



JSC Georgian Railway

**Condensed Consolidated Interim
Financial Statements
for the nine-month period ended 30 September
2024**

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JSC Georgian Railway
Condensed Consolidated Interim Statement of Financial Position as at 30 September 2024

000 GEL	Note	30 September 2024	31 December 2023
Assets			
Property, plant and equipment	10	1,943,209	1,921,379
Investments	11	70,171	27
Other receivable	11	-	53,037
Other non-current assets	14	152,745	158,910
Non-current assets		2,166,125	2,133,353
Trade and other receivables	12	36,937	30,905
Inventories	13	36,551	37,330
Tax assets		-	7,265
Prepayments and other current assets		11,125	3,562
Term deposit		39,120	-
Cash and cash equivalents	15	286,388	283,547
Current assets		410,122	362,609
Total assets		2,576,247	2,495,961
Equity			
Share capital	16	1,055,121	1,055,031
Non-cash owner contribution reserve		100,602	100,602
Accumulated losses		(212,207)	(287,589)
Total equity		943,516	868,044
Liabilities			
Loans and borrowings	17	1,377,844	1,339,840
Advance received from the Government		46,593	46,593
Payables for non-current assets	18	37,013	36,714
Non-current liabilities		1,461,450	1,423,147
Loans and borrowings	17	27,570	36,298
Trade and other payables	18	112,123	142,117
Liabilities to the Government		4,712	4,712
Provisions		10,490	11,214
Tax liabilities		4,411	-
Other current liabilities		11,974	10,429
Current liabilities		171,281	204,770
Total liabilities		1,632,731	1,627,917
Total equity and liabilities		2,576,247	2,495,961


JSC Georgian Railway
*Condensed Consolidated Interim Statements of Profit or Loss and Other Comprehensive Income
for the nine-month periods ended 30 September 2024 and 30 September 2023*

'000 GEL	Note	For the nine months ended 30 September	
		2024	2023
Revenue	6	490,480	481,204
Other income		22,847	6,574
Employee benefits expense		(171,674)	(175,743)
Depreciation and amortization expense		(48,211)	(54,783)
Electricity, consumables and maintenance costs	7	(63,055)	(56,466)
Impairment (loss)/reversal on trade receivables		(2,794)	(873)
Other expenses	8	(108,129)	(93,254)
Results from operating activities		119,463	106,658
Finance income	9	17,386	26,748
Finance costs	9	(43,898)	(42,728)
Net foreign exchange loss	9	(17,108)	12,440
Net finance costs		(43,621)	(3,540)
Profit before income tax		75,843	103,118
Income tax expense		(460)	(565)
Profit and total comprehensive income for the period		75,383	102,552


These condensed consolidated interim financial statements were approved by Management Board on 08 November 2024 and were signed on its behalf by:



David Peradze
General Director



Irakli Titvinidze
Chief Financial Officer



The condensed consolidated interim statements of profit or loss and other comprehensive income are to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 7 to 20.

JSC Georgian Railway
*Condensed Consolidated Interim Statements of Cash Flows for the nine-month periods ended
30 September 2024 and 30 September 2023*

'000 GEL	Share capital	Non-cash owner contribution reserve	Accumulated losses	Total equity
Balance at 1 January 2023	1,055,031	100,602	(374,365)	781,268
Profit and total comprehensive income for the period	-	-	86,776	86,776
Balance at 31 December 2023	1,055,031	100,602	(287,589)	868,044
Balance at 1 January 2024	1,055,031	100,602	(287,589)	868,044
Profit and total comprehensive income for the period	-	-	75,383	75,383
Non-cash contributions by and distributions to owners	90	-	-	90
Balance at 30 September 2024	1,055,121	100,602	(212,207)	943,516

JSC Georgian Railway
*Condensed Consolidated Interim Statements of Cash Flows for the nine-month periods ended
30 September 2024 and 30 September 2023*

'000 GEL	For the nine months ended 30 September	
	2024	2023
Cash flows from operating activities		
Cash receipts from customers	478,945	473,422
Cash paid to suppliers and employees	(304,790)	(319,196)
Cash flows from operations before income taxes paid	174,155	154,226
Net cash from operating activities	174,155	154,226
Cash flows from investing activities		
Acquisition of property, plant and equipment	(112,016)	(108,332)
Proceeds from sale of property, plant and equipment	-	262
Purchase of a company share	(4,343)	-
Interest received	17,700	26,124
Investment in associate entities	(462)	-
Term deposit	(39,120)	(12,026)
Net cash used in investing activities	(138,241)	(93,971)
Cash flows from financing activities		
Repayment of borrowings	(5,878)	(5,453)
Interest paid	(29,899)	(27,424)
Net cash used in financing activities	(35,776)	(32,877)
Net increase in cash and cash equivalents	138	27,378
Cash and cash equivalents at 1 January	283,547	274,629
Effect of exchange rate fluctuations on cash and cash equivalents	3,036	(43)
Effect of movements in ECL on cash and cash equivalents	(333)	621
Cash and cash equivalents at 30 September	286,388	302,585

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

'000 GEL	Freight transportation		Passenger transportation		Total	
	2024	2023	2024	2023	2024	2023
External revenues	447,332	442,953	32,620	32,886	479,952	475,839
Depreciation and amortization	(12,123)	(15,203)	(8,815)	(7,455)	(20,938)	(22,659)
Reportable segment profit/(loss) before infrastructure costs, net impairment, interest cost and income tax	293,552	291,411	(2,060)	(2,988)	291,492	288,422
Capital expenditure and other additions to non-current assets	3,748	21,021	137	195	3,885	21,216
Reportable segment assets	30-Sep-24	30-Sep-23	30-Sep-24	30-Sep-23	30-Sep-24	30-Sep-23
	198,521	218,159	83,916	126,109	282,437	344,268

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

'000 GEL	For the nine months ended 30 September	
	2024	2023
Revenues		
Total revenue for reportable segments	479,951	475,839
Other revenue	10,529	5,363
Consolidated revenue	490,480	481,204
Profit		
Total profit for reportable segments before infrastructure costs, net impairment, interest cost and income tax	291,492	288,422
Employee benefits expense – infrastructure and headquarters	(74,452)	(75,497)
Depreciation expenses – infrastructure and headquarters	(27,273)	(32,124)
Net finance costs	(43,621)	(3,540)
Other net unallocated expenses	(70,305)	(74,144)
Consolidated profit before income tax	75,843	103,118

(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.

'000 GEL	For the nine months ended	
	2024	2023
Freight traffic	269,817	261,483
Freight handling	62,873	63,164
Logistic services	98,835	105,220
Passenger traffic	32,620	32,885
Freight car cross-border charge	11,942	11,490
Rent of wagons and other rental income	3,864	3,130
Other	10,529	3,832
	490,480	481,204

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 and passenger traffic	Freight traffic, logistic services and passenger traffic revenue streams are to be recognized "over time" since transportation is the service, during which customer receives and consumes simultaneously the benefit as the Group performs. The customer benefits from the distance travelled.	Revenue is recognised over time as the services are 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.

7. Electricity, consumables and maintenance costs

'000 GEL	For the nine months ended	
	2024	2023
Electricity	30,223	28,284
Materials	15,243	11,268
Repair and maintenance	12,053	10,220
Fuel	5,536	6,694
	63,055	56,466

8. Other expenses

'000 GEL	For the nine months ended	
	2024	2023
Logistic services	60,222	44,109
Property and land tax	18,303	18,107
Freight car cross-border charge	10,188	5,093
Security	9,553	9,648
Other	9,863	16,297
	108,129	93,254

9. Finance income and finance costs

'000 GEL	For the nine months ended	
	2024	2023
Recognised in profit or loss		
Interest income under the effective interest method	17,717	26,124
Impairment (loss)/gain on other financial assets	(331)	624
Finance income	17,386	26,748
Interest expense on financial liabilities measured at amortised cost *	(43,898)	(42,728)
Finance costs	(43,898)	(42,728)
Net foreign exchange loss	(17,108)	12,440
Net finance costs recognised in profit or loss	(43,621)	(3,540)

* No borrowing costs were capitalized in 2023 and 2024.

10. Property, plant and equipment

(a) Acquisitions and disposals

During the nine months ended 30 September 2024, the Group acquired property plant and equipment with a cost, of GEL 74,130 thousand (nine months ended 30 September 2023: GEL 108,450 thousand).

Assets with a carrying amount of GEL 614 thousand were disposed of during the nine months ended 30 September 2024 (nine months ended 30 September 2023: GEL 4,144 thousand).

(b) 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 2024.

(c) Capital commitment

As at 30 September 2024, the Group had entered into contracts for the construction or purchase of property, plant and equipment of GEL 328,249 thousand (31 December 2023: GEL 314,538 thousand) mainly relating to the Main Line Modernization project of GEL 6,969 thousand (31 December 2023: GEL 21,360 thousand) and Tbilisi Bypass project of GEL 263,275 thousand (31 December 2023: GEL 261,150 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

At the end of 2022 and 2023, the company converted a loan given to JSC "Development Fund of Georgia," (previously known as JSC Partnership Fund) into other receivable. In February 2024, Georgia Railway purchased 21.716% shares of Gardabani Thermal Power Plant using accounts receivable EUR 17,642 and an additional EUR 1,492 transferred to JSC "Development Fund of Georgia" in advance in January to supplement the total purchase amount, which amounted to EUR 19,135. After that amount previously recognized as an other receivable were recognised as an investments as of 30 September 2024.

As of 30 September 2024 the Group consolidate 21.716% share of the profit generated by associate entity (Gardabani TPP) amount of GEL 12,302.

12. Trade and other receivables

'000 GEL	30 September 2024	31 December 2023
Trade receivables	244,693	241,881
Impairment allowance on trade receivables	(208,062)	(211,269)
	36,631	30,612
Other receivables	306	293
	36,937	30,905

The Group's exposure to credit and currency risks related to trade and other receivables are disclosed in Note 19.

13. Inventories

'000 GEL	30 September 2024	31 December 2023
Materials	27,712	28,600
Fuel	1,460	3,303
Rails	5,304	2,044
Other	3,946	5,117
	38,421	39,064
Write-down for inventory obsolescence	(1,870)	(1,734)
	36,551	37,330

14. Other non-current assets

'000 GEL	30 September 2024	31 December 2023
Receivable related to Tbilisi Bypass project*	107,564	106,696
Construction materials	31,625	38,818
Intangible assets	11,851	10,248
Prepayments for non-current assets	1,705	3,147
	152,745	158,909

* Tbilisi Bypass project was suspended as at 31 December 2023 and 31 December 2022. Per Management's assessment the prepayments are fully recoverable based on the performance guarantee from a foreign bank.

15. Cash and cash equivalents

'000 GEL	30 September 2024	31 December 2023
Current accounts in banks	99,370	145,085
Call deposits	187,877	138,980
Petty cash	30	38
Provision for cash and cash equivalents	(889)	(557)
Cash and cash equivalents in the consolidated statement of financial position and in the consolidated statement of cash flows	286,388	283,547

Call deposits represent term deposits with banks with maturities greater than three 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.

The Group's exposure to interest rate risk is disclosed in Note 19.

16. Equity

(a) Share capital

<i>Number of shares</i>	Ordinary shares	
	30 September 2024	31 December 2023
In issue at 1 January	1,055,031	1,055,031
Net increase/(reduction) for property, plant and equipment	90	-
In issue at 31 March /31 December, fully paid	1,055,121	1,055,031
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.

17. Loans and 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	<u>30 September 2024</u>	<u>31 December 2023</u>
Non-current liabilities		
Secured loan	17,105	-
Unsecured bonds	1,360,740	1,339,840
	<u>1,377,844</u>	<u>1,339,840</u>
Current liabilities		
Secured loan	12,713	34,241
Current portion of unsecured bonds	14,858	2,057
	<u>27,570</u>	<u>36,298</u>
	<u>1,405,414</u>	<u>1,376,138</u>

(a) **Terms and debt repayment schedule**

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

'000 GEL	Currency	Nominal interest rate	Year of maturity	<u>30 September 2024</u>		<u>31 December 2023</u>	
				Face value	Carrying amount	Face value	Carrying amount
Unsecured bonds	USD	4.00%	2028	1,380,661	1,375,597	1,346,837	1,341,897
Secured loan	USD	SOFR +1.68%	2026	30,602	29,817	35,142	34,241
Total interest-bearing liabilities				<u>1,411,263</u>	<u>1,405,414</u>	<u>1,381,979</u>	<u>1,376,138</u>

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 49,007 thousand as at 30 September 2024 (31 December 2023: GEL 53,673 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.

18. Trade and other payables

'000 GEL	<u>30 September 2024</u>	<u>31 December 2023</u>
Current		
Payables for non-current assets	72,048	87,725
Trade payables	15,381	34,921
Advances received from customers	24,695	19,471
	<u>112,123</u>	<u>142,117</u>
Non-current		
Payables for non-current assets	37,013	36,714
	<u>37,013</u>	<u>36,714</u>

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

19. Fair values and 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 2024.

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 three 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 2024

'000 GEL	Carrying amount	Contractual cash flows	0-6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Secured loan	29,817	25,978	6,785	6,582	12,611	-	-
-Unsecured bonds	1,375,597	1,553,414	26,783	26,783	53,566	1,446,282	-
Trade payables*	124,442	130,058	94,374	260	518	34,906	-
	1,529,856	1,713,289	150,971	27,043	54,084	1,481,188	-

31 December 2023

'000 GEL	Carrying amount	Contractual cash flows	0-6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Secured loan	34,241	34,241	34,241	-	-	-	-
Unsecured bonds	1,341,897	1,586,746	26,894	26,894	53,788	1,479,170	-
Trade payables	159,360	163,089	122,480	270	40,339	-	-
	1,535,498	1,784,076	183,615	27,164	94,127	1,479,170	-

*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 2024	USD -denominated 31 December 2023
Cash and cash equivalents	139,485	92,789
Trade receivables	17,304	12,003
Secured loan	(29,817)	(34,241)
Unsecured bonds	(1,375,597)	(1,341,897)
Trade and other payables	(635)	(37,826)
Net exposure	(1,248,261)	(1,309,172)

The following significant exchange rates applied during the year:

in GEL	Average rate		Reporting date spot rate	
	nine months ended 30 September 2024	Nine months ended 30 September 2023	30 September 2024	30 September 2023
USD 1	2.7137	2.6055	2.7297	2.6783

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.

20. Subsidiaries and equity-accounted investees

Subsidiary	Country of incorporation	Principal activities	2024 Ownership/ voting	2023 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%

Equity-accounted investees

Middle Corridor Multimodal LLC	Kazakhstan	Transportation services	33,33%	33,33%
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21. 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:

'000 GEL	For the nine months ended 30 September	
	2024	2023
Salaries and bonuses	1,387	1,367

(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 2,837 thousand for nine months ended 30 September 2024 (30 September 2023: GEL 6,288 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.

22. New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2024 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).*