

MANAGEMENT DISCUSSION AND ANALYSIS

2022

FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

REVENUE (‘000 GEL)

Q4 2022

183,619

+32.2% from Q4 2021
+2.0% from Q3 2022

FY 2022

674,773

+23.2% from FY 2021

RESULTS FROM OPERATING ACTIVITIES (‘000 GEL)

Q4 2022

38,865

-0.8% from Q4 2021
-49.4% from Q3 2022

FY 2022

218,417

+32.1% from FY 2021

ADJUSTED EBITDA (‘000 GEL)

Q4 2022

65,798

+39.8% from Q4 2021
-23.7% from Q3 2022

FY 2022

284,162

+25.4% from FY 2021

ADJUSTED EBITDA MARGIN

Q4 2022

35.83%

+1.9 points from Q4 2021
-12.0 points from Q3 2022

FY 2022

42.11%

+0.8 points from FY 2021

NET CASH INVESTMENT IN PP&E (‘000 GEL)

Q4 2022

61,094

+25.5% from Q4 2021
+84.5% from Q3 2022

FY 2022

127,585

+71.8% from FY 2021

NET DEBT TO ADJUSTED EBITDA

31 Dec 2022

3.93

5.19 as at 30 September 2022

31 Dec 2021

5.88

TONS (‘000)

Q4 2022

3,871

+25.7% from Q4 2021
-5.3% from Q3 2022

FY 2022

14,773

+21.8% from FY 2021

TKM (‘million)

Q4 2022

1,059

+26.7% from Q4 2021
-5.7% from Q3 2022

FY 2022

4,164

+26.5% from FY 2021

NUMBER OF PASSENGERS (‘000)

Q4 2022

360

+66.1% from Q4 2021
+58.0% from Q3 2022

FY 2022

1,605

+96.6% from FY 2021

PASSENGER-KILOMETERS (‘million)

Q4 2022

126

+80.9% from Q4 2021
-21.2% from Q3 2022

FY 2022

403

+47.4% from FY 2021

MAIN DEVELOPMENTS IN 2022

- | Freight volume increased by 21.8%;
- | In February 2023, Fitch affirmed the Company's long-term outlook to “positive” from “stable” and verified its “BB-” rating, while in December 2022 “S&P” affirmed its “BB-” rating and downgraded its outlook to “stable” from “positive.”

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I. PROFIT OR LOSS STATEMENT

PROFIT AND LOSS STATEMENT

For the year ended 31 December	TOTAL		CHANGE		
GEL '000	2022	2021	%	% constant currency	Absolute
Revenue	674,773	547,868	23.2%	36.1%	126,905
Other income	15,825	8,951	76.8%	95.3%	6,874
Impairment loss on trade receivables	840	-2,791	-130.1%	-133.2%	3,631
Employee benefits expense	-197,708	-180,701	9.4%	20.9%	-17,006
Depreciation and amortization	-66,585	-58,397	14.0%	26.0%	-8,188
Electricity, consumables and maintenance costs	-80,207	-54,567	47.0%	62.4%	-25,640
Other expenses	-128,521	-94,975	35.3%	49.5%	-33,547
Result from operating activities	218,417	165,388	32.1%	45.9%	53,029
Net finance income/loss	178,908	-112,177	-259.5%	-276.2%	291,085
Profit before income tax	397,325	53,211	646.7%	724.9%	344,115
Income tax expense	-644	-500	28.8%	42.3%	-145
Profit and total comprehensive income	396,681	52,711	652.6%	731.4%	343,970
Adjusted EBITDA	284,162	226,576	42.3%	38.5%	57,586
Adjusted EBITDA Margin	42.1%	41.36%	NA	NA	0.8%

*Adjusted EBITDA is determined by the same method as EBITDA of previous periods was calculated.

PROFIT AND LOSS STATEMENT (QUARTERLY)

For the period ended

GEL '000	Q4 2022	Q4 2021	y-o-y	Q3 2022	q-o-q
Revenue	183,619	138,917	32.2%	180,052	2.0%
Other income**	-2,664	3,988	-166.8%	7,841	-134.0%
Impairment loss on trade receivables	-1,796	-1,893	-5.1%	-1,062	69.1%
Employee benefits expense	-53,505	-53,575	-0.1%	-46,822	14.3%
Depreciation and amortization	-25,137	-6,011	318.2%	-8,271	203.9%
Electricity, consumables and maintenance costs	-22,122	-18,304	20.9%	-22,301	-0.8%
Other expenses	-39,530	-23,952	65.0%	-32,585	21.3%
Result from operating activities	38,865	39,170	-0.8%	76,852	-49.4%
Net finance income/loss	79,423	2,791	2,745.7%	40,403	96.6%
Profit before income tax	118,288	41,962	181.9%	117,255	0.9%
Income tax expense	-184	-109	68.8%	-58	217.2%
Profit and total comprehensive income	118,104	41,853	182.2%	117,197	0.8%
Adjusted EBITDA*	65,798	47,072	39.8%	86,185	-23.7%
Adjusted EBITDA Margin	35.83%	33.89%	NA	47.87%	NA

*Adjusted EBITDA is determined by the same method as EBITDA of previous periods was calculated.

**As a consequence of accounting adjustments in the classification of operations, the Q4 of 2022 resulted in a negative revenue being recorded within the category of other income.

1.1 REVENUE

Most of the Group's revenue (about 58% in 2022) is derived from freight transportation. Thus, its results are particularly sensitive to cargo flows. These mainly comprise transit shipments, which accounted for around 71% of freight

transportation revenue in 2022. A substantial proportion of transit transportation comes from trade between Europe and Central Asia.

REVENUE BREAKDOWN

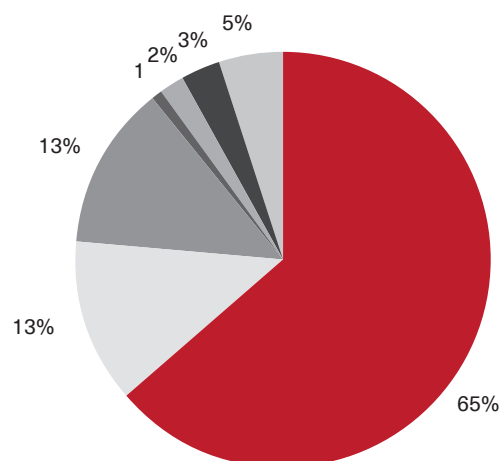
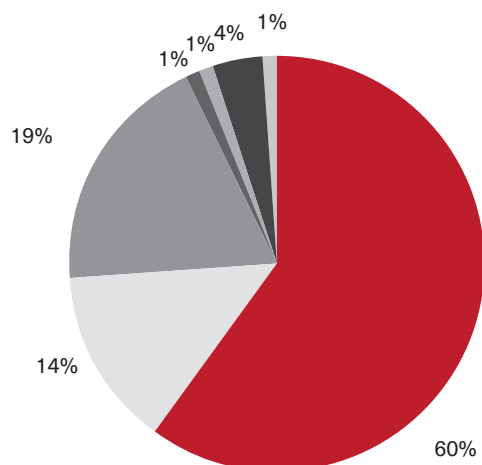
For the year ended 31 December	TOTAL		CHANGE		
GEL '000	2022	2021	%	% constant currency	Absolute
Freight transportation	388,446	353,929	9.8%	21.2%	34,516
Freight handling	92,180	69,865	31.9%	45.8%	22,314
Logistical service	123,071	69,371	77.4%	96.0%	53,701
Rent of wagons and other rental income	4,072	4,647	-12.4%	-3.2%	-575
Freight car cross-border charge	9,703	9,910	-2.1%	8.2%	-208
Passenger traffic	27,423	14,808	85.2%	104.6%	12,616
Other	29,878	25,337	17.9%	30.3%	4,541
Revenue	674,773	547,868	23.2%	36.1%	126,905
Other income	15,825	8,951	76.8%	95.3%	6,874

REVENUE BREAKDOWN (QUARTERLY)

For the period ended GEL '000	Q4 2022	Q4 2021	y-o-y	Q3 2022	q-o-q
Freight transportation	93,709	89,950	4.2%	103,581	-9.5%
Freight handling	25,957	18,198	42.6%	26,022	-0.2%
Logistical service	29,816	19,791	50.7%	32,015	-6.9%
Rent of wagons and other rental income	-334	797	-141.9%	1,516	-122.0%
Freight car cross-border charge	4,118	2,432	69.3%	1,942	112.0%
Passenger traffic	7,601	3,505	116.9%	9,980	-23.8%
Other	22,750	4,244	436.1%	4,995	355.5%
Revenue	183,619	138,917	32.2%	180,052	2.0%
Other income	-2,664	3,988	-166.8%	7,841	-134.0%

* As a consequence of accounting adjustments in the classification of operations, the Q4 of 2022 resulted in a negative revenue being recorded within the category of Rent of wagons and other rental income and other income.

The following charts present the revenue breakdown for the years of 2022 and 2021:



■ FREIGHT TRANSPORTATION

■ FREIGHT HANDLING

■ LOGISTICAL SERVICE

■ RENT OF WAGONS AND OTHER RENTAL INCOME

■ FREIGHT CAR CROSS-BORDER CHARGE

■ PASSENGER TRAFFIC

■ OTHER

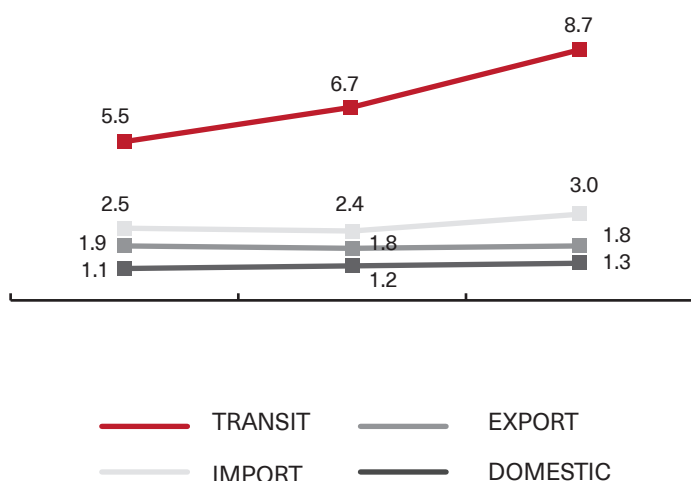
FREIGHT TRANSPORTATION

The Group's freight transportation consists of domestic, import, export and transit transportation. In 2022, the contributions of each type were about 13%, 20%, 9% and 59%, respectively. Meanwhile, 99.9% of revenue from freight

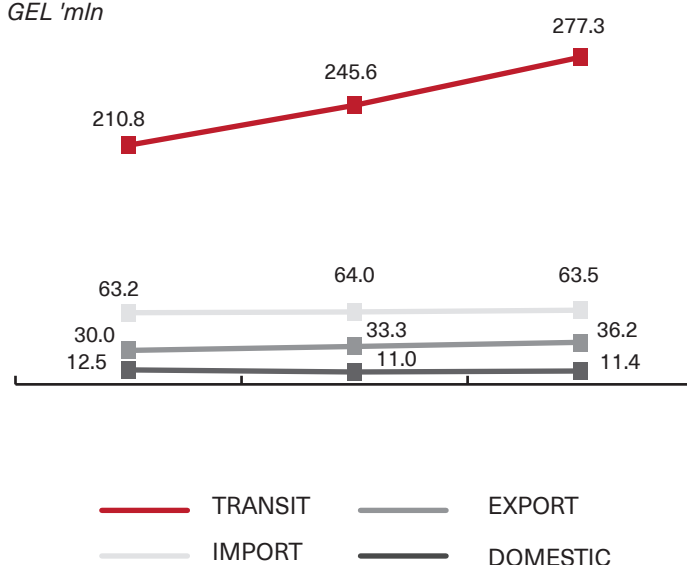
transportation is denominated in USD.

The following charts present the Group's freight transportation breakdown by purpose:

Mln tons



GEL 'mln



Transportation revenue is determined by multiple factors, some of which are listed below:

Transportation volume – Expressed in tons.

Transportation turnover – Computed by multiplying the transported tons by the distance covered and expressed in ton-kilometers.

Revenue per ton-kilometer – This refers to the average revenue that the Group receives per ton-kilometer and this

parameter varies according to the cargo type mix and the transportation purpose mix.

GEL/USD exchange rate – The majority of the Group's tariffs are denominated in USD. Thus, changes in the USD/GEL exchange rate can have a significant impact on the Group's profitability, as it reports its revenue in GEL and most of its operating expenses are denominated in GEL.

AVERAGE RATES

	Q4 2022	Q4 2021	y-o-y	Q3 2022	q-o-q	2022	2021	y-o-y
USD	2.73	3.13	-12.5%	2.82	-3.2%	2.92	3.22	-9.5%
CHF	2.83	3.39	-16.4%	2.92	-3.1%	3.06	3.52	-13.2%

REPORTING DATE SPOT RATES

	31-Dec-22	31-Dec-21	% Change	30-Sep-22	% Change	31-Dec-20
USD	2.70	3.10	-12.8%	2.84	-4.7%	3.28
CHF	2.93	3.38	-13.2%	2.89	1.5%	3.71

TRANSPORTATION BY DIRECTIONS

IMPORT TRANSPORTATION

Import transportation here represents the movement of cargo from foreign countries to Georgia. The share of im-

ported cargo in total transported volume was around 20% in both 2022, as well as in 2021.

	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	% constant currency
Revenue (million GEL)	63.5	64.0	-0.8%	9.6%
Freight Volume (million tons)	3.0	2.4	23.2%	NA
Freight Turnover (million tkm)	453.6	403.2	12.5%	NA
Revenue / tkm (in Tetri)	14.01	15.88	-11.8%	-2.6%

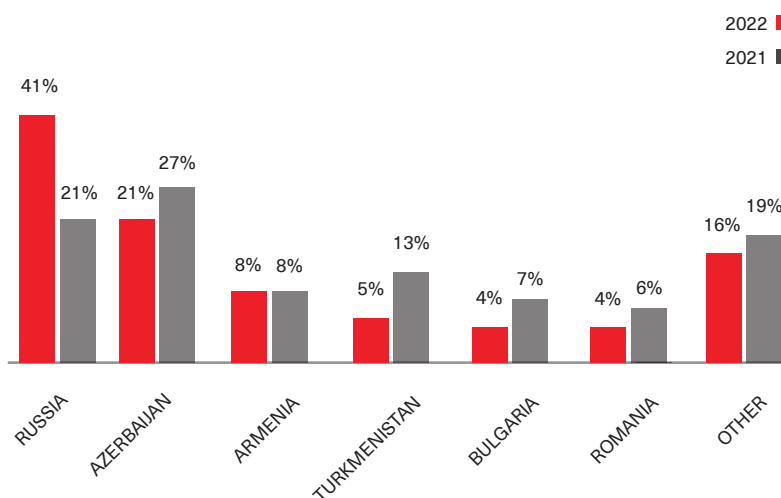
MAIN FACTORS INFLUENCING PERFORMANCE

Freight turnover – A 13% rise in freight turnover was due to increased transportation from Russia by 715,000 tons in 2022, compared to 2021, which was partially offset by a decrease in volumes from Turkmenistan of 150,000 tons.

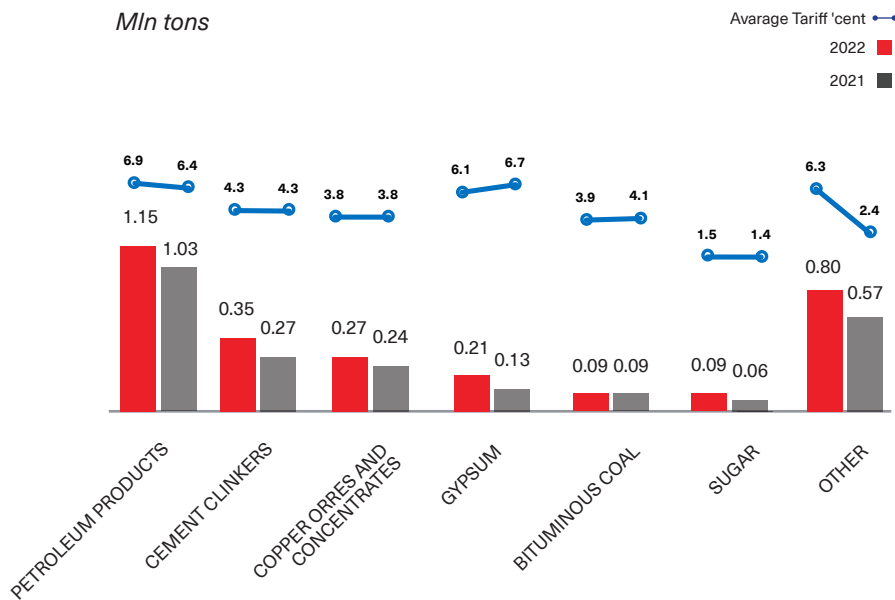
Revenue / tkm (in Tetri) – The average tariff on imports at constant currency decreased by 3% in 2022, compared

to 2021. This decrease was mainly due to the product direction mix. The share in transportation from Turkmenistan and Azerbaijan (relatively more profitable directions) decreased while the share of Uzbekistan and Kazakhstan (relatively less profitable directions) increased in 2022, compared to 2021.

ORIGIN COUNTRIES



MAIN IMPORTED PRODUCT TYPES



MAIN DIRECTIONS OF CARGO

Petroleum products include diesel fuel, gasoline, special petrol and aviation fuel.

Diesel fuel and gasoline mostly imported from Russia (79 percent), while special petrol mostly transported from Romania, Bulgaria and Turkmenistan (42 percent, 39 percent and 18 percent, respectively). Mentioned products were mainly intended to satisfy the domestic demand.

Aviation fuel mostly transported from Turkmenistan, Greece and Turkey (54 percent, 25 percent and 15 percent respectively of total imported aviation fuel). In particular, aviation fuel over the reviewed period was mostly used by domestic aviation companies in Georgia.

Cement clinkers - was provided by Azerbaijan in 2022, as well as in 2021. mainly transported to Kaspi and Rustavi with 48 percent and 43 percent respectively, Georgian cities where cement factories are located.

Copper ores and concentrates – mostly imported from Armenia in 2022 (approximately 91 percent, compared to 81

percent in 2021). Copper ores and concentrates were directed to Poti, where a factory, producing non-ferrous metals from raw materials is located.

Gypsum - was provided by Azerbaijan in 2022, as well as 2021. Imported gypsum was mainly transported to Kaspi and Rustavi with 37 percent and 26 percent respectively. Meanwhile, 37 percent of imported gypsum was sent to Tbilisi, where drywalls are produced.

Bituminous coal - mostly provided by Russia, with a 99% share in the total imported bituminous coal in 2022, compared to 100% in 2021. In 2022, bituminous coal was mainly transported to Georgia's industrial cities, such as Kaspi (48%) and Rustavi (43%).

Sugar – mostly provided by Brazil and Mexico with 87 percent and 13 percent respectively in 2022, as well as in 2021. Sugar was mainly directed to Agara, where the relevant factory is located.

EXPORT TRANSPORTATION

Export refers to the movement of cargo from Georgia to foreign countries.

The share of exported cargo in total transported volume was around 9% in 2022, compared to 10% in 2021.

	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	% constant currency
Revenue (million GEL)	36.2	33.3	9.6%	20.0%
Freight Volume (million tons)	1.3	1.2	9.7%	NA
Freight Turnover (million tkm)	365.4	307.5	18.8%	NA
Revenue / tkm (in Tetri)	9.91	10.84	-8.6%	0.9%

MAIN FACTORS INFLUENCING PERFORMANCE

Freight turnover – 19% rise was recorded, primarily due to increases in the transported volumes to Armenia and Kazakhstan (by 152,000 tons and 70,000 tons, respectively), which was partially offset by a decrease in transportation to Russia (by 70,000 tons) in 2022, compared to 2021.

Revenue / tkm (in Tetri) – 1% increase at constant currency was reported due to an increased share in transportation to Armenia and Kazakhstan (relatively more profitable directions) while the share of transported cargo to other relatively less profitable countries remained at a similar level in 2022, compared to 2021.

MAIN DIRECTIONS OF CARGO

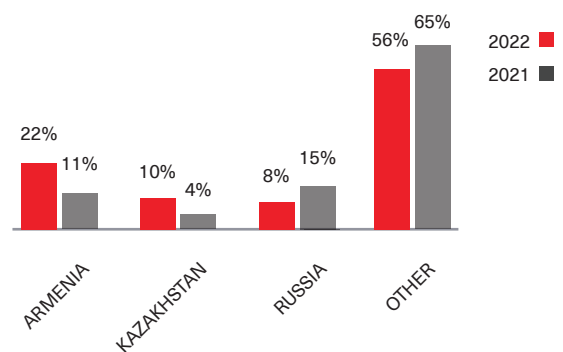
Ammonium nitrate – mainly originated from Rustavi (approximately 100 percent) where a fertilizer factory is based. In addition, ammonium nitrate was mostly directed to Poti (a 96% share of total exported ammonium nitrate).

Wheat – the origin station of wheat was Poti, due to one of the biggest grain warehouses in Georgia. Wheat was directed to Armenia in 2022.

Mineral waters – mainly originated from Borjomi with approximately 95 percent due to one of the biggest bottlers of mineral waters factory. Mineral waters were mainly transported to Russia and Kazakhstan with 49 percent and 33 percent in total exported mineral waters, respectively.

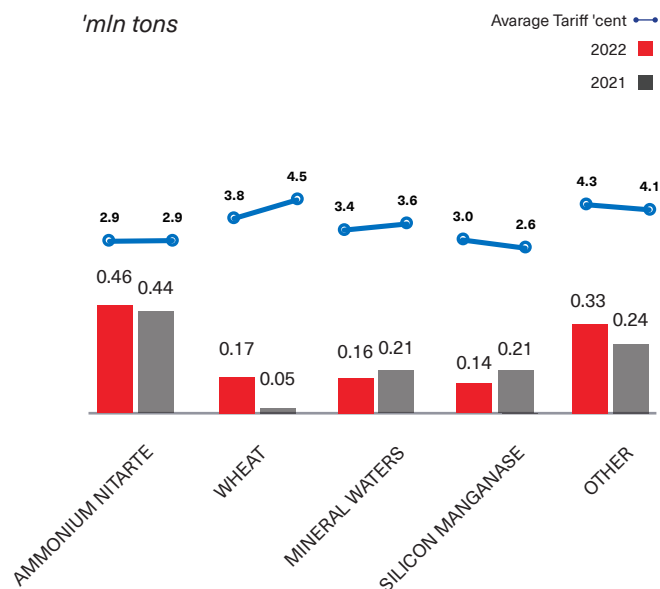
Silicon manganese – mainly originated from Zestaponi with approximately 99 percent (due to ferroalloys plant located there). Silicon manganese was mainly directed to Batumi Seaport (92 percent share in total exported silicon manganese), before being carried by vessel to final destinations.

DESTINATION COUNTRIES



* "Other" category includes cargo transported to the sea ports of Poti and Batumi by Georgian Railway before leaving the country by sea.

MAIN EXPORTED PRODUCT TYPES



DOMESTIC TRANSPORTATION

Domestic transportation concerns the movement of cargo from one station to another, within Georgia.

The share of domestic transportation in total transported volume was 13% in 2022, compared to 15% in 2021.

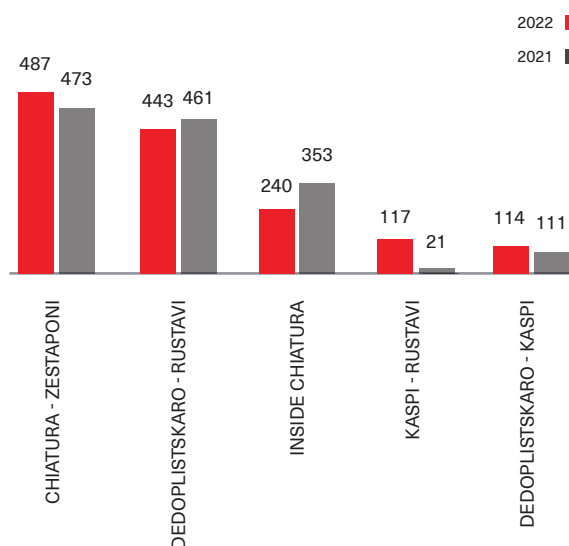
	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	% constant currency
Revenue (million GEL)	11.4	11.0	3.9%	14.8%
Freight Volume (million tons)	1.9	1.8	2.6%	NA
Freight Turnover (million tkm)	160.8	148.0	8.7%	NA
Revenue / tkm (in Tetri)	7.10	7.42	-4.4%	5.6%

MAIN FACTORS INFLUENCING PERFORMANCE

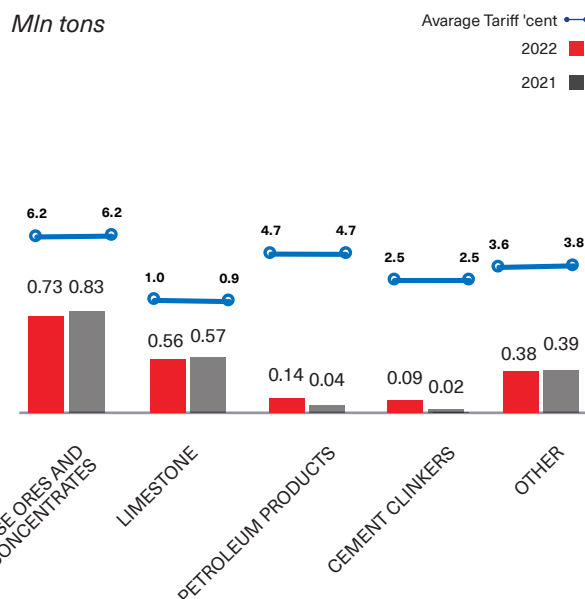
Freight turnover – 8% increase was primarily due to increased transportation on the Kaspi-Rustavi route in 2022, compared to 2021.

Revenue / tkm (in Tetri) – 6% increase at constant currency was due to a decrease in transportation from Dedoplistskaro and Poti (a relatively less profitable direction), while the shares of more profitable directions increased in 2022, compared to 2021.

MAIN ROUTES OF DOMESTIC TRANSPORTATION



MAIN DOMESTIC PRODUCT TYPES



MAIN DIRECTIONS OF CARGO

Manganese ores and concentrates - the origin station for manganese ores and concentrates was Chiatura (due to manganese mine). Mentioned product is directed to Chiatura and Zestaponi due to ferroalloys factories located in these cities, which are responsible for processing manganese ores and concentrates.

Limestone – the origin station of limestone was Dedoplistskaro (due to open quarries where limestone is mined). 80 percent and 20 percent of the transported domestic limestone was directed to Kaspi and Rustavi, respectively, where the main cement factories of country are located.

Petroleum products include motor petrol and diesel fuel.

Motor petrol – mentioned product was mainly transported to Tbilisi and Samtredia with 56 percent and 32 percent

respectively mainly for domestic use.

Diesel fuel – mentioned product was mainly transported to Tbilisi and Samtredia with 46 percent and 41 percent respectively mainly for domestic use.

Cement clinkers - mainly originated from Kaspi with approximately 100 percent. Cement clinkers are directed to Rustavi, due to cement factories located there.

TRANSIT TRANSPORTATION

Transit here means the movement of cargo from one foreign country to another, through Georgia.

The share of transit transportation in the total volume of cargo transported on the whole GR network was 59% in 2022, compared to 55% in 2021.

	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	% constant currency
Revenue (million GEL)	277.3	245.6	12.9%	24.7%
Freight Volume (million tons)	8.7	6.7	28.6%	NA
Freight Turnover (million tkm)	3,184.2	2,432.5	30.9%	NA
Revenue / tkm (in Tetri)	8.71	10.10	-13.7%	-4.7%

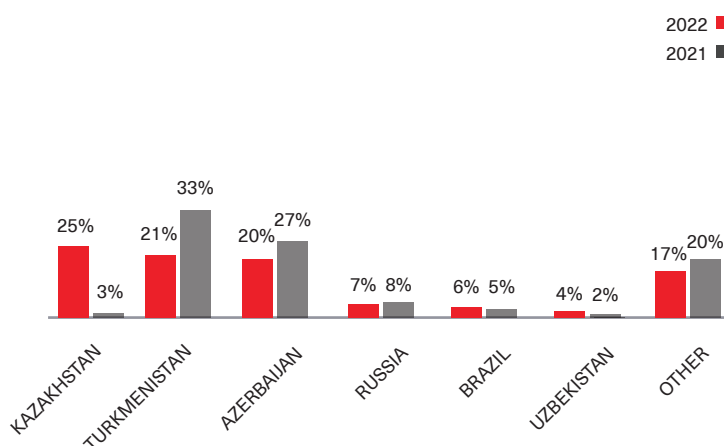
MAIN FACTORS INFLUENCING PERFORMANCE

Freight turnover – 31% increase was mainly due to an increase in transportation from Kazakhstan by 1,944,000 tons in 2022, compared to 2021.

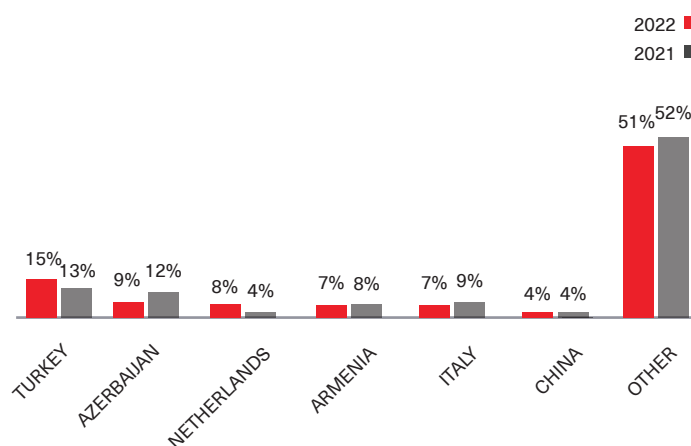
Revenue / tkm (in Tetri) – 5% decrease at constant currency was mainly attributed to the decrease in transportation

on the Ukraine-Azerbaijan, China-Turkey and Ukraine-Uzbekistan routes (all relatively more profitable routes), while the transported volumes on the Kazakhstan-Turkey, Kazakhstan-Netherlands and Kazakhstan-Italy routes (all relatively less profitable routes) increased in 2022, compared to 2021.

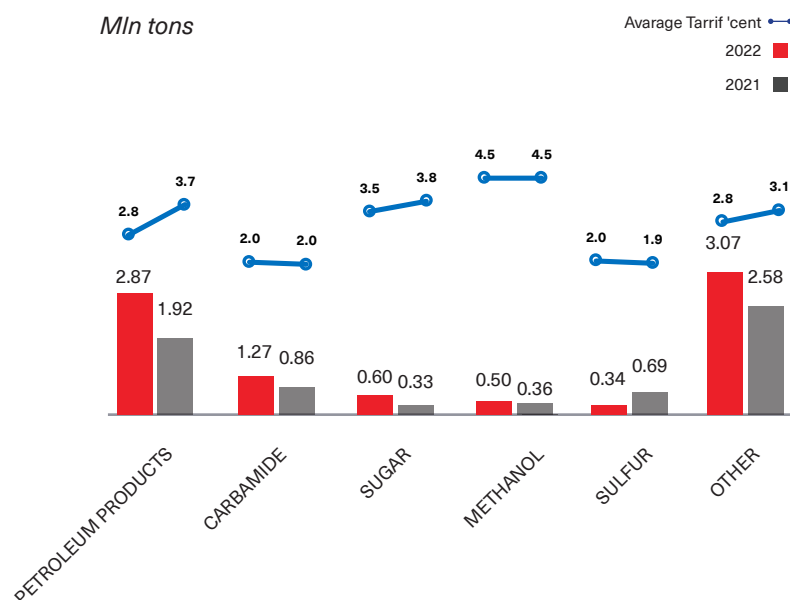
ORIGIN COUNTRIES



DESTINATION COUNTRIES



MAIN TRANSIT PRODUCT TYPES



MAIN DIRECTIONS OF CARGO

Petroleum products include heavy fuel oil, light fuel oil, diesel fuel, gas oil, special petrol and crude oil.

Heavy fuel oil – two main transit routes for heavy fuel oil transit transportation were Kazakhstan-Netherlands and Kazakhstan-Turkey, representing 38 percent and 34 percent, respectively, in 2022.

Light fuel oil – two main transit routes for light fuel oil transit transportation were from Turkmenistan to the Black Sea ports (Batumi, Poti and Parto Tskali) and Turkmenistan-Italy, representing 72 percent and 18 percent, respectively, in 2022.

Diesel fuel – the three main transit routes for diesel fuel transit transportation were from Azerbaijan to the Black Sea ports (Batumi, Poti and Parto Tskali), Russia-Armenia and from Turkmenistan to the Black Sea ports (Batumi and Parto Tskali), representing 40 percent, 35 percent and 11 percent, respectively, in 2022.

Gas oil – two main transit routes for gas oil transit transportation were Azerbaijan-Italy and from Azerbaijan to the Black Sea ports (Batumi, Poti and Parto Tskali), representing 54 percent and 38 percent, respectively, in 2022.

Special petrol – two main transit routes for special petrol transit transportation were Russia-Armenia and from Azerbaijan to the Black Sea ports (Batumi, Poti and Parto Tskali), representing 75 percent and 10 percent, respectively, in 2022.

Crude oil – main transit route for crude oil transit transportation

was from Kazakhstan to the Black Sea ports (Batumi, Poti and Parto Tskali), representing 84 percent in 2022.

Carbamide – main transit routes for carbamide transit transportation were from Turkmenistan to the Black Sea ports (Batumi, Poti and Parto Tskali), Azerbaijan-Bulgaria, Azerbaijan-Romania, Azerbaijan-India and Uzbekistan-Bulgaria, accounting for 53 percent, 7 percent, 4 percent, 4 percent and 6 percent, respectively, in 2022.

Sugar – main transit routes for sugar transit transportation were Brazil-Azerbaijan, Brazil-Uzbekistan, Brazil-Armenia and Mexico-Azerbaijan, accounting for 43 percent, 23 percent, 12 percent and 8 percent, respectively, in 2022.

Methanol – three main routes for methanol transit transportation were from Azerbaijan to the Netherlands, from Azerbaijan to Turkey and Azerbaijan-Romania, accounting for 36 percent, 25 percent and 17 percent, respectively, in 2022.

Sulfur – two main transit routes for sulfur transit transportation were from Turkmenistan to the Black Sea (Poti) and Turkmenistan-Singapore, accounting for 48 percent and 34 percent, respectively.

TRANSPORTATION BY BORDER CROSSING

RAIL FREIGHT VOLUMES BY BORDER CROSSING

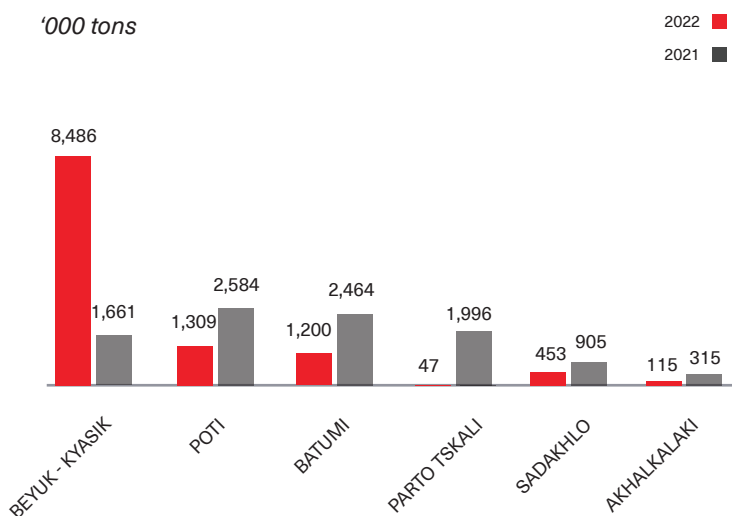
JSC Georgian Railway has three land border crossings, connecting Georgia with three of its neighboring countries, namely Azerbaijan, Armenia and Turkey*. Specifically, the Beyuk-Kyasik station connects the Company to Azerbaijan via the corresponding station of Gardabani in Georgia. Meanwhile, Georgia is connected to Armenia via Sadakhlo station and to Turkey via Akhalkalaki station. GR is also connected to the Black Sea ports, such as Poti, Batumi and Parto Tskali (Kulevi).

The freight data below show the border stations at which freight enters and leaves the country. Overall, 78% of in-

coming cargo was transported via land border crossings, while 71% of outgoing cargo departed from ports. This shows that the main direction for freight in Georgia is from east to west, as most of it enters the country from Azerbaijan and leaves via maritime transport on the Black Sea.

**The Company also has a rail connection with Russia through Abkhazia, which is currently not operational.*

RAILWAY FREIGHT VOLUMES BY THE BORDER CROSSINGS



Incoming rail volume - Beyuk-Kyasik station has the largest portion, contributing to 94 percent of cargo arriving from land border crossings and constituting 73 percent of the total incoming cargo. Notably, the primary entry points for incoming cargo were Poti Port and Batumi Sea Port, responsible for 51 percent and 47 percent of the volume entering the country through ports, respectively. However, these ports represent a relatively smaller proportion of the overall incoming cargo, standing at just 11 percent and 10 percent, respectively.

Outgoing rail volume - the majority (71 percent) of outgoing cargoes exit the country via parto Tskali, Batumi Sea Port and Poti Port. On the other hand, Beyuk-Kyasik stands out as the key land departure point, accounting for 17 percent of the total volume leaving the country and facilitating 58 percent of the entire volume departing via land borders.

BORDER CROSSINGS FOR IMPORTED PRODUCTS

The share of total imports to come into Georgia via Beyuk-Kyasik was 68% in 2022, compared to 56% in 2021. The 12 percentage point increase was due largely to an increase in transportation from Russia. The main origin countries for imports through Beyuk-Kyasik station were Russia (mostly petroleum products) and Azerbaijan (mostly cement clinkers) with 1,063,000 tons and 631,000 tons, respectively.

The share of Black Sea ports (Poti, Batumi and Parto Tskali) used for imported products was 24% in 2022, compared to 36% in 2021. The 12 percentage point decrease was due to a decrease in transportation from Bulgaria and Romania. Meanwhile, the main exporting countries using Black Sea ports to enter the country were Russia, Bulgaria and Romania (mostly petroleum products) with 151,000 tons, 119,000 tons and 118,000 tons.

BORDER CROSSINGS FOR EXPORTED PRODUCTS

The share of Black Sea ports (Poti, Batumi and Parto Tskali) in total exports was 53% in 2022, compared to 69% in 2021. The main exported products were ammonium nitrate (444,000 tons) and silicon manganese (133,000 tons). The share of total exports leaving the country via Beyuk-Kyasik was 25% in 2022, compared to 20% in 2021. The main destination countries for exported cargo leaving the country through Beyuk-Kyasik station were Kazakhstan and Russia, with 122,000 tons and 103,000 tons, respectively (mostly mineral water).

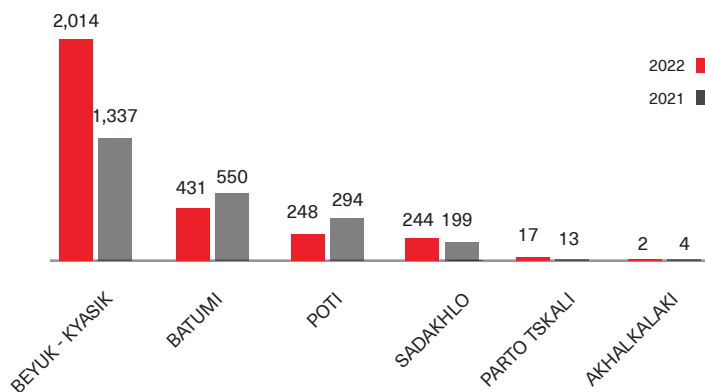
The share of total exports to leave the country via Sadakhlo was 22% in 2022, compared to 11% in 2021. The only destination country from this border was Armenia, with 282,000 tons (mostly wheat).

BORDER CROSSINGS FOR TRANSIT PRODUCTS

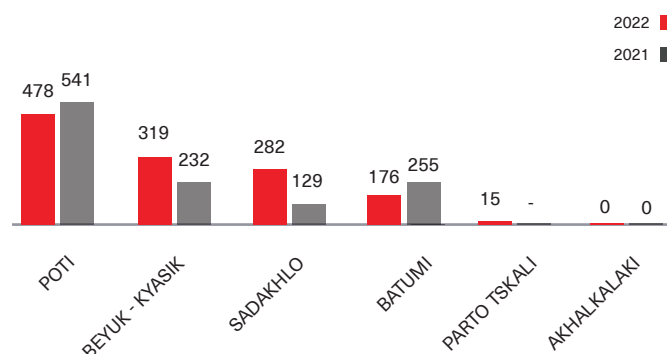
Beyuk-Kyasik station received the highest share of incoming transit volumes at 75% in 2022, compared to 72% in 2021. The main origin countries for such incoming cargo were Azerbaijan, Turkmenistan and Kazakhstan, with 2,148,000 tons, 1,792,000 tons and 1,767,000 tons, respectively.

With respect to outgoing transit volumes, (Poti, Batumi and Parto Tskali) the highest share belonged to Black Sea ports in 2022, standing at 74%, compared to 69% in 2021. The main destination countries were Turkey, Netherlands and Italy, with 1,015,000 tons, 678,000 tons and 547,000 tons, respectively.

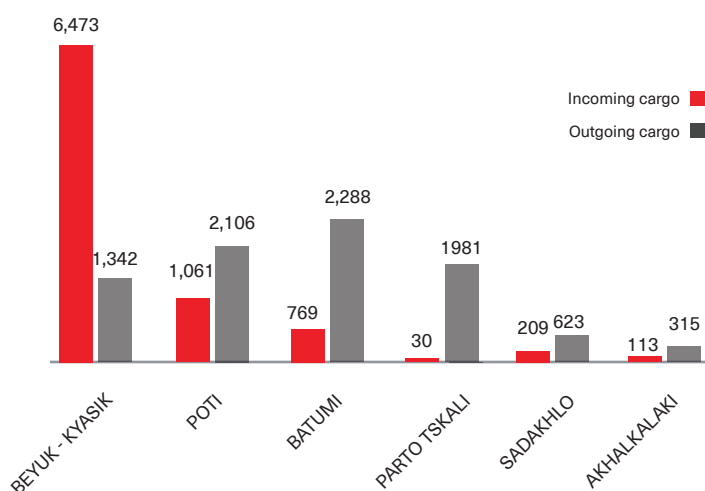
BORDER CROSSING FOR IMPORT ('000 TONS)



BORDER CROSSING FOR EXPORT ('000 TONS)



BORDER CROSSING FOR TRANSIT ('000 TONS)



CONTAINER TRANSPORTATION

Approximately 10% of the total transported cargo in 2022 was containerized goods, with the rest being bulk and breakbulk. Although containerized transportation still has

a relatively low share, its volumes have been increasing steadily in recent years.

For the year ended 31 December	2022	2021	2020
NUMBER OF CONTAINERS			
20 feet	48,351	40,026	48,906
40 feet	20,006	17,085	16,809
TOTAL	68,357	57,111	65,715
% Change	19.7%	-13.1%	2.8%
NUMBER OF CONTAINERS IN TEUS			
	88,363	74,196	82,524
% Change	19.1%	-10.1%	4.5%
TONS '000			
	1,502.6	1,201.6	1,317.5
% Change	25.1%	-8.8%	3.3%

Number of containers – A 20% rise was due to an increase in the number of containers transported from Kazakhstan (by 9,556 units) and from Georgia (by 4,865), which was

partially offset by a decrease in the number of containers transported from India (by 1,224) in 2022, compared to 2021.

For the year ended 31 December	2022	2021	2020
REVENUE (GEL '000)			
20 feet containers	21,046	17,009	20,630
40 feet containers	13,156	12,743	12,971
TOTAL	34,202	29,753	33,601
% Change	15.0%	-11.5%	14.6%
AVERAGE TARIFF IN GEL			
20 feet containers	435.3	424.9	421.8
40 feet containers	657.6	745.9	771.7
AVERAGE TARIFF IN GEL	500.3	521.0	511.3
% Change	-4.0%	1.9%	11.5%

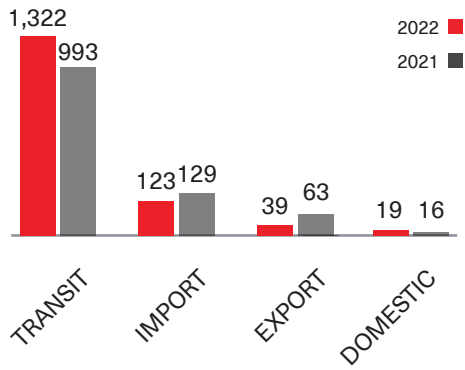
*Average tariff represents revenue divided by number of containers

Revenue/number of containers (in GEL) – A 4% decrease was largely attributable to a decrease in the number of containers going from USA and Turkmenistan (relatively more profitable directions), while the number of containers transported from Georgia and Kazakhstan (relatively less profitable directions) increased in 2022, compared to 2021.

In 2021, the COVID-19 pandemic had a significant effect on the volume of containers transported by Georgian ports. Nonetheless, the share of containerized cargo transported by the Group remained considerably stable at around 10% in the total transported volume. Moreover, containerized transportation increased in 2022, surpassing both the 2021 and pre-pandemic levels.

The Group's container transportation consists of transit, import, export and domestic transportation routes. In 2022, their shares were about 88%, 8%, 3% and 1%, respectively, compared to 83%, 11%, 5% and 1% respectively in 2021.

CONTAINERS BY TRANSPORTATION TYPE
'000 tons



BAKU-TBILISI-KARS LINE

On 30 October 2017, the Baku-Tbilisi-Kars (BTK) railway line became operational. The BTK link directly connects Azerbaijan, Georgia and Turkey. In 2017, the first train passed through this line.

In 2022, the total freight volume transported on the BTK line decreased by 15%, compared to 2021. However, the

cargo volume transported by container on the BTK line increased by 15%, contributing 88% of total transported cargo on the BTK line in 2022 (compared to 68% in 2021). Ultimately, the BTK line is becoming more appealing for containerized transportation, annually.

For the year ended 31 December	2022	2021	2020
NUMBER OF CONTAINERS			
20 feet	8,083	5,020	4,267
40 feet	5,828	7,736	3,102
TOTAL	13,911	12,756	7,369
% Change	9.1%	73.1%	83.8%
NUMBER OF CONTAINERS IN TEU			
% Change	-3.7%	95.7%	88.0%
NUMBER OF RAILCARS			
% Change	-45.6%	87.7%	258.6%
TONS '000			
% Change	-11.0%	95.0%	112.4%

Number of containers – A 9% rise was due to an increase in the number of containers transported from Kazakhstan (by 3,292 units) and from Turkey (by 674), which was

partially offset by a decrease in the number of containers transported from Turkmenistan (by 1,568) in 2022, compared to 2021.

For the year ended 31 December	2022	2021	2020
REVENUE (THOUSAND GEL)			
20 feet containers	3,828.5	2,146.3	2,070.7
40 feet containers	3,213.2	4,295.4	1,832.1
TOTAL REVENUE	7041.7	6441.7	3902.8
% Change	9.3%	65.1%	93.5%
AVERAGE TARIFF IN GEL			
20 feet containers	473.7	427.6	485.3
40 feet containers	551.3	555.2	590.6
AVERAGE TARIFF IN GEL	506.2	505.0	529.6
% Change	0.2%	-4.6%	5.3%

*Average tariff represents revenue divided by number of containers

Revenue/number of containers (in GEL) – The average tariff on containerized transportation on the BTK line re-

corded a marginal 0.2% increase in 2022, compared to 2021.

FREIGHT HANDLING

General description

Freight handling revenue stems from the following sources:

- | Station services, such as railcar marshaling, freight pick-up, delivery at customer facilities and other related services;
- | 24-hour railcar delays, represented by a fee paid by customers for the return of GR's own railcars after an initial 24 hours from its delivery at an agreed destination;
- | Other services, such as cargo loading/unloading, storage, accelerated service fees and other sources.

Currency and tariff setting

Most of the freight handling revenue (about 70%) in 2022 was denominated in USD, while the rest was denominated in GEL. The Group sets its tariffs independently.

Drivers

The revenue from this source largely correlates with transportation volumes in tons. That correlation, however, is not absolute as many other factors can have an influence.

FREIGHT HANDLING

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
STATION SERVICES	64,367	59,221	8.7%	5,146
24-HOUR SERVICE	26,368	8,389	214.3%	17,979
OTHER	1,444	2,256	-36.0%	-811
TOTAL	92,180	69,865	31.9%	22,314

Revenue from freight handling for Q4 2022 increased by 42.6%, compared to Q4 2021 and decreased by 0.2%, compared to Q3 2022.

by a GEL 18 million increase in 24-hour services and by a GEL 5.1 million increase in receiving station services.

Factors influencing performance

31.9% increase during the period under review, compared to the same period of the previous year, was mainly driven

LOGISTICS SERVICES

General description

Revenue from logistics services is generated by GR's subsidiaries.

Currency and tariff setting

Revenue from logistics services is denominated in USD (22%) and GEL (78%).

Drivers

Revenue from this source corresponds largely with transportation turnover and volume in tons.

LOGISTICS SERVICES

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
REVENUE FROM LOGISTICS SERVICES	123,071	69,371	77.4%	53,701

Revenue from logistics services for Q4 2022 increased by 50.7%, compared to Q4 2021 and decreased by 6.9%, compared to Q3 2022.

Factors influencing performance

A 77% increase in revenue from logistics services (GEL 53.7 million) during 2022, compared to 2021, was mainly driven by an increase in revenue from railcar and contain-

erized transportation by one of GR's subsidiary companies, as well as other subsidiaries providing services for crude oil and oil product transportation.

**Logistics revenue and expenditures should be taken into consideration jointly (See pg.141 Logistics service expenses).*

RENT OF WAGONS AND OTHER RENTAL INCOME

General description

The Group rents out wagons not used in transportation and other property in order to improve the utilization rate of its assets.

Currency and tariff setting

Revenue from the rent of wagons and other operating leases is mostly denominated in USD.

Drivers

Rent of wagons and other rental income changes in accordance with the availability of the Group's wagons not used for transportation and demand for that specific type of wagon in the region.

RENT OF WAGONS AND OTHER RENTAL INCOME

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
RENT OF WAGONS AND OTHER RENTAL INCOME	4,072	4,647	-12.4%	-575

Rent of wagons and other rental income for Q4 2022 decreased by 141.9%, compared to Q4 2021 and by 122.0%, compared to Q3 2022.

12.4% (GEL 0.6 million) during 2022, compared to 2021. That decrease was mainly due to GEL appreciation against foreign currency.

Factors influencing performance

Rent of wagons and other rental income decreased by

FREIGHT CAR CROSS-BORDER CHARGES

General description

Freight car cross-border charge revenue is derived when the Group's railcars are used by other national railways.

Currency and tariff setting

Revenue from freight car cross-border charges is denominated in CHF and tariffs are set by the Council for Rail Transport of CIS States (CRT CIS).

Drivers

Freight car cross-border charge revenue changes in line with the number of days the Group's railcars are used by other railway companies, which in its turn depends on the cargo mix and the availability of freight cars in the region.

FREIGHT CAR CROSS-BORDER CHARGES

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
FREIGHT CAR CROSS-BORDER CHARGES	9,703	9,910	-2.1%	-208

Freight car cross-border charge revenue for Q4 2022 increased by 69.3%, compared to Q4 2021 and rose by 112%, compared to Q3 2022.

to 2021. This downturn was primarily due to a decrease in the usage of GR's tank cars and open top box-cars on foreign railway networks.

Factors influencing performance

The revenue from freight car cross-border charges decreased by about 2.1% (GEL 0.2 million) in 2022, compared

PASSENGER TRAFFIC

General description

GR's passenger transportation services comprise domestic and international routes. Meanwhile, long-distance traffic accounts for the majority of the Group's passenger traffic, while regional (shorter-distance) services, in particular suburban services, typically serve the low-income segments of society, with symbolic/minimal ticket fares. Georgia is linked by rail to Azerbaijan and Armenia and thus international transportation services are provided to both countries.

able ticket prices, below the market rate. At the same time, GR maintains certain passenger trains, even when such routes are not economically feasible.

Tariffs for international transportation are set through negotiations between countries and are denominated in CHF.

Drivers

Passenger revenue changes in line with the tariffs set and the number of passengers transported.

Currency and tariff setting

Tariffs for domestic trains are set independently by the Group in GEL. At the behest of the GoG, the Group afford-

PASSENGER TRANSPORTATION

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
REVENUE IN GEL '000	27,423	14,808	85.2%	12,616
NUMBER OF PASSENGERS '000	1,605	816	96.6%	789

Revenue from passenger transportation for Q4 2022 increased by 116.9% (GEL 4.1 million), compared to Q4 2021, but decreased by 23.8% (GEL 2.4 million) compared to Q3 2022.

Factors influencing performance

Revenue from passenger transportation increased by 85.2% in 2022, compared to 2021 and the number of passengers increased by 96.6%. That change is related to a

significant increase in the number of passengers transported, as well as the increased tariff set on mainline tickets from July 2022.

The COVID-19 pandemic had a material negative impact on the Passenger SBU as, in line with the Government regulations, all public passenger transportation was stopped from March until June in 2020 and, subject to certain limited exceptions, again from November 2020 until February 2021.

OTHER REVENUE

General description

Other revenue is mostly denominated in GEL and comprises items such as revenue from the sale of scrap, commu-

nication services, electricity transportation and repair services for third parties.

OTHER REVENUE

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
REVENUE FROM REPAIR	317	144	120.3%	173
REVENUE FROM SALE OF MATERIALS	24,166	23,026	5.0%	1,140
(SCRAP)	5,394	2,167	148.9%	3,227
TOTAL	29,878	25,337	17.9%	4,541

Other revenue for Q4 2022 decreased by 436.1%, compared to Q4 2021 and increased by about 355.5%, compared to Q3 2022.

Factors influencing performance

Other revenue increased by GEL 4.5 million in 2022, compared to 2021. This change was mainly due to an increase

in revenue from sale of scrap by GEL 1.1 million and greater revenue from sale of goods and materials (except for scrap) by GEL 2.8 million in 2022, compared to 2021.

1.2 OTHER INCOME

General description

Other income mostly includes items such as penalties issued to clients and suppliers, the sale of fixed assets and provision reversals.

To better illustrate the operational profitability of the Group, other income is split into the following two categories: con-

tinuing operations (such as penalties issued to suppliers and clients) and non-continuing operations (such as provision reversals or sales of fixed assets), which are not recurring activities of the business.

OTHER INCOME

GEL '000	TOTAL		CHANGE	
<i>For the year ended 31 December</i>	2022	2021	%	<i>Absolute</i>
CONTINUING OPERATIONS	5,113	3,391	50.8%	1,722
NON-CONTINUING OPERATIONS	10,712	5,560	92.7%	5,152
TOTAL	15,825	8,951	76.8%	6,873

Other income for Q4 2022 decreased by 166.8% (GEL 6.7 million) compared to Q4 2021 and decreased by 134% (GEL 10.5 million), compared to Q3 2022.

compared to 2021. That increase was mainly due to additional income for tax purposes (GEL 4.8 million).

Factors influencing performance

Total other income increased by GEL 6.9 million in 2022,

1.3 OPERATING EXPENSES

General description

Most of the Group's operating expenses are fixed. Its variable expenses that depend on the volume of transportation include freight car cross-border charges, electricity

for traction, fuel expenses, materials and repair and maintenance expenses.

OTHER INCOME

GEL '000	TOTAL		CHANGE		
For the year ended 31 December	2022	2021	%	% Constant Currency	Absolute
EMPLOYEE BENEFITS EXPENSE	197,708	180,701	9.4%	20.9%	17,006
DEPRECIATION AND AMORTIZATION EXPENSES	66,585	58,397	14.0%	26.0%	8,188
IMPAIRMENT GAIN/LOSS ON TRADE RECEIVABLES	-840	2,791	-130.1%	-133.2%	-3,631
ELECTRICITY	43,916	30,857	42.3%	57.2%	13,059
MATERIALS	15,237	12,103	25.9%	39.1%	3,134
REPAIRS AND MAINTENANCE	10,569	5,062	108.8%	130.7%	5,507
FUEL	10,485	6,545	60.2%	77.0%	3,941
FREIGHT CAR CROSS-BORDER CHARGES	10,928	4,065	168.8%	197.0%	6,863
LOGISTICS SERVICES	71,285	32,918	116.6%	139.2%	38,366
SECURITY AND OTHER OPERATING EXPENSES	22,054	27,533	-19.9%	-11.5%	-5,479
TAXES OTHER THAN INCOME TAX	24,254	30,458	-20.4%	-12.0%	-6,204
TOTAL	472,181	391,431	20.6%	33.3%	80,750

Total operating expenses for Q4 2022 increased by 20.6%, compared to Q4 2021 and by 33.3% compared to Q3 2022.

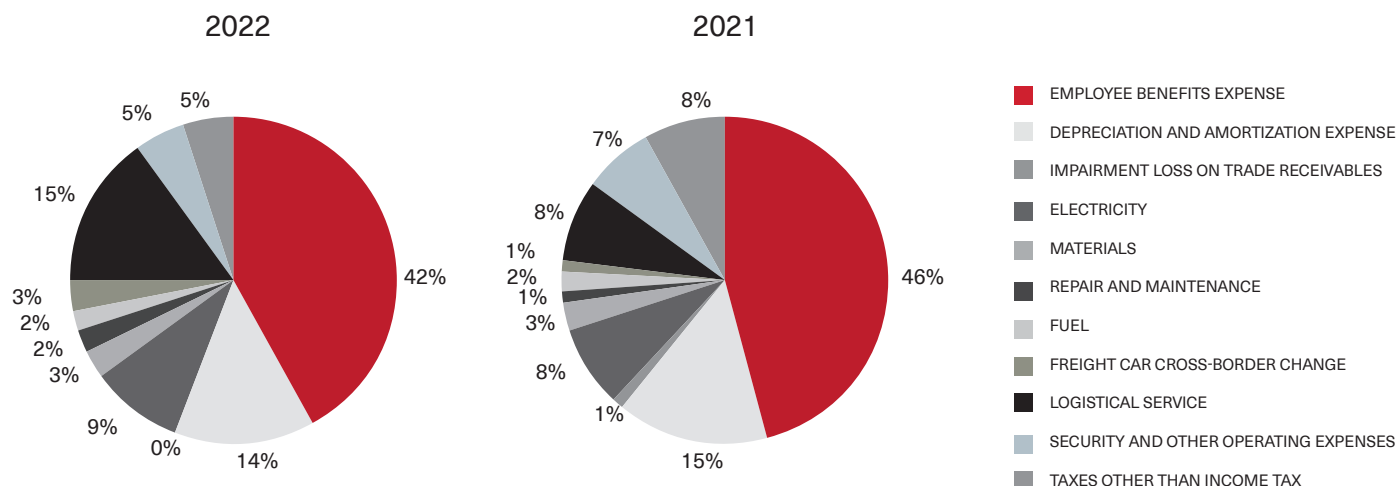
Factors influencing performance

The increase in total operating expenses in 2022 was mainly driven by a rise in logistics service expenses (GEL 38.4 million), employee benefits (GEL 17.0 million), electric-

ity (GEL 13.1 million), depreciation (GEL 8.2 million) and freight car cross-border charges (GEL 6.9 million).

This increase was partially offset by a decrease in security and other operating expenses (GEL 3.6 million) and an impairment gain on trade receivables (of GEL 3.6 million).

The following charts present the cost structure for 2022 and 2021:



EMPLOYEE BENEFITS EXPENSES

General description

The Group's salary expenses are fixed and are denominated in GEL. As a result, there are not affected either by

transportation volume or by FX changes.

EMPLOYEE BENEFITS EXPENSES

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
SALARY	151,458	150,613	0.6%	845
BONUS-REWARD	11,146	10,480	6.4%	666
OTHER BENEFITS	35,103	19,607	79.0%	15,496
TOTAL	197,708	180,701	9.4%	17,007

Employee benefits expenses for Q4 2022 decreased by 0.1% compared to Q4 2021 and increased by 14.3% compared to Q3 2022.

Factors influencing changes

The Group is one of the largest corporate employers and taxpayers in Georgia. This underlines its importance for the GoG in terms of the economic and social benefits it brings the country. Total employee benefits expenses increased by GEL 17.0 million in 2022, compared to 2021.

In September 2021, the Group's management increased the wages of approximately 12,000 employees. As a result, in 2022, salary expenses increased by GEL 0.8 million.

Under the bonus-reward program, in 2022 a 6.4% increase

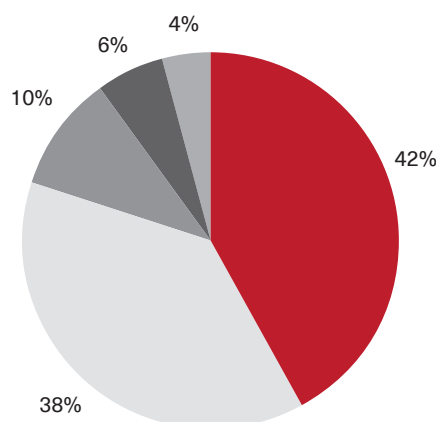
was recorded due to additional bonuses being paid to employees on the 150th anniversary of the Company.

A GEL 15.5 million increase in other benefits was mainly due to expenses related to additional financial support provided to employees.

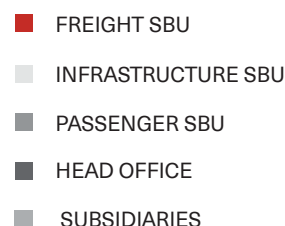
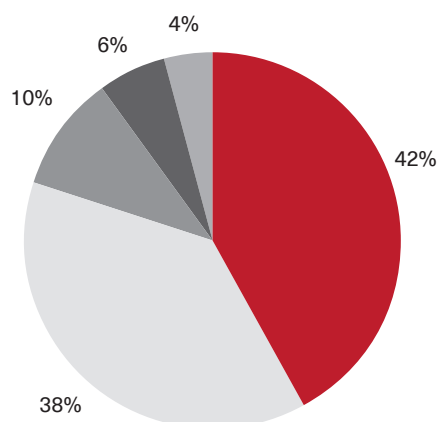
The number of GR employees (excluding subsidiaries) by the end of 2022 was 11,887, representing a slight decrease compared to the end of 2021 (11,925).

The following charts present headcounts by SBU and head office of the Company:

Distribution of staff by business units as at the end of September 2022



Distribution of staff by business units as at the end of September 2021



LAW ON FUNDED PENSIONS

Law of Georgia on Funded Pensions, introduced in January 2019, regulates payments of funded pension, which are conducted independently from the state pension and state compensation. Joining the funded pension scheme was mandatory for all employees, except for those to have reached retirement age (60 for men and 55 for women) before the entry into force of this law. Moreover, employees had the option to exit their paid pension scheme if they

reached the age of 40 prior to the law's enforcement. Employees could withdraw from the accumulative pension plan no sooner than three months and no later than five months after the statute went into effect. All employees over retirement age are eligible to join the funded pension program on a voluntary basis. The number of GR employees by the end of 2021 participating in the pensions scheme was around 5,500.

DEPRECIATION AND AMORTIZATION EXPENSES

General description

The Group's depreciation and amortization expenses are mainly affected by capital additions and property retirements, disposals, sales, or abandonments. Such expenses

are denominated in GEL and are thus not affected by fluctuations in foreign exchange rates.

DEPRECIATION AND AMORTIZATION EXPENSES

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
DEPRECIATION AND AMORTIZATION	66,585	58,397	14.0%	8,188

Depreciation and amortization expenses for Q4 2022 increased by 318.2% compared to Q4 2021 and increased by 203.9% compared to Q3 2022.

GEL 66.6 million in 2022, as compared to GEL 58.4 million in 2021, 14.0% increase was due to constructions which were put into operations recently, as well as, increase in investing activities such as acquisition of PPE.

Factors influencing changes

The Group's depreciation and amortization expense was

ELECTRICITY EXPENSES

General description

Approximately 98% of GR's railway network is electrified. Before September 2011, the Company purchased most of its electricity on the open market in Georgia. However, in September 2011, the Company entered into a 10-year agreement for the purchase of electricity at fixed tariffs (known as the Electricity Agreement), securing a set price for more than 90% of the Company's electricity needs. The remaining amount was procured on the open market. The Electricity Agreement expired in 2021 though and the Company has since again been purchasing electricity on

the open market. The tariffs are denominated in GEL.

Electricity expenses are split into two categories: electricity expenses for traction, which are driven by transportation turnover (the Group uses electric locomotives for freight transportation, electric trains (EMUs) for passenger transportation and diesel locomotives for shunting operations); and utility expenses, which are not related to transportation volume and are normally considered to be fixed.

ELECTRICITY EXPENSES

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
ELECTRICITY EXPENSES FOR TRACTION	37,723	25,889	45.7%	11,834
UTILITY EXPENSES	6,193	4,968	24.7%	1,225
TOTAL	43,916	30,857	42.3%	13,059

Electricity expenses for Q4 2022 increased by 6.4% compared to Q4 2021 and by 9.9% compared to Q3 2022.

Factors influencing changes

The electricity expenses in 2022, compared to 2021, in-

creased by GEL 13.1 million due to a significant increase in transportation turnover, as well as higher average tariffs for electricity (see table: "Purchased electricity and weighted average tariff").

PURCHASED ELECTRICITY AND WEIGHTED AVERAGE TARIFF

GEL '000	2022			2021		
For the year ended 31 December	GWh	Gross ton-km (million)	Weighted av. tariff (GEL)	GWh	Gross ton-km (million)	Weighted av. tariff (GEL)
JANUARY	10.8	472.4	0.276	9.9	479.6	0.155
FEBRUARY	11.3	546.4	0.290	9.3	452.0	0.155
MARCH	11.6	536.3	0.275	12.1	585.1	0.156
APRIL	12.8	647.2	0.262	10.0	489.8	0.153
MAY	13.8	707.3	0.218	10.9	537.9	0.153
JUNE	13.3	673.2	0.218	10.0	461.1	0.153
JULY	14.4	690.5	0.193	10.9	497.3	0.188
AUGUST	13.8	642.9	0.230	11.0	503.2	0.243
SEPTEMBER	14.0	674.9	0.245	10.7	508.7	0.264
OCTOBER	13.0	612.5	0.267	10.4	474.4	0.270
NOVEMBER	13.4	641.3	0.235	10.6	491.8	0.263
DECEMBER	13.7	620.0	0.221	12.1	579.8	0.259
TOTAL	155.8	7,464.7	0.244	127.9	6,060.8	0.201

Note: The table above includes only electricity consumed for traction

MATERIALS, REPAIR AND MAINTENANCE EXPENSES

General description

The Group purchases its inventory and uses relevant materials for repair works performed internally by its employees, all of which is presented under “materials expenses.” However, some repair works are outsourced and are presented under “repair and maintenance expenses.”

The Group's materials and repair and maintenance expenses are all tied to its rolling stock equipment balance,

its utilization rate and transportation volume. When transportation by the Group's rolling stock increases, so do the expenses for materials and repairs and maintenance. However, these expenses can also decrease where there is increased capital expenditure on the fleet and infrastructure, which reduces the need for repair and maintenance.

MATERIALS, REPAIR AND MAINTENANCE EXPENSES

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
MATERIALS EXPENSES	15,237	12,103	25.9%	3,134
REPAIR AND MAINTENANCE EXPENSES	10,569	5,062	108.8%	5,507
TOTAL	25,805	17,165	50.3%	8,595

Materials and repair and maintenance expenses for Q4 2022 increased by 37.9% compared to Q4 2021 and decreased by 12.6% compared to Q3 2022.

Factors influencing changes

A 50.3% increase during 2022 was mainly driven by more repair works being carried out (i.e. repair of rolling stock)

by GEL 5.5 million, which in turn was due to accelerated works on the Modernization Project. It was also influenced by a significant rise in transportation turnover in the period under review, as well as an increase in costs of raw material by GEL 2.1 million.

FUEL EXPENSES

General description

The Group's fuel consumption principally relates to diesel locomotives fulfilling shunting operations. It should be noted that the main driver for these operations is dry cargo. In everyday business processes, diesel locomotives are used for railcar marshaling, freight pick-up and delivery at customer facilities.

Another factor affecting fuel expenses is the nature of the cargo (whether it be import, export, local, or transit) and while transit cargo is mainly served at one of the Group's stations, most local, export and import cargo are served in two stations (the origin and destination stations).

FUEL EXPENSES

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
FUEL EXPENSES	10,485	6,545	60.2%	3,941

Fuel expenses for Q4 2022 increased by 48.7% compared to Q4 2021, but decreased by 1.9% compared to Q3 2022.

in 2022, compared to 2021 due to changes in petroleum product prices.

Factors influencing changes

Total fuel expenses increased by 60.2% (GEL 3.9 million)

FUEL CONSUMPTION

	2022	2021	2020
CONSUMPTION ('000 TONS)	3,149	2,913	2,980
FUEL EXPENSES ('000 GEL)	10,486	6,545	6,184
AVG TARIFF	3.33	2.25	2.07

FREIGHT CAR CROSS-BORDER CHARGE EXPENSES

General description

Freight car cross-border charge expenses represent short-term rents derived from the usage of other railways' railcars on the Group's network, for which a daily fee is charged. This expense offsets the freight car cross-border

charge revenue. The expense is based on CHF tariffs and thus is tied to the GEL/CHF exchange rate and the amount of cargo transported by GR using other railway companies' railcars.

FREIGHT CAR CROSS-BORDER CHARGE EXPENSES

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
FREIGHT CAR CROSS-BORDER CHARGE	10,928	4,065	168.8%	6,863

Freight car cross-border charge expenses for Q4 2022 increased by 427.1% compared to Q4 2021, but decreased by 28.7% compared to Q3 2022.

GEL 6.9 million, mostly due to the increased usage of various freight wagons including platform cars and grain hoppers in 2022, compared to 2021.

Factors influencing changes

Freight car cross-border charge expenses increased by

LOGISTICS SERVICE EXPENSES

General description

Expenses for logistics services refer to costs incurred by the Group's logistics business for international transporta-

tion and/or for other types of transport.

LOGISTICS SERVICE EXPENSES

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
LOGISTICS SERVICES	71,285	32,918	116.6%	31,998

Expenses for logistics services for Q4 2022 increased by 120.8% compared to Q4 2021 and by 46.2% compared to Q3 2022.

was primarily due to the increased freight forwarding expenses of GR's subsidiaries in Azerbaijan and Kazakhstan.

**Logistics revenue and expenditure should be taken into consideration jointly (see pg. 131 Logistical services).*

Factors influencing changes

Expenses for logistics services in 2022 increased by 116.6% (GEL 32.0 million), compared to 2021. This change

SECURITY AND OTHER OPERATING EXPENSES

General description

Security expenses mainly comprise the Group's buildings, depots and railway station protection expenses. Other operating expenses consist of items such as communication, legal costs, consulting services, membership fees, rent ex-

penses and advertising expenses.

Security and other operating expenses are mostly denominated in GEL and are mainly fixed.

SECURITY AND OTHER OPERATING EXPENSES

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
SECURITY	10,390	9,731	6.8%	659
OTHER OPERATING EXPENSES	11,664	17,803	-34.5%	-6,139
TOTAL	22,054	27,534	-19.9%	-5,480

Security and other operating expenses for Q4 2022 increased 297.0 times compared to Q4 2021 and increased by 1.1 times compared to Q3 2022.

Specifically, security expenses increased by 6.8% (or GEL 0.7 million) in 2022 to GEL 10.4 million, compared to GEL 9.7 million in 2021.

Factors influencing changes

19.9% decrease in security and other operating expenses in 2022 compared to 2021 was mainly caused by an increase in other operating expenses.

GEL 6.1 million decrease in other operating expenses was recorded in 2022, compared to the previous year, mainly due to litigation expenses of GEL 5.1 million in 2021.

TAXES OTHER THAN INCOME TAX

General description

Land taxes are determined by the municipalities in which the land is located, while property taxes are calculated at 1% of the average book value of the asset. Meanwhile, rail-

way infrastructure assets, such as rail and transmission lines, are exempt from property tax.

TAXES OTHER THAN INCOME TAX

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
PROPERTY TAX	11,579	11,965	-3.2%	-386
LAND TAX	11,531	11,840	-2.6%	-309
OTHER TAXES*	1,143	6,652	-82.8%	-5,509
TOTAL	24,254	30,458	-20.4%	-6,204

Taxes other than income tax for Q4 2022 decreased by 49.6% compared to Q4 2021 and increased by 3.1% compared to Q3 2022.

Factors influencing changes

In 2022, there was a 20.4% decrease in taxes other than income tax, which amounted to GEL 6.2 million less than

the previous year. This decline was primarily driven by reduced taxes related to penalties on general cash cards for closing scrap realization, which amounted to GEL 6.5 million in 2021.

IMPAIRMENT GAIN/LOSS ON TRADE RECEIVABLES

General description

The allowance account with respect to trade receivables is used to record impairment losses until all possible oppor-

tunities for recovery have been exhausted; at that point the amounts are written off against the financial asset directly.

IMPAIRMENT GAIN/LOSS ON TRADE RECEIVABLES

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
IMPAIRMENT (GAIN)/LOSS ON TRADE RECEIVABLES	-840	2,791	-130.09%	-3,630

Impairment loss on trade receivables for Q4 2022 decreased by 5.1% compared to Q4 2021, but increased by 69.2% compared to Q3 2022.

lion impairment loss on trade receivables in 2021 due to the reversal of previously impaired account receivables.

Factors influencing changes

In 2022, the Group recorded an impairment gain on trade receivables of GEL 0.8 million, compared to a GEL 2.8 mil-

1.4 FINANCE INCOME AND COST

General description

The finance income of the Group mainly consists of interest accrued on the Group's cash balances and foreign exchange gains.

Meanwhile, finance costs mainly consist of interest expenses on the Group's debt and foreign exchange losses. The main source of FX gains or losses is the Group's Eurobonds, which are denominated in USD. This is, however,

partially offset by the Group's USD cash balances and receivables in foreign hard currencies. It must be noted that such FX gains or losses on Eurobonds are not monetary and will not be realized until maturity. The Group's revenue is mostly denominated in hard currencies (USD and CHF). As most tariffs are set in USD, the Group's revenue creates a natural economic hedge against foreign exchange fluctuations.

FINANCE INCOME AND COST

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
INTEREST INCOME	30,338	23,631	28.4%	6,707
GAIN ON MODIFICATION OF FINANCIAL INSTRUMENTS	-535	39	-1471.7%	-574
IMPAIRMENT GAIN/LOSS ON CASH IN BANK	140	0	100.0%	140
UNWINDING OF DISCOUNT	0	-115,734	-100.0%	115,734
LOSS ON MODIFICATION OF FINANCIAL INSTRUMENTS	-7,488	-987	658.6%	6,501
PREMIUM ON EARLY REDEMPTION OF ISSUED BONDS	0	-1,927	-100.0%	1,927
INTEREST EXPENSE	-62,471	-101,423	-38.4%	38,952
FX GAIN/LOSS	218,923	84,224	159.9%	134,699
NET FINANCE INCOME/LOSS	178,909	-112,177	-259.5%	291,086

Factors influencing changes

In 2022, the Group reported GEL 178.9 million net finance income compared to the net finance loss of GEL 112.2 million in 2021. The positive difference of GEL 291.1 million was mainly due to the payment of a premium on early redemption of issued bonds in June 2021. It was also impacted by the appreciation of the GEL against foreign currencies. Moreover, the Group experienced a net foreign exchange gain of GEL 218.9 million, due to the GEL's appreciation against the USD in 2022.

The premium on early redemption of issued bonds of GEL 115.7 million in the nine months of 2021 related to the Eurobonds refinancing process that took place in the second

quarter of 2021. GR repurchased Eurobonds 2022 by the end of June 2021 and issued Green Eurobonds with a 4% coupon rate.

Lower interest expenses during 2022, compared to 2021, were due to the lower coupon rate on new Green Eurobonds issued in 2021, as well as a change to the dates of semi-annual payments.

An increase in interest income of GEL 6.7 million in 2022 compared to the same period of 2021 was mainly due to the higher average cash balances.

1.5 INCOME TAX EXPENSES/BENEFITS

General description

In May 2016, the Parliament of Georgia adopted amendments to the Tax Code of Georgia, effective from 1 January 2017. According to the new tax code, the previously active

profit tax regulation was changed to the so-called “tax on distributed profits” model.

INCOME TAX EXPENSES/BENEFITS

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
Income tax benefits/(costs)	-644	-500	28.9%	-145

Factors influencing changes

In May 2016, the Parliament of Georgia adopted amendments to the Tax Code of Georgia, effective from 1 January 2017. According to the new tax code, the previous system

was changed to a so-called “tax on distributed profits” model. During 2022, income tax expenses increased by 28.9% (GEL 0.1 million), compared to 2021.

II. BALANCE SHEET

2.1 NON- CURRENT ASSETS

GEL '000	TOTAL		CHANGE	
As at 31 December	2022	2021	%	Absolute
PROPERTY, PLANT AND EQUIPMENT	1,831,197	1,825,474	0.3%	5,723
LOANS RECEIVABLE	0	31,282	-100.0%	-31,282
OTHER NON-CURRENT ASSETS	181,709	130,961	38.8%	50,748
OTHER RECEIVABLES	47,738	0	100.0%	47,738
TOTAL	2,060,644	1,987,717	3.7%	25,189

Factors influencing changes

Property, plant and equipment – A GEL 5.7 million increase in property, plant and equipment in 2022, compared to 2021 was largely due to the acquisition of fixed assets.

Loans receivable – A GEL 31.3 million decrease in loans receivable was mainly due to the reclassification of loans receivable in current assets.

Other non-current assets – A GEL 50.7 million rise in other non-current assets was mainly due to the reclassification of some construction materials from inventory to other non-current assets leading to an increase of GEL 32.9 million in the latter and an increase in advances to suppliers by GEL 18.1 million.

2.2 CURRENT ASSETS

GEL '000	TOTAL		CHANGE	
As at 31 December	2022	2021	%	Absolute
INVENTORIES	33,944	36,937	-8.1%	-2,993
TRADE AND OTHER RECEIVABLES	14,519	13,965	4.0%	554
CURRENT TAX ASSETS	3,363	0	100.0%	3,363
PREPAYMENTS AND OTHER CURRENT ASSETS	8,347	5,635	48.1%	2,712
BANK DEPOSITS	4,071	3,254	25.1%	817
CASH AND CASH EQUIVALENTS	274,629	212,224	29.4%	62,405
TOTAL	338,873	272,015	24.6%	66,858

Factors influencing changes

Trade and other receivables – A GEL 0.6 million increase, largely due to a lower impairment allowance on trade receivables, which in turn was due to the writing-off of trade receivables from partnering companies, was recorded in 2022 compared to 2021.

Current tax assets – A GEL 3.4 million increase in tax assets was largely due to a reverse of VAT on purchased inventories in 2022, compared to 2021 (see “Current liabilities”).

Prepayments and other current assets – A GEL 2.7 million rise in prepayments and other current assets was due to an increase in advances paid to suppliers in 2022, compared to 2021.

**For cash and cash equivalents, see “Cash flow Statement.”*

2.3 EQUITY

GEL '000	TOTAL		CHANGE	
As at 31 December	2022	2021	%	Absolute
CHARTER CAPITAL	1,055,031	1,054,805	0.0%	226
NON-CASH OWNER CONTRIBUTION RESERVES	100,602	100,585	0.0%	16
RETAINED EARNINGS	-374,365	-742,261	-49.6%	367,897
TOTAL	781,268	413,129	89.1%	368,139

There was a GEL 368.1 million increase in total equity in 2022, compared to the previous year, mainly due to a

change in retained earnings (net income of GEL 396.7 million in 2022).

2.4 NON-CURRENT LIABILITIES

In GEL '000	TOTAL		CHANGE	
As at 31 December	2022	2021	%	Absolute
LOANS AND BORROWINGS	1,378,147	1,590,817	-13.4%	-212,670
ADVANCED RECEIVED FROM THE GOVERNMENT	46,594	46,594	0.0%	1
TRADE AND OTHER PAYABLES	30,242	56,198	-46.2%	-25,956
TOTAL	1,454,983	1,693,609	-14.1%	-238,626

Factors influencing changes

Loans and borrowings – Currently, the Group has two debts: Green Eurobonds; and a secured loan obtained for the sole purpose of the acquisition of passenger trains. The decrease in loans and borrowings was mainly due to the appreciation of the GEL against foreign currencies.

Trade and other payables – A GEL 26.0 million decrease in trade and other payables was mainly due to liabilities related to the Modernization Project.

2.5 CURRENT LIABILITIES

GEL '000	TOTAL		CHANGE	
As at 31 December	2022	2021	%	Absolute
LOANS AND BORROWINGS	14,273	16,015	-10.9%	-1,742
TRADE AND OTHER PAYABLES	122,242	105,873	15.5%	16,367
LIABILITIES TO THE GOVERNMENT	4,712	4,718	-0.1%	-7
PROVISIONS	13,981	14,397	-2.9%	-415
CURRENT TAX LIABILITIES	0	3,515	-100.0%	-3,515
OTHER CURRENT LIABILITIES	8,058	8,476	-4.9%	-417
TOTAL	163,266	152,994	6.7%	10,272

Factors influencing changes

Loans and borrowings – A GEL 1.7 million decrease in loans and borrowings was mainly due to the appreciation of the GEL against foreign currencies.

Trade and other payables – A GEL 16.4 million increase in 2022, compared to 2021, was due to a rise in payables to suppliers and an increase in deferred credit obligations.

Current tax liabilities – A GEL 3.5 million decrease in tax assets was due to a reverse of VAT on purchased inventories in 2022, compared to 2021 (see “Current Assets”).

III. CASH FLOW STATEMENT

By the end of 2022, the Group held GEL 274.6 million in cash and cash equivalents. These cash resources support working capital and fixed capital expenditures. In particular, fixed capital expenditures mainly concern the Modern-

ization Project, works on which are expected to be finalized in 202 (see 8.2 Ongoing projects in the Company). The Group mainly relies on its operating activities to fund its current and future cash requirements.

3.1 OPERATING ACTIVITIES

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
CASH RECEIPTS FROM CUSTOMERS	691,891	557,864	24.0%	134,027
CASH PAID TO SUPPLIERS AND EMPLOYEES	-403,670	-310,564	30.0%	-93,106
NET CASH FROM OPERATING ACTIVITIES	288,221	247,300	16.5%	40,921

Factors influencing changes

Net cash from operating activities increased by GEL 41.0 million in 2022 compared to 2021. This rise was principally due to an increase in cash receipts from customers, which

was, in turn, due to an increase in transported volumes. This was partially offset by a greater amount of cash being paid to suppliers and employees.

3.2 INVESTING ACTIVITIES

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	-134,968	-77,156	74.9%	-57,812
PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT	7,383	2,902	154.4%	4,481
INTEREST RECEIVED	27,434	20,907	31.2%	6,527
INCREASE/DECREASE IN TERM DEPOSITS	-817	-3,254	-74.9%	2,437
ISSUANCE OF LOAN(S)	-21,568	0	-100.0%	-21,568
NET CASH USED IN INVESTING ACTIVITIES	-122,536	-56,601	116.5%	-65,935

Factors influencing changes

Cash used in investing activities increased by GEL 65.9 million in 2022, compared to the previous year. This change was mainly driven by a rise in cash of GEL 57.8 million used for the acquisition of property, plant and equipment, which was, in turn, primarily due to higher cash outflows related

to the Modernization Project in 2022, compared to 2021. The increase was also driven by a loan of USD 7.0 million issued by GR to the parent company in the first quarter of 2022.

3.3 FINANCING ACTIVITIES

GEL '000	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
PROCEEDS FROM BORROWINGS	0	1,577,389	-100.0%	-1,577,389
REPAYMENT OF BORROWINGS	-12,617	-1,589,975	-99.2%	1,577,358
PREMIUM ON EARLY REDEMPTION OF ISSUED BONDS	0	-115,686	100.0%	115,686
INTEREST PAID	-57,829	-152,780	62.1%	94,950
LOAN REFINANCING FEES PAID	0	-3,976	-100.0%	3,976
OTHER DISTRIBUTION TO OWNER	-26,356	0	100.0%	-26,356
NET CASH USED IN FINANCING ACTIVITIES	-96,802	-285,028	-66.0%	188,226

Factors influencing changes

Cash used in financing activities decreased by GEL 188.2 million in 2022, compared to 2021. Meanwhile, proceeds from borrowing decreased by GEL 1.6 billion because of the refinancing of Eurobonds (USD 500.0 million) in June 2021. The Group paid a premium on early redemption on unsecured bonds of about GEL 115.7 million.

Lower interest expenses during 2022, compared to 2021, were due to a lower coupon rate on new Green Euro-

bonds issued in 2021, as well as a change to the dates of semi-annual payments.

The Group has distributed to owner GEL 26.4 million in 2022, compared to 2021.

APPENDIX

APPENDIX 1

BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS

'000 tons	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
LIQUID CARGOES	4,771	3,762	26.8%	1,009
OIL PRODUCTS	4,496	3,690	21.8%	806
CRUDE OIL	275	72	283.8%	204
DRY CARGOES	10,002	8,369	19.5%	1,633
ORES	1,925	1,874	2.8%	52
GRAIN	329	189	73.9%	140
FERROUS METALS AND SCRAP	625	576	8.4%	49
SUGAR	719	420	71.3%	300
CHEMICALS AND FERTILIZERS	1,859	1,337	39.0%	522
CONSTRUCTION FREIGHT	1,072	933	14.9%	139
INDUSTRIAL FREIGHT	594	415	43.2%	179
CEMENT	44	35	25.7%	9
OTHER	2,834	2,590	9.4%	244
TOTAL	14,773	12,131	21.8%	2,642

BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS

'000 tons	TOTAL		CHANGE	
For the year ended 31 December	2022	2021	%	Absolute
IMPORT	2,955	2,398	23.2%	557
EXPORT	1,270	1,157	9.7%	112
DOMESTIC	1,893	1,845	2.6%	48
TRANSIT	8,655	6,731	28.6%	1,925
TOTAL	14,773	12,131	21.8%	2,642

BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS (QUARTERLY)

'000 tons

For the year ended 31 December	Q4 2022	Q4 2021	y-o-y	Q3 2022	q-o-q
LIQUID CARGOES	1,267	691	83.3%	1,262	0.4%
OIL PRODUCTS	1,198	647	85.1%	1,256	-4.6%
CRUDE OIL	69	44	56.5%	6	1041.1%
DRY CARGOES	2,604	2,389	9.0%	2,824	-7.8%
ORES	530	455	16.4%	593	-10.7%
GRAIN	109	105	3.7%	108	1.4%
FERROUS METALS AND SCRAP	121	132	-8.3%	161	-24.8%
SUGAR	114	107	6.9%	311	-63.3%
CHEMICALS AND FERTILIZERS	525	480	9.3%	418	25.5%
CONSTRUCTION FREIGHT	318	239	32.8%	323	-1.5%
INDUSTRIAL FREIGHT	209	134	55.6%	171	22.0%
CEMENT	22	11	112.2%	12	80.7%
OTHER	656	725	-9.6%	727	-9.8%
TOTAL	3,871	3,080	25.7%	4,086	-5.3%

BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS (QUARTERLY)

'000 tons

For the period ended	Q4 2022	Q4 2021	y-o-y	Q3 2022	q-o-q
IMPORT	766	610.1	25.5%	867	-12.0%
EXPORT	347	354.2	-2.0%	319	8.9%
DOMESTIC	564	478.5	17.8%	563	0.1%
TRANSIT	2,194	1,637.4	34.0%	2,335	-6.0%
TOTAL	3,871	3,080	25.7%	4,086	-5.3%

APPENDIX 2

BREAKDOWN OF FREIGHT TRANSPORTATION IN TON-KILOMETERS

<i>In million ton-kilometers</i>	TOTAL		CHANGE	
<i>For the year ended 31 December</i>	2022	2021	%	<i>Absolute</i>
LIQUID CARGOES	1,497	1,189	25.9%	308
OIL PRODUCTS	1,392	1,161	19.9%	231
CRUDE OIL	105	28	275.4%	77
				0
DRY CARGOES	2,667	2,102	26.9%	565
ORES	372	317	17.4%	55
GRAIN	101	50	100.1%	50
FERROUS METALS AND SCRAP	142	125	13.3%	17
SUGAR	265	156	70.0%	109
CHEMICALS AND FERTILIZERS	668	459	45.8%	210
CONSTRUCTION FREIGHT	163	135	20.8%	28
INDUSTRIAL FREIGHT	68	59	16.3%	10
CEMENT	12	9	40.1%	3
OTHER	876	793	10.4%	83
TOTAL	4,164	3,291	26.5%	873

BREAKDOWN OF FREIGHT TRANSPORTATION IN TON-KILOMETERS

<i>In million ton-kilometers</i>	TOTAL		CHANGE	
<i>For the year ended 31 December</i>	2022	2021	%	<i>Absolute</i>
IMPORT	454	403	12.5%	50
EXPORT	365	307	18.8%	58
DOMESTIC	161	148	8.7%	13
TRANSIT	3,184	2,432	30.9%	752
TOTAL	4,164	3,291	26.5%	873

BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS (QUARTERLY)

In million ton-kilometers

For the period ended	Q4 2022	Q4 2021	y-o-y	Q3 2022	q-o-q
LIQUID CARGOES	385	213	81.0%	372	3.5%
OIL PRODUCTS	358	195	83.0%	370	-3.3%
CRUDE OIL	27	17	58.4%	2	1315.4%
DRY CARGOES	674	623	8.2%	751	-10.2%
ORES	117	79	47.2%	112	4.0%
GRAIN	32	30	6.6%	34	-7.6%
FERROUS METALS AND SCRAP	19	27	-29.3%	42	-53.5%
SUGAR	41	40	3.8%	114	-63.9%
CHEMICALS AND FERTILIZERS	190	169	12.5%	153	24.6%
CONSTRUCTION FREIGHT	49	34	43.6%	50	-2.4%
INDUSTRIAL FREIGHT	23	16	42.7%	18	32.0%
CEMENT	6	3	131.6%	4	64.4%
OTHER	197	225	-12.7%	224	-12.4%
TOTAL	1,059	836	26.7%	1,123	-5.7%

BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS (QUARTERLY)

In million ton-kilometers

For the year ended 31 December	Q4 2022	Q4 2021	y-o-y	Q3 2022	q-o-q
IMPORT	96	101	-4.8%	125	-22.7%
EXPORT	103	102	1.4%	95	8.4%
DOMESTIC	51	41	23.7%	47	8.6%
TRANSIT	809	592	36.7%	856	-5.6%
TOTAL	1,059	836	26.7%	1,123	-5.7%

APPENDIX 3

BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS

'000 tons	2021				2022			
For the period ended	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
LIQUID CARGOES	1,113	1,024	933	691	873	1,368	1,262	1,267
OIL PRODUCTS	1,112	1,023	907	647	872	1,169	1,256	1,198
CRUDE OIL	1	1	26	44	1	199	6	69
DRY CARGOES	1,868	2,007	2,105	2,389	2,127	2,447	2,824	2,604
ORES	387	478	554	455	408	394	593	530
GRAIN	41	31	11	105	37	75	108	109
FERROUS METALS AND SCRAP	130	156	158	132	102	241	161	121
SUGAR	105	107	101	107	63	232	311	114
CHEMICALS AND FERTILIZERS	338	208	311	480	529	386	418	525
CONSTRUCTION FREIGHT	204	227	263	239	191	240	323	318
INDUSTRIAL FREIGHT	74	99	108	134	77	137	171	209
CEMENT	9	9	6	11	4	5	12	22
OTHER	579	692	594	725	715	737	727	656
TOTAL	2,981	3,031	3,038	3,080	3,000	3,815	4,086	3,871

BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS

'000 tons	2021				2022			
For the period ended	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
IMPORT	501	588	699	610	575	745	870	766
EXPORT	324	258	221	354	337	267	319	347
DOMESTIC	421	465	481	479	345	421	563	564
TRANSIT	1,736	1,721	1,637	1,637	1,744	2,383	2,335	2,194
TOTAL	2,981	3,031	3,038	3,080	3,000	3,815	4,086	3,871

APPENDIX 4

BREAKDOWN OF FREIGHT TRANSPORTATION IN TON-KILOMETERS

<i>In million ton-kilometers</i>	2021				2022			
<i>For the period ended</i>	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
LIQUID CARGOES	367	329	281	213	284	457	372	385
OIL PRODUCTS	366	329	271	195	284	380	370	358
CRUDE OIL	0	0	10	17	0	76	2	27
DRY CARGOES	472	490	516	623	581	661	751	674
ORES	62	75	100	79	74	69	112	117
GRAIN	8	10	3	30	11	23	34	32
FERROUS METALS AND SCRAP	28	34	35	27	19	61	42	19
SUGAR	40	40	36	40	24	85	114	41
CHEMICALS AND FERTILIZERS	112	69	109	169	191	135	153	190
CONSTRUCTION FREIGHT	31	33	37	34	28	36	50	49
INDUSTRIAL FREIGHT	16	13	13	16	11	16	18	23
CEMENT	2	2	2	3	1	1	4	6
OTHER	174	213	181	225	222	233	224	197
TOTAL	839	819	797	836	865	1,117	1,123	1,059

BREAKDOWN OF FREIGHT TRANSPORTATION IN TON-KILOMETERS

<i>In million ton-kilometers</i>	2021				2022			
<i>For the period ended</i>	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
IMPORT	87	97	118	101	102	131	125	96
EXPORT	87	65	54	102	94	72	95	103
DOMESTIC	33	36	37	41	28	35	47	51
TRANSIT	633	621	587	592	640	879	856	809
TOTAL	839	819	797	836	865	1,117	1,123	1,059

APPENDIX 5

According to Condition 3 (d) of the “Terms and Conditions of the Notes” (The U.S. \$500,000,000 4% Notes issued by Georgian Railway JSC on 10 June 2021, with a maturity date set for 17 June 2028), Georgian Railway and/or its subsidiary is entitled to incur financial indebtedness if the ratio of net financial indebtedness of the issuer and its subsidiaries as of the date of such incurrence to the aggregate amount of EBITDA for the most recent consecutive semi-annual periods ending prior to the date of such determination for which consolidated financial statements have been delivered, does not exceed 3.5 to 1.

The given table sets forth the calculation of net financial indebtedness to adjusted EBITDA and according to the above-mentioned Condition 3 (d) of the “Terms and Conditions of the Notes.” However, this calculation is for information only and does not implicate that any specific date is the incurrence date (or “the date of determination”) as defined in Condition 3 of the “Terms and Conditions of the Notes.”

CALCULATIONS OF THE RATIO OF NET FINANCIAL INDEBTEDNESS TO ADJUSTED EBITDA:

GEL '000	Twelve-month period ended 31-Dec-22	Twelve-month period ended 31-Dec-21
REVENUE	674,773	547,868
OTHER INCOME	15,825	8,951
IMPAIRMENT LOSS ON TRADE RECEIVABLES	840	-2,791
EMPLOYEE BENEFITS EXPENSES	-197,708	-180,701
DEPRECIATION AND AMORTIZATION EXPENSE	-66,585	-58,397
ELECTRICITY, CONSUMABLES AND MAINTENANCE COSTS	-80,207	-54,567
OTHER EXPENSES	-128,521	-94,975
RESULTS FROM OPERATING ACTIVITIES	218,417	165,388
FINANCE INCOME	249,402	107,894
FINANCE COSTS	-70,493	-220,071
NET FINANCE COSTS	178,908	-112,177
PROFIT/(LOSS) BEFORE INCOME TAX	397,325	53,211
INCOME TAX BENEFIT	-644	-500
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS)	396,681	52,711
RESULTS FROM OPERATING ACTIVITIES	218,417	165,388
DEPRECIATION ADD-BACK	66,585	58,397
IMPAIRMENT LOSS ON TRADE RECEIVABLES	-840	2,791
ADJUSTED EBITDA	284,162	226,576
FINANCIAL INDEBTEDNESS	1,392,420	1,606,833
LESS:		
AVAILABLE CREDIT FACILITIES	0	62,976
CASH	274,629	212,224
NET FINANCIAL INDEBTEDNESS:	1,117,790	1,331,633
NET FINANCIAL INDEBTEDNESS/ADJUSTED EBITDA	3.93	5.88