

03.08.23

Weekly Highlights

Goods exports growth accelerated in Jun-23

In Jun-23, goods exports growth accelerated, up by 22.5% y/y to US\$ 549.6mn, after a 3.6% y/y growth in previous month. Goods imports also experienced an uptick, rising by 10.0% to US\$ 1.2bn in June, after growing by 3.4% y/y in May. Consequently, the trade deficit expanded by 1.5% y/y to US\$ 666.1mn, after a 3.2% y/y growth in May.

The top 5 exported commodities were cars (+148.5% y/y), copper (-61.9% y/y), ferro-alloys (+45.6% y/y), wine (+12.8% y/y) and electricity (-25.2% y/y) in Jun-23. A 8.1% of exports were directed to the EU (-45.2% y/y), 68.3% to the CIS (+68.8% y/y) and 23.7% to other countries (-10.7% y/y).

The top 5 imports were cars (+3.4% y/y), petroleum (-16.0% y/y), pharmaceuticals (+21.3% y/y), telephones (+37.0% y/y) and tobacco (+87.5% y/y) in Jun-23.

Overall, in 1H23, trade deficit increased by 21.2% y/y to US\$ 4.2bn, as exports increased by 19.3% y/y to US\$ 3.1bn, while imports were up by 20.4% y/y to US\$ 7.2bn.

Producer price index decreased by 6.0% y/y in Jun-23

Annual PPI for industrial goods decreased by 6.0% in Jun-23, after falling by 5.8% in previous month, according to Geostat. This decline was mainly driven by price reduction in manufacturing sector (-5.8% y/y), followed by mining (-8.1% y/y).

Exchange rate- As a result of August 3rd, the value of one dollar became 2.6150

"Georgian wine has a 0.04% share of sales in the USA" - Alazani Estate Winery

The company "Hereti Global", founded by Georgian partners in the USA, which started exporting wine from Georgia in 2020, has doubled the number of sales facilities this year. Co-founder of the company, Avtandil Chkheidze, told BM.GE about this.

"In two states, New York and New Jersey, we import wine for sale in more than 120 locations. Last year, in the same period, this figure was 65. In addition, we are actively working on importing wine to the state of Florida, we are going through the bureaucratic part, which is a long process.

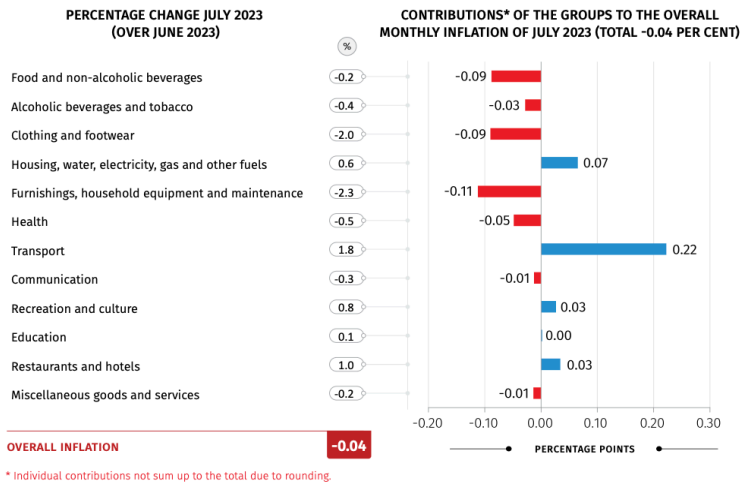
Approximately 20,000 bottles of wine are sold in the USA during the year. As for the assortment, out of the four types of wine - Saferavi, Kindzmarauli, Tsinandali and Green - Americans like Saferavi the most," says Chkheidze.

According to the co-founder of "Hereti Global", the main problem for the sale of wine in the American market is low awareness of the Georgian drink.

As for Alazani Estate Winery's wine pricing policy, depending on the amount of expenses, the company tries to belong to the middle segment category, and the price of one bottle ranges from \$10 to \$20.

Source: www.bm.ge

Inflation in Georgia June 2022



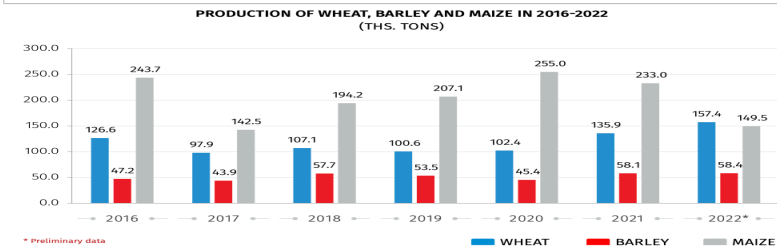
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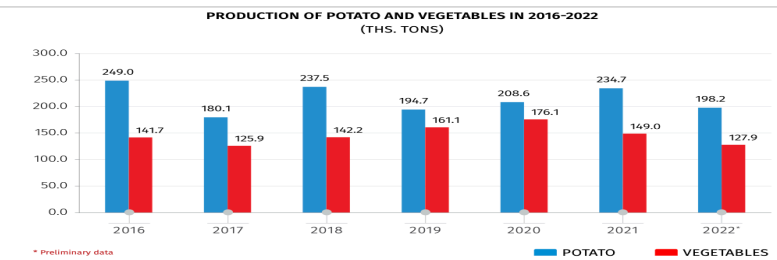
Agricultural Report on Georgia #21

Agriculture of Georgia 2022 (preliminary data on Plant Growing)

In 2022 production of wheat increased by 15.8 percent compared to the same period of the previous year and consisted of 157.4 thousand tons. Production of barley increased by 0.5 percent year-on-year set 58.4 thousand tons. Production of maize equaled 149.5 thousand tons, which is 35.8 percent less than in the same period of the previous year. Production of potato decreased by 15.6 percent and consisted of 198.2 thousand tons. Besides, production of vegetables equaled



Average yield of maize and potato have been decreased compared to the previous year, besides average yield of wheat, barley and vegetables has been increased. According to the survey results, average yield of wheat consisted of 2.9 t/ha, average yield of barley – 2.4 t/ha, average yield of maize – 2.1 t/ha, average yield of potato – 11.7 t/ha, average yield of vegetables - 11.0 t/ha, of which average yield of tomato was 12.7 t/ha, average yield of cucumber – 13.2 t/ha, average yield of onion – 7.8 t/ha, average yield of garlic – 3.7 t/ha, average yield of cabbage – 32.2 t/ha.



Governmental, Non-governmental grants and subsidies of Agriculture

INTERNATIONAL EXHIBITION - RIGA FOOD 2023

On September 7-9, 2023, the international exhibition "Riga Food 2023" will take place in Riga, Latvia. More than 400 companies from up to 25 countries will take part in exhibition, including up to 12 national pavilions. The international exhibition of food, beverages, food processing technologies, packaging, innovation, Horeca and store equipment and services "Riga Food" is one of the largest food industry exhibitions in the Baltic Countries.

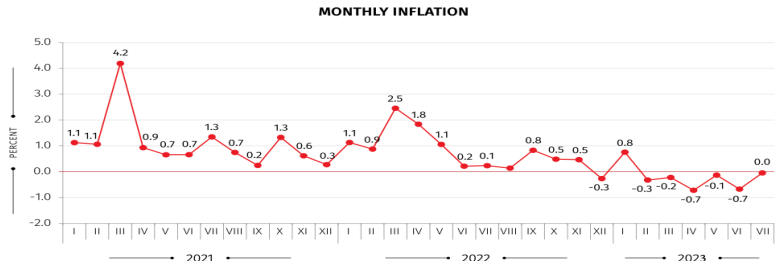
By the organization of the Non-Entrepreneurial (Non-Commercial) Legal Entity- Rural Development Agency, only the companies producing beverages or/and food will be able to participate in the exhibition.

Applications for exhibition selection contest are accepted from June 27, 09:00 hrs till July 25, 18:00 hrs (Receiving applications continued until July 25).

In order to participate in exhibition selection contest, a candidate should meet the following criteria:

- The annual turnover of last calendar year should amount of no less than 50,000 and no more than 20,000,000 GEL;
- Products produced should comply with the content of the international exhibition;
- Should not have violated the terms of the agreement while participating in the international exhibitions held during the previous one calendar year;
- Should have no ongoing court, enforcement or other legal proceedings/dispute with the Agency;
- Should have no tax indebtedness to the state.

In order to participate in the exhibition selection contest, the following documents should be submitted to the e-mail exhibitions@rda.gov.ge. To identify the application, specify the name of the exhibition in the required "subject" field.



Agricultural commodities

Grains

C 1:COM Corn (CBOT)	USd/bu.	497.75	-2.75 -0.55%
W 1:COM Wheat (CBOT)	USd/bu.	633.25	-6.75 -1.05%
O 1:COM Oats (CBOT)	USd/bu.	451.50	-1.75 -0.39%
RR1:COM Rough Rice (CBOT)	USD/cwt	16.06	+0.12 +0.75%
S 1:COM Soybean (CBOT)	USd/bu.	1,335.75	+14.50 +1.10%
SM1:COM Soybean Meal (CBOT)	USD/T.	401.00	+8.80 +2.24%
BO1:COM Soybean Oil (CBOT)	USd/lb.	60.53	-0.18 -0.30%
RS1:COM Canola (ICE)	CAD/MT	787.80	+13.80 +1.78%

Softs

CC1:COM Cocoa (ICE)	USD/MT	3,499.00	-52.00 -1.46%
KC1:COM Coffee 'C' (ICE)	USd/lb.	164.10	-2.85 -1.71%
SB1:COM Sugar #11 (ICE)	USd/lb.	24.01	-0.19 -0.79%
JO1:COM Orange Juice (ICE)	USd/lb.	298.90	-3.60 -1.19%
CT1:COM Cotton #2 (ICE)	USd/lb.	84.98	+0.39 +0.46%
OL1:COM Wool (ASX)	--	--	--
LB1:COM Lumber (CME)	USD/1000 board feet	--	--
OR1:COM Rubber (Singapore)	USd/kg	128.10	-1.60 -1.23%
DL1:COM Ethanol (CBOT)	USD/gal.	2.16	0.00 0.00%

Livestock

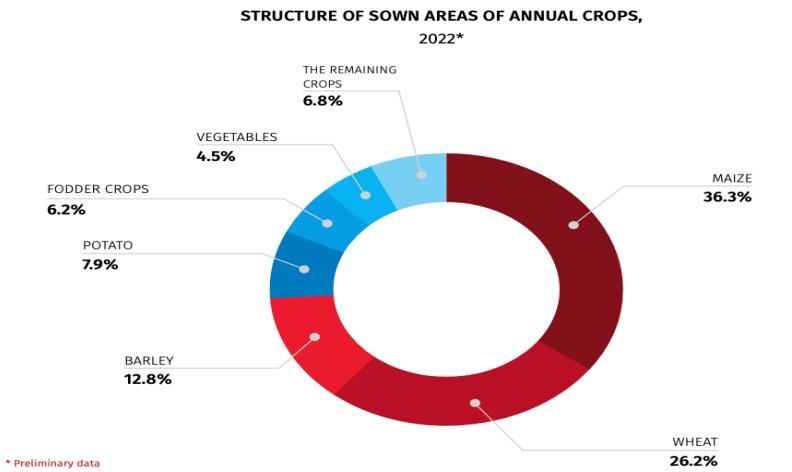
LC1:COM Live Cattle (CME)	USd/lb.	181.15	+0.65 +0.36%
FC1:COM Feeder Cattle (CME)	USd/lb.	251.23	+113 +0.45%
LH1:COM Lean Hogs (CME)	USd/lb.	82.13	-2.75 -3.24%

Agriculture of Georgia 2022 (preliminary data on Plant Growing)

According to the preliminary data, in 2022 sown areas of annual crops amounted to 211.8 thousand hectares, which is equal to the figure of the same period of the previous year. However sown area of winter crops increased by 4.5% and amounted to 67.1 thousand hectares and sown areas of spring crops decreased by 2.0% and consisted of 144.7 thousand hectares.

Sown area of maize took the biggest share in the sown areas of annual crops and equaled 76.9 thousand hectares. Sown area of wheat was 55.5 thousand hectares, sown area of barley – 27.2 thousand hectares, sown area of potato – 16.8 thousand hectares, sown areas of fodder crops – 13.2 thousand hectares, sown area of vegetables – 9.5 thousand hectares and sown areas of the remaining crops 14.4 thousand hectares.

The diagram below presents structure of sown areas of annual crops.



American walnut orchards in Kakheti - the story of Agroline

Agroline started planting walnut orchards in Chumlak village in Gurjaani since 2015. First they checked the soil, assessed the climate, took a sample, and when they were sure that the soil was suitable for this culture, the first seedlings were brought. The main criterion for the selection of the variety was high quality and fertility, and all of this was met by the American walnut variety, Chandler. Walnut orchards of Agroline today cover an area of 250 hectares.

Agroline received the first 18 tons of harvest in 2019, which were harvested by hand and dried in the sun. In 2020, they expected 100 tons. The harvest of this scale pushed the company to mechanize the processes. The construction of the enterprise required several million dollars, part of which was financed by the USAID agriculture program.

Of the 250 hectares of walnut orchards, 60 hectares are only 2 years old, the youngest seedlings are not expected to harvest yet. From the remaining 190 hectares, more than 500 tons of walnuts should be harvested. The enterprise cannot provide the processing of this amount of harvest with the existing resources, therefore the emphasis is placed on its improvement and capacity increase.

New saplings are added to the Agroline walnut orchards every year, and the yield increases over the years. The next stage, after satisfying the local market, is the resource of export products, which they want to export to stable Western markets. There is also readiness, the company is the owner of the BRC and global gap certificate, which opens the door to the European and US markets.

Source: <https://bm.ge/news/reachnewmarkets-amerikuli-kaklis-bagebi-kaxetshi---quotagrolainisquot-istoria-/139706>

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Website: <https://www.ghagri.net/>

Facebook: <https://www.facebook.com/ghagrillc/>

Email: Mariam.burdiladze@llcgeoholding.org; irakli.gogiberidze@llcgeoholding.org