

MANAGEMENT DISCUSSION AND ANALYSIS

FOR 9 MONTHS AND Q3 ENDED 30 SEPTEMBER 2024



FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

REVENUE (‘000 GEL)

Q3 2024

174,507

-0.6% from Q3 2023
+6.6% from Q2 2024

9M 2024

490,480

+1.9% from 9M 2023

RESULTS FROM OPERATING ACTIVITIES (‘000 GEL)

Q3 2024

44,100

-15.6% from Q3 2023
-0.7% from Q2 2024

9M 2024

119,463

+12.0% from 9M 2023

ADJUSTED EBITDA (‘000 GEL)

Q3 2024

62,353

-13.0% from Q3 2023
+2.9% from Q2 2024

9M 2024

170,468

+5.0% from 9M 2023

ADJUSTED EBITDA MARGIN

Q3 2024

35.73%

-5.1 points from Q3 2023
+32.7 points from Q2 2024

9M 2024

34.76%

+1.0 points from 9M 2023

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

Q3 2024

27,173

-22.4% from Q3 2023
-33.8% from Q2 2024

9M 2024

112,016

+3.7% from 9M 2023

NET DEBT TO ADJUSTED EBITDA 30 Sep 2024

5.81

6.24 as at 30 June 2024

4.48 as at 30 September 2023

TONS (‘000)

Q3 2024

3,579

-0.7% from Q3 2023
+10.5% from Q2 2024

9M 2024

10,400

+1.4% from 9M 2023

TKM (‘million)

Q3 2024

1,026

+1.4% from Q3 2023
+11.0% from Q2 2024

9M 2024

2,988

+3.5% from 9M 2023

NUMBER OF PASSENGERS (‘000)

Q3 2024

676

-8.2% from Q3 2023
+28.8% from Q2 2024

9M 2024

1,667

-6.2% from 9M 2023

PASSENGER-KILOMETERS (‘million)

Q3 2024

200

-10.8% from Q3 2023
+24.4% from Q2 2024

9M 2024

489

-9.0% from 9M 2023

MAIN DEVELOPMENTS IN THE FIRST NINE MONTHS OF 2024

- In July 2024, Fitch affirmed the Company's long-term outlook to “positive” from “stable” and verified its “BB-” rating, while in December 2022 “S&P” revised rating to “BB-” from “B+” with “positive” outlook.
- Following a change in the company's shareholder in December 2022, the Supervisory Board's composition was revised. Two members left their roles in the Board and three new members were appointed.

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I. PROFIT OR LOSS STATEMENT

PROFIT AND LOSS STATEMENT

9 month period ended 30 September	TOTAL		CHANGE		
	9M 2024	9M 2023	%	% constant currency	Absolute
<i>GEL '000</i>					
Revenue	490,480	481,204	1.9	(1.9)	9,276
Other income	22,847	6,574	247.5	234.4	16,273
Employee benefits expense	(171,674)	(175,743)	(2.3)	(6.0)	4,069
Electricity, consumables and maintenance costs	(63,055)	(56,466)	11.7	7.4	(6,589)
Other expenses	(108,129)	(93,254)	16.0	11.6	(14,875)
Adjusted EBITDA	170,468	162,314	5.0	1.0	8,154
<i>Adjusted EBITDA margin</i>	<i>34.76%</i>	<i>33.73%</i>	<i>NA</i>	<i>NA</i>	<i>1.02%</i>
Depreciation and amortization expense	(48,211)	(54,783)	(12.0)	(15.3)	6,572
Impairment loss on trade receivables	(2,794)	(873)	220.0	207.9	(1,921)
EBIT	119,463	106,658	12.0	7.8	12,805
Net finance cost	(43,621)	(3,540)	1,132.2	1,085.5	(40,080)
Profit before income tax	75,843	103,118	(26.5)	(29.2)	(27,275)
Income tax expense	(460)	(565)	(18.6)	(21.7)	105
Profit and total comprehensive income	75,383	102,552	(26.5)	(29.3)	(27,170)

PROFIT AND LOSS STATEMENT (QUARTERLY)

9 month period ended 30 September

GEL '000	Q3 2024	Q3 2023	y-o-y %	Q2 2024	q-o-q %
Revenue	174,507	175,484	(0.6)	163,713	6.6
Other income	13,026	3,059	325.8	1,989	564.9
Employee benefits expense	(55,211)	(55,882)	(1.2)	(59,870)	(7.8)
Electricity, consumables and maintenance costs	(21,218)	(17,782)	19.3	(20,976)	1.2
Other expenses	(48,751)	(33,231)	46.7	(24,256)	101.0
Adjusted EBITDA	62,353	71,648	(13.0)	60,600	2.9
<i>Adjusted EBITDA margin</i>	<i>35.73%</i>	<i>40.83%</i>	<i>NA</i>	<i>37.02%</i>	<i>NA</i>
Depreciation and amortization expense	(16,612)	(19,125)	(13.1)	(15,243)	9.0
Impairment loss on trade receivables	(1,641)	(281)	484.0	(943)	74.0
EBIT	44,100	52,243	(15.6)	44,414	(0.7)
Net finance income/(cost)	29,193	(36,072)	(180.9)	(58,439)	(150.0)
Profit before income tax	73,293	16,170	353.3	(14,025)	(622.6)
Income tax expense	(73)	(66)	10.6	(335)	(78.2)
Profit and total comprehensive income	73,220	16,104	354.7	(14,360)	(609.9)

1.1 REVENUE

The Group derives the majority of its revenue—approximately 55% (the first nine months of 2024) from freight transportation services, making the Company particularly sensitive to fluctuations in cargo volumes. A significant

portion of the freight revenue, around 72%, originates from transit, primarily facilitated by transportation between Europe and Central Asia.

REVENUE BREAKDOWN

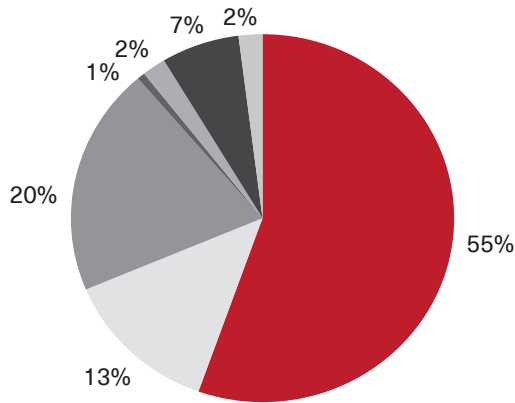
9 month period ended 30 September GEL '000	TOTAL		CHANGE		
	9M 2024	9M 2023	%	% constant currency	Absolute
Freight transportation	269,817	261,483	3.2	(0.7)	8,336
Freight handling	62,873	63,164	(0.5)	(4.2)	(291)
Logistic service	98,835	105,220	(6.1)	(9.6)	(6,386)
Rent of wagons and other rental income	3,864	3,130	23.5	18.8	733
Freight car cross-border charge	11,942	11,490	3.9	(0.0)	452
Passenger traffic	32,620	32,883	(0.8)	(4.6)	(264)
Other	10,529	3,832	174.7	164.3	6,696
Revenue	490,480	481,204	1.9	(1.9)	9,276
Other income	22,847	6,574	247.5	234.4	16,273

REVENUE BREAKDOWN (QUARTERLY)

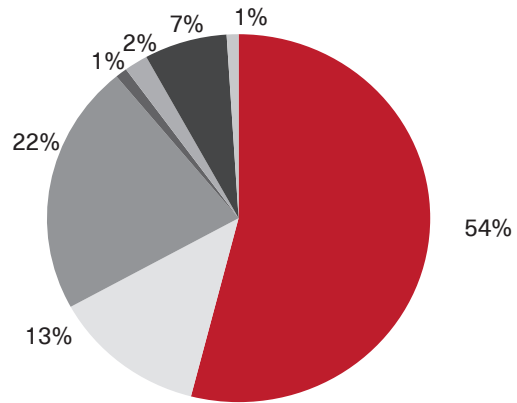
9 month period ended 30 September GEL '000	Q3 2024	Q3 2023	y-o-y %	Q2 2024	q-o-q %
Freight transportation	96,395	91,095	5.8	91,100	5.8
Freight handling	20,899	22,755	(8.2)	22,200	(5.9)
Logistic service	32,072	37,248	(13.9)	33,159	(3.3)
Rent of wagons and other rental income	1,285	1,101	16.7	1,293	(0.6)
Freight car cross-border charge	4,035	7,558	(46.6)	4,259	(5.3)
Passenger traffic	15,865	14,869	6.7	9,146	73.5
Other	3,956	860	359.9	2,555	54.8
Revenue	174,507	175,484	(0.6)	163,713	6.6
Other income	13,026	3,059	325.8	1,989	554.9

The following charts represent revenue breakdown for the nine months ended 30 September 2024 and 2023:

AS AT THE END OF SEPTEMBER 2024



AS AT THE END OF SEPTEMBER 2023



- FREIGHT TRANSPORTATION
- FREIGHT HANDLING
- LOGISTICAL SERVICE
- RENT OF WAGONS AND OTHER RENTAL INCOME
- FREIGHT CAR CROSS-BORDER CHARGE
- PASSENGER TRAFFIC
- OTHER



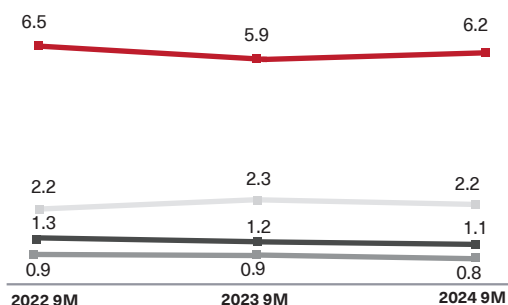
FREIGHT TRANSPORTATION

The Group's freight transportation consists of domestic, import, export and transit transportation. The split by tons between above-mentioned directions in the first nine

months of 2024 was about 11%, 21%, 8% and 60%, respectively. 99.9% of revenue from freight transportation is denominated in USD.

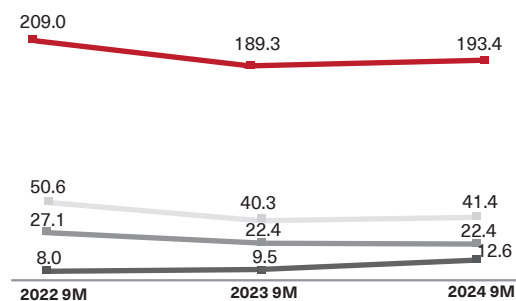
The following charts represent the freight transportation breakdown by directions:

Mln tons



— TRANSIT — EXPORT
— IMPORT — DOMESTIC

GEL mln



— TRANSIT — EXPORT
— IMPORT — DOMESTIC

The revenue generated from transportation services is influenced by several key factors:

Transportation volume – Expressed in tons.

Transportation turnover – Calculated by multiplying the transported tons by the distance traveled, expressed in ton-kilometers.

Revenue per ton-kilometer – This metric indicates the average revenue received per ton-kilometer, which varies

based on cargo type and transportation direction.

GEL/USD exchange rate – As the Group's tariffs are mostly denominated in USD, fluctuations in the exchange rate between USD and GEL can significantly impact profitability, since revenues are reported in GEL and most operating expenses are in Georgian Lari.

AVERAGE RATES

	Q3 2024	Q3 2023	y-o-y %	Q2 2024	q-o-q %	9M 2024	9M 2023	y-o-y %
USD	2.71	2.62	3.5	2.74	(0.9)	2.71	2.61	3.9
CHF	3.13	2.97	5.5	3.03	3.4	3.07	2.89	6.4

REPORTING DATE SPOT RATES

	30-Sep-24	30-Sep-23	% Change	30-Jun-24	% Change	31-Dec-23
USD	2.73	2.68	1.9	2.81	(2.9)	2.69
CHF	3.23	2.94	10.0	3.13	3.5	3.21

TRANSPORTATION BY DIRECTIONS

IMPORT TRANSPORTATION

Import represents the movement of cargo from foreign countries into Georgia. The share of imported cargo in total transported volume was around 21% during the 9

months period ended 30 September 2024, compared to 22% in same period of previous year.

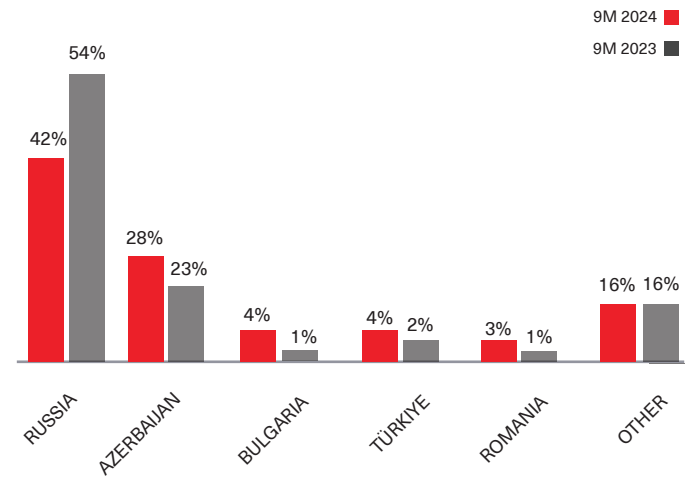
9 month period ended 30 September	TOTAL		CHANGE	
	9M 2024	9M 2023	%	% constant currency
Revenue (million GEL)	41.4	40.3	2.7	(1.2)
Freight Volume (million tons)	2.2	2.3	(2.2)	NA
Freight Turnover (million ton-km)	301.8	296.8	1.7	NA
Revenue / ton-km (in Tetri)	13.72	13.58	1.0	(2.8)

MAIN FACTORS INFLUENCING PERFORMANCE

Freight turnover – 2% increase in freight turnover primarily was driven by increased transportation from Bulgaria, Türkiye and Greece by 12.8 million tkm, 9.1 million tkm and 6.5 million tkm, respectively, during the 9 months ended 30 September 2024, compared to same period of 2023. However, this increase was partially offset by decreased transportation from Armenia and Azerbaijan, by 15.5 million tkm and 7.1 million tkm, respectively.

ORIGIN COUNTRIES

Percentage share in total volume (tons)



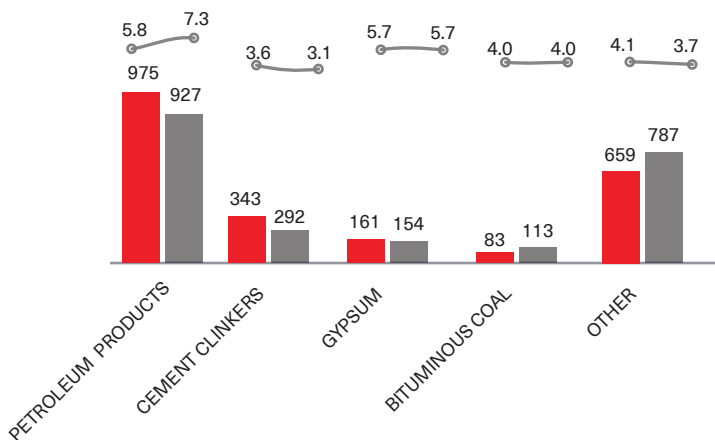
MAIN IMPORTED PRODUCT TYPES

'000 tons

Average Tariff 'cent

9M 2024

9M 2023



Revenue / ton-km (in Tetri) – 3% decrease in constant currency in 9 month period ended 30 September 2024 was driven by an increased share of transportation from Bulgaria, which is relatively less profitable direction. Meanwhile, the share of transported cargo from Russia, which is relatively more profitable direction, decreased compared to the same period of previous year.

MAIN DIRECTIONS OF CARGO FLOW DURING 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2024

Petroleum products include motor fuel, bitumen, diesel fuel, aviation fuel and special petrol.

Motor fuel – imported from Russia (67%) and Belarus (23%), mostly intended to meet the domestic demand.

Bitumen – imported from Russia (62%) and Turkmenistan (38%), is mainly distributed to Rustavi (99%) and is primarily used in the production of construction materials.

Diesel fuel - is sourced mainly from Russia (76%) and Azerbaijan (15%) to fulfill local demand.

Aviation fuel – imported from Türkiye (35%), Greece (27%) and Turkmenistan (16%), is predominantly used by domestic aviation companies in Georgia.

Special petrol – primarily imported from Bulgaria (43%) and Romania (37%), is intended for domestic use.

Cement clinkers - sourced from Azerbaijan, are mostly distributed to Rustavi (65%) and Kaspi (18%), where local cement factories are located.

Gypsum – imported from Azerbaijan and is allocated to Kaspi (39%) and Rustavi (28%), while 32% is sent to Tbilisi, where plasterboards are produced.

Bituminous coal - is imported from Russia and distributed to Kaspi and Rustavi, with distribution shares of 59% and 41%, respectively.



EXPORT TRANSPORTATION

Export refers to the transportation of goods from Georgia to international directions. The share of exported cargo in the total transported volume was around 8% during the 9

months period ended 30 September 2024, as well as in the same period of previous year.

9 month period ended 30 September	TOTAL		CHANGE	
	9M 2024	9M 2023	%	% constant currency
Revenue (million GEL)	22.4	22.4	(0.1)	(3.9)
Freight Volume (million tons)	0.8	0.9	(7.6)	NA
Freight Turnover (million ton-km)	225.2	248.2	(9.3)	NA
Revenue / ton-km (in Tetri)	9.94	9.03	10.1	5.9

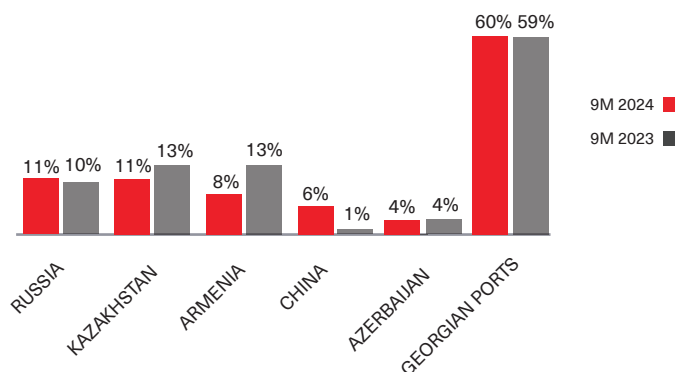
MAIN FACTORS INFLUENCING PERFORMANCE

Freight turnover – In 9 month period ended 30 September 2024, a 9% decrease in freight turnover primarily was driven by reduced transportation to Armenia, Kazakhstan and Bulgaria down by 19.3 million tkm, 12.4 million tkm and 3.1 million tkm, respectively, compared to same period of 2023. However, this decrease was partially offset by increased transportation to China, by 12.4 million tkm.

Revenue / ton-km (in Tetri) – 6% increase in constant currency in first nine months of 2024 was driven by a lower share of transportation to Armenia, which is relatively less profitable direction. Meanwhile, the share of transportation to Russia, which is relatively more profitable direction, increased compared to the same period of previous year.

DESTINATION COUNTRIES

Percentage share in total volume (tons)



MAIN DIRECTIONS OF CARGO FLOW DURING 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2024

Ammonium nitrate – is transported primarily mainly from Rustavi (97%), where the fertilizer factory is located and is transported to Poti Sea Port (97%).

Mineral waters – mainly sourced from Borjomi, where one of the largest bottlers is located and are distributed to Russia (57%), Kazakhstan (32%) and Uzbekistan (8%).

Metal ores and concentrates – are fully transported from Tbilisi to China (77%) and Bulgaria (23%).

Silicon manganese – is sourced from Zestaponi, where the ferroalloys plant is located and is transported to Batumi Sea Port (99%).

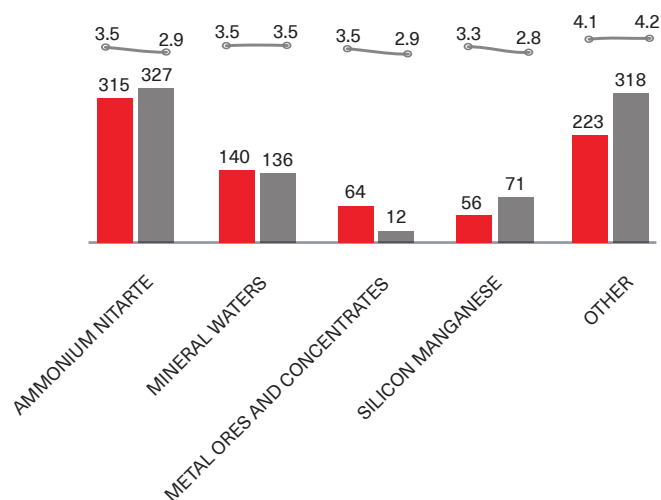
MAIN EXPORTED PRODUCT TYPES

'000 tons

Average Tariff 'cent

9M 2024

9M 2023



DOMESTIC TRANSPORTATION

Domestic transportation represents the movement of cargo from one station to another, within Georgia. The share of domestic transportation in total transported volume

was 11% during the 9 months period ended 30 September 2024, compared to 12% in same period of previous year.

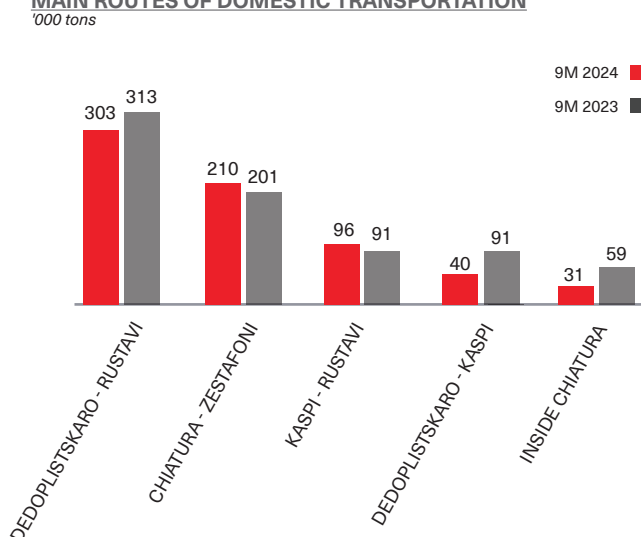
9 month period ended 30 September	TOTAL		CHANGE	
	9M 2024	9M 2023	%	% constant currency
Revenue (million GEL)	12.6	9.5	32.6	27.6
Freight Volume (million tons)	1.1	1.2	(3.7)	NA
Freight Turnover (million ton-km)	120.0	128.1	(6.3)	NA
Revenue / ton-km (in Tetri)	10.50	7.42	41.6	36.2

MAIN FACTORS INFLUENCING PERFORMANCE

Freight turnover – A 6% decrease in freight turnover was primarily attributed to a reduction in transportation along the Dedoplistskaro-Kaspi, Rustavi-Partotskali, and internal Chiatura routes during the nine-month period ending on 30 September 2024, compared to the same period in 2023.

Revenue / ton-km (in Tetri) – 36% increase in 9 months ended 30 September 2024 was mostly driven by increased average tariff on limestone (by 79%) and cement clinkers (by 27%) transportation.

MAIN ROUTES OF DOMESTIC TRANSPORTATION



MAIN DIRECTIONS OF FLOW CARGO DURING 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2024

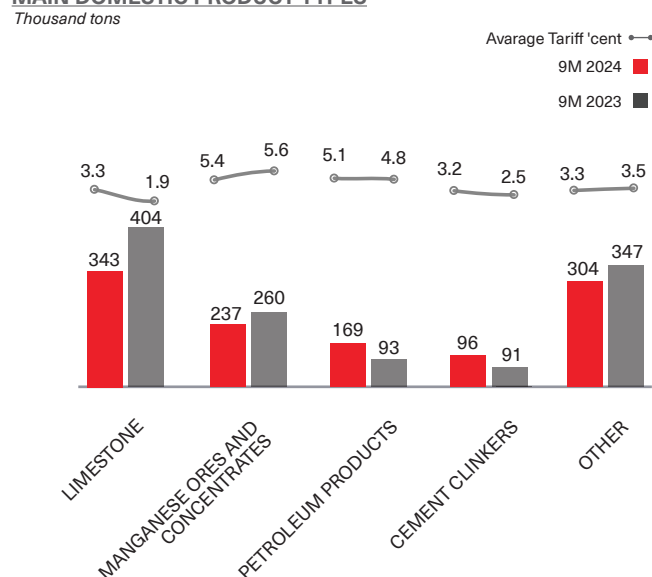
Limestone - is sourced from Dedoplistskaro, where open quarries are located and is distributed to Rustavi (88%) and Kaspi (12%), where cement factories are situated.

Manganese ores and concentrates – are sourced from Chiatura, home to a manganese mine and are distributed to Zestaponi (87%) and Chiatura (13%), where ferroalloy factories are located. Petroleum products include motor petrol, diesel fuel, special fuel and aviation fuel.

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

Motor petrol – is distributed primarily to Tbilisi (80%) and Samtredia (16%) for domestic use.

MAIN DOMESTIC PRODUCT TYPES



Diesel fuel – is distributed to Tbilisi (52%), Samtredia (25%) and Batumi (15%) for domestic use.

Special fuel – is distributed to Tbilisi (43%), Samtredia (26%) and Dzegvi (25%) primarily for domestic use.

Aviation fuel – is distributed to Tbilisi (55%) and Kutaisi

(45%) for use by aviation companies located in those areas.

Cement clinkers - was transported from Kaspi to Rustavi, where cement factories are located.

TRANSIT TRANSPORTATION

Transit represents the movement of cargo from one foreign country to another one, through Georgia. The share of transit transportation in total transported volume was 60%

during the 9 months period ended 30 September 2024, compared to 58% in same period of previous year.

9 month period ended 30 September	TOTAL		CHANGE	
	9M 2024	9M 2023	%	% constant currency
Revenue (million GEL)	193.4	189.3	2.2	(1.7)
Freight Volume (million tons)	6.2	5.9	5.1	NA
Freight Turnover (million ton-km)	2,341.5	2,215.2	5.7	NA
Revenue / ton-km (in Tetri)	8.26	8.54	(3.3)	(7.0)

MAIN FACTORS INFLUENCING PERFORMANCE

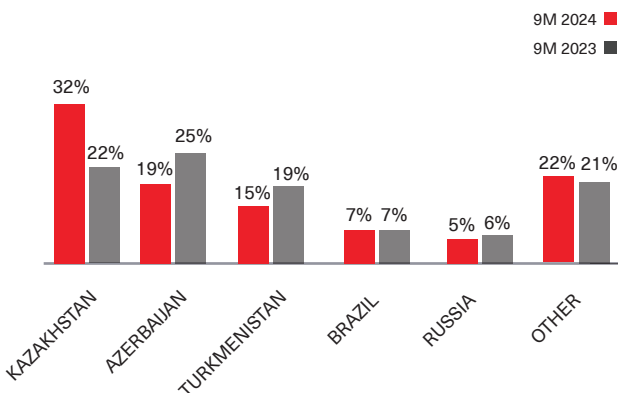
Freight turnover – 6% increase in freight turnover primarily was driven by increased transportation from Kazakhstan, by 697.4 thousand tons during 9 month period ended 30 September 2024, compared to same period of 2023. However, this reduction was partially offset by decreased transportation from Azerbaijan by 342.4 thousand tons.

Revenue / ton-km (in Tetri) – 7% decrease in constant cur-

rency in 9 month ended 30 September 2024 was driven by a lower share of transportation on Azerbaijan-Türkiye route, which is relatively more profitable direction. Meanwhile, the share of transported cargo on Kazakhstan-Netherlands route and Kazakhstan-China route, which are relatively less profitable directions, increased compared to the same period of previous year.

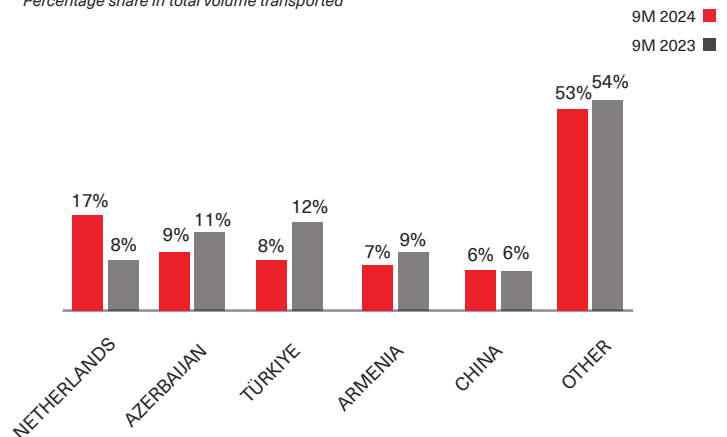
ORIGIN COUNTRIES

Percentage share in total volume transported



DESTINATION COUNTRIES

Percentage share in total volume transported



MAIN DIRECTIONS OF CARGO FLOW DURING 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2024

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

Heavy fuel oil – is primarily transported along the Kazakhstan-Netherlands route (74%) and the Kazakhstan-Black Sea Ports route (18%), specifically Batumi Sea Port, Poti Sea Port and Parto Tskali.

Light fuel oil – is mainly transported via the Turkmenistan-Black Sea Ports route (80%), followed by the Turkmenistan-Italy route (10%) and the Azerbaijan-Black Sea Ports route (7%).

Diesel fuel – is primarily transported along the Russia-Armenia route (47%), the Azerbaijan-Black Sea Ports route (42%) and the Turkmenistan-Black Sea Ports route (11%).

Gas oil – is mainly transported on the Kazakhstan-Netherlands route (36%), the Uzbekistan-USA route (30%) and the Azerbaijan-Black Sea Ports route (19%).

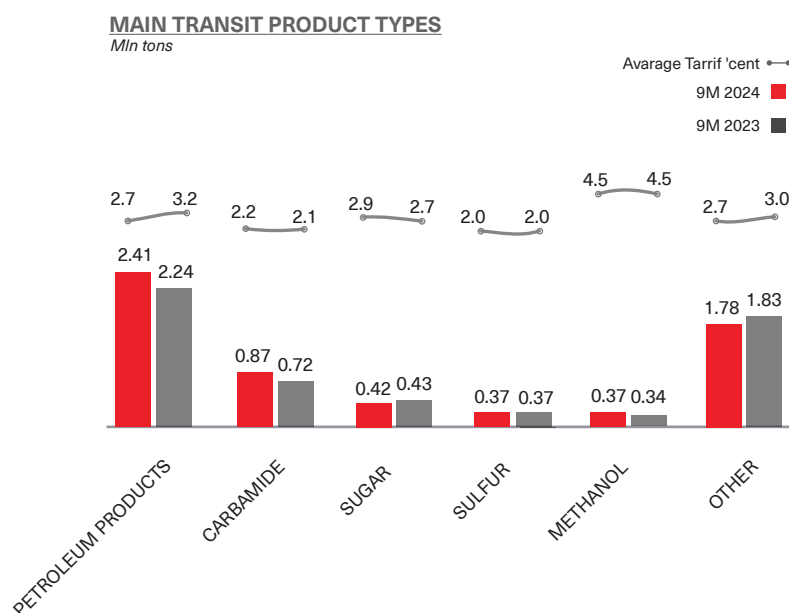
Special petrol – is primarily transported on the Russia-Armenia route, accounting for 68% of the total product.

Carbamide – is mainly transported along the Turkmenistan-Black Sea Ports route (66%) and the Azerbaijan-Ukraine route (13%).

Sugar – is primarily transported along the Brazil-Azerbaijan route (54%), the Brazil-Uzbekistan route (28%) and the Brazil-Armenia route (14%).

Sulfur – is transported almost entirely on the Kazakhstan-Poti Sea Port route, accounting for 96% of the total product.

Methanol – is primarily transported on the Azerbaijan-Türkiye route (24%), the Azerbaijan-Netherlands route (24%), the Azerbaijan-Italy route (13%) and the Azerbaijan-Romania route (12%).



TRANSPORTATION BY BORDER CROSSING

RAIL FREIGHT VOLUMES BY BORDER CROSSING

The JSC Georgian Railway operates three railway border crossings that link Georgia with its neighboring countries – Azerbaijan, Armenia and Türkiye. The Beyuk-Kyasik station connects the Company to Azerbaijan and its corresponding border crossing station in Georgia is Gardabani. The Sadakhlo station links Georgia to Armenia, while the Akhalkalaki station connects it to Türkiye. Additionally, the Company is linked to Black Sea Ports, including Poti Sea Port, Batumi Sea Port and Parto Tskali (Kulevi) Port.

The provided freight data indicates the points of entry and exit for cargo into and out of the country. Notably, 75% of

incoming freight arrives through land border crossings, underscoring the significance of the East-West transportation axis. On the other hand, 75% of outgoing cargo is shipped from ports, emphasizing the role of maritime transport via the Black Sea. This data highlights that the primary route for freight volumes in Georgia is from the East, primarily through Azerbaijan, with a subsequent departure from the country via maritime transport.

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

RAILWAY FREIGHT VOLUMES BY THE BORDER CROSSINGS

Incoming rail volume - The main entry point for incoming cargo was the Beyuk-Kyasik station, which accounted for 72% of the total incoming cargo and 96% of the cargo arriving from land border crossings. A relatively smaller proportion of the overall incoming cargo, with shares of 14% and 10%, was transported from the Poti Sea Port and Batumi Sea Port, respectively.

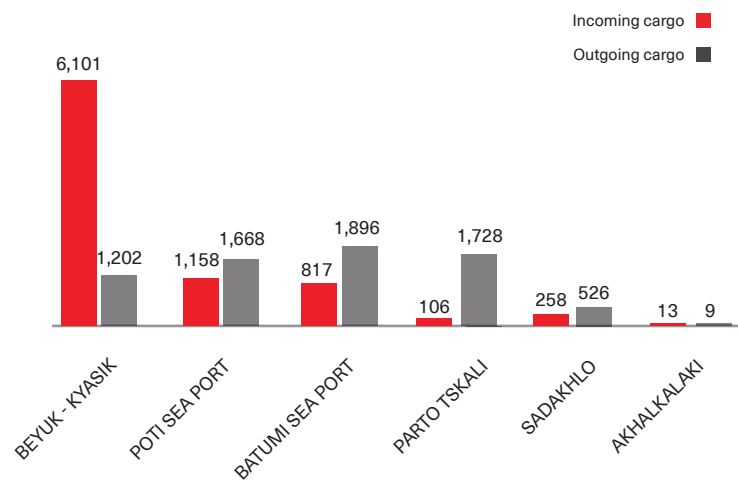
Outgoing rail volume – 75% of outgoing cargoes leave the country through Parto Tskali, Batumi Sea Port and Poti Sea Port. Conversely, Beyuk-Kyasik serves as the primary land departure point, representing 17% of the total volume leaving the country and facilitating 69% of the entire volume departing via land borders.

BORDER CROSSINGS OF IMPORTED PRODUCTS

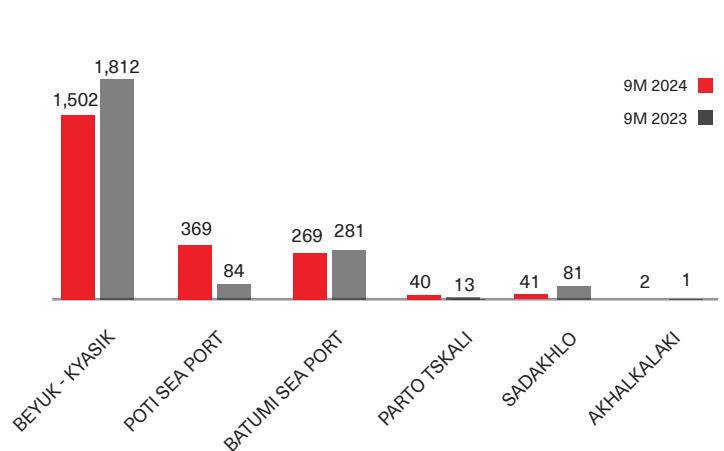
The share of Beyuk-Kyasik in total import was 68% in 9 months ended 30 September 2024, compared to 80% in same period of 2023. The 12% decrease in share primarily was driven by decreased transportation from Russia by 366 thousand tons. The main origin countries using Beyuk-Kyasik station for volume transported were Russia, mostly for petroleum product transportation and Azerbaijan, mostly for cement clinkers transportation with 698 thousand tons and 611 thousand tons, respectively.

The share of Black Sea Ports in total import was 31% in 9 months ended 30 September 2024, compared to 17% same period of 2023. 14% increase in share was primarily driven by increased transportation from Russia, Bulgaria, Türkiye and Romania. The latter were also the main importer countries using Black Sea Ports for entering, mostly for petroleum products transportation with 242 thousand tons, 83 thousand tons, 80 thousand tons and 80 thousand tons, respectively.

FREIGHT BY BORDER CROSSINGS
'000 tons



IMPORT BORDER CROSSING
'000 tons



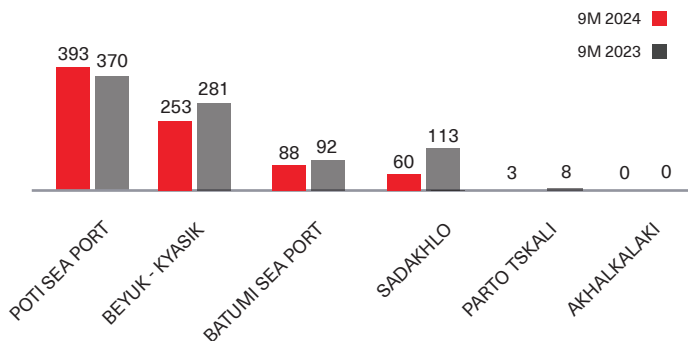
BORDER CROSSINGS OF EXPORTED PRODUCTS

The share of Black Sea Ports in total export remained the same at 57% during the nine months ended 30 September 2024, as well as in the same period of 2023. The main exported products were ammonium nitrate and sillico manganese, accounting for 306 thousand tons and 56 thousand tons, respectively.

The share of Beyuk-Kyasik in total export was 32% in 9 months ended 30 September 2024, compared to 33% in same period of 2023. The main destination countries for exported cargo, leaving the country through Beyuk-Kyasik station, were Russia and Kazakhstan with 86 thousand and 85 thousand tons, respectively, mostly for mineral water transportation.

EXPORT BORDER CROSSING

'000 tons



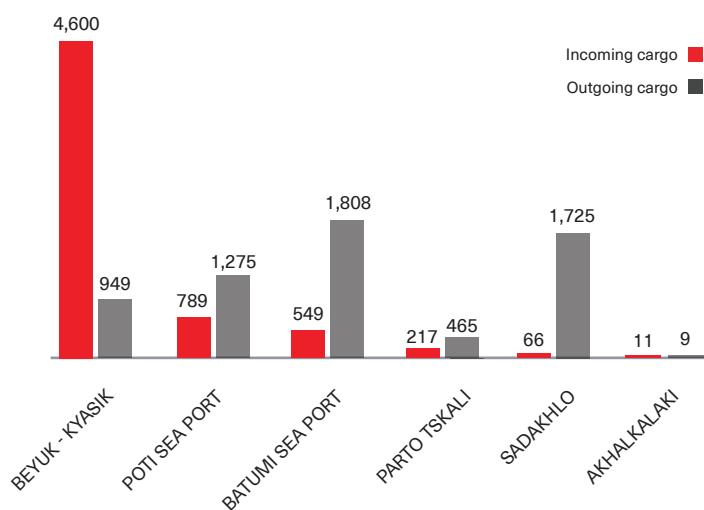
BORDER CROSSINGS OF TRANSIT PRODUCTS

Beyuk-Kyasik station has the highest share in incoming volumes. The share of Beyuk-Kyasik station was 74% in 9 months ended 30 September 2024, compared to 72% in same period of 2023. The main origin countries for incoming cargoes were Kazakhstan, Azerbaijan and Turkmenistan with 1,986 thousand tons, 1,157 thousand tons and 966 thousand tons, respectively.

Black Sea Ports have the highest share in outgoing volumes. The share of Black Sea Ports was 77% in 9 months ended 30 September 2024, compared to 72% in same period of 2023. The main destination countries were Netherlands, Türkiye and China with 1,043 thousand tons, 507 thousand tons and 354 thousand tons, respectively.

TRANSIT BORDER CROSSING

'000 tons



CONTAINER TRANSPORTATION

Approximately 9% of the total transported volume in 9 months ended 30 September 2024 was for the containerized goods and the rest was for bulk and breakbulk.

Although container transport has a relatively low share, its volumes has been increasing slowly but steadily over the recent years.

CONTAINERS TRANSPORTED

Amt	Q3 2024	Q3 2023	y-o-y %	Q2 2024	q-o-q %	9 month period ended 30 September		
						9M 2024	9M 2023	q-o-q %
20 FEET	10,937	11,464	(4.6)	9,830	11.3	30,395	35,065	(13.3)
40 FEET	7,067	6,970	1.4	6,234	13.4	18,589	20,740	(10.4)
TOTAL	18,004	18,434	(2.3)	16,064	12.1	48,984	55,805	(12.2)

REVENUE FROM CONTAINER TRANSPORTATION

GEL 000'	Q3 2024	Q3 2023	y-o-y %	Q2 2024	q-o-q %	9 month period ended 30 September		
						9M 2024	9M 2023	q-o-q %
20 FEET	5,639	4,776	18.1	4,493	25.5	15,050	14,433	4.3
40 FEET	3,013	3,512	(14.2)	2,878	4.7	8,432	10,788	(21.8)
TOTAL	8,652	8,289	4.4	7,372	17.4	23,483	25,221	(6.9)

AVERAGE TARIFF

GEL	Q3 2024	Q3 2023	y-o-y %	Q2 2024	q-o-q %	9 month period ended 30 September		
						9M 2024	9M 2023	q-o-q %
20 FEET	515.6	416.6	23.8	457.1	12.8	495.2	411.6	20.3
40 FEET	426.3	503.9	(15.4)	461.7	(7.7)	453.6	520.2	(12.8)
TOTAL	480.5	449.6	6.9	458.9	4.7	479.4	451.9	6.1

*Average tariff represents revenue divided by number of containers

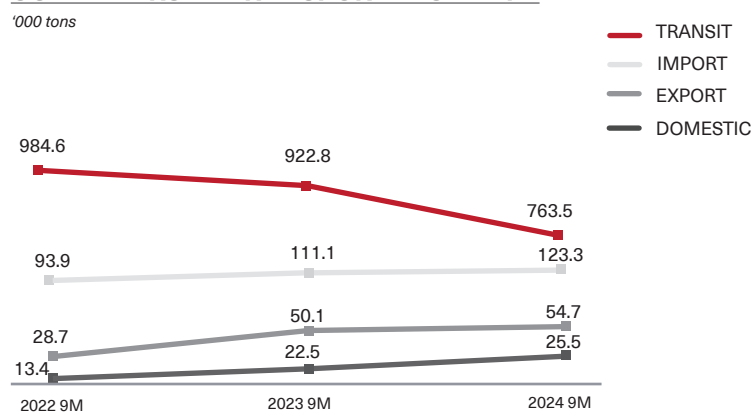
	Q3 2024	Q3 2023	y-o-y %	Q2 2024	q-o-q %	9 month period ended 30 September		
						9M 2024	9M 2023	q-o-q %
NUMBER OF CONTAINERS IN TEU	25,071	25,404	(1.3)	22,298	12.4	67,573	76,545	(11.7)
TONS '000	367	350	4.6	317	15.7	967	1,107	(12.6)

Number of containers – 12% decrease was due to decreased containers transported to Azerbaijan by 4.1 thousand units and to Kazakhstan by 1.3 thousand units in 9 months ended 30 September 2024, compared to same period of 2023.

Average tariff on containers (in GEL) – 6% increase was mainly due to increased number of containers transported to Bulgaria, which is relatively more profitable direction, while the number of containers transported to Kazakhstan, which is relatively less profitable direction, decreased in 9 months ended 30 September 2024, compared to same period of 2023.

The Group's container transportation consists of transit, import, export and domestic transportation routes. The split between mentioned directions in 9 months ended 30 September 2024 was about 79%, 13%, 6% and 3%, respectively, compared to 83%, 10%, 5% and 2%, respectively, in same period of 2023.

CONTAINERS BY TRANSPORTATION TYPE



LOGISTICAL SERVICES

General description

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

Currency and tariff setting

Revenue from logistical services is comprised of 27% in USD and 73% in GEL.

LOGISTICAL SERVICES

GEL '000	TOTAL		CHANGE	
	9M 2024	9M 2023	%	Absolute
9 month period ended 30 September				
REVENUE FROM LOGISTICAL SERVICES	98,835	105,220	(6.1)	(6,385)

Factors influencing performance

Revenue from logistics services decreased by 6.1% (GEL 6.4 million). This decrease was driven by GR's subsidiary, which provides container transportation services. The subsidiary's decreased income was primarily due to a

Driver

Revenue from this source mainly fluctuates based on transportation turnover and volumes measured in tons.

decreased container transportation to the Azerbaijanian direction and on BTK line, as well as decrease in freight transportation Turkmenistan direction (carbamide transportation).

*Logistic revenue and expenditures should be taken into consideration jointly (See pg.25 Logistical service expenses).

PASSENGER TRAFFIC

General description

Passenger transportation comprises domestic and international services. Domestic transportation includes regional and long-distance transportation. Long-distance traffic accounts for the majority of the Group's passenger traffic, while the regional services, in particular suburban services, typically serve the low-income segments of society, with symbolic/minimal ticket fares. Georgian rail lines are linked to Azerbaijan and Armenia and international transportation services are provided to both countries.

Currency and tariff setting

Tariffs for domestic trains are set independently by the Group, in GEL. As a social partner to the Government of Georgia, the Group maintains affordable passenger transportation services by setting tariffs much below its market prices. At the same time, GR maintains certain

passenger trains even when such routes are not economically feasible. In June 2024, the Railway Transport Agency and JSC Georgian Railway signed an initial Public Service Contract (PSC) to ensure compliance with EU railway safety regulations, supporting sector reform and European integration by enhancing service quality, transparency and accountability, valid until 2028. The compensation for the period from July to December, 2024, may reach up to GEL 8.0 million.

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

Drivers

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

PASSENGER TRANSPORTATION

GEL '000	TOTAL		CHANGE	
	9M 2024	9M 2023	%	Absolute
9 month period ended 30 September				
REVENUE FROM PASSENGER TRANSPORTATION	30,053	32,883	(8.6)	(2,831)
REVENUE FROM PSC*	2,567	0	100.0	2,567
NUMBER OF PASSENGERS '000	1,667	1,778	(6.2)	(111)

*Public Service Contract

Factors influencing performance

In the nine-month period ending September 30, 2024, revenue from passenger transportation fell by 8.6% compared to the same period in 2023. This decline was primarily due to a reduction in the number of passengers transported, especially on mainline and international routes, which are the more profitable segments.

The decline was partially offset by revenue received un-

der Public Service Contract (PSC), between JSC Georgian Railway and the Government of Georgia, under which the Government should compensate for losses incurred on unprofitable passenger routes. The contract became effective in July 2024 and the compensation amount totaled for 2.6 million in the third quarter of 2024.

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	
	9M 2024	9M 2023	%	Absolute
9 month period ended 30 September				
REVENUE FROM SALE OF MATERIALS (SCRAP)	8,143	420	100.0	7,723
OTHER	2,385	3,411	(30.1)	(1,027)
TOTAL	10,528	3,832	174.8	6,697

Factors influencing performance

In the nine-month period ending on September 30, 2024, there was an increase of GEL 6.7 million in other revenue compared to the same period in 2023. This increase was

primarily due to income generated from scrap realization. However, it was partially offset by a lower in income from the sale of materials (excluding scrap metal).

1.2 OTHER INCOME

General description

Other income mainly includes profit generated from an associate entity. In February 2024, Georgia Railway purchased 21.716% shares of Gardabani Thermal Power Plant (TPP), using accounts receivable from a former shareholder JSC "Development Fund of Georgia".

Other income also coincides penalties from clients and suppliers, sales of fixed assets, provision reversals and etc.

To better illustrate the operational profitability of the Group, other income is split into two categories: continuing operations (such as clients' and suppliers' penalties) and non-continuing operations (such as provision reversals or sale of fixed assets), which are not recurring part of the business.

OTHER INCOME

GEL '000	TOTAL		CHANGE	
	9M 2024	9M 2023	%	Absolute
9 month period ended 30 September				
CONTINUING OPERATIONS	20,958	3,683	469.1	17,275
NON-CONTINUING OPERATIONS	1,889	2,891	(34.6)	(1,002)
TOTAL	22,847	6,574	247.5	16,273

Factors influencing performance

Other income increased by GEL 16.3 million in the first nine months of 2024 compared to the same period in 2023, primarily due to the profit generated from associate entity

(GEL 12.3 million), as well as proceeds from successful litigation.

1.3 OPERATING EXPENSES

General description

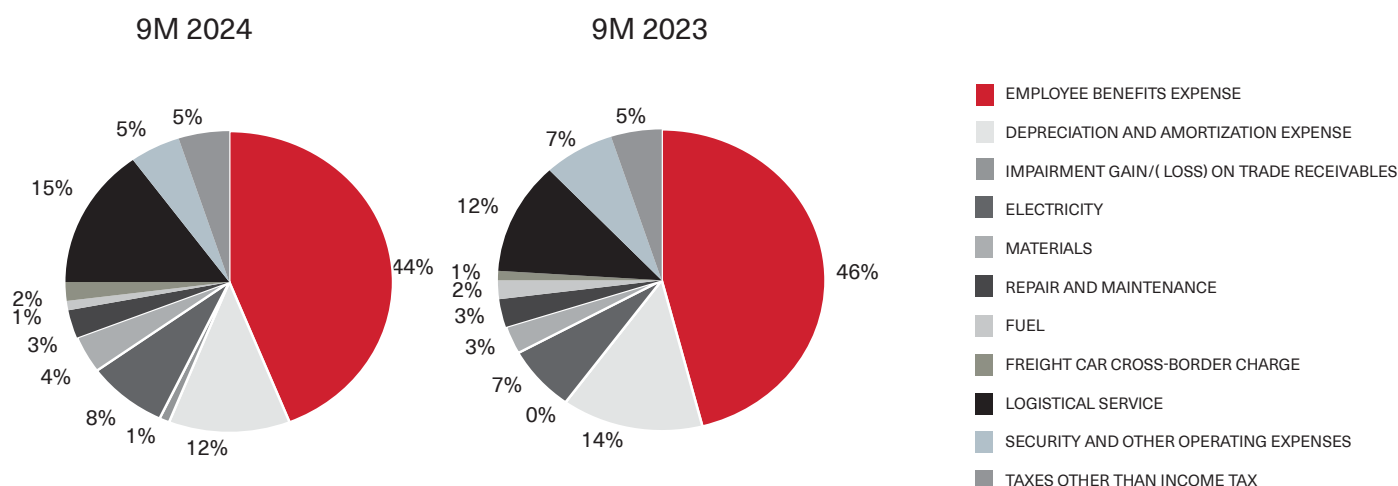
Total operating expenses for the nine months ended 30 September 2024 increased approximately by GEL 11.8 million, compared to the same period of the previous year.

The increase was mainly caused by an increase in logistical service expenses and freight car cross-border charge.

OPERATING EXPENSES

GEL '000	TOTAL		CHANGE		
	9M 2024	9M 2023	%	% Constant Currency	Absolute
9 month period ended 30 September					
EMPLOYEE BENEFITS EXPENSE	171,674	175,743	(2.3)	(6.0)	(4,069)
DEPRECIATION AND AMORTIZATION EXPENSE	48,211	54,783	(12.0)	(15.3)	(6,572)
IMPAIRMENT LOSS ON TRADE RECEIVABLES	2,794	873	220.0	207.9	1,921
ELECTRICITY	30,223	28,284	6.9	2.8	1,939
MATERIALS	15,243	11,268	35.3	30.1	3,974
REPAIR AND MAINTENANCE	12,053	10,220	17.9	13.5	1,833
FUEL	5,536	6,694	(17.3)	(20.4)	(1,157)
FREIGHT CAR CROSS-BORDER CHARGE	10,188	5,093	100.0	92.5	5,095
LOGISTIC SERVICES	60,222	44,109	36.5	31.4	16,112
SECURITY AND OTHER OPERATING EXPENSES	19,417	25,945	(25.2)	(28.0)	(6,528)
TAXES OTHER THAN INCOME TAX	18,303	18,107	1.1	(2.8)	196
TOTAL	393,864	381,119	3.3	(0.6)	12,744

The following charts represent the cost structure for the three months ended 30 September 2024 and 2023:



EMPLOYEE BENEFITS EXPENSES

General description

The Group's salary cost is fixed and denominated in GEL. Therefore, it is not affected by changes in transported vol-

ume or the number of passengers, nor by fluctuations in foreign exchange rates.

EMPLOYEE BENEFITS EXPENSES

GEL '000	TOTAL		CHANGE	
	9M 2024	9M 2023	%	Absolute
9 month period ended 30 September				
SALARY	135,101	139,098	(2.9)	(3,997)
BONUS-REWARD	4,135	4,324	(4.4)	(189)
OTHER BENEFITS	32,438	32,321	0.4	117
TOTAL	171,674	175,743	(2.3)	(4,069)

Factors influencing changes

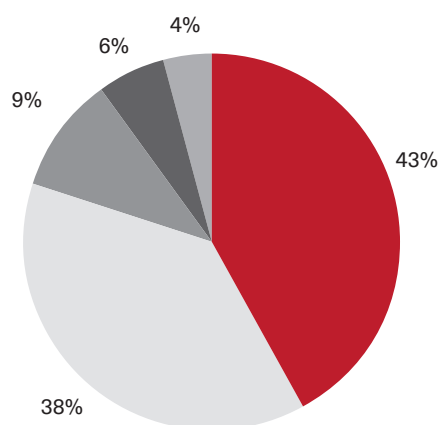
JSC Georgian Railway is one of the largest corporate employers and taxpayers in Georgia. This highlights the Company's significance for the country, along with the other important economic and social benefits it provides to the nation and its employees.

September 30, 2024, fell by 2.3 percent (GEL 4.1 million) compared to the same period of the previous year. This reduction was primarily driven by a 2.9 percent decrease in total salary costs, mainly due to a 3.3 percent reduction in the number of employees.

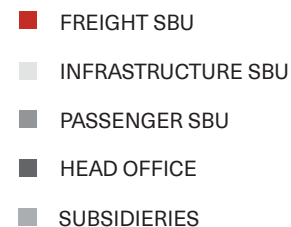
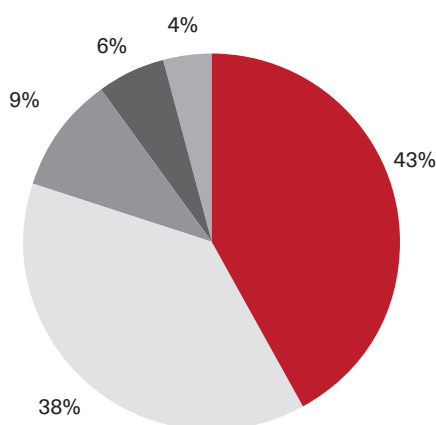
Employee benefits expenses for the nine months ending

Following charts represent the headcount by strategic business units and head office of the Company:

Distribution of staff by business units as at the end of September 2024



Distribution of staff by business units as at the end of September 2023



DEPRECIATION AND AMORTIZATION EXPENSES

General description

The Group's depreciation and amortization expenses are mainly affected by capital additions and property retirements from disposal, sale, or abandonment. The expenses

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

DEPRECIATION AND AMORTIZATION EXPENSES

GEL '000	TOTAL		CHANGE	
	9M 2024	9M 2023	%	Absolute
DEPRECIATION AND AMORTIZATION	48,211	54,783	(12.0)	(6,572)

Factors influencing changes

The Group's depreciation and amortization expense was GEL 48.2 million for the nine months ended 30 September 2024, as compared to GEL 54.8 million for the corresponding period in 2023. In 2024, the useful life of certain assets

was reassessed and adjusted, leading to a GEL 6.6 million reduction in depreciation and amortization expenses in 9 month period ended 30 September of 2024.

ELECTRICITY EXPENSES

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 with fixed tariffs (the "Electricity Agreement"), securing a price for more than 90% of the Company's needs. The remaining amount was procured on the open market. The Electricity Agreement expired in September 2021 however and since then the Company has been purchasing electricity on the

open market with tariffs denominated in GEL.

Electricity expenses are split into two categories: electricity expenses for traction, which is driven by transportation turnover (the Group uses electric locomotives for freight transportation, 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	
	9M 2024	9M 2023	%	Absolute
ELECTRICITY EXPENSES FOR TRACTION	26,468	24,553	7.8	1,915
UTILITY EXPENSES	3,755	3,731	0.6	24
TOTAL	30,223	28,284	6.9	1,939

Factors influencing changes

Total electricity expenses increased by approximately 6.9% (GEL 1.9 million) in the nine months ended September 30, 2024, compared to the same period in 2023. This rise was

mainly driven by increased cargo transportation and a higher average electricity tariff. (see table: "Purchased Electricity and Weighted Average Tariff").

PURCHASED ELECTRICITY AND WEIGHTED AVERAGE TARIFF

GEL '000	9M 2024			9M 2023		
	GWh	Gross ton-km (million)	Weighted av. tariff (GEL)	GWh	Gross ton-km (million)	Weighted av. tariff (GEL)
9 month period ended 30 September						
JANUARY	12.5	551.6	0.232	12.4	532.7	0.234
FEBRUARY	12.6	592.9	0.235	11.2	495.5	0.233
MARCH	13.2	599.8	0.235	12.8	581.8	0.225
APRIL	12.3	580.8	0.232	11.7	522.3	0.223
MAY	13.6	665.8	0.199	13.5	653.3	0.158
JUNE	13.6	664.0	0.218	13.4	632.4	0.193
JULY	13.9	644.1	0.218	14.0	642.3	0.205
AUGUST	13.8	657.6	0.220	13.9	633.9	0.211
SEPTEMBER	12.8	604.5	0.228	12.9	587.5	0.234
TOTAL	118.3	5,561.2	0.224	115.9	5,281.7	0.213

Note: The table above includes only electricity consumed for traction

MATERIALS, REPAIR AND MAINTENANCE EXPENSES

General description

The Group purchases inventory and uses these materials for repair works performed internally by its employees. This consumption is presented under "materials expenses". However, some repair works are outsourced and are presented under "repair and maintenance expenses".

The Group's materials, repair and maintenance expenses

are all tied to its rolling stock equipment balance, its utilization level and transportation volume. When the transportation by the Group's rolling stock increases, so do the expenses for materials, repair and maintenance. However, this expense can also be decreased by increased capital expenditures on the fleet and infrastructure, which reduces the need for repair and maintenance.

MATERIALS, REPAIR AND MAINTENANCE EXPENSES

GEL '000	TOTAL		CHANGE	
	9M 2024	9M 2023	%	Absolute
9 month period ended 30 September				
MATERIALS EXPENSES	15,243	11,268	35.3	3,974
REPAIR AND MAINTENANCE EXPENSES	12,053	10,220	17.9	1,833
TOTAL	27,296	21,488	27.0	5,808

Factors influencing changes

The GEL 5.8 million increase was primarily due to a GEL 4.0 million rise in material expenses, mainly driven by a higher volume of purchased materials, particularly related to the track superstructure and a GEL 1.8 million increase

in repair and maintenance expenses, primarily due to more repair works for machinery and rolling stock compared to the previous year during the first nine months of 2024.

FREIGHT CAR CROSS-BORDER CHARGE EXPENSES

General description

Freight car cross-border charge expenses represent short-term rent expenses derived from the usage of other railways' railcars on the Group's network, for which it is charged a daily fee. This expense counters 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 GR transports using other railways companies' railcars.

FREIGHT CAR CROSS-BORDER CHARGE EXPENSES

GEL '000	TOTAL		CHANGE	
	9M 2024	9M 2023	%	Absolute
9 month period ended 30 September				
FREIGHT CAR CROSS-BORDER CHARGE EXPENSES	10,188	5,093	100.0	5,095

Factors influencing changes

Freight car cross-border charge expenses nearly doubled, reaching GEL 10.2 million for the nine months ended 30 September 2024, compared to the same period of

2023, mainly caused by increased usage of tank cars and semi-wagons..

LOGISTICAL SERVICE EXPENSES

General description

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

tion and/or for other modes of transport.

LOGISTICAL SERVICE EXPENSES

GEL '000	TOTAL		CHANGE	
	9M 2024	9M 2023	%	Absolute
9 month period ended 30 September				
LOGISTICAL SERVICES	60,222	44,109	36.5	16,112

Factors influencing changes

Expenses for logistical services in the first nine month of 2024 increased by 36.5% (GEL 16.1 million), compared to

the same period of 2023. This change was primarily due to the omission of full nine month costs attributable to 2023.

**Logistical revenue and expenditures should be taken into consideration jointly (See pg. 18 Logistical services).*

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

<i>GEL '000</i>	TOTAL		CHANGE	
	9M 2024	9M 2023	%	<i>Absolute</i>
<i>9 month period ended 30 September</i>				
SECURITY	9,553	9,648	(1.0)	(94)
OTHER OPERATING EXPENSES	9,863	16,297	(39.5)	(6,434)
TOTAL	19,417	25,945	(25.2)	(6,528)

Factors influencing changes

Security and other operating expenses decreased by GEL 6.5 million during the nine-month period ending September 30, 2024 compared to same period of 2023. This reduction

was primarily due to higher expenses related to software and hardware services in the first 9 month of 2023.

1.4 FINANCE INCOME AND COST

General description

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

Finance cost mainly consists of interest expenses on the Group's debt and foreign exchange losses.

The main source of FX gains or loss is the Group's Eurobonds, which are denominated in USD. This is, how-

ever, partially offset by the Group's USD cash balances and receivables in foreign hard currencies. It must be noted that such FX gain or loss on Eurobonds is not monetary and will not be realized until maturity. The Group's revenues are mostly denominated in hard currencies (USD and CHF). As most of the 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	
	9M 2024	9M 2023	%	Absolute
INTEREST INCOME	17,717	26,124	(32.2)	(8,407)
IMPAIRMENT GAIN/(LOSS) ON FINANCIAL ASSETS	(331)	624	(153.0)	(955)
INTEREST EXPENSE	(43,899)	(42,728)	2.7	(1,170)
NET FOREIGN EXCHANGE GAIN/(LOSS)	(17,108)	12,440	(237.5)	(29,548)
NET FINANCE INCOME/(LOSS)	(43,621)	(3,540)	1,132.1	(40,080)

Factors influencing changes

In the nine months ended September 30, 2024, the Group reported a GEL 43.6 million net finance loss, compared to a GEL 3.5 million net finance loss in the same period of 2023. The difference of GEL 40.1 million was primarily due to fluctuations in the GEL against foreign currencies.

The Group showed a net foreign exchange loss of 17.7 million due to the depreciation of the GEL against the USD by 1.5 percent as of September 30, 2024, compared to December 31, 2023 (GEL/USD exchange rate of 2.7297 versus 2.6894). Conversely, the Group experienced a

net foreign exchange gain of GEL 12.4 million due to the GEL's appreciation against the USD by 0.9 percent as of September 30, 2023, compared to December 31, 2022 (GEL/USD exchange rate of 2.6783 versus 2.7020).

Interest income during the first nine months of 2024 decreased by 8.4 million GEL compared to the same period of 2023, mainly due to lower interest rates on GEL denominated deposits, as well as increased share of USD denominated deposits, which naturally have lower interest rates.

1.5 INCOME TAX EXPENSE/BENEFIT

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 EXPENSE/BENEFIT

GEL '000	TOTAL		CHANGE	
	9M 2024	9M 2023	%	Absolute
INCOME TAX EXPENSE/BENEFIT	(460)	(565)	(18.6)	105

Factors influencing changes

In May 2016, the Georgian Parliament approved changes to the Tax Code, adopting the Estonian tax model for businesses, except for profit-sharing companies. According to the model income tax is paid on the distributed profit instead of annual income, as well as undistributed profit is

tax-exempt. The new tax code is effective from January 1, 2017.

Income tax expenses decreased by GEL 0.1 million in the first nine months of 2024, compared to the same period of 2023.

II. BALANCE SHEET

'000 GEL							
	30-Sep-24	30-Jun-24	% change	Abs. change	31-Dec-23	% change	Abs. change
TOTAL ASSETS	2,576,247	2,529,814	1.8	46,432	2,495,961	3.2	80,286
<i>CHANGES ARE MAINLY DUE TO:</i>							
Property, plant and equipment	1,943,209	1,943,064	0.0	145	1,921,379	1.1	21,830
Investments	70,171	57,781	21.4	12,390	-	-	-
Prepayments and other current assets	11,125	6,757	64.7	4,369	3,562	212.3	7,563
ASSETS							
TOTAL LIABILITIES	1,632,731	1,659,519	(1.6)	(26,788)	204,770	697.3	1,427,961
<i>CHANGES ARE MAINLY DUE TO:</i>							
Loans and borrowings (LT)	1,377,844	1,417,970	(2.8)	(40,125)	1,339,840	2.8	38,004
Trade and other payables (ST)	112,123	116,837	(4.0)	(4,713)	142,117	(21.1)	(29,994)

SIGNIFICANT CHANGES IN ASSETS

Property, plant and equipment (PP&E) – The increase of GEL 21.8 million in property, plant and equipment was primarily due to the construction of a new rail network and other engineering works, mostly associated with the Modernization Project.

Investments – The loan issued to the former shareholder, JSC Development Fund of Georgia (formerly JSC Partnership Fund), has been recovered through the acquisition of a 21.7% ownership stake in Gardabani Thermal Power Plant (Gardabani TPP). As a result, the loan amount has been reclassified from the other receivables to the investments account. Additionally, as of 30 September 2024, initial cost of an investment increased by GEL 12.3 million of profit generated by the entity.

Prepayments and other current assets – The GEL 7.6 million increase is attributable to the reclassification of the Company's subsidiaries' trade and other payables to prepayments.

SIGNIFICANT CHANGES IN LIABILITIES

Loans and borrowings (LT) – As of 30 September 2024 loans and borrowings increased due to the GEL depreciation against foreign currencies, as well as the temporary reclassification of a secured loan from long-term to short-term loans and borrowings as of 31 December 2023.

Trade and other payables (ST) - The GEL 30.0 million decrease was due to the payment of GEL 26.8 million to supplier for constructing and designing signaling, centralization and blocking systems on the Kashuri-Zestafoni segment, which was partially offset by increased payables of GR's subsidiaries.

III. CASH FLOW STATEMENT

By the end of 30 September, 2024, the Group held GEL 286.4 million of cash and cash equivalents and GEL 39.1 million of term deposits. These cash resources are held to support working capital and fixed capital expenditures. Fixed capital expenditures mainly entail the costs related to Modernization Project, which is expected to be finalized by 2024.

The Group mainly relies on its cash generated from operating activities for funding its current and future cash requirements.

3.1 OPERATING ACTIVITIES

GEL '000	TOTAL		CHANGE	
	9M 2024	9M 2023	%	Absolute
9 month period ended 30 September				
CASH RECEIPTS FROM CUSTOMERS	478,945	473,422	1.2	5,523
CASH PAID TO SUPPLIERS AND EMPLOYEES	(304,790)	(319,196)	(4.5)	14,407
NET CASH FROM OPERATING ACTIVITIES	174,155	154,226	12.9	19,929

Factors influencing changes

Net cash from operating activities increased by GEL 19.9 million in the first nine months of 2024 compared to the same period in 2023. This change was primarily driven by an increase in cash receipts from customers due to higher freight transportation, which in turn was influenced by the depreciation of the GEL against the USD as the most of

the Group's revenue is denominated in USD. Additionally, there was a decrease in cash paid to suppliers and employees, primarily due to lower employee benefit expenses, which also contributed to the rise in net cash from operating activities. (see pg. 22 Employee benefit expenses).

3.2 INVESTING ACTIVITIES

GEL '000	TOTAL		CHANGE	
	9M 2024	9M 2023	%	Absolute
9 month period ended 30 September				
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	(112,016)	(108,332)	3.4	(3,684)
PURCHASE OF A COMPANY SHARE	(4,343)	-	100.0	(4,343)
PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT	-	262	(100.0)	(262)
INTEREST RECEIVED	17,700	26,124	(32.2)	(8,424)
DECREASE/(INCREASE) IN TERM DEPOSITS	(39,120)	(12,026)	225.3	(27,095)
INVESTMENT IN SUBSIDIARIES	(462)	-	100.0	(462)
NET CASH USED IN INVESTING ACTIVITIES	(138,241)	(93,971)	47.1	(44,241)

Factors influencing changes

Cash used in investing activities increased by GEL 44.2 million in the first nine months of 2024 compared to the same period in 2023. This increase was mainly due to the

opening of term deposit in the amount of GEL 39.1 million, which matures before the yearend, when the amount will be transferred back to cash and cash equivalents.

3.3 FINANCING ACTIVITIES

GEL '000	TOTAL		CHANGE	
	9M 2024	9M 2023	%	Absolute
REPAYMENT OF BORROWINGS	(5,878)	(5,453)	7.8	(425)
INTEREST PAID	(29,899)	(27,424)	9.0	(2,474)
NET CASH USED IN FINANCING ACTIVITIES	(35,776)	(32,877)	8.8	(2,899)

Factors influencing changes

Cash used in financing activities increased by GEL 2.9 million during nine month period ended 30 September 2024,

compared to the same period 2023, mainly due to the GEL depreciation against foreign currencies.

APPENDIX

APPENDIX 1

BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS

'000 tons 9 month period ended 30 September	TOTAL		CHANGE	
	9M 2024	9M 2023	%	Absolute
LIQUID CARGOES	3,976	3,700	7.4	275
OIL PRODUCTS	3,971	3,675	8.1	296
CRUDE OIL	4	25	(82.9)	(21)
DRY CARGOES	6,424	6,556	(2.0)	(132)
ORES	1,201	1,318	(8.8)	(116)
GRAIN	98	145	(32.5)	(47)
FERROUS METALS AND SCRAP	350	375	(6.8)	(26)
SUGAR	466	498	(6.4)	(32)
CHEMICALS AND FERTILIZERS	1,357	1,112	22.0	245
CONSTRUCTION FREIGHT	711	835	(14.9)	(124)
INDUSTRIAL FREIGHT	509	484	5.2	25
CEMENT	56	63	(11.6)	(7)
OTHER	1,676	1,726	(2.9)	(50)
TOTAL	10,400	10,257	1.4	143

BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS

'000 tons 9 month period ended 30 September	TOTAL		CHANGE	
	9M 2024	9M 2023	%	Absolute
IMPORT	2,221	2,272	(2.2)	(51)
EXPORT	798	864	(7.6)	(65)
DOMESTIC	1,149	1,194	(3.7)	(45)
TRANSIT	6,231	5,927	5.1	304
TOTAL	10,400	10,257	1.4	143

BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS (QUARTERLY)

'000 tons

<i>9 month period ended 30 September</i>	Q3 2024	Q3 2023	<i>y-o-y %</i>	Q2 2024	<i>q-o-q %</i>
LIQUID CARGOES	1,435	1,259	14.0	1,397	2.8
OIL PRODUCTS	1,432	1,256	14.0	1,396	2.5
CRUDE OIL	4	3	25.9	0	1,827.1
DRY CARGOES	2,144	2,346	(8.6)	2,186	(2.0)
ORES	347	463	(24.9)	364	(4.7)
GRAIN	36	25	42.9	22	59.5
FERROUS METALS AND SCRAP	135	133	1.6	92	45.9
SUGAR	243	186	30.6	174	39.8
CHEMICALS AND FERTILIZERS	385	452	(14.9)	493	(21.9)
CONSTRUCTION FREIGHT	234	308	(23.8)	227	3.2
INDUSTRIAL FREIGHT	200	198	1.3	176	14.2
CEMENT	14	21	(31.7)	20	(27.7)
OTHER	549	561	(2.1)	618	(11.1)
TOTAL	3,579	3,604	(0.7)	3,583	(0.1)

BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS (QUARTERLY)

'000 tons

<i>9 month period ended 30 September</i>	Q3 2024	Q3 2023	<i>y-o-y %</i>	Q2 2024	<i>q-o-q %</i>
IMPORT	840	816	3.0	721	16.5
EXPORT	253	266	(5.0)	270	(6.5)
DOMESTIC	360	480	(25.0)	400	(9.9)
TRANSIT	2,126	2,043	4.1	2,192	(3.0)
TOTAL	3,579	3,604	(0.7)	3,583	(0.1)

APPENDIX 2

BREAKDOWN OF FREIGHT TRANSPORTATION IN TON-KILOMETERS

<i>In million ton-kilometers</i>	TOTAL		CHANGE	
<i>9 month period ended 30 September</i>	9M 2024	9M 2023	%	<i>Absolute</i>
LIQUID CARGOES	1,254	1,124	11.5	129
OIL PRODUCTS	1,253	1,115	12.4	138
CRUDE OIL	1	9	(93.0)	(8)
DRY CARGOES	1,735	1,764	(1.7)	(29)
ORES	318	331	(4.0)	(13)
GRAIN	19	37	(47.7)	(18)
FERROUS METALS AND SCRAP	79	77	2.8	2
SUGAR	173	183	(5.5)	(10)
CHEMICALS AND FERTILIZERS	484	398	21.6	86
CONSTRUCTION FREIGHT	94	128	(26.1)	(33)
INDUSTRIAL FREIGHT	46	60	(22.2)	(13)
CEMENT	11	16	(32.3)	(5)
OTHER	510	535	(4.5)	(24)
TOTAL	2,988	2,888	3.5	100

BREAKDOWN OF FREIGHT TRANSPORTATION IN TON-KILOMETERS

<i>In million ton-kilometers</i>	TOTAL		CHANGE	
<i>9 month period ended 30 September</i>	9M 2024	9M 2023	%	<i>Absolute</i>
IMPORT	302	297	1.7	5
EXPORT	225	248	(9.3)	(23)
DOMESTIC	120	128	(6.3)	(8)
TRANSIT	2,341	2,215	5.7	126
TOTAL	2,988	2,888	3.5	100

BREAKDOWN OF FREIGHT TRANSPORTATION IN TON-KILOMETERS (QUARTERLY)

In million ton-kilometers

9 month period ended 30 September	Q3 2024	Q3 2023	y-o-y %	Q2 2024	q-o-q %
LIQUID CARGOES	457	384	18.8	446	2.4
OIL PRODUCTS	456	384	18.8	446	2.3
CRUDE OIL	1	0	85.4	0	4,923.8
DRY CARGOES	569	627	(9.2)	593	(4.0)
ORES	86	112	(23.5)	90	(5.3)
GRAIN	8	6	36.2	3	176.9
FERROUS METALS AND SCRAP	33	30	12.5	22	55.3
SUGAR	89	66	34.7	64	40.7
CHEMICALS AND FERTILIZERS	139	163	(15.0)	176	(21.2)
CONSTRUCTION FREIGHT	31	45	(30.6)	29	7.7
INDUSTRIAL FREIGHT	15	24	(36.8)	17	(10.4)
CEMENT	3	5	(46.8)	4	(40.5)
OTHER	165	176	(6.4)	188	(12.3)
TOTAL	1,026	1,011	1.4	1,039	(1.2)

BREAKDOWN OF FREIGHT TRANSPORTATION IN TON-KILOMETERS (QUARTERLY)

In million ton-kilometers

9 month period ended 30 September	Q3 2024	Q3 2023	y-o-y %	Q2 2024	q-o-q %
IMPORT	118	118	(0.4)	99	19.1
EXPORT	72	77	(6.8)	77	(6.8)
DOMESTIC	39	49	(19.7)	41	(3.2)
TRANSIT	797	768	3.9	822	(3.0)
TOTAL	1,026	1,011	1.4	1,039	(1.2)

APPENDIX 3

According to Condition 3 (d) of the “Terms and Conditions of the Notes” (The U.S. \$500,000,000 4% Notes due 17 June 2028 issued by Georgian Railway JSC on 10 June 2021), 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.

Given table sets forth 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	30-Sep-24	31-Dec-23
Financial indebtedness	1,405,415	1,393,655
<i>less:</i>		
Cash and cash equivalents	286,388	286,626
Term deposits*	39,120	-
Net Financial Indebtedness:	1,079,906	1,107,030
The most recent 2 consecutive semi-annual period ended:	30 Jun 2024	31 Dec 2023
Results from operating activities	118,509	97,561
Depreciation add-back	(72,835)	(76,895)
Impairment loss on trade receivables	5,456	6,016
Adjusted EBITDA	185,889	168,440
Net Financial Indebtedness/Adjusted EBITDA	5.81	6.49

**For consistency of comparatives, we have added term deposits to 2024 ratio calculation as it matures before the yearend. Otherwise the ratio would have been 6.02.*