JSC Georgian Railway

Condensed Consolidated and Separate Interim Financial Statements
for the nine-month period ended 30 September 2025

Contents

Condensed consolidated interim statement of Financial Position as at 30 September 2025:

000 GEL	Note	30 September 2025	31 December 2024
Assets			
Property, plant and equipment	10	2,035,565	1,971,748
Other non-current assets	14	44,673	46,537
Investments in equity accounted investees	11	82,478	73,607
Non-current assets		**2,162,716**	**2,091,892**
Inventories	13	35,050	39,506
Investment in Government bonds		8,063	-
Tax assets		569	2,896
Prepayments		2,738	898
Other current assets	16	112,994	103,480
Trade and other receivables	12	50,594	27,870
Term deposit	15	21,699	-
Cash and cash equivalents	15	274,837	318,300
Current assets		**506,545**	**492,950**
Total assets		**2,669,261**	**2,584,842**
Equity			
Share capital	17	1,055,686	1,055,121
Non-cash owner contribution reserve	17	100,602	100,602
Accumulated losses		(128,488)	(219,405)
Total equity		**1,027,800**	**936,318**
Liabilities			
Borrowings	18	1,357,072	1,411,083
Advance received from the Government		46,593	46,593
Payables for non-current assets	19	38,210	34,992
Non-current liabilities		**1,441,875**	**1,492,668**
Borrowings	18	27,742	14,593
Trade and other payables	19	138,397	117,610
Liabilities to the Government		4,712	4,712
Provisions		16,874	9,571
Other current liabilities		11,861	9,370
Current liabilities		**199,586**	**155,856**
Total liabilities		**1,641,461**	**1,648,524**
Total equity and liabilities		**2,669,261**	**2,584,842**

The condensed consolidated and separate interim financial statements is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 11 to 25.

Condensed consolidated interim statement of Profit and Loss and other comprehensive income for the nine-month periods ended 30 September 2025 and 30 September 2024:

		For the nine months ended 30 September	
'000 GEL	**Note**	**2025**	**2024**
Revenue	6	454,194	482,084
Other income		4,186	18,941
Employee benefits expense		(184,338)	(171,674)
Depreciation and amortization expense		(47,268)	(48,211)
Electricity, consumables and maintenance costs	7	(55,360)	(63,055)
Impairment Loss/gain on trade receivables		(1,853)	(2,794)
Other expenses	8	(107,894)	(108,589)
Profit from operating activities		**61,668**	**106,702**
Finance income	9	18,064	17,717
Finance costs	9	(43,420)	(44,229)
Net foreign exchange (loss)/gain	9	46,420	(17,108)
Share of results of equity accounted investees	11	8,188	12,302
Profit before income tax		**90,918**	**75,383**
Income tax expense		-	-
Profit and total comprehensive income for the period		**90,918**	**75,383**

These condensed consolidated interim financial statements were approved by Management Board on 13 November 2025 and were signed on its behalf by:

Lasha Abashidze
General Director

Irakli Titvinidze
Financial Director

The condensed consolidated and separate interim financial statements is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 11 to 25.

Condensed consolidated interim statement of Changes in Equity for the nine-month periods ended 30 September 2025:

’000 GEL	**Share capital**	**Non-cash owner contribution reserve**	**Accumulated losses**	**Total equity**
Balance at 1 January 2024	**1,055,031**	**100,602**	**(287,589)**	**868,044**
Profit and total comprehensive income for the year	-	-	68,184	**68,184**
Non-cash contribution from owner	90	-	-	**90**
Balance at 31 December 2024	**1,055,121**	**100,602**	**(219,405)**	**936,318**
Balance at 1 January 2025	**1,055,121**	**100,602**	**(219,405)**	**936,318**
Profit and total comprehensive income for the year	-	-	90,918	**90,918**
Non-cash contribution from owner	565	-	-	**565**
Balance at 30 September 2025	**1,055,686**	**100,602**	**(128,488)**	**1,027,800**

The condensed consolidated and separate interim financial statements is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 11 to 25.

Condensed consolidated interim statement of Cash Flows for the nine-month periods ended 30 September 2025 and 30 September 2024:

	For the nine months ended 30 September	
’000 GEL	**2025**	**2024**
Cash flows from operating activities		
Cash receipts from customers	464,491	473,347
Cash paid to suppliers, employees and tax authorities	(325,594)	(304,790)
Net cash from operating activities	**138,898**	**168,557**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(130,086)	(112,016)
Acquisition of associate	-	(4,343)
Proceeds from sale of property, plant and equipment	-	5,598
Interest received	17,652	17,700
Investment in joint venture	(747)	(462)
Investment in Government bonds	(7,958)	-
Decrease in term deposit	(21,699)	(39,120)
Net cash used in investing activities	**(142,838)**	**(132,643)**
Cash flows from financing activities		
Proceeds from issued loans	744	**-**
Repayment of borrowings	(5,983)	(5,878)
Interest paid	(28,042)	(29,899)
Net cash used in financing activities	**(33,281)**	**(35,776)**
Net increase in cash and cash equivalents	**(37,221)**	**138**
Cash and cash equivalents at 1 January	318,300	283,547
Effect of exchange rate fluctuations on cash and cash equivalents	(6,473)	3,036
Effect of movements in ECL on cash and cash equivalents	231	(333)
Cash and cash equivalents at 30 September	**274,837**	**286,388**

The condensed consolidated and separate interim financial statements is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 11 to 25.

Condensed separate interim statement of Financial Position as at 30 September 2025:

’000 GEL	**30 September 2025**	**31 December 2024**
Assets		
Property, plant and equipment	2,008,825	1,920,763
Other non-current assets	44,524	46,388
Right-of-use assets	2,085	2,839
Other receivable	-	1,000
Investments in subsidiaries	110,297	131,937
Investments in equity accounted investees	82,543	73,594
Non-current assets	**2,248,275**	**2,176,521**
Inventories	35,380	38,458
Investment in Government bonds	8,063	-
Tax assets	1,809	1,487
Prepayments	2,372	474
Other current assets	112,994	103,480
Trade and other receivables	7,672	9,996
Other receivable	1,000	-
Term deposit	21,699	-
Cash and cash equivalents	224,336	257,731
Current assets	**415,324**	**411,626**
Total assets	**2,663,599**	**2,588,146**
Equity		
Share capital	1,055,686	1,055,121
Non-cash owner contribution reserve	100,910	100,910
Accumulated losses	(138,223)	(232,837)
Total equity	**1,018,373**	**923,194**
Liabilities		
Borrowings	1,357,072	1,411,083
Lease liability	1,928	2,546
Advance received from the Government	46,593	46,593
Payables for non-current assets	38,210	34,992
Non-current liabilities	**1,443,803**	**1,495,214**
Borrowings	27,742	14,593
Lease liability	741	764
Trade and other payables	115,980	106,455
Liabilities to the Government	4,712	4,712
Provisions	16,795	9,493
Tax liabilities	-	-
Other current liabilities	35,453	33,720
Current liabilities	**201,423**	**169,737**
Total liabilities	**1,645,226**	**1,664,952**
Total equity and liabilities	**2,663,599**	**2,588,146**

The condensed consolidated and separate interim financial statements is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 11 to 25.

Condensed separate interim statement of Profit and Loss and other comprehensive income for the nine-month periods ended 30 September 2025 and 30 September 2024:

'000 GEL	**2025**	**2024**
Revenue	379,394	381,540
Other income	27,885	21,852
Employee benefit expenses	(175,606)	(162,638)
Depreciation and amortisation expense	(44,937)	(46,518)
Electricity, consumables and maintenance costs	(52,892)	(61,719)
Net charge for expected credit losses on financial assets	(1,853)	(2,794)
Other expenses	(67,629)	(43,480)
Profit from operating activities	**64,362**	**86,243**
Finance income	15,982	12,751
Finance costs	(43,699)	(44,172)
Net foreign exchange (loss)/gain	49,781	(18,544)
Share of results of equity accounted investees	8,188	12,302
Profit before income tax	**94,614**	**48,580**
Income tax expense	-	-
Profit and total comprehensive income for the year	**94,614**	**48,580**

These condensed separate interim financial statements were approved by the Management Board on 13 November 2025 and were signed on its behalf by:

Lasha Abashidze
General Director

Irakli Titvinidze
Financial Director

The condensed consolidated and separate interim financial statements is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 11 to 25.

Condensed separate interim statement of Changes in Equity for the nine-month periods ended 30 September 2025:

’000 GEL	**Share capital**	**Non-cash owner contribution reserve**	**Accumulated losses**	**Total equity**
Balance at 1 January 2024	**1,055,031**	**100,910**	**(288,203)**	**867,738**
Profit and total comprehensive income for the year	-	-	55,366	**55,366**
Non-cash contribution from owner	90	-	-	**90**
Balance at 31 December 2024	**1,055,121**	**100,910**	**(232,837)**	**923,194**
Balance at 1 January 2025	**1,055,121**	**100,910**	**(232,837)**	**923,194**
Profit and total comprehensive income for the year	-	-	94,614	**94,614**
Non-cash contribution from owner	565	-	-	**565**
Balance at 30 Septemebr 2025	**1,055,686**	**100,910**	**(138,223)**	**1,018,373**

The condensed consolidated and separate interim financial statements is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 11 to 25.

Condensed separate interim statement of Cash Flows for the nine-month periods ended 30 Seperate 2025 and 30 Separate 2024:

’000 GEL	**Note**	**2025**	**2024**
Cash flows from operating activities			
Cash receipts from customers		408,617	398,249
Cash paid to suppliers, employees and tax authorities		(283,031)	(245,515)
Net cash from operating activities		**125,586**	**152,734**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(129,949)	(111,952)
Acquisition of associate		-	(4,343)
Proceeds from sale of property, plant and equipment		-	5,598
Interest received		15,583	13,081
Dividends received		25,000	15,000
Investment in Government bonds		(7,958)	-
Investment in joint venture		(747)	(462)
Decrease in term deposit		(21,699)	(39,120)
Net cash used in investing activities		**(119,770)**	**(122,198)**
Cash flows from financing activities			
Repayment of borrowings		(5,983)	(5,878)
Repayment of lease liabilities		(224)	(302)
Interest paid		(28,200)	(30,186)
Net cash used in financing activities		**(34,407)**	**(36,365)**
Net change in cash and cash equivalents		**(28,591)**	**(5,830)**
Cash and cash equivalents at 1 January		257,731	209,864
Effect of exchange rate fluctuations on cash and cash equivalents		(5,035)	2,506
Effect of movements in ECL on cash and cash equivalents		231	(333)
Cash and cash equivalents at 31 December		**224,336**	**206,208**

The condensed consolidated and separate interim financial statements is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 11 to 25.

1. Reporting entity

(a) Business environment

The Group's operations are primarily located in Georgia. Consequently, the Group is exposed to the economic and financial markets of Georgia, which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Georgia.

The condensed consolidated interim financial statements reflect management's assessment of the impact of the Georgian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

(b) Organisation and operations

JSC Georgian Railway (the "Company") and its subsidiaries (the "Group") comprise Georgian joint stock and limited liability companies as defined in the Civil Code of Georgia. The Company was established as a state-owned enterprise in December 1998 by the Decree of the President of Georgia # 929 as an entity engaged in the provision of railway transportation services in Georgia. The Company's registration number is 03/4-965.

The Company's registered office is 15 Queen Tamar Avenue, Tbilisi 0112, Georgia.

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.

The ultimate controlling party of the Group is the Government of Georgia. As at 31 December 2021, the Company was wholly owned by JSC Partnership Fund, a wholly state-owned company. On 29 November 2022, following the Decree of the Government of Georgia # 2167, 100% of the Company's shares was transferred to the Government of Georgia.

Related party transactions are disclosed in Note 21

2. Basis of accounting

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Standards, as issued by the International Accounting Standards Board (IFRS Standards).

3. Functional and presentation currency

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, except when otherwise indicated.

4. Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 19.

5. Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Management Board reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Freight transportation – includes transportation of goods and commodities and related services.*
- *Passenger transportation – includes transportation of passengers.*

There are no inter-segment charges.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before infrastructure costs, which are the cost of maintaining the rail network used by both reportable segments, central overheads, interest and income tax, as included in the internal management reports that are reviewed by the Group's Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. The Group's Management Board does not monitor segment liabilities.

(i) Information about reportable segments

For the nine months ended 30 September

	Freight transportation		Passenger transportation		Total	
'000 GEL	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
External revenues	416,943	447,332	31,724	32,620	448,667	479,952
Depreciation and amortization	(13,604)	(12,123)	(7,338)	(8,815)	(20,942)	(20,938)
Reportable segment profit/(loss) before infrastructure costs, net impairment, interest cost and income tax	256,056	293,552	(4,550)	(2,060)	251,507	291,492
Capital expenditure and other additions to non-current assets	51,990	3,748	619	137	52,609	3,885
	30-Sep-25	**30-Sep-24**	**30-Sep-25**	**30-Sep-24**	**30-Sep-25**	**30-Sep-24**
Reportable segment assets	280,643	198,521	78,820	83,916	359,462	282,437

(ii) Reconciliations of reportable segment revenues, profit or loss and assets

	For the nine months ended 30 September	
'000 GEL	**2025**	**2024**
Revenues		
Total revenue for reportable segments	448,667	479,952
Other revenue	5,527	10,528
Consolidated revenue	**454,194**	**490,480**
Profit		
Total profit for reportable segments before infrastructure costs, net impairment, interest cost and income tax	251,507	291,492
Employee benefits expense – infrastructure and headquarters	(81,993)	(74,452)
Depreciation expenses – infrastructure and headquarters	(26,326)	(27,273)
Net finance costs	21,064	(43,621)
Other net unallocated expenses	(73,333)	(70,764)
Consolidated profit before income tax	**90,918**	**75,383**

(iii) Geographical information

Approximately 98% of the Group's revenue is generated in Georgia with the remainder generated in CIS countries. The non-current assets of the Group are located in Georgia.

6. Revenue

The Group's operations and main revenue streams are those described in the last annual consolidated financial statements.

	For the nine months ended	
'000 GEL	**2025**	**2024**
Freight traffic	263,047	269,817
Freight handling	68,200	62,873
Logistic services	74,046	98,835
Passenger traffic	26,358	30,053
Freight car cross-border charge	11,651	11,942
Rent of wagons and other rental income	3,392	3,864
Grant Revenue	5,366	2,567
Other	2,134	2,133
	454,194	**482,084**

Railroad transportation in Georgia is a natural monopoly, however, the prices are not subject to government regulation. According to clause 64 of the Railway Code of Georgia, which came into force on 1 July 2005, the Government of Georgia allowed the Group to set the prices for all services provided, including freight transportation, freight transportation-related additional services and passenger transportation.

Tariffs for freight transportation are based on the International Rail Transit Tariff. The Group is a co-signatory of the Tariff Agreement together with CIS countries, Latvia, Lithuania and Estonia. The parties to the Agreement hold annual conferences to determine the tariff policy for the following year: each party declares tariffs denominated in Swiss Francs (CHF) for railway transportation and states the general rules that apply to and modify tariffs. The agreed tariffs indicate the maximum level of tariffs applicable.

Performance obligations and revenue recognition policies are those described in the last annual consolidated financial statements.

(a) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Freight traffic - Revenue generated by transporting freight from one point to another in return of the consideration determined based on the agreement.

Logistics services - Revenue for provision of general freight transportation supervision, document preparation and other related services to external parties.

Passenger traffic - Revenue generated by charging individuals for transporting from one place to another through sale of railway tickets.

Freight car cross-border charge - Revenue generated, when the Group's wagons cross the Georgian border and enter another country's territory, based on daily charges for wagons, containers and any other services.

Rent of wagons and other rental income – Income represents operating lease.

Other revenue - Revenue is predominantly comprised of sale of scrap.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Revenue Type	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Freight traffic, logistic services	Freight traffic, logistic services and passenger traffic revenue streams are to be recognized "over time" since	Revenue is recognised over time as the services are

and passenger traffic	transportation is the service, during which customer receives and consumes simultaneously the benefit as the Group performs. The customer benefits from the distance travelled.	provided. The stage of completion for determining the amount of revenue to recognise is assessed based on estimated time to completion of transportation.
Freight car cross-border charge	Freight car cross-border charge stream is to be recognized "over time" since it is the service, during which customer receives and consumes simultaneously the benefit as the Group performs.	Revenue for such services is recognised over time.
Other revenue	Other revenue is recognised at the point in time when sale has been commenced and control over the goods was transferred.	Revenue is recognised at a point in time when the goods have been accepted by customers at the Group`s warehouse.

Detailed breakdown of revenue for the separate financial statement purposes are presended below:

	For the nine months ended	
’000 GEL	**2025**	**2024**
Freight traffic	263,047	269,818
Freight handling	68,233	62,873
Passenger traffic	26,358	30,053
Freight car cross-border charge	11,211	11,224
Rent of wagons and other rental income	2,406	2,271
Grant Revenue	5,366	2,567
Other	2,773	2,734
	379,394	**381,540**

7. Electricity, consumables and maintenance costs

	For the nine months ended	
’000 GEL	**2025**	**2024**
Electricity	29,137	30,223
Materials	11,424	15,243
Repair and maintenance	9,805	12,053
Fuel	4,994	5,536
	55,360	**63,055**

8. Other expenses

	For the nine months ended	
’000 GEL	**2025**	**2024**
Logistic services	35,582	60,222
Taxes other than income tax	20,410	18,763
Freight car cross-border charge	16,977	10,188
Security	11,140	9,553
Law provisions	11,008	-
Other	12,777	9,863
	107,894	**108,589**

Detailed breakdown of other expenses for the separate financial statement purposes are presended below:

	For the nine months ended	
'000 GEL	**2025**	**2024**
Taxes other than income tax	17,777	17,211
Freight car cross-border charge	16,977	10,188
Security	10,388	9,002
Law provisions	11,008	-
Other	11,479	7,079
	67,629	**43,480**

9. Finance income and finance costs

	For the nine months ended	
'000 GEL	**2025**	**2024**
Recognised in profit or loss		
Interest income under the effective interest method	17,833	17,717
Impairment gain on other financial assets	231	-
Finance income	**18,064**	**17,717**
Interest expense on financial liabilities measured at amortised cost *	(43,420)	(43,898)
Impairment loss on other financial assets	-	(331)
Finance costs	**(43,420)**	**(44,229)**
Net foreign exchange loss	46,420	(17,108)
Net finance costs recognised in profit or loss	**21,064**	**(43,621)**

* No borrowing costs were capitalized in 2024 and 2025.

10. Property, plant and equipment

Cost	**Land**	**Buildings and Constructions**	**Rail track infrastructure**	**Transport, machinery, equipment and other**	**Construction in progress**	**Total**
Balance at 1 January 2024	**547,394**	**148,365**	**1,171,320**	**1,010,689**	**1,392,861**	**4,270,629**
Additions	137	548	364	5,509	103,148	**109,706**
Disposals and write offs	(7)	(71)	(2,057)	(37,384)	-	**(39,519)**
Transfers	-	15,685	30,719	64,695	111,099	-
Balance at 31 December 2024	**547,524**	**164,527**	**1,200,346**	**1,043,509**	**1,384,910**	**4,340,816**
Balance at 1 January 2025	**547,524**	**164,527**	**1,200,346**	**1,043,509**	**1,384,910**	**4,340,816**
Additions	145	951	11,136	59,989	37,887	**110,108**
Disposals and write offs	34	840	837	4,860	-	**6,571**
Transfers	-	103	10,898	58,790	69,791	-
Balance at 30 September 2025	**547,635**	**164,741**	**1,221,543**	**1,157,428**	**1,353,006**	**4,444,353**

Depreciation and impairment loss	Land	Buildings and Constructions	Rail track infrastructure	Transport, machinery, equipment and other	Construction in progress	Total
Balance at 1 January 2024	**171,484**	**74,694**	**729,140**	**775,929**	**598,002**	**2,349,249**
Depreciation of the year	-	2,085	22,473	32,684	-	**57,242**
Disposals and write offs	-	(10)	(1,063)	(36,350)	-	**(37,423)**
Reallocation of depreciation and impairment	-	-	210	-	(210)	**-**
Balance at 31 December 2024	**171,484**	**76,769**	**750,760**	**772,263**	**597,792**	**2,369,068**
Balance at 1 January 2025	**171,484**	**76,769**	**750,760**	**772,263**	**597,792**	**2,369,068**
Depreciation of the year	-	2,090	15,952	27,600	-	**45,642**
Disposals and write offs	-	(630)	(819)	(4,473)	-	**(5,922)**
Reallocation of depreciation and impairment	-	-	-	-	-	**-**
Balance at 30 September 2025	**171,484**	**78,229**	**765,893**	**795,390**	**597,792**	**2,408,788**
Carriyng Amounts:						
At 31 December 2024	**376,040**	**87,758**	**449,586**	**271,246**	**787,118**	**1,971,748**
At 30 September 2025	**376,151**	**86,512**	**455,650**	**362,038**	**755,214**	**2,035,565**

(a) Construction in progress

By the end of 2010, the Group started two large capital projects:

- The Main Line Modernisation; and
- Tbilisi Bypass Project.

The Group commenced the initiation of the above projects in September 2010 and November 2010, respectively. The Group issued unsecured bonds in 2010 to partly finance the projects above. During 2012, the Group redeemed the bonds issued in 2010 by issuing new bonds for general corporate and liquidity management purposes. The bonds were further refinanced in 2021(see Note 17).

Main Line Modernization project is expected to be mostly finalised in 2025.

(b) Capital commitment

As at 30 September 2025, the Group had entered into contracts for the construction or purchase of property, plant and equipment of GEL 369,112 thousand (31 December 2024: GEL 330,012 thousand) mainly relating to the Main Line Modernization project of GEL 25,996 thousand (31 December 2024: GEL 48,901 thousand) and Tbilisi Bypass project of GEL 278,131 thousand (31 December 2024: GEL 253,280 thousand).

Management does not expect that the future cessation of the construction agreement with the counterparty, responsible for the Tbilisi Bypass project completion, will result in the payment of the above amount.

11. Investments in equity accounted investees

(a) Investment in associate

On 1 February 2024, Gardabani TPP shares (21.716%) were transferred to the Group as settlement of 'Other receivable' balance which originated as a result of derecognition of loan issued to JSC Development Fund of Georgia (thereafter "DFG", former JSC Partnership Fund) on 29 November 2022.

On 18 January 2023 the Company entered into a conditional agreement with DFG, under which the purchase price for 21.716% of Gardabani TPP shares was established as EUR 19,135 thousand. Additionally, parties agreed that in case Option 2 of original agreement is materialized, purchase price of Gardabani TPP shares will be settled as follows:

- Receivables from DFG will be settled via delivery of 21.716% shares of Gardabani TPP to the same counterparty.
- A payment of EUR 1,492 thousand will be made to DFG within 5 days after the transfer of 21.716% of Gardabani TPP shares to the Company.

DFG failed to sell its 100% indirect shareholding of Gardabani TPP in 2023, hence, pursuant to conditional agreement with DFG, the Company recognised receivable from DFG at its fair value. As at 31 December 2023 the Group estimated the fair value of the investment in Gardabani TPP by discounting future cash flows expected from the operations of the thermal power plant, owned by Gardabani TPP, by discount rate of 15.07% (in GEL), and adjusting the total business value by minority and liquidity discounts of 22.1% to derive the value of 21.716% investment. The valuation is included in Level 3 measurement. The movement in the financial asset at FVTPL represents GEL 530 thousand in 2023.

During 2024 the Group transferred an additional amount of EUR 1,492 thousand (GEL 4,343 thousand) to JSC "Development Fund of Georgia" to supplement the total purchase amount of the equity interest, which amounted to EUR 19,135 thousand (GEL 56,850 thousand equivalent).

(b) Investment in joint venture

During 2023 the Group, alongside with - JSC "National Company Kazakhstan Temir Zholy", a legal entity registered in accordance with the laws of the Republic of Kazakhstan and Closed JSC "Azerbaijan Railways", a legal entity registered in accordance with the legislation of the Republic of Azerbaijan, established "Middle Corridor Multimodal LLC", a private company. The Group invested additional amount of USD 150 thousand (GEL 462 thousand) in the joint venture during 2024.

The table below summarizes the movements in the carrying amount of the Group's investments in associates and joint ventures:

	2025		2024	
'000 GEL	**Associats**	**Joint Ventures**	**Associats**	**Joint Ventures**
Carrying amount at 1 January	**73,118**	**489**	**-**	**27**
Acquisition of associates and joint ventures	-	-	57,380	-
Additional investments	-	762	-	462
Share of results of associates and joint ventures	8,601	(413)	15,738	-
Other movements	(79)	-	-	-
Carrying amount at 31 December 2024 and 30 September 2025	**81,640**	**838**	**73,118**	**489**

12. Trade and other receivables

'000 GEL	**30 September 2025**	**31 December 2024**
Trade receivables	243,622	217,569
Impairment allowance on trade receivables	(193,450)	(189,996)
	50,172	**27,573**
Other receivables	422	297
	50,594	**27,870**

The Group's exposure to credit and currency risks related to trade and other receivables are disclosed in Note 20.

13. Inventories

'000 GEL	**30 September 2025**	**31 December 2024**
Spare parts	23,754	22,377
Raw materials	4,711	5,971
Fuel	1,805	2,853
Rails	2,163	3,805
Other	4,505	6,388
	36,938	**41,394**
Write-down for inventory obsolescence	(1,888)	(1,887)
	35,050	**39,506**

14. Other non-current assets

'000 GEL	**30 September 2025**	**31 December 2024**
Construction materials	25,623	30,361
Intangible assets	9,676	11,302
Prepayments for non-current assets	9,374	4,875
	44,673	**46,537**

15. Cash and cash equivalents

'000 GEL	**30 September 2025**	**31 December 2024**
Current accounts in banks	53,174	75,567
Call deposits*	222,648	243,942
Petty cash	22	28
Provision for cash and cash equivalents	(1,007)	(1,238)
Cash and cash equivalents in the consolidated statement of financial position and in the consolidated statement of cash flows	**274,837**	**318,300**

*Call deposits represent term deposits with banks with maturities greater than six months from the acquisition date but for which the Group has the unilateral right to withdraw the deposits within a few days of providing notification without incurring penalties or significant loss of interest.

Consequently, these term deposits have been classified in accordance with their nature which is that of a call deposit. These deposits are primarily held to be used for cash management purposes.

Term Deposits

For the reporting period, the Group held certificates of deposit worth GEL 21,699 thousand, which it did not have the right to withdraw early. Therefore, this amount is classified as Term Deposit.

16. Other current assets

’000 GEL	**30 September 2025**	**31 December 2024**
Receivable related to Tbilisi Bypass project	112,994	103,480
	112,994	**103,480**

Tbilisi Bypass project was suspended as of 30 September 2025 and 2024. Initially, the related balance was recorded as prepayments for non-current assets. However, following the suspension, management anticipates the recovery of this balance through cash settlement. According to the terms outlined in the agreement with the counterparty, should the project be officially suspended by the buyer, the construction service provider is obligated to return the prepayment to the seller.

Although the project had not been officially cancelled as of 30 September 2025 and 31 December 2024, management expects formal cancellation to occur during 2025. In light of this expectation and the anticipated cash recovery, the amount is classified as a financial asset as at 30 September 2025 and 31 December 2024.

17. Equity and liabilities to the Government

(a) Share capital

Number of shares	**Ordinary shares**	
	30 September 2025	**31 December 2024**
In issue at 1 January	1,055,121	1,055,031
New shares issued	565	90
In issue at 30 September fully paid	**1,055,686**	**1,055,121**
Authorised shares - par value	**1**	**1**

All ordinary shares rank equally with regard to the Group’s residual assets.

(b) Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Group.

18. Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 19.

'000 GEL	**30 September 2025**	**31 December 2024**
Non-current liabilities		
Secured borrowing	5,663	11,625
Unsecured bonds	1,351,409	1,399,458
	1,357,072	**1,411,083**
Current liabilities		
Secured borrowing	12,199	12,434
Current portion of unsecured bonds	15,542	2,159
	27,742	**14,593**
	1,384,814	**1,425,676**

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings were as follows:

				30 September 2025		**31 December 2024**	
'000 GEL	**Currency**	**Nominal interest rate**	**Year of maturity**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
Unsecured bonds	USD	4.00%	2028	1,354,400	1,366,951	1,403,400	1,401,617
Secured loan	USD	SOFR +1.68%	2026	17,697	17,863	24,451	24,059
Total interest-bearing liabilities				**1,372,097**	**1,384,814**	**1,427,851**	**1,425,676**

The secured loan was obtained for the sole purpose of the acquisition of passenger trains.

The secured loan is collateralized by the underlying passenger trains, with a carrying amount of GEL 44,740 thousand as at 30 September 2025 (31 December 2024: GEL 48,955 thousand).

In July 2012, the Group carried out the issuance, placement and registration (listing) of unsecured bonds of USD 500 million on the London Stock Exchange with an interest rate of 7.75% due in 2022.

Part of the above bonds were used for an early redemption of the unsecured bonds of USD 250 million issued by the Group in 2010.

In September 2021 the Group has successfully issued USD 500 million worth of green bonds on the London Stock Exchange due 2028 with an interest rate of 4%. The proceeds from the issuance were used for redemption of the USD 500 million unsecured bonds.

As a result of early redemption, the green bonds were considered as a new financial instrument and accounted for at amortized cost using the effective interest rate method. The Group incurred directly attributable transaction expenses of GEL 8,999 thousand in connection with the issue of the green bonds, including, amongst other, legal counsel fees, rating agency expenses, listing expenses, etc. These expenses are accounted for as transaction costs. They are included in the calculation of the effective interest rate of the green bonds and are deferred over 7 years. Part of the transaction costs were deducted directly from the proceeds from green bonds and are presented netted off with the proceeds from bonds in the consolidated statement of cash flows.

19. Trade and other payables

'000 GEL	**30 September 2025**	**31 December 2024**
Current		
Payables for non-current assets	89,554	69,533
Trade payables	31,371	32,043
Advances received from customers	17,472	16,034
	138,397	**117,610**
Non-current		
Payables for non-current assets	38,210	34,992
	38,210	**34,992**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 19.

20. Fair values and financial risk management

The Group has determined fair values of financial assets and liabilities using valuation techniques disclosed in the last annual consolidated financial statements.

Management's estimate of the fair value of the unsecured bonds yielded a range of values from a fair value approximately equal to the carrying amount to a fair value approximately 5% higher than the carrying amount.

The carrying values of other financial assets and liabilities of the Group are a reasonable approximation of their fair values.

The Group's financial risk management objectives and policies are consistent with those disclosed in the last annual consolidated financial statements.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, loans receivable and cash and cash equivalents. Credit risk is consistent with those disclosed in the last annual consolidated financial statements and the Group has not faced a significant financial loss during the nine months period ended 30 September 2025.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of six months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters or global pandemic.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

30 September 2025

'000 GEL	Carrying amount	Contractual cash flows	0-6 months	6-12 months	1-2 years	2-5 years
Secured borrowing	17,863	19,734	6,711	6,711	6,314	-
Unsecured bonds	1,366,951	1,571,808	28,068	28,068	56,136	1,459,536
Trade and other payables	159,135	164,912	118,360	-	38,793	7,758
	1,556,148	**1,756,455**	**153,140**	**34,779**	**101,241**	**1,467,294**

31 December 2024

'000 GEL	Carrying amount	Contractual cash flows	0-6 months	6-12 months	1-2 Years	2-5 years
Secured loan	24,059	26,426	6,898	6,711	12,817	-
Unsecured bonds	1,401,617	1,599,876	28,068	28,068	56,136	1,487,604
Trade payables	136,568	141,526	101,576	-	33,292	6,658
	1,562,244	**1,767,828**	**136,542**	**34,779**	**102,245**	**1,494,262**

*Based on the agreement signed between the Group and the construction company responsible for the Modernization Project, there is a specified percentage of each milestone payment to be withheld (retention fee), to protect the Group from the contractor failing to adequately complete its obligations under the contract. Such retention fee is due to pay within two years after the completion of the project.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group does not apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group entities. The functional currencies of Group entities are the Georgian Lari (GEL). The currencies in which these transactions are primarily denominated and settled are U.S. Dollars (USD) and Swiss Francs (CHF).

Borrowings and related interest are denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge without a need to enter into derivatives contracts.

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows:

'000 GEL	USD -denominated 30 September 2025	USD -denominated 31 December 2024
Cash and cash equivalents	193,585	151,705
Trade receivables	16,750	16,610
Secured borrowing	(17,863)	(24,059)
Unsecured bonds	(1,366,951)	(1,401,617)
Trade and other payables	(24,537)	(30,219)
Net exposure	**(1,199,016)**	**(1,287,580)**

The following significant exchange rates applied during the year:

in GEL	Average rate		Reporting date spot rate	
	nine months ended 30 September 2025	nine months ended 30 September 2024	30 September 2025	30 September 2024
USD 1	2.7535	2.7137	2.7088	2.7297

Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

21. Subsidiaries and equity-accounted investees

Subsidiary	Country of incorporation	Principal activities	2025 Ownership/ voting	2024 Ownership/ voting
GR Property Management LLC	Georgia	Property management and development	100%	100%
GR Logistics and Terminals LLC	Georgia	Container transportation and terminal services	100%	100%
Georgian Railway Construction JSC	Georgia	Construction and other projects	100%	100%
Georgia Transit LLC	Georgia	Transportation services	100%	100%
GR Transit Line LLC	Georgia	Transportation services	100%	100%
GR Trans Shipment LLC	Georgia	Transportation services	100%	100%
GR Transit LLC	Georgia	Transportation services	100%	100%
Associate				
Gardabani TPP	Georgia	Thermal Power Plant	21.716%	21.716%
Equity-accounted investees				
Middle Corridor Multimodal LLC	Kazakhstan	Transportation services	33,33%	33,33%

22. Related parties

(a) Transactions with key management personnel

(i) Key management remuneration

Key management received the following remuneration during the period, which is included in employee benefits expenses:

	For the nine months ended 30 September	
'000 GEL	**2025**	**2024**
Salaries and bonuses	**1,285**	**1,425**

(b) Other related party transactions

(i) Transactions with the Government

The Group transacts in its daily operations with a number of entities that are either controlled, jointly controlled or under significant influence of the Government of Georgia. The Group has opted to apply the exemption in IAS 24 *Related Party Disclosures* that allows the presentation of reduced related party disclosures regarding transactions with government-related entities.

The Group's other related party transactions are disclosed below.

(ii) Revenue, purchases and expenses

The Group purchases security services from a state agency, which amounted to GEL 3,473 thousand for nine months ended 30 September 2025 (30 September 2024: GEL 2,837 thousand). The Group usually does not have significant balances for these purchases.
Management estimates that the aggregate amounts of other income and expenses and the related balances with other Government-related entities are not significant.

23. New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1).*
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).*
- *Definition of Accounting Estimates (Amendments to IAS 8).*