017)	-	10,366	(329,651)
General, administrative expenses	(27,472)	(12,803)	(8,152)	(793)	(49,220)	(1,113)	(2,961)	(53,294)
Other income net	1,761	241	144	(170)	1,976	1,583	(1,757)	1,802
Share of profit of associates	-	-	-	-	-	312	-	312
Financial income	904	284	193	20	1,401	1,466	(1,358)	1,509
Financial expenses	(21,471)	(6,353)	(3,096)	(629)	(31,549)	(7,925)	4,880	(34,594)
Foreign exchange gain/(loss) net	6,526	(1,481)	(1,164)	(273)	3,608	796	-	4,404
Profit before income tax	272	492	18,765	(569)	18,960	(4,881)	3,250	17,329
Income tax expenses	(33)	-	-	-	(33)	(2,216)	-	(2,249)
Profit for the year	239	492	18,765	(569)	18,927	(7,097)	3,250	15,080

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	Retail	Manufacturing	Import and Distribution	Other	Total Segment	Un distributed	Elimination	2024
Revenue	1,304,266	189,792	394,993	2,816	1,891,867	3	(440,824)	1,451,046
Cost of sale	(973,635)	(147,986)	(347,059)	(2,365)	(1,471,045)	-	439,852	(1,031,193)
Gross profit	330,631	41,806	47,934	451	420,822	3	(972)	419,853
Other income	1,330	11	68	663	2,072	-	(588)	1,484
Selling and distribution expenses	(276,269)	(12,642)	(23,460)	-	(312,371)	-	4,898	(307,473)
General, administrative expenses	(22,314)	(11,748)	(6,952)	(722)	(41,736)	(3,042)	(1,564)	(46,342)
Other income net	1,433	(24)	72	(13)	1,468	3,703	(1,320)	3,851
Share of profit of associates	-	-	-	-	-	119	-	119
Financial income	2,531	317	-	-	2,848	272	(1,528)	1,592
Financial expenses	(19,323)	(4,982)	(3,077)	(594)	(27,976)	(6,338)	4,895	(29,419)
Foreign exchange loss net	(6,124)	(13)	(705)	(3)	(6,845)	(706)	-	(7,551)
Profit before income tax	11,895	12,725	13,880	(218)	38,282	(5,989)	3,821	36,114
Income tax expenses	(53)	-	-	-	(53)	(2,538)	-	(2,591)
Profit for the year	11,842	12,725	13,880	(218)	38,229	(8,527)	3,821	33,523

The following table shows intragroup revenues between segments;

Segment as supplier	Segment as customer				Total 2025
	Retail	Manufacturing	Import and distribution	Other	
Retail	-	260	22,908	7	23,175
Manufacturing	25,015	658	124,335	81	150,089
Import and Distribution	239,316	30,624	62,389	47	332,376
Other	179	245	-	-	424
Total	264,510	31,787	209,632	135	506,064

Segment as supplier	Segment as customer				Total 2024
	Retail	Manufacturing	Import and distribution	Other	
Retail	-	327	-	177	504
Manufacturing	20,990	1,032	120,892	77	142,991
Import and Distribution	195,953	46,211	54,576	-	296,740
Other	280	309	-	-	589
Total	217,223	47,879	175,468	254	440,824

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(In thousands of GEL)

The following table shows segments assets and liabilities;

	Retail	Manufacturing	Import and Distribution	Other	Total Segment	Un distributed	Elimination	2025
Total non-current assets	394,563	92,867	19,314	22,583	529,327	9,857	34,910	574,094
Total current assets	291,605	38,073	131,423	1,738	462,839	1,162	(58,590)	405,411
Total assets	686,168	130,940	150,737	24,321	992,166	11,019	(23,680)	979,505
Total non-current liabilities	298,703	60,286	16,039	5,316	380,344	78,445	(21,876)	436,913
Total current liabilities	287,410	25,684	77,771	2,457	393,322	7,673	(87,192)	313,803
Total liabilities	586,113	85,970	93,810	7,773	773,666	86,118	(109,068)	750,716
Net assets	100,055	44,970	56,927	16,548	218,500	(75,099)	85,388	228,789

The following table shows segments assets and liabilities;

	Retail	Manufacturing	Import and Distribution	Other	Total Segment	Un distributed	Elimination	2024
Total non-current assets	386,287	108,305	16,746	17,509	528,847	9,623	(8,333)	530,137
Total current assets	203,767	37,735	91,013	1,305	333,820	8,251	(56,100)	285,971
Total assets	590,054	146,040	107,759	18,814	862,667	17,874	(64,433)	816,108
Total non-current liabilities	192,066	51,865	7,656	3,217	254,804	23,626	(10,448)	267,982
Total current liabilities	259,512	27,575	54,774	2,587	344,448	46,323	(69,592)	321,179
Total liabilities	451,578	79,440	62,430	5,804	599,252	69,949	(80,040)	589,161
Net assets	138,476	66,600	45,329	13,010	263,415	(52,075)	15,607	226,947

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

6. Revenue

	2025	2024
Food	807,099	743,737
Non-food	603,599	560,835
Total retail	1,410,698	1,304,572
Food	157,181	146,409
Rendering of services	-	9
Other	302	56
Total wholesale	157,483	146,474
Total	1,568,181	1,451,046

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.

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7. Cost of sale

	<u>2025</u>	<u>2024</u>
Cost of goods sold	(1,094,013)	(1,000,325)
Inventories shrinkage and Obsolete inventories cost	(49,139)	(30,868)
Total	<u>(1,143,152)</u>	<u>(1,031,193)</u>

8. Other income

	<u>2025</u>	<u>2024</u>
Rent income	1,812	1,484
Total	<u>1,812</u>	<u>1,484</u>

9. Selling and distribution expenses

	<u>2025</u>	<u>2024</u>
Staff cost	(170,422)	(160,104)
Depreciation and amortization	(63,458)	(55,781)
Utilities	(31,129)	(30,304)
Distribution	(13,947)	(12,433)
Marketing	(7,290)	(7,149)
Rent	(17,787)	(13,641)
Maintenance	(2,749)	(3,650)
Other	(22,869)	(23,345)
Total	<u>(329,651)</u>	<u>(306,407)</u>

10. General and administrative expenses

	<u>2025</u>	<u>2024</u>
Staff cost	(29,593)	(26,830)
Depreciation and amortization	(6,685)	(6,655)
Taxes other than income tax	(9,754)	(6,234)
Office expenses	(1,574)	(1,274)
Consulting	(848)	(1,425)
Business trips and representative expenses	(490)	(637)
Other	(4,350)	(4,353)
Total	<u>(53,294)</u>	<u>(47,408)</u>

The cost of audit of the consolidated financial statements for the year 2025 is GEL 180 thousand.

11. Other income/(expense),net

	<u>2025</u>	<u>2024</u>
Transformation expense of biological assets	(1,771)	(2,082)
Revaluation of biological assets	1,771	2,082
Transformation expense of biological assets (Costs of vineyard maintenance)	(388)	(280)
Revaluation of biological assets (grapes)	229	130
Gain from disposal of property, plant and equipment	873	3,172
Fair value loss of property revaluation	(22)	(9)
Other income	1,110	838
Total	<u>1,802</u>	<u>3,851</u>

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 GEL53,410 thousand as at 31 December 2025 (31 December 2024: GEL52,820 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 2025 and 2024, 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 2025 and 2024 :

Key assumptions		a) +0.4%	a) -0.4%	Net book value equals to recoverable amount
		b) c) +1%	b) c) -1%	
a) operating margin	3.7%	21,589	(16,285)	decrease 3.7% to 3.55%
b) discount rate	14%	(9,506)	9,800	increase 14% to 15.1%
c) growth rate	3.00%	7,500	(6,100)	decrease 3 % to 1.5%

Key assumptions		a) +0.4%	a) -0.4%	Net book value equals to recoverable amount
		b) c) +1%	b) c) -1%	
a) operating margin	3.5%	20,756	(15,285)	decrease 3.5% to 3.4%
b) discount rate	13.01%	(9,027)	10,960	increase 13.01% to 13.5%
c) growth rate	3.00%	7,436	(5,734)	decrease 3 % to 2.6%

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 2025 and 2024 by 1.08% and 1.09%.

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.

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13. Property, plant and equipment

Cost or valuation	Land	Buildings	Plant and equipment	Office Equipment	lease hold Improvement	Vehicles	Grape vine establishment	Assets under construction	Total
01.01.2024	51,187	57,733	129,434	53,042	41,339	17,849	477	14,554	365,615
Addition	18,260	12,264	23,475	10,368	10,859	7,900	21	29,209	112,356
Reclassification	(13,692)	287	1,064	133	(1,039)	(1)	-	13,248	-
Disposals	(3,387)	(13,958)	(4,178)	(285)	(191)	(2,484)	-	(77)	(24,560)
Revaluation	3,078	1,742	-	-	-	-	-	901	5,721
31.12.2024	55,446	58,068	149,795	63,258	50,968	23,264	498	57,835	459,132
Addition including capitalized interest	134	9,241	26,042	11,894	10,399	9,274	18	12,668	79,670
Reclassification	(200)	17,040	11,362	2,600	20	-	-	(30,822)	-
Disposals	(3,067)	(9,612)	(4,321)	(3,997)	(1,220)	(4,787)	(29)	-	(27,033)
Reclassification to Inventories	-	-	(471)	(6)	(186)	(26)	-	(405)	(1,094)
Revaluation	735	(2,478)	-	-	-	-	-	(60)	(1,803)
31.12.2025	53,048	72,259	182,407	73,749	59,981	27,725	487	39,216	508,872
Accumulated depreciation									
01.01.2024	-	-	(70,860)	(31,121)	(17,697)	(8,214)	-	-	(127,892)
Depreciation	-	(1,420)	(16,407)	(7,787)	(6,214)	(3,201)	(42)	-	(35,071)
Reclassification	-	-	(998)	-	998	-	-	-	-
Disposals	-	149	3,535	149	22	1,818	-	-	5,673
Revaluation	-	1,271	-	-	-	-	-	-	1,271
31.12.2024	-	-	(84,730)	(38,759)	(22,891)	(9,597)	(42)	-	(156,019)
Depreciation	-	(1,372)	(19,510)	(8,931)	(6,907)	(4,555)	(39)	-	(41,314)
Reclassification	-	-	-	-	-	-	-	-	-
Disposals	-	48	3,536	898	738	3,144	5	-	8,369
Revaluation	-	1,288	-	-	-	-	-	-	1,288
31.12.2025	-	(36)	(100,704)	(46,792)	(29,060)	(11,008)	(76)	-	(187,676)
Net book value									
01.01.2024	51,187	57,733	58,574	21,921	23,642	9,635	477	14,554	237,723
31.12.2024	55,446	58,068	65,065	24,499	28,077	13,667	456	57,835	303,113
31.12.2025	53,048	72,223	81,703	26,957	30,921	16,717	411	39,216	321,196

Additions to property, plant and equipment include capitalized borrowing costs on funds specifically obtained to finance the construction of related assets. Total borrowing costs incurred on such funds amounted to GEL5,248 thousand. In addition, interest income earned from the temporary investment of these funds amounted to GEL3,303 thousand. Accordingly, GEL1,945 thousand was capitalized and included in construction in progress.

Assets under construction include land (GEL 2,537) granted by the state subject to a future investment commitment. The land was granted in 2021. Deferred grant income related to this asset has been recognized in the same amount. The investment commitment totaled GEL 14,485. In addition, the grant recipient is obligated to complete the construction, commence production by 30 December 2025, and maintain production in the new factory building for at least five years. On initial recognition, the asset and the related deferred grant income are measured at fair value. As of 31 December 2023, the investment commitment had been fulfilled, and the obligation to commence production by 30 December 2025 had also been satisfied.

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As at 31 December 2025 following assets have been pledged to secure borrowings of the Group.

Net book value	Land	Buildings	Plant and equipment	Office Equipment	lease hold Improvement	Vehicles	Grape vine establishment	Assets under construction	Total
31.12.2025	38,382	59,206	42,439	5,710	2,401	6,538	411	15,716	161,419
31.12.2024	17,578	39,106	65,065	24,499	28,077	13,667	456	57,835	246,283

As of 31 December 2025, land and buildings with carrying amounts of GEL 1,041 thousand and GEL 674 thousand, respectively, were pledged as security for the Group's obligations to creditors.

Valuation technique and significant unobservable inputs

The fair value of the Land and Buildings as of 31 December 2025 and 2024 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 2025	Fair value level	Land	Buildings	Total
Market Approach	Level 2	57,408	46,848	104,256
Cost approach	Level 3	275	20,740	21,015
Total		57,683	67,588	125,271

Used approach for 31 December 2024	Fair value level	Land	Buildings	Total
Market Approach	Level 2	55,176	54,385	109,561
Cost approach	Level 3	270	3,683	3,953
Total		55,446	58,068	113,514

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 35,978 thousand for land and GEL 56,275 thousand for Buildings (2024: land GEL34,458 thousand, buildings GEL40,710 thousand).

Vineyards - The fair value of the vineyards as of 31 December 2025 and 2024 was determined by external, independent property valuers with appropriate recognized professional qualifications and recent experience relevant to the location and category of the property being valued. The Company uses the vineyards for the production of agricultural products. The fair value was determined using the market approach and is classified as Level 2 in the fair value hierarchy. The key assumptions used in the valuation are based on both internal and external sources of information and represent management's best estimates. There has been no change in the valuation technique between the two periods. The fair value of the vineyards was GEL 477 thousand. In 2025 and 2024, the Group's agricultural harvest amounted to 183 tonnes (GEL 229 thousand) and 114 tonnes (GEL 130 thousand), respectively.

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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 2 to 15 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 % 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.

	2025	2024
At 1 January	<u>160,974</u>	<u>146,552</u>
Additions	59,280	41,489
Depreciation	(33,871)	(30,645)
Modification	7,296	4,846
Termination	(1,940)	(1,268)
At 31 December	<u><u>191,739</u></u>	<u><u>160,974</u></u>

The following table shows the movement of lease liabilities.

	2025	2024
At 1 January	<u>163,301</u>	<u>143,700</u>
Additions	59,280	41,489
Interest expense	15,733	13,033
Lease payments	(48,654)	(44,562)
Foreign exchange gain/loss	(6,966)	6,054
Modification	7,296	4,846
Termination	(2,046)	(1,259)
At 31 December	<u><u>187,944</u></u>	<u><u>163,301</u></u>

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15. Intangible Assets

Historical cost	Programs	Programs under implementation	Other	Total
01.01.2024	3,973	6,224	774	10,971
Addition	572	3,460	330	4,362
Disposals	-	-	(314)	(314)
31.12.2024	4,545	9,684	790	15,019
Addition	1,016	1,889	192	3,097
Reclassification	10,556	(10,556)	-	-
Disposals	(38)	-	-	(38)
31.12.2025	16,079	1,017	982	18,078
Accumulated amortization				
01.01.2024	(3,420)	-	(462)	(3,882)
Amortization	(521)	-	(173)	(694)
Disposals	-	-	311	311
31.12.2024	(3,941)	-	(324)	(4,265)
Amortization	(491)	-	(80)	(571)
Disposals	33	-	-	33
31.12.2025	(4,399)	-	(404)	(4,803)
Net book value				
01.01.2024	553	6,224	312	7,089
31.12.2024	604	9,684	466	10,754
31.12.2025	11,680	1,017	578	13,275

16. Biological assets

Valuation	Fish
01.01.2024	1,361
Biological transformation	2,082
Harvested as agricultural produce	(2,235)
31.12.2024	1,208
Biological transformation	1,771
Harvested as agricultural produce	(1,980)
31.12.2025	999
-	
Net book value	
01.01.2024	1,361
31.12.2024	1,208
31.12.2025	999

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 72 tones (2024: 99 tones). Fish transformation cycle is less than 2 year.

During the reporting period, the Group recognized other income from transformation of biological asset GEL1,771 thousand (2024 GEL 2,082 thousand).

As at 31 December 2025 and 2024 all Biological assets have been pledged to secure borrowings of the Group.

JSC NIKORA MANAGEMENT GROUP

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17. Investments in Associates and Joint Ventures

As of 31 December 2025 and 31 December 2024, the Group held a single investment in a joint venture, LLC Alma Veko Georgia (ID No. 400358741). As of 31 December 2024, the Group's ownership interest in the investee was 50%. During 2025, the Group reduced its interest from 50% to 40%, resulting in LLC Alma Veko Georgia being classified as an associate. The carrying amount of the investment was nil as of the end of both reporting periods. A reconciliation of movements in the carrying amount of the investment accounted for under the equity method is presented below

	31.12.2025	31.12.2024
At 1 January	119	8,453
Share of profit recognized during the year	309	136
Unrealised profit	3	(17)
Dividends	(139)	-
Disposals during the year (Ref N LLC and Rent house LLC-2024) (Alma Veko LLC - 10% -2025)	(24)	(8,453)
At 31 December	268	119

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

	31.12.2025	31.12.2024
Total non-current assets	256	229
Total current assets	2,282	1,246
Total assets	2,538	1,475
Total non-current liabilities	49	105
Total current liabilities	1,830	1,135
Total liabilities	1,879	1,240
Net assets	659	235

	31.12.2025	31.12.2024
Revenue	6,305	2,541
Expenses (including income tax expenses)	(5,533)	(2,270)
Other comprehensive income	-	-
Total Comprehensive Profit/(loss) for the year	772	271
Attributable to the other Owners of the Company	463	136
Attributable to the JSC Nikora Management Group	309	136

During the establishment process and throughout the year 2025 and 2024, the Group made no investment in LLC Alma Veko.

18. Inventories

	31.12.2025	31.12.2024
Finished goods	211,916	190,745
Work in progress	872	1,231
Other materials	26,911	20,003
Total	239,699	211,979

As of 31 December 2025 inventory amounting to GEL 81,115 thousand (2024: GEL74,026 thousand) had been pledged to secure the Group's borrowings.

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19. Trade and other receivables

	31.12.2025	31.12.2024
Trade receivables	41,700	37,052
Less: provision for impairment	(634)	(451)
Net financial assets	41,066	36,601
Less: provision for impairment advances	(125)	(72)
Prepaid taxes	373	3,700
Other advances and receivables	9,004	12,123
Interest receivable from bank deposits	1,356	-
Total	51,674	52,352

The following table shows movement in provision of impairment.

	2025	2024
1 January	(451)	(375)
Impairment losses recognized during the year	(85)	(78)
Recalculation (recovery)	(98)	2
At 31 December	(634)	(451)

The following table shows movement in provision of impairment advances.

	2025	2024
1 January	(72)	(58)
Impairment losses recognized during the year	(81)	(19)
Usage of reserves	28	5
At 31 December	(125)	(72)

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 of 31 December 2025 trade and other receivables amounting to GEL 44,185 thousand (2024: GEL44,076 thousand) had been pledged to secure the Group's borrowings.

20. Certificates of deposit

As of 31 December 2025, the outstanding balance represents a six-month certificate of deposit acquired by the Group in August-September 2025 from a bank operating in Georgia. The Group paid GEL 27 million to acquire the certificate. The certificate bears interest at an effective interest rate of 11.3% to 12.5%. Accrued interest amounted to GEL 881 thousand as of 31 December 2025. Considering the bank's high credit rating, together with the short-term nature and high liquidity of the instrument, the expected credit loss was assessed as nil. The certificate of deposit is a standard deposit instrument, and the issuing bank is not obliged to redeem the deposit before its maturity date.

One of the Group's certificates of deposit, purchased for GEL 7 million, has been pledged as collateral for a GEL 4 million credit line obtained by the Company. The outstanding bank loan balance under this credit line amounts to GEL 1,018 thousand.

21. Cash and cash equivalents

	31.12.2025	31.12.2024
Cash on current accounts with banks in Georgian Lari	84,371	19,830
Cash on current accounts with banks in foreign currency	63	79
Cash on hand	1,723	1,731
Total	86,157	21,640

22. Share capital

As at 31 December 2025 JSC Nikora Management Group has 6,471 thousand (2024: 6,471 thousand) authorized ordinary shares at the par value 1 GEL. The Company has authorized 160 preference shares (issued 160 and 160 as at 31 December 2025 and 31 December 2024 respectively), at the par value USD 50,000. Issued ordinary and preferred shares are fully paid.

The table below shows ordinary shares holders:

	Voting rights		Quantity	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Sukhiashvili Vasil	23%	23%	1,488,235	1,488,235
Gubanovi Oleg	10%	10%	647,057	647,057
Dumbadze David	11%	11%	679,413	679,413
Cirekidze Taliko	9%	9%	582,353	582,353
Salukvadze Maka	6%	6%	388,236	388,236
Tsertsvadze Guram	5%	5%	323,529	323,529
Nikolaishvili Irakli	3%	3%	177,942	177,942
Sukhiashvili Nika	1%	1%	71,177	71,177
Sukhiashvili Sopo	1%	1%	71,177	71,177
Taradini Dementi	2%	2%	129,412	129,412
GREENMOON LTD	13%	13%	860,580	860,580
Gubanova Ekaterina	2%	2%	129,412	129,412
Gubanova Olga	2%	2%	129,412	129,412
Gubanova Ksenia	2%	2%	129,412	129,412
Nikolaishvili Anton	1%	1%	58,235	58,235
Jerenashvili Tamar	2%	2%	129,412	129,412
Jerenashvili Rusudan	1%	1%	58,235	58,235
JSC Nikora Management Group (treasury shares)	6%	6%	417,359	417,359
Total	100%	100%	6,470,588	6,470,588

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The table below shows preference shares holders:

	Quantity		Amount	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Isaevi Andrei	78	78	12,248	12,248
Pelicans venture corp	20	20	2,692	2,692
JSC Galt and Taggart (nominal holder)	2	3	244	366
Maziashvili Archil	6	6	498	498
Fichkhaia Tamar	4	4	485	485
Vachnadze Giorgi	13	13	1,602	1,602
Tsertsvadze Guram	3	3	365	365
Tsertsvadze Eka	1	-	135	-
Janjgava Ivane	1	1	83	83
Nareshelashvili Irakli	1	1	117	117
Kiknadze Nodar	1	1	125	125
Gvazava Otari	1	1	120	120
Nizharadze Taras	10	10	1,430	1,430
Tikhonova Daria	1	1	139	139
Panasiuk Katerina	1	1	135	135
Panasiuk Oleksandr	2	2	269	269
Kavelashvili Tamar	4	4	536	536
Gubanovi Oleg	8	8	1,088	1,088
Taradini Dementi	3	3	404	404
Redeemed preference shares	-	-	-	-
Total	160	160	22,715	22,702

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. Prior to the charter amendment, this rate was variable and subject to the discretion of ordinary shareholders. Preference shares carry no voting rights. For the years 2024-2025, dividends were declared and paid to preference shareholders at an annual rate of 6.85% of the shares' nominal value. As disclosed in Note 29, 'Events after the reporting period,' the Company amended its charter in January 2026. Under the revised terms, preference shareholders are now entitled to a fixed annual dividend of USD 3,425 (or its equivalent in GEL) per share

As of 31 December 2025, the Group had GEL 417 thousand (2024: 417 thousand) treasury ordinary shares, which are recorded at a total nominal value of GEL 417 thousand (2024: 417 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.

23. Non-controlling interests

The table below shows non-controlling interests in subsidiaries;

Name	31.12.2025	31.12.2024	Type of operations
JSC Nikora Trade	3%	3%	Retail
Mila Sakartvelo LLC	50%	50%	Trade
Vakijvris kalmakhi LLC	6%	6%	Trout farm
Nikora Bakuriani LLC	50%	50%	Real estate
Lazi-holding LLC	33%	33%	Dormant
Mzareuli I LLC	10%	20%	Manufacturing - Bakery products
Ref L LLC	50%	50%	Real estate
Ref B LLC	20%	20%	Real estate

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

	JSC Nikora trade		Other subsidiaries	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
Assets				
Goodwill	38,560	38,560	-	-
Property, plant and equipment	143,175	135,907	21,266	15,807
Right of use asset	193,684	163,752	716	-
Intangible assets	11,867	9,457	4	6
Biological assets	-	-	999	1,208
Other non-current assets	1,579	3,177	257	-
Inventories	198,584	177,953	575	642
Trade and other receivables	7,489	8,276	1,674	1,300
Loans issued	-	114	-	-
Certificates of deposit	5,208	-	-	-
Cash and cash equivalents	80,324	17,424	264	138
Total assets	680,470	554,620	25,755	19,101
Liabilities				
Bonds and borrowings	155,869	64,864	9,912	7,022
Lease liabilities	190,448	167,008	718	-
Trade and other payables	239,797	219,706	1,054	788
Total liabilities	586,114	451,578	11,684	7,810
Attributable to non-controlling interest	3,209	3,505	4,255	3,720

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

	JSC Nikora trade		Other subsidiaries	
	2025	2024	2025	2024
Revenue	1,433,874	1,304,266	13,879	13,299
Cost of sale	(1,098,178)	(973,635)	(11,053)	(10,071)
Gross profit	335,696	330,631	2,826	3,228
Other income	1,741	1,330	829	663
Selling and distribution expenses	(297,413)	(276,269)	(964)	(897)
General and administrative expenses	(27,472)	(22,314)	(1,412)	(1,346)
Other income/(expense), net	1,761	1,433	(33)	2
Financial income	904	2,531	27	-
Financial expenses	(21,471)	(19,323)	(875)	(778)
Foreign exchange gain (loss) net	6,526	(6,124)	(236)	(12)
Income tax expenses	(33)	(53)	-	-
Gain for the year	239	11,842	162	860
Other comprehensive income				
Revaluation of property	(715)	2,447	-	-
Total comprehensive Gain / (Loss) for the year	(476)	14,289	162	860
Total Gain / (Loss) to non-controlling interest	8	404	54	247
Total comprehensive Gain / (Loss) to non-controlling interest	(16)	487	(40)	610

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

	JSC Nikora trade		Other subsidiaries	
	2025	2024	2025	2024
Net cashflow from operating activities	56,840	52,770	(7,390)	2,069
Net cashflow from investing activities	(43,213)	(36,907)	2,691	(1,293)
Net cashflow from financing activities	49,272	(16,076)	4,836	(745)
Net increase/(decrease) in cash and cash equivalents	62,899	(213)	137	31

24. Bonds and borrowings

	31.12.2025	31.12.2024
Bank borrowings with floating interest rates	101,336	75,476
Bank borrowings with fixed interest rates	1,810	938
Bonds with floating interest rates	179,363	60,000
Total non-current borrowings	282,509	136,414
Bank borrowings with floating interest rates	36,996	34,149
Borrowings with fixed interest rates from related parties	94	88
Bonds with floating interest rates	2,548	36,408
Total current borrowings	39,638	70,645
Total	322,147	207,059

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Bank loan maturities range from 1 to 8 years. Borrowings denominated in Georgian lari (GEL) bear a floating annual interest rate linked to the Tbilisi Interbank Offered Rate (2025 and 2024: 8%), plus a margin ranging from 3.5% to 5.5%. Borrowings denominated in EUR bear a floating annual interest rate linked to the 6-month EURIBOR (2025: 2.107%), plus a margin ranging from 3.5% to 6.0%. Borrowings denominated in USD bear a floating annual interest rate linked to the 6-month SOFR (2025: 3.57%), plus a margin ranging from 3.5% to 5.0%. Borrowings with fixed interest rates are denominated in Georgian lari (GEL), USD, and EUR. GEL-denominated borrowings bear an annual interest rate of 11.0%, while USD and EUR-denominated borrowings bear an annual interest rate of 6.85%. The borrowings are secured by fixed assets, trade receivables, biological assets, deposits, and inventories. For additional information, refer to the relevant notes on these assets.

The following table shows reconciliation of liabilities from financing transactions;

	2025	2024
1 January	207,059	131,325
Proceeds from borrowings	212,161	308,302
Bonds emission	119,542	59,755
Principal paid	(183,175)	(258,833)
Repayment of bonds	(35,000)	(35,000)
Interest expense, netted by 1,109 (1,109 for the year 2024) relevant state subsidy	18,846	16,385
Interest on a bond expense netted against interest income for capitalization purposes	3,304	-
Capitalized Interest	1,945	386
Interest paid	(23,069)	(15,639)
Effect of changes in foreign exchange rate	534	378
31 December	<u>322,147</u>	<u>207,059</u>

In November 2022, JSC Nikora Management 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 2024 was 8.3087). The bond were redeemed by the Company in accordance with the terms specified in the prospectus.

In September 2025, JSC Nikora Management Group issued bonds with a total nominal value of GEL 60 million and a maturity term of five years. The bonds bear floating interest at a rate of TIBR3M + 3.5% per annum (the TIBR3M rate as of 31 December 2025 was 8.0786%). Interest is payable quarterly. The bonds are the Company's direct unsecured obligations that are equal in priority and equal to the Company's unsecured and non-subordinated obligations

On 17 October 2024, Nikora Trade JSC, a member of the Group, issued bonds with the total value of GEL 60 million with scheduled maturities of 5 years. Bonds rates are floating and tied to TIBR3M +3.25 % annually (TIBR3M rate As of 31 December 2025 was 8.0786%). Interest should be paid quarterly. The bonds are Nikora Trade JSC's direct unsecured obligations that are equal in priority and equal to the Nikora Trade JSC's unsecured and non-subordinated obligations

In July 2025, Nikora Trade JSC, a member of the Group, issued bonds with a total nominal value of GEL 60 million and a maturity term of five years. The bonds bear floating interest at a rate of TIBR3M + 3.5% per annum (the TIBR3M rate as of 31 December 2025 was 8.0786%). Interest is payable quarterly. The bonds are Nikora Trade JSC's direct unsecured obligations that are equal in priority and equal to the Nikora Trade JSC'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 agreements includes restrictions on the payment of dividends.

Under the bond prospectus and loan agreements with individual banks, the Group is required to comply with certain financial covenants, which are measured based on ratios calculated at the level of the consolidated financial statements of JSC Nikora Management Group. As of 31 December 2025, the Group complied with this requirement.

Under the main bank loan agreement, the Group is required to maintain certain financial ratios, which are calculated based on specific non-IFRS financial measures at both the fully and partially consolidated levels. Based on the bank's calculation as of 31 December 2025, the Group complied with this requirement.

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One of the Group's subsidiaries has bank loans under which it has breached certain financial covenant requirements. However, by 31 December 2025, the subsidiary had reached an agreement with the banks that they would not exercise their rights arising from the breach. The outstanding balance of borrowings under these loans amounts to GEL 36,784 thousand. For this reason, these loans have not been reclassified as current liabilities.

25. 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 March 2025, 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 2025, the investment commitment was fulfilled.

26. Trade and other payables

	<u>31.12.2025</u>	<u>31.12.2024</u>
Financial liabilities		
Trade and other payables	226,056	201,780
Total financial liabilities	<u>226,056</u>	<u>201,780</u>
Salaries payables	4,138	6,948
Contract liabilities	3,736	2,801
Dividends payable to non-controlling interest holders	96	-
Payable related to the repurchase of shares in a subsidiary	233	544
Tax payables	3,356	3,992
Advance received	460	180
Other payables	13	19
Total non-financial liabilities	<u>12,032</u>	<u>14,484</u>
Total	<u>238,088</u>	<u>216,264</u>

The following table shows reconciliation of contract liabilities;

	<u>2025</u>	<u>2024</u>
1 January	<u>2,801</u>	<u>2,843</u>
Cash received in advance of performance and not recognised as revenue during the period	3,826	2,088
Amounts included in contract liabilities that was recognised as revenue during the period	(2,450)	(1,805)
Effect of value added tax	(441)	(325)
31 December	<u>3,736</u>	<u>2,801</u>

The payable of certain suppliers secured by bank guaranty amounted to GEL 15,842 thousand.

27. Related party transaction and outstanding balances

	<u>31.12.2025</u>	<u>31.12.2024</u>
Lease liabilities	24,490	17,267
Key management compensation	5,573	4,491
Salaries and bonuses payables	270	2,122
Purchase of financial and other services	4,646	2,937
Trade and other payables	362	481
Trade and other receivables	26	1,108
Loans received	94	88
Purchase of Inventories	2,089	2,362
Distribution of Dividends	279	416
Sale of goods and rendering of services	148	65
Capital contribution by the non-controlling interest shareholder	560	1,400
Proceeds from disposal of property, plant and equipment	262	13,858
Interest income	-	11

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

28. Commitments and contingencies

Legal proceedings - As at 31 December 2025 and 2024 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.

Suretyship - In 2025, JSC Nikora Management Group assumed joint liability under a surety agreement to secure a mortgage loan taken by an individual shareholder who holds both ordinary and preferred shares. As at 31 December 2025, the outstanding loan balance under this surety amounted to EUR 756,000. As of that date, the company had not incurred any outflows of economic resources related to this joint liability. Management believes that no future outflows of economic resources will arise from this obligation, as the borrower is expected to service the loan independently. Accordingly, no related provision has been recognized in these 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 accrued 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.

29. Events after the reporting period

In 2026 before the authorisation of financial statement:

- JSC Nikora Management Group declared dividends to ordinary shareholders of up to GEL 9,453,500 during 2026, of which GEL 2,363,368 had been paid to shareholders.
- In 2024-2025, dividends were declared and paid to preferred shareholders at an annual rate of 6.85% of the nominal value of preferred shares. In January 2026, the Company amended its charter, under which preferred shareholders are entitled to a fixed annual dividend of USD 3,425 per share.

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 2026 the management approved financial statement, the Group owners have the power to amend the financial statements after the issue.

30. 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.

30.1 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.

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(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 31.12.2025	2.6951	3.1737
Exchange rate as at 31.12.2024	2.8068	2.9306

30.2 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.

30.3 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.

30.4 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.

30.5 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.

30.6 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.

30.7 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.

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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	15-70
Plant and equipment	2-20
Leasehold improvements	2-20
Office equipment	2-20
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 plants 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.

30.8 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.

30.9 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 2 to 50 years.

30.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits with banks, and other short-term, highly liquid investments with original maturities of three months or less. These balances are measured at amortized cost using the effective interest method. Restricted balances are excluded from cash and cash equivalents for the purposes of the statement of cash flows. Balances that are restricted from use or exchange for at least twelve months after the reporting period are classified as other non-current assets.

30.11 Short-term investments in certificates of deposit

Separately presented certificates of deposit comprise bank certificates of deposit held by the Company with original maturities of more than three months but less than twelve months. These instruments are classified as financial assets measured at amortized cost because (i) they are held within a business model whose objective is to collect contractual cash flows, and (ii) their contractual terms give rise solely to payments of principal and interest on the principal amount outstanding. On initial recognition, certificates of deposit are measured at fair value plus directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method, less any allowance for expected credit losses. Interest income is recognized in profit or loss using the effective interest method.

30.12 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 or 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.

30.13 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.

30.14 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.

30.15 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.

30.16 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.

30.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits with banks, and other short-term, highly liquid investments with original maturities of three months or less. These balances are measured at amortized cost using the effective interest method. Restricted balances are excluded from cash and cash equivalents for the purposes of the statement of cash flows. Balances that are restricted from use or exchange for at least twelve months after the reporting period are classified as other non-current assets.

30.18 Short-term investments in certificates of deposit

Separately presented certificates of deposit comprise bank certificates of deposit held by the Company with original maturities of more than three months but less than twelve months. These instruments are classified as financial assets measured at amortized cost because (i) they are held within a business model whose objective is to collect contractual cash flows, and (ii) their contractual terms give rise solely to payments of principal and interest on the principal amount outstanding. On initial recognition, certificates of deposit are measured at fair value plus directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest rate method, less any allowance for expected credit losses. Interest income is recognized in profit or loss using the effective interest method.

30.19 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.

30.20 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 cancellation, 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.

30.21 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.