



**Consolidated Activities Reports of the
JSC Georgian Railway
for 2024**

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Statement of Financial Position	Freight Transportation Unit	Passenger Transportation Unit	Railway Infrastructure Unit	Head Office Unit	WBS Unit	GR Group
NON-CURRENT ASSETS						
PROPERTY, PLANT AND EQUIPMENT						
Land	4,720	1,549	356,421	13,351	-	376,040
Buildings and constructions	46,402	8,884	9,784	22,539	149	87,758
Rail track infrastructure	226	2,282	446,560	509	9	449,586
Transport, machinery, equipment and other	138,500	72,720	30,462	3,778	25,787	271,246
Construction in progress	1,319	643	783,922	1,234	-	787,118
FINANCIAL ASSETS						
Other non-current assets	152	-	31,861	3,455	11,069	46,537
Investments into subsidiaries and associated companies	-	-	-	73,607	-	73,607
TOTAL NON-CURRENT ASSETS	191,319	86,077	1,659,008	118,473	37,014	2,091,892
CURRENT ASSETS						
INVENTORIES, PREPAYMENTS AND OTHER CURRENT ASSETS						
Inventories	13,520	6,906	15,739	2,733	607	39,506
Prepayments	428	-	63	405	2	898
Other current assets	-	-	103,480	-	-	103,480
CURRENT RECEIVABLES						
Trade receivables	192,831	2,487	5,085	16,652	512	217,569
Impairment losses for trade receivables	(170,963)	(2,344)	(326)	(16,042)	(320)	(189,996)
Other receivables	187	6	67	36	-	297
Other tax	8,461	1,180	15,473	(26,618)	4,400	2,896
CASH AND CASH EQUIVALENTS						
Cash and cash equivalents	318,300	-	-	-	-	318,300
TOTAL CURRENT ASSETS	362,765	8,235	139,582	(22,833)	5,200	492,950
TOTAL ASSETS	554,084	94,313	1,798,591	95,640	42,214	2,584,842
SHAREHOLDERS' EQUITY						
EQUITY						
Share capital	-	-	-	1,055,121	-	1,055,121
REVALUATION RESERVE						
RESERVES						
Non-cash owner contribution reserve	-	-	-	100,602	-	100,602
RETAINED EARNINGS (DEFICIT)						
Reporting year's profit (loss)	271,189	(20,674)	(171,620)	(9,947)	(764)	68,184
Previous year's profit (loss)	673,753	(54,843)	(92,341)	(828,275)	14,116	(287,589)
	944,942	(75,517)	(263,961)	317,501	13,353	936,318
LIABILITIES						
NON-CURRENT LIABILITIES						
Loans and borrowings	-	11,625	1,399,458	-	-	1,411,083
Advanced received for Land transfer	-	-	-	46,593	-	46,593
Trade payables	-	-	34,992	-	-	34,992
TOTAL NON-CURRENT LIABILITIES	-	11,625	1,434,450	46,593	-	1,492,668
CURRENT LIABILITIES						
Loans and borrowings	-	12,434	2,159	-	-	14,593
Trade payables	33,890	6,414	57,242	2,997	1,032	101,576
Liabilities to the Government	1,263	6	476	2,967	-	4,712
Prepayments received	11,705	508	3,145	660	16	16,034
Employee-related liabilities/(assets)	5,215	122	3,742	71	19	9,170
Provisions	5,439	668	427	3,037	-	9,571
Other current liabilities	59	36	94	9	2	200
TOTAL CURRENT LIABILITIES	57,571	20,189	67,286	9,741	1,069	155,855
TOTAL LIABILITIES	57,571	31,814	1,501,736	56,334	1,069	1,648,524
TOTAL EQUITY AND LIABILITIES	1,002,513	(43,702)	1,237,775	373,835	14,421	2,584,842
Assets and liabilities arising from internal group operations	(448,429)	138,015	560,816	(278,196)	27,794	-
TOTAL EQUITY AND LIABILITIES	554,084	94,313	1,798,591	95,639	42,215	2,584,842

Statements of Profit or Loss	Freight Transportation Unit	Passenger Transportation Unit	Railway Infrastructure Unit	Head Office Unit	WBS Unit	GR Group
External Revenue						
Freight traffic	363,203	-	-	-	-	363,203
Freight handling	86,491	-	-	-	-	86,491
Revenue from Logistical services	129,534	-	-	-	-	129,534
Passenger traffic	-	36,669	-	-	-	36,669
Freight car cross-border charge	15,609	-	-	-	-	15,609
Rent of wagons and other rental income	1,479	728	534	1,068	20	3,829
Grant Revenue	-	8,726	-	-	-	8,726
Revenue from Realization of materials (scrap)	772	85	586	18	-	1,461
Other revenues	179	-	1,033	2	1,601	2,815
Revenue from sales to the Units						
To the Freight Transportation Unit	-	-	71,930	-	6,043	77,973
To the Passenger Transportation Unit	2,193	-	9,181	-	1,333	12,707
To the Railway Infrastructure Unit	-	-	-	-	1,450	1,450
To the Head Office Unit	-	-	-	-	5,364	5,364
To the WBS Unit	-	-	-	-	-	-
Other Income						
Other Income	6,481	1,480	13,436	1,317	93	22,807
Total Revenue	605,941	47,688	96,700	2,405	15,904	768,638
Payroll expenses/Employee benefits expense						
Salary	(86,164)	(16,116)	(60,279)	(12,493)	(5,071)	(180,123)
Other Employee Benefits	(18,819)	(3,764)	(14,313)	(2,205)	(868)	(39,969)
Bonus-reward	(4,906)	(884)	(3,774)	(584)	(198)	(10,346)
Damage	(487)	(147)	(273)	(18)	-	(925)
Business trip	(755)	(28)	(733)	(332)	(13)	(1,861)
Depreciation and amortization expenses						
Depreciation and amortization expenses	(13,523)	(10,210)	(27,533)	(237)	(7,822)	(59,325)
Electricity, consumables and maintenance costs						
Electricity	(35,062)	(2,239)	(2,784)	(176)	(157)	(40,418)
Materials	(5,450)	(2,212)	(13,060)	(217)	(60)	(20,999)
Fuel	(4,035)	(101)	(2,755)	(333)	(45)	(7,269)
Repair and maintenance	(6,886)	(10,124)	(1,435)	(507)	(15)	(18,967)
Impairment Loss(gain) on trade receivables	(3,065)	(6)	(65)	(507)	(134)	(3,777)
Other expenses						
Expenses from Logistical services	(76,614)	-	-	-	-	(76,614)
Taxes other than income tax	(3,795)	(1,545)	(18,955)	(1,613)	(211)	(26,119)
Security	(6,606)	(1,666)	(3,847)	(977)	(70)	(13,166)
Freight car rental	(15,177)	-	-	-	-	(15,177)
Other	(2,312)	(2,592)	(2,041)	(5,402)	(2,006)	(14,353)
Cost of purchases from the Units						
Of the Freight Transportation Unit	-	(2,193)	-	-	-	(2,193)
Of the Passenger Transportation Unit	-	-	-	-	-	-
Of the Railway Infrastructure Unit	(71,930)	(9,181)	-	-	-	(81,111)
Of the Head Office Unit	-	-	-	-	-	-
Of the WBS Unit	(6,043)	(1,333)	(1,450)	(5,364)	-	(14,190)
Total Expenses	(361,629)	(64,341)	(153,297)	(30,965)	(16,670)	(626,902)
RESULTS FROM OPERATING ACTIVITIES	244,312	(16,653)	(56,597)	(28,560)	(766)	141,736
Financial and investment activities						
Finance income	21,213	10	4,051	3,095	-	28,369
Finance costs	(6)	(2,966)	(58,334)	(684)	-	(61,990)
Net Foreign exchange gain/(loss)	5,670	(1,065)	(60,740)	464	2	(55,669)
Share of results of equity accounted investees	-	-	-	15,738	-	15,738
PROFIT / (LOSS) BEFORE INCOME TAX	271,189	(20,674)	(171,620)	(9,947)	(764)	68,184
Corporate income tax	-	-	-	-	-	-
NET PROFIT / (LOSS)	271,189	(20,674)	(171,620)	(9,947)	(764)	68,184

Statements of Cash Flows	Freight Transportation Unit	Passenger Transportation Unit	Railway Infrastructure Unit	Head Office Unit	WBS Unit	GR Group
Cash flows from operating activities						
Cash receipts from customers	583,907	44,331	4,007	1,130	1,483	634,857
Cash paid to suppliers and employees	(234,690)	(30,075)	(85,558)	(47,758)	(17,946)	(416,028)
Cash flows from operations before income taxes and interest paid	349,216	14,256	(81,551)	(46,628)	(16,463)	218,830
Cash receipts From the Freight Transportation Unit	-	-	71,930	-	6,043	77,973
Cash receipts From the Passenger Transportation Unit	2,193	-	9,181	-	1,333	12,707
Cash receipts From the Railway Infrastructure Unit	-	-	-	-	1,450	1,450
Cash receipts From the Head Office Unit	-	-	-	-	5,364	5,364
Cash receipts From the WBS Unit	-	-	-	-	-	-
Cash paid To the Freight Transportation Unit	-	(2,193)	-	-	-	(2,193)
Cash paid To the Passenger Transportation Unit	-	-	-	-	-	-
Cash paid To the Railway Infrastructure Unit	(71,930)	(9,181)	-	-	-	(81,111)
Cash paid To the Head Office Unit	-	-	-	-	-	-
Cash paid To the WBS Unit	(6,043)	(1,333)	(1,450)	(5,364)	-	(14,190)
Internal Group Operations	(75,780)	(12,707)	79,661	(5,364)	14,190	-
Net cash from operating activities	273,436	1,549	(1,890)	(51,992)	(2,273)	218,830
Cash flows from investing activities						
Acquisition of property, plant and equipment	(6,149)	(32,116)	(106,208)	(653)	(5,600)	(150,725)
Proceeds from sale of property, plant and equipment	219	2	10,835	54	18	11,129
Acquisition of associate	-	-	-	(4,343)	-	(4,343)
Investment in joint venture	-	-	-	(462)	-	(462)
Interest received	4,211	16	-	20,199	-	24,426
Internal Group Dividends received/(paid)	(29,000)	-	-	29,000	-	-
Investment in subsidiaries	-	1,324	-	(1,324)	-	-
Net cash used in investing activities	(30,719)	(30,774)	(95,372)	42,471	(5,581)	(119,975)
Cash flows from financing activities						
Repayment of borrowings	-	(11,829)	-	-	-	(11,829)
Interest paid	-	(2,319)	(56,584)	-	-	(58,903)
Net cash used in financing activities	-	(14,148)	(56,584)	-	-	(70,732)
Net increase/(decrease) in cash and cash equivalents	242,718	(43,373)	(153,847)	(9,521)	(7,854)	28,123
Cash and cash equivalents at 1 January	275,375	-	-	8,172	-	283,547
Effect of exchange rate fluctuations on cash and cash equivalents	6,873	-	-	439	-	7,312
Cash Provision	-	-	-	(682)	-	(682)
Cash and cash equivalents Before Redistribution	524,966	(43,373)	(153,847)	(1,592)	(7,854)	318,300
Cross funding from Freight Transportation Unit	(206,666)	43,373	153,847	1,592	7,854	-
Cash and cash equivalents at the end of the period	318,300	-	-	-	-	318,300

EXPLANATORY NOTE FOR 2021 ACTIVITIES REPORT

1. GENERAL INFORMATION

The Activity Reports of JSC Georgian Railway (the "Company") and its subsidiaries (the "Group") for 2021 have been prepared in the implementation of the requirements of Directive 2012/34/EU of the European parliament and of the council, Section 2 , Article 6 (Separation of accounts). According to the article 6, Member States shall ensure that separate profit and loss accounts and balance sheets are kept and published, on the one hand, for business relating to the provision of transport services by railway undertakings and, on the other, for business relating to the management of railway infrastructure"

The Group's principal activity is the operation of a nationwide railway system providing freight and passenger transportation services, freight forwarding services, maintenance and development of railway infrastructure and construction of railway lines within Georgia. As at 31 December 2024 the Company was wholly owned by the Government of Georgia.

The national currency of Georgia is the Georgian Lari (GEL), which is the functional currency of the Group entities and the currency in which these condensed consolidated interim financial statements are presented. All financial information presented in GEL has been rounded to the nearest thousands

In the package of the activity reports of the Company, the financial data of the activities of these units are consolidated into a single profit (loss) statement and balance sheet. In terms of business management and accounting, the units of JSC Georgian Railway operate as independent economic entities. Each unit manages and accounts on its balance sheet the assets used for its activities, the liabilities, accounts income for the services of the unit and expenses incurred for the provision of those services.

For the purposes of separating the accounts of the activities of the group, internal transactions between the units are concluded. So, it means that in terms of accounting, the units of group operate as separate economic entities both in relations with other customers, suppliers, etc. and in relations with other units of the group. Sales revenues from internal services (or expenses of the purchase thereof) are recorded on accounts in the same manner as sales revenues from external services (or expenses of the purchase thereof).

2. DESCRIPTION OF UNIT'S ACTIVITIES

- **Freight transportation unit** services encompass the transportation of cargo along with GR's railway network within Georgia. Freight handling services, including railcar marshaling and the delivery of freight to and from customer facilities, are provided at the stations that run commercial freight services. Freight car cross-border charge revenue is generated by allowing foreign railways to use GR's railcars in transportation process. This unit is the source of the Group's revenue (80% of the total revenue).
- **Passenger transportation unit's** primary activity is the transportation of passengers and, to a limited extent, unaccompanied luggage within Georgia and on international routes, connecting Georgia with Azerbaijan and Armenia. Pursuant to Georgia's obligations to implement certain EU legislation under the Association Agreement, the Government of Georgia has an obligation under the EU Social Market Economy principle to compensate the Group for its loss-making passenger transportation business. Accordingly, the Company and the Government are expected to enter into a public service contract for the compensation of the Passenger SBU losses starting from 2024 or earlier. This contract is expected to define certain passenger rail routes and set out the conditions for the agreement of costs for such routes between the Company and the Government or relevant competent authority, as well as the compensation to be granted to the Company for operating nonprofitable passenger routes.

- **Railway infrastructure unit** operates, maintains and manages the Group's principal infrastructure assets, including its track, embankments, signaling, land, electric power lines and other equipment. It is a cost center providing services to the Freight and Passenger Transportation Units. The principal aims of Railway Infrastructure unit are to ensure safety, promote the efficient use of the Group's infrastructure assets and decrease maintenance costs. Unit promotes safety by setting speed and loading standards on lines and at stations. It is also in charge of controlling signaling and blocking systems.
- **WBS unit** provides to the Group different IT services, such as centralized billing and electronic document management system used for document handling for freight transportation; an automated system that monitors and controls rolling stock in real-time; software designed to monitor movements of containers, railcars and trains in stations; electronic ticket sales and accounting system for passenger transportation; and a centralized multi-module software for internal bookkeeping and etc.
- **Head office unit** is supervising of the Group's freight, passenger and infrastructure operations, provides legal, finance, procurement, human resources, investor relations and etc. consultations to all units. Manages the Group's equity, is responsible for consolidation of financial and operational data from the units.

3. EXPLANATIONS OF INTERNAL COSTS AND REVENUES:

The Group have three types of internal revenues (costs) of units:

- **Infrastructure charges**

Infrastructure charges are calculated according of Directive 2012/34/EU of the European parliament and of the council, Section 2, Article 30 (infrastructure cost and accounts). For Track access charge (TAC) The Group uses minimum access package. Train kilometer and Gross-tones kilometer charge contains: direct and indirect charges, amortization cost for infrastructure facilities excluding any kind of markups.

- **WBS services**

So, for each service provided unit the cost of such service is calculated indirect method and is measured worked man/hour multiplied on the cost of man/hour plus idol costs, the price of one man/hour cost is taken for market price, that is used by WBS for other customers.

- **Service from using locomotives**

Freight transportation unit provides additional service to passenger transportation unit, that is calculated by electric locomotive hours multiplied domestic traffic Charge per electric locomotive hour (the same price, that is taken to the third parties). Electric locomotive hours are taken for each trip performed in each train slot.

4. INFORMATION ABOUT SUBSIDIARIES

The company wholly-owns eight subsidiaries from which: GR Logistics and terminals, GR trans-shipment, GR transit and GR transit line serves for freight transportation and their activities results are mentioned in Freight transportation unit's report. The

financial information of GR Property management and Georgian railway construction are mentioned in figures of Head office unit and Passenger transportation unit concludes results of Borjomi-Bakuriani railway.

As a shareholder in the subsidiaries the Company operates as a single legal entity. The rights of the shareholder are implemented by the Company Administration; orders of the Director General are held equal to decisions of general meetings of shareholders of the subsidiaries. Therefore, investments into subsidiaries and associated companies are assigned to the Head office and are not distributed to other units.

5. SHAREHOLDERS' EQUITY

Since the Company is registered as a single legal entity, which has its own authorized capital, the Company shows the available equity and reserves in the scale of the whole Company and assigns them to the Company administration. All movements of the equity and reserves are also shown in the accounts of the Head office unit.

6. RECEIVABLES / PAYABLES OF INTERNAL TRANSACTIONS

The items "Receivables of internal transactions" and "Payables of internal transactions" reflect the balances of accumulated accounts receivable and accounts payable between the Group's units, which are formed in the course of executing economic and financial transactions between units. The following are the examples of transactions between the units:

- Registration of internal services, which the units render to each other. The Group uses the approach that all receivables/payables from the internal services are covered at the same time;
- Receivables/payables from transfer of assets (payment for services, transfer of assets loaned borrowed in a centralized manner, transfer of PPE assets and etc.) are mentioned in "Assets and liabilities arising from internal group operations".

At the end of the period, accounts between the units are consolidated to identify final amounts receivable / payable.

7. CORPORATE INCOME TAX AND DIVIDENDS

Corporate income tax is accounted at the Head office unit because the Group accounts and pays corporate income tax as a single legal entity, as well as received/issued dividends are recorded at the Head office unit.