

MANAGEMENT DISCUSSION AND ANALYSIS

FOR 3 MONTHS ENDED 31 MARCH 2025



FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

REVENUE

('000 GEL)

Q1 2025

151,883

+2.0% from Q1 2024

-3.8% from Q4 2024

RESULTS FROM OPERATING ACTIVITIES

('000 GEL)

Q1 2025

21,196

-31.4% from Q1 2024

-39.5% from Q4 2024

ADJUSTED EBITDA

('000 GEL)

Q1 2025

42,061

-11.4% from Q1 2024

-16.8% from Q4 2024

ADJUSTED EBITDA MARGIN

Q1 2025

27.69%

-4.2 points from Q1 2024

-4.3 points from Q4 2024

NET CASH INVESTMENT IN PP&E

('000 GEL)

Q1 2025

45,283

+3.4% from Q1 2024

+64.2% from Q4 2024

NET DEBT TO ADJUSTED EBITDA

31 Mar 2025

4.93

5.0 as at 31 Dec 2024

TONS

('000)

Q1 2025

3,019

-6.8% from Q1 2024

-7.8% from Q4 2024

TKM

('million)

Q1 2025

862

-6.7% from Q1 2024

-7.6% from Q4 2024

NUMBER OF PASSENGERS

('000)

Q1 2025

349

-25.0% from Q1 2024

-14.7% from Q4 2024

PASSENGER-KILOMETERS

('million)

Q1 2025

79

-24.2% from Q1 2024

-12.1% from Q4 2024

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I. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

3 month period ended 31 March		TOTAL		CHANGE		
GEL '000	Note	3M 2025	3M 2024	%	% constant currency	Absolute
Revenue	1	151,883	148,876	2.0	(3.1)	3,007
Other income	2	320	11,215	(97.2)	(97.3)	(10,896)
Employee benefits expense	3	(61,231)	(56,593)	8.2	2.7	(4,637)
Electricity, consumables and maintenance costs	4	(18,388)	(20,862)	(11.9)	(16.3)	2,474
Other expenses	5	(35,091)	(35,174)	(0.2)	(5.3)	83
Adjusted EBITDA		42,061	47,463	(11.4)	(15.9)	(5,402)
Adjusted EBITDA margin		27.69%	31.88%	NA	NA	(4.19)
Depreciation and amortization expense		(15,647)	(16,356)	(4.3)	(9.2)	708
Impairment gain/(loss) on trade receivables		(650)	(209)	210.2	195.3	(440)
EBIT		21,196	30,897	(31.4)	(34.9)	(9,702)
Share of results of equity accounted investees	6	4,568	-	100.0	100.0	4,568
Net finance income/(cost)	7	8,593	(14,375)	(159.8)	(156.8)	22,968
Profit and total comprehensive income		34,357	16,523	107.9	97.4	17,834

1. REVENUE

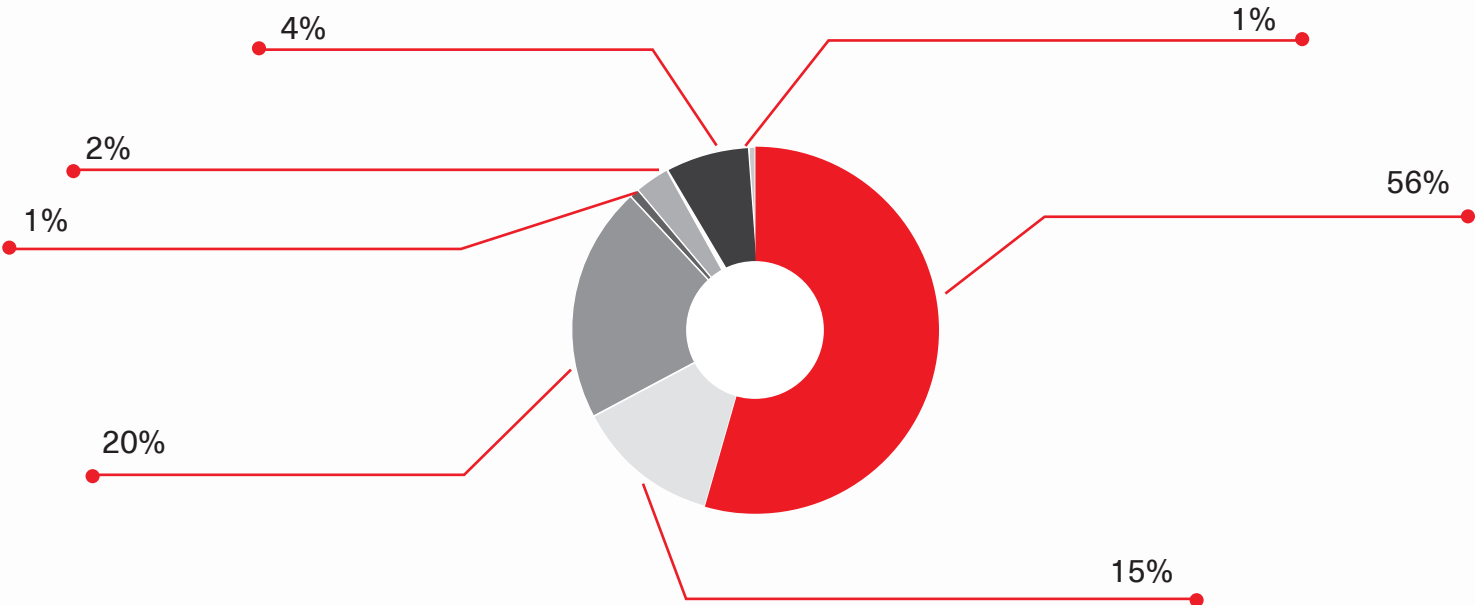
Most of the Group's revenue (about 56% in first three month ended 2025) is derived from freight transportation. Thus, its results are particularly sensitive to cargo flows. These mainly comprise transit shipments, which accounted for

around 68% of freight transportation revenue in 3 month period ended 31 March, 2025. A substantial proportion of GR's transit transportation comes from trade between Europe and Central Asia.

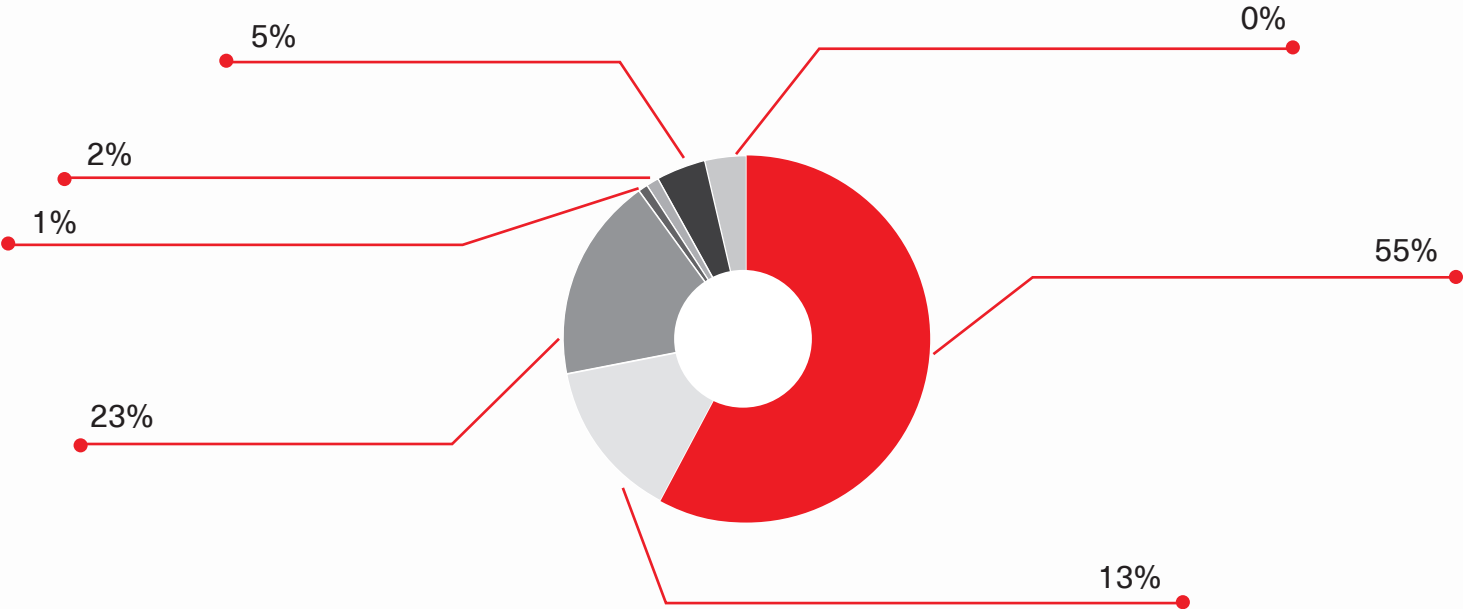
REVENUE BREAKDOWN

3 month period ended 31 March		TOTAL		CHANGE		
GEL '000	Note	3M 2025	3M 2024	%	% constant currency	Absolute
Freight transportation	1.1	84,739	82,322	2.9	(2.3)	2,417
Freight handling	1.2	23,440	19,774	18.5	12.5	3,666
Logistical service	1.3	30,043	33,604	(10.6)	(15.1)	(3,561)
Rent of wagons and other rental income		972	1,285	(24.4)	(28.2)	(313)
Freight car cross-border charge		3,177	3,647	(12.9)	(17.3)	(470)
Passenger traffic	1.4	5,747	7,608	(24.5)	(28.3)	(1,861)
Grant revenue*	1.4	3,000	-	100.0	100.0	3,000
Other		766	636	20.5	14.3	130
Revenue		151,883	148,876	2.0	(3.1)	3,007
Other income	2	320	11,216	(97.2)	(97.3)	(10,896)

REVENUE BREAKDOWN FOR Q1 2025



REVENUE BREAKDOWN FOR Q1 2024



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

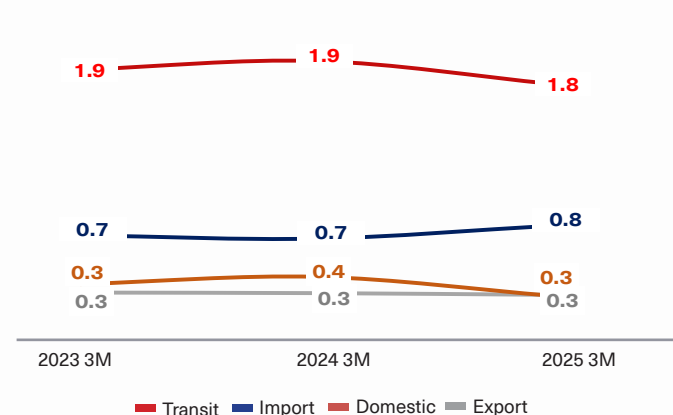
1.1 FREIGHT TRANSPORTATION

The Group's freight transportation consists of transit, import, export and domestic transportation. The split by tons between above-mentioned directions in the first three months of 2025 was about 58%, 25%, 8% and 9%, respectively. 99.9% of revenue from freight transportation is de-

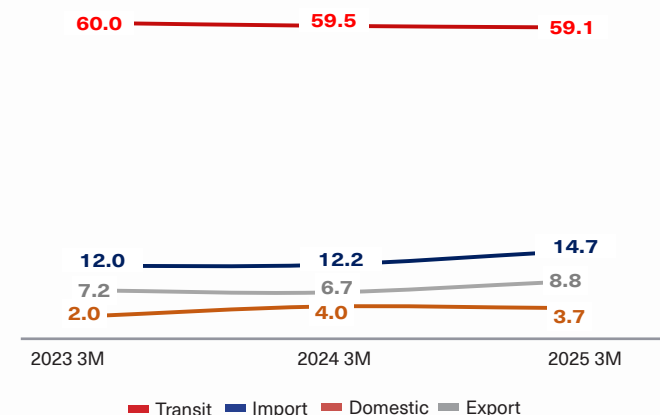
nominated in USD.

The following charts represent the freight transportation breakdown by directions:

Transported tons (mln)



Revenue from freight transportation (GEL mln)



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 aver-

age 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.

EXCHANGE RATES

	3M 2025	3M 2024	% change	31-Mar-25	31-Mar-24	31-Dec-24	31-Dec-23
USD	2.81	2.67	5.3	2.77	2.70	2.81	2.69
CHF	3.13	3.06	2.3	3.14	2.99	3.11	3.21

TRANSPORTATION BY DIRECTIONS

TRANSIT TRANSPORTATION

Transit represents the movement of cargo from one foreign county to another one, through Georgia. The share of transit transportation in total transported volume was 58% in the

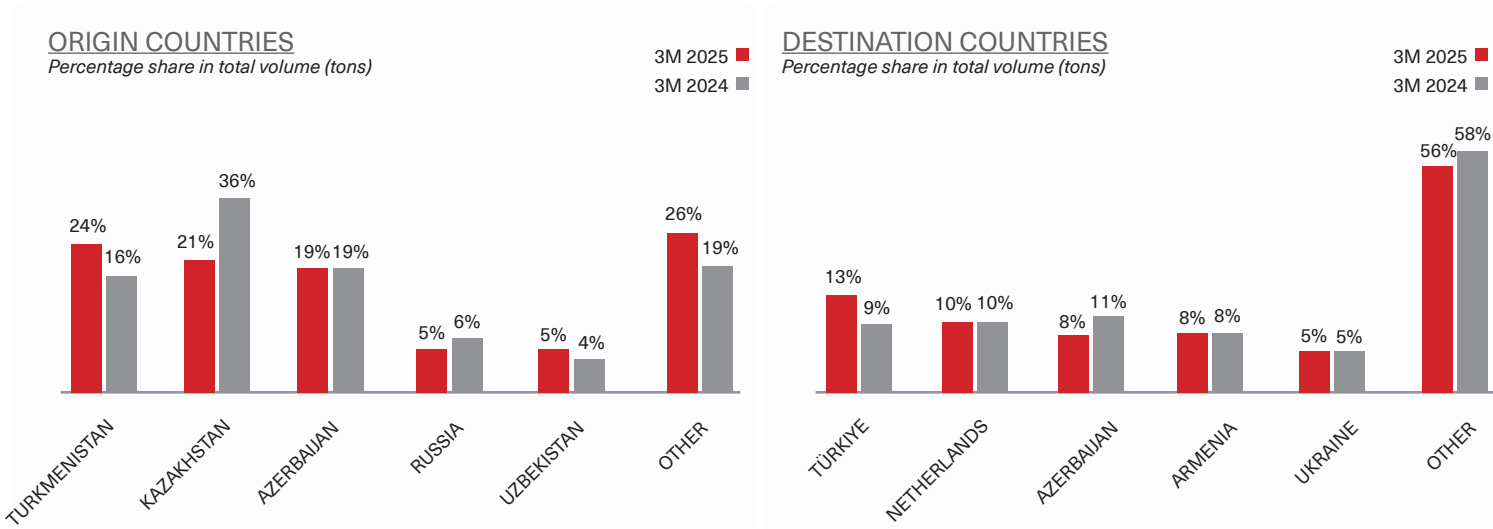
first three months of 2025, compared to 59% in the same period of the previous year.

3 month period ended 31 March	TOTAL		CHANGE	
	3M 2025	3M 2024	%	% constant currency
Revenue (million GEL)	58.0	59.5	(2.4)	(7.4)
Freight Volume (million tons)	1.8	1.9	(8.5)	NA
Freight Turnover (million ton-km)	648.9	721.7	(10.1)	NA
Revenue / ton-km (in Tetri)	8.94	8.24	8.5	3.0

MAIN FACTORS INFLUENCING PERFORMANCE

Freight volume – 9% decrease in freight volume primarily was driven by decreased transportation from Kazakhstan, by 325.7 thousand tons in the first three months of 2025, compared to the same period of the previous year. However, this reduction was partially offset by increased transportation from Turkmenistan by 116.4 thousand tons.

Revenue / tkm (in Tetri) – 3% increase in constant currency in the first three months of 2025 was driven by a higher share of transportation on Azerbaijan-Türkiye route, which is relatively more profitable direction.



MAIN PRODUCT TYPES AND DIRECTIONS IN THE FIRST QUARTER OF 2025

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

Heavy fuel oil – is primarily transported along the Kazakhstan-Netherlands route (72%) and the Kazakhstan-Türkiye route (18%).

Light fuel oil – is mainly transported via the Turkmenistan-Black Sea Ports route (67%) and the Azerbaijan-Black Sea Ports route (32%).

Diesel fuel – is primarily transported along the Russia-Armenia route (56%), the Azerbaijan-Black Sea Ports route (21%) and the Russia-Azerbaijan route (20%).

Aviation fuel – is primarily transported along the Israel-Armenia route (40%), the Greece-Armenia route (34%), the Romania-Uzbekistan route (11%) and the Türkiye-Uzbekistan route (10%).

Gas oil – is mainly transported on the Azerbaijan-Türkiye route (34%), the Azerbaijan-Black Sea Ports route (30%), the Uzbekistan-USA route (19%) and the Kazakhstan-Netherlands route (12%).

Special petrol – is primarily transported on the Russia-Armenia route (35%), the Egypt-Armenia route (29%) and the Romania-Armenia route (20%).

Petroleum coke – is entirely transported on the Azerbaijan-China route.

Carbamide – is mainly transported along the Turkmenistan-Black Sea Ports route (48%), the Azerbaijan-Ukraine route (20%) and the Uzbekistan-Romania route (15%).

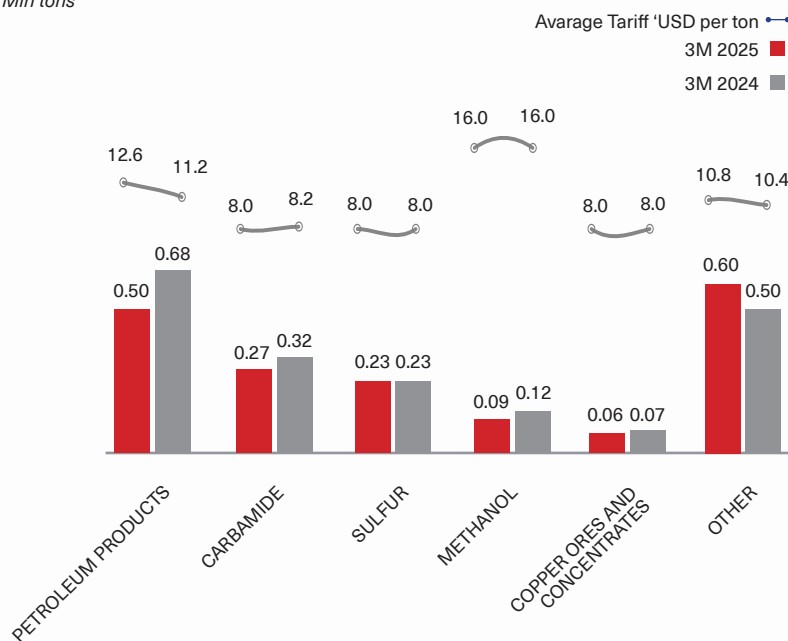
Sugar – is primarily transported along the Brazil-Azerbaijan route (86%) and the Brazil-Uzbekistan route (10%).

Methanol – is primarily transported on the Azerbaijan-Türkiye route (26%), the Azerbaijan-Italy route (24%), the Azerbaijan-Slovenia route (15%) and the Azerbaijan-Israel route (13%).

Copper ores and concentrates – is mainly transported via the Armenia-China route (76%) and the Armenia-Bulgaria route (13%).

MAIN TRANSIT PRODUCT TYPES

Mln tons



IMPORT TRANSPORTATION

Import represents the movement of cargo from foreign countries into Georgia. The share of imported cargo in total transported volume was around 25% in the first three

months of 2025, compared to 20% in the same period of the previous year.

3 month period ended 31 March	TOTAL		CHANGE	
	3M 2025	3M 2024	%	% constant currency
Revenue (million GEL)	14.5	12.2	18.6	12.6
Freight Volume (million tons)	0.8	0.7	13.8	NA
Freight Turnover (million ton-km)	104.2	85.5	21.8	NA
Revenue / ton-km (in Tetri)	13.89	14.26	(2.6)	(7.5)

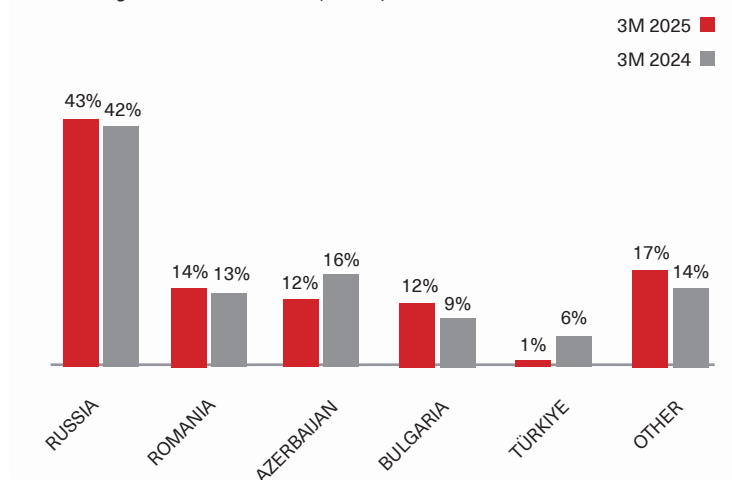
MAIN FACTORS INFLUENCING PERFORMANCE

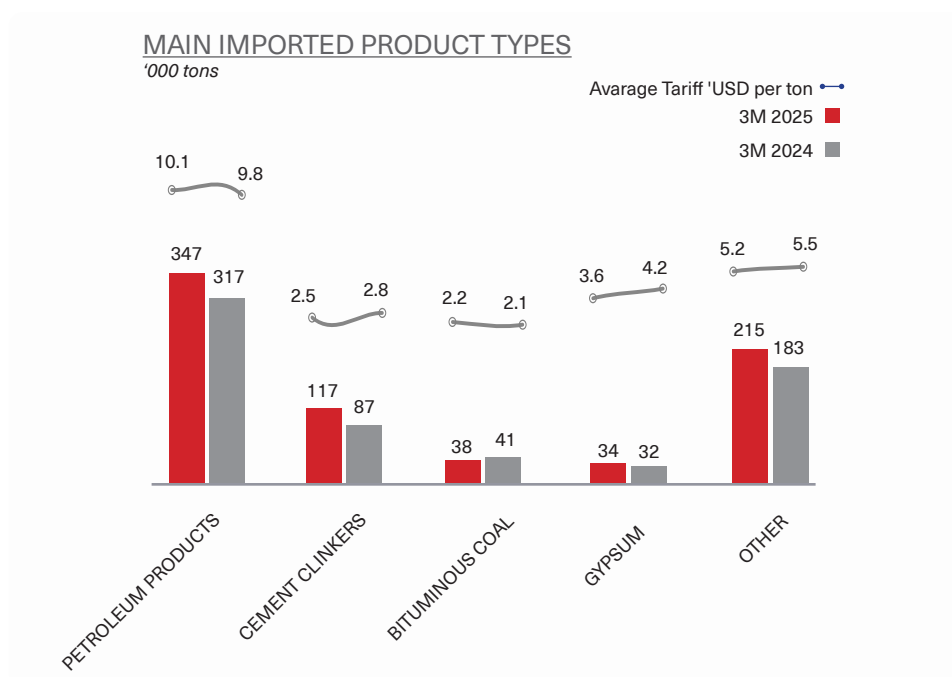
Freight turnover – 22% increase in freight turnover primarily was driven by increased transportation from Russia, Bulgaria, Romania, Armenia and Kazakhstan by 8.8 million tkm, 5.1 million tkm, 3.5 million tkm, 2.3 million tkm and 1.9 million tkm, respectively, in the first three months of 2025, compared to the same period of the previous year. However, this increase was partially offset by decreased transportation from Türkiye by 3.5 million tkm.

Revenue / ton-km (in Tetri) – 8% decrease in constant currency in the first three months of 2025 was driven by an increased share of transportation from Bulgaria, which is relatively less profitable direction. Meanwhile, the share of transported cargo from Azerbaijan, which is relatively more profitable direction, decreased compared to the same period of the previous year.

ORIGIN COUNTRIES

Percentage share in total volume (ton-km)





MAIN PRODUCT TYPES AND DIRECTIONS IN THE FIRST QUARTER OF 2025

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

Motor fuel - 98% of the product is imported from Russia, mostly intended to meet the domestic demand.

Bitumen - primarily imported from Russia (92%) to Rustavi and primarily used in the production of construction materials.

Diesel fuel - is sourced mainly from Russia (90%) to fulfill local demand.

Aviation fuel - imported from Romania (74%) and Greece (16%), is predominantly used by domestic aviation companies in Georgia.

Special petrol - primarily imported from Bulgaria (74%) and Romania (26%), is intended for domestic use.

Cement clinkers - sourced from Azerbaijan, are mostly distributed to Rustavi (62%) and Kaspi (21%), where local cement factories are located.

Gypsum - imported from Azerbaijan and is allocated to Rustavi (33%) and Kaspi (32%), while 31% is sent to Tbilisi, where plasterboards are produced.

Bituminous coal - is imported from Russia and distributed to Rustavi and Kaspi, with distribution shares of 53% and 43%, 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 9% in the first

three months of 2025, compared to 8% in the same period of the previous year.

3 month period ended 31 March	TOTAL		CHANGE	
	3M 2025	3M 2024	%	% constant currency
Revenue (million GEL)	8.7	6.7	28.8	22.3
Freight Volume (million tons)	0.3	0.3	(4.4)	NA
Freight Turnover (million ton-km)	78.0	76.5	2.0	NA
Revenue / ton-km (in Tetri)	11.09	8.78	26.3	19.9

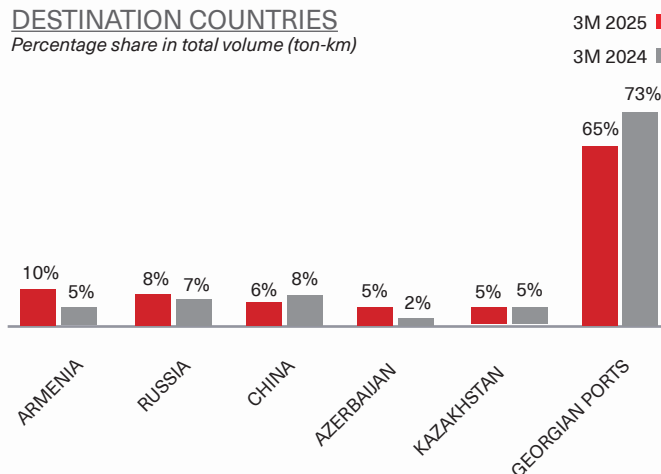
MAIN FACTORS INFLUENCING PERFORMANCE

Freight turnover – In the first three months of 2025, a 2% increase in freight turnover primarily was driven by increased transportation to Armenia, Bulgaria, Italy, Azerbaijan and UAE, up by 4.2 million tkm, 3.2 million tkm, 2.8 million tkm, 2.7 million tkm and 1.9 million tkm, respectively, compared to the same period of the previous year. However, this increase was partially offset by decreased transportation to Georgian ports by 12.7 million tkm.

Revenue / ton-km (in Tetri) – 26% increase in constant currency in the first three months of 2025 was driven by a higher share of transportation to Armenia and Azerbaijan, which are relatively more profitable directions. Meanwhile, the share of transportation to China, which is relatively less profitable direction, decreased compared to the same period of the previous year.

DESTINATION COUNTRIES

Percentage share in total volume (ton-km)



MAIN PRODUCT TYPES AND DIRECTIONS IN THE FIRST QUARTER OF 2025

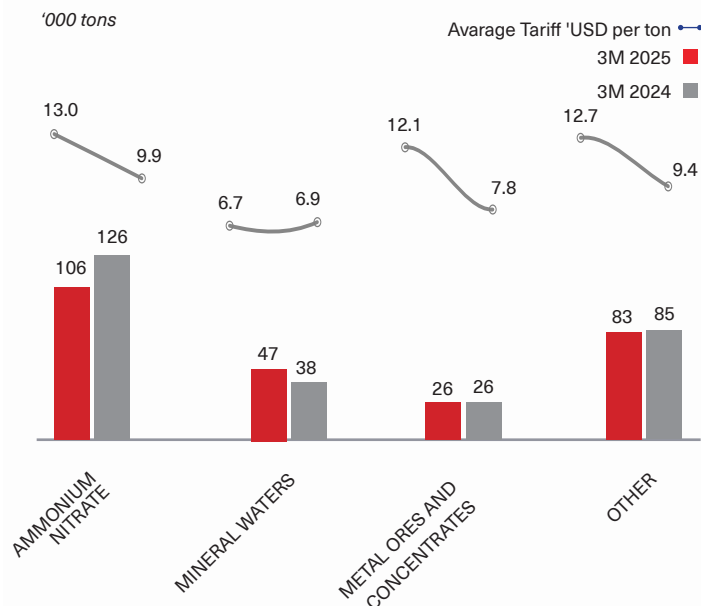
Ammonium nitrate – is transported from Rustavi, where the fertilizer factory is located, to Poti Sea Port (98%).

Mineral waters – mainly sourced from Borjomi, where one of the largest bottlers is located and are distributed to Russia (63%), Kazakhstan (25%) and Uzbekistan (9%).

Metal ores and concentrates – are fully transported from Tbilisi to China (61%) and Bulgaria (39%).

MAIN EXPORTED PRODUCT TYPES

'000 tons



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

8% in the first three months of 2025, compared to 12% in the same period of the previous year.

3 month period ended 31 March	TOTAL		CHANGE	
	3M 2025	3M 2024	%	% constant currency
Revenue (million GEL)	3.6	4.0	(8.6)	(13.2)
Freight Volume (million tons)	0.3	0.4	(34.7)	NA
Freight Turnover (million ton-km)	31.0	40.3	(23.0)	NA
Revenue / ton-km (in Tetri)	11.67	9.84	18.6	12.6

MAIN FACTORS INFLUENCING PERFORMANCE

Freight turnover – A 23% decrease in freight turnover was primarily attributed to a reduction in transportation along the Dedoplistskaro-Rustavi, Kaspi-Rustavi and Chiatura-Zestaponi routes in the first three months of 2025, compared to the same period of the previous year.

Revenue / ton-km (in Tetri) – 19% increase in the first three months of 2025 was mostly driven by increased transportation share of petroleum products (relatively more profitable product) while share of other products decreased (relatively less profitable product).

MAIN PRODUCT TYPES AND DIRECTIONS IN THE FIRST QUARTER OF 2025

Limestone – is transported from Dedoplistskaro, where open quarries are located, to Rustavi, where cement factories are situated.

Manganese ores and concentrates - are sourced from Chiatura, home to a manganese mine and are transported to Zestaponi, where ferroalloy factories are located.

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

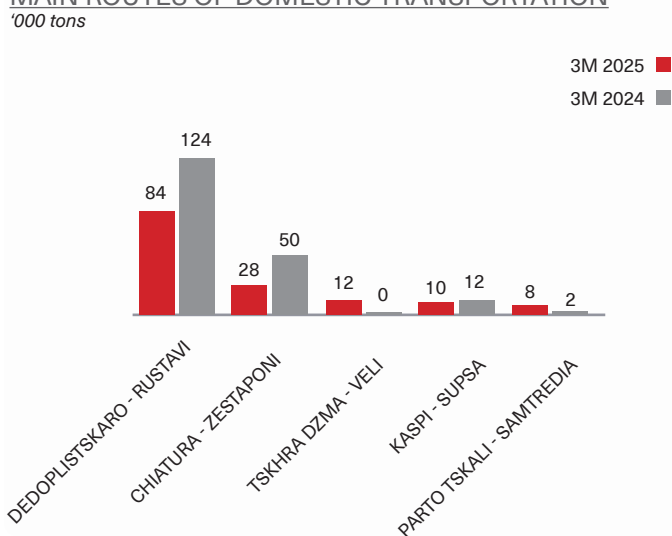
Motor petrol – is distributed primarily to Tbilisi (73%) and Samtredia (15%) for domestic use.

Diesel fuel – is distributed to Tbilisi (54%), Batumi (16%) and Samtredia (15%) for domestic use.

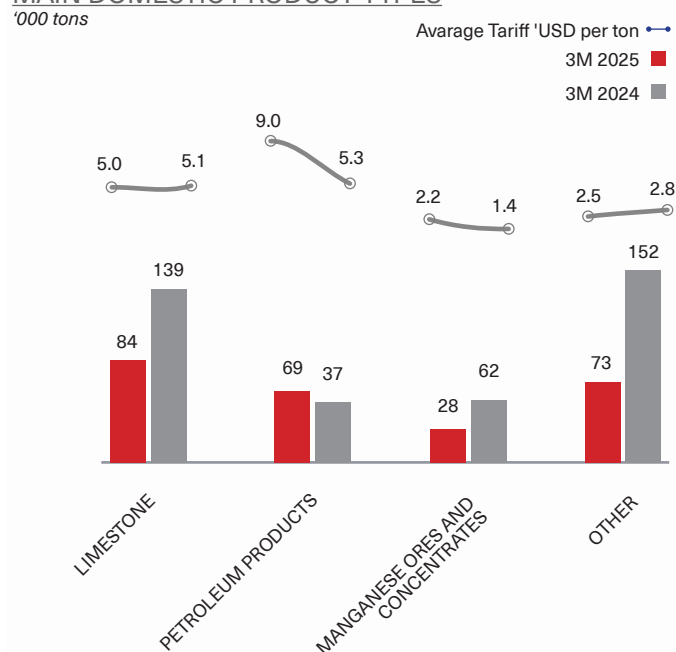
Special fuel - is distributed to Tbilisi (63%), Samtredia (21%) and Dzegvi (14%) primarily for domestic use.

Heavy fuel oil - is transported from Rustavi to Parto Tskali, primarily for domestic use.

MAIN ROUTES OF DOMESTIC TRANSPORTATION



MAIN DOMESTIC PRODUCT TYPES



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, 76% of

incoming freight arrives through land border crossings, underscoring the significance of the East-West transportation axis. On the other hand, 73% of outgoing cargo is shipped from ports, emphasizing the role of maritime transport via the Black Sea. This data highlights that the primary route or 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.*

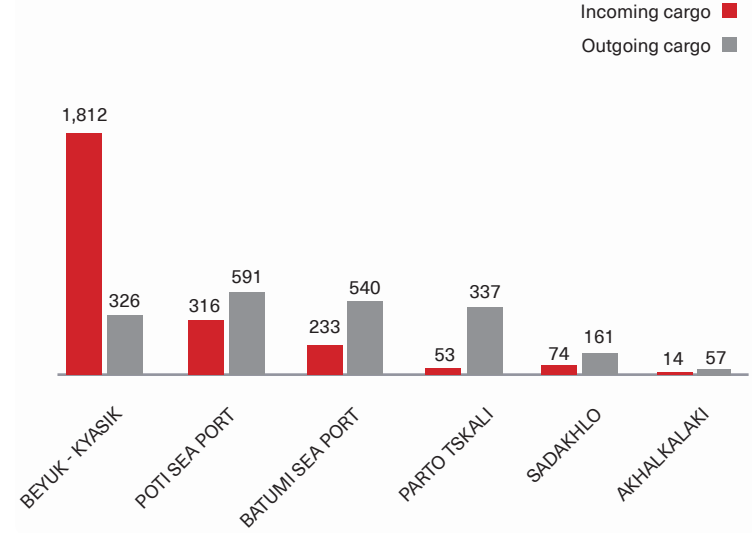
RAILWAY FREIGHT VOLUMES BY THE BORDER CROSSINGS

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 95% of the cargo arriving from land border crossings. A relatively smaller proportion of the overall incoming cargo, with shares of 13% and 9%, was transported from the Poti Sea Port and Batumi Sea Port, respectively.

Outgoing rail volume – 74% of outgoing cargoes leave the country through Batumi Sea Port, Poti Sea Port and Parto Tskali. Conversely, Beyuk-Kyasik serves as the primary land departure point, representing 16% of the total volume leaving the country and facilitating 60% of the entire volume departing via land borders.

FREIGHT BY BORDER CROSSINGS

'000 tons



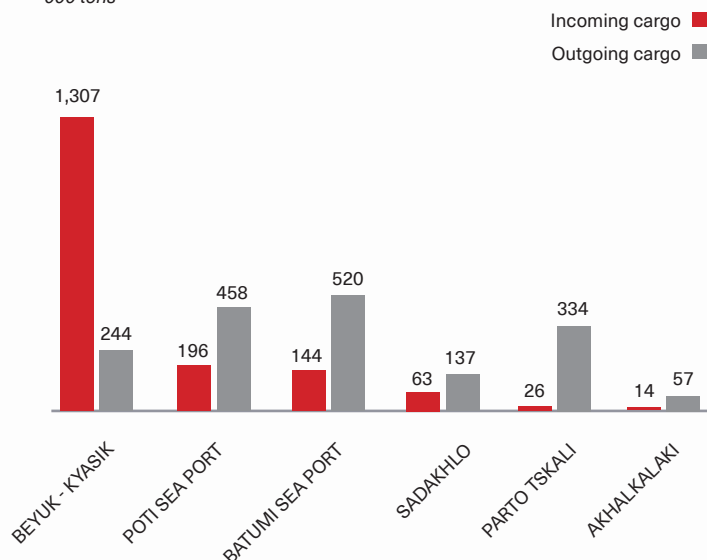
BORDER CROSSINGS OF TRANSIT PRODUCTS

In the first three months of 2025, Beyuk-Kyasik station received the largest portion of incoming volume, accounting for 75%, down slightly from 77% in the same period of the previous year. The primary countries of origin for these cargoes were Turkmenistan (413 thousand tons), Kazakhstan (369 thousand tons) and Azerbaijan (327 thousand tons).

Meanwhile, Black Sea Ports handled the majority of outgoing volume comprising 75% of the total in the first three months of 2025, down from 81% in the same period of the previous year. The main destinations for these cargoes were Netherlands (170 thousand tons), Azerbaijan (146 thousand tons) and Armenia (137 thousand tons).

TRANSIT BORDER CROSSING

'000 tons



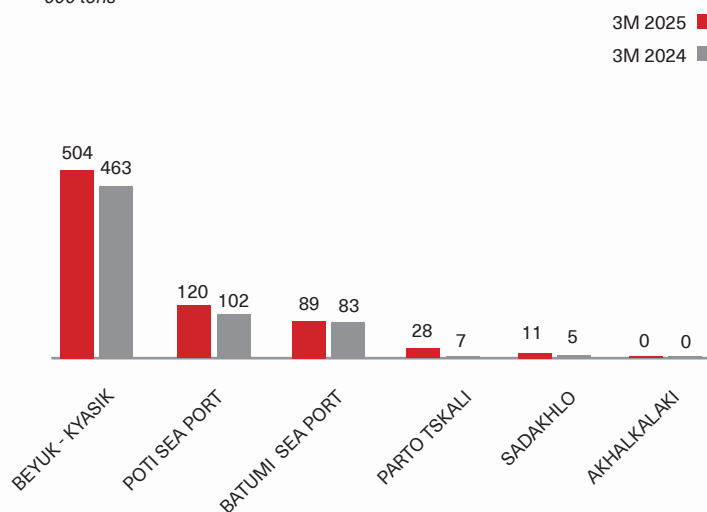
BORDER CROSSINGS OF IMPORTED PRODUCTS

In the first three months of 2025, Beyuk-Kyasik station handled 67% of total imports, down from 70% in the same period of the previous year. Russia was the main origin country of the station, primarily transporting petroleum products (282 thousand tons), while Azerbaijan mainly transported cement clinkers (175 thousand tons).

Meanwhile, Black Sea Ports accounted for 31% of total imports in the first three months of 2025, up from 29% in the same period of the previous year. Russia, Bulgaria and Romania primarily used Black Sea Ports for transporting petroleum products, with volumes of 102 thousand tons, 52 thousand tons and 49 thousand tons, respectively.

IMPORT BORDER CROSSING

'000 tons



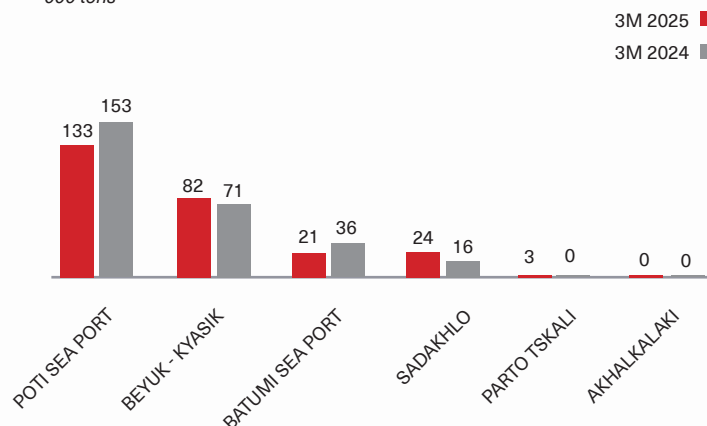
BORDER CROSSINGS OF EXPORTED PRODUCTS

In the first three months of 2025, Black Sea Ports handled 61% of total exports, the same share as in the corresponding period of the previous year. The main exported goods were ammonium nitrate (103 thousand tons) and silico manganese (26 thousand tons).

Beyuk-Kyasik station accounted for 31% of total exports in the first three months of 2025, up from 26% in the same period of the previous year. The main destinations for cargo exported through this station were Russia (34 thousand tons) and Kazakhstan (21 thousand tons), mainly consisting of mineral water.

EXPORT BORDER CROSSING

'000 tons



CONTAINER TRANSPORTATION

Approximately 9% of the total transported volume in the first three months of 2025 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.

<i>3 month period ended 31 March</i>	Q1 2025	Q1 2024	y-o-y %	Q4 2024	q-o-q %
NUMBER OF CONTAINERS					
20 feet	9,119	9,628	(5.3)	9,160	(0.4)
40 feet	9,725	5,288	83.9	8,107	20.0
TOTAL	18,844	14,916	26.3	17,267	9.1
NUMBER OF CONTAINERS IN TEU	28,569	20,204	41.4%	25,374	12.6%
TONS '000	394.0	283.5	39.0%	326.3	20.7%

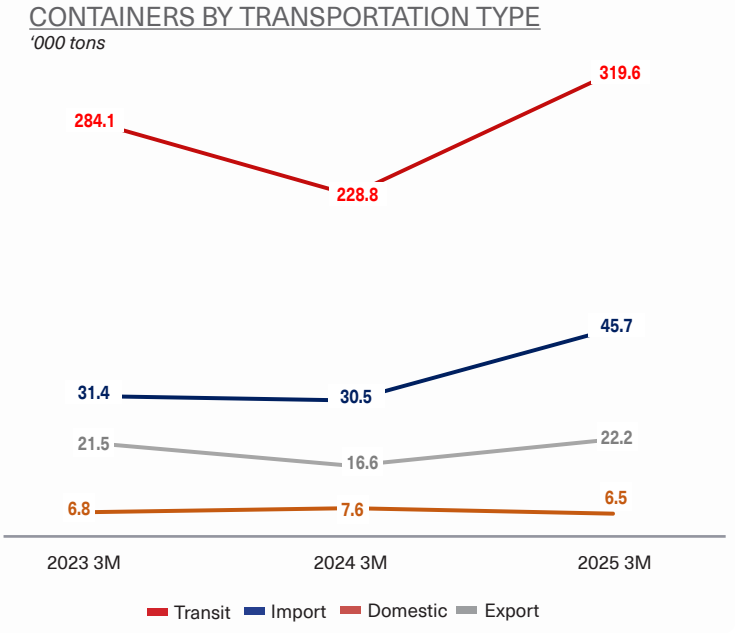
<i>3 month period ended 31 March</i>	Q1 2025	Q1 2024	y-o-y %	Q4 2024	q-o-q %
REVENUE (GEL '000)					
20 feet containers	4,969	4,918	1.0	4,806	(0.4)
40 feet containers	4,867	2,541	91.5	3,525	20.0
TOTAL	9,836	7,459	31.9	8,332	9.1
AVERAGE TARIFF IN GEL					
20 feet containers	544.9	510.8	6.7	524.7	3.8
40 feet containers	500.5	480.6	4.1	434.8	15.1
AVERAGE TARIFF IN GEL	522.0	500.1	4.4	482.5	8.2

*Average tariff represents revenue divided by number of containers

The Group's container transportation consists of transit, import, export and domestic transportation routes. The split between mentioned directions in the first three months of 2025 was about 81%, 12%, 6% and 2%, respectively, compared to 81%, 11%, 6% and 3%, respectively, in the same period of the previous year.

Number of containers – 26% increase was due to a rise in the number of containers transported from China by 2.3 thousand units and from Kazakhstan by 1.7 thousand units in the first three months of 2025, compared to the same period of the previous year.

Average tariff on containers (in GEL) - 4% increase was mainly due to increased number of containers transported to Türkiye, which is relatively more profitable direction, while the number of containers transported to Georgian ports, which is relatively less profitable direction, decreased in the first three months of 2025, compared to the same period of the previous year.



1.2 FREIGHT HANDLING

General description

Freight handling revenue stems from the following sources:

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

Currency and tariff setting

Most of the freight handling revenue (about 68% in 2024) was denominated in USD, while the rest was denominated in GEL. The Group sets its tariffs independently.

Drivers

The revenue from this source largely changes in line with transportation volumes (in tons). The correlation, however, is not perfect as there are many other influential factors.

FREIGHT HANDLING

<i>GEL '000</i>	TOTAL		CHANGE	
<i>3 month period ended 31 March</i>	3M 2025	3M 2024	%	Absolute
STATION SERVICES	14,146	13,735	3.0	411
24-HOUR SERVICE	9,037	5,693	58.7	3,344
OTHER	258	346	(25.5)	(88)
TOTAL	23,440	19,774	18.5	3,666

Factors influencing performance

An 18.5% increase during the three months ended 31 March 2025, compared to the same period of the previous year, was mainly driven by a GEL 3.3 million increase in revenue from 24-hour services.

1.3 LOGISTICAL SERVICES

General description

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

Drivers

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

Currency and tariff setting

Almost 100% of revenue from logistical services is in USD.

LOGISTICAL SERVICE REVENUE

<i>GEL '000</i>	TOTAL		CHANGE	
<i>3 month period ended 31 March</i>	3M 2025	3M 2024	%	Absolute
LOGISTICAL SERVICE REVENUE	30,043	33,604	(8.3)	(2,790)

Factors influencing performance

Revenue from logistical services declined due to reduced transportation by GR's subsidiary, which provides container transportation. The decrease was primarily driven by decline in sulfur transportation, as well as reduced volume in

transportation from GR's subsidiary responsible for liquid cargo transportation.

**Logistical revenue and expenditures should be taken into consideration jointly (See pg. 26 Logistical Service Expenses).*

1.4 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.

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

<i>GEL '000</i>	TOTAL		CHANGE	
<i>3 month period ended 31 March</i>	3M 2025	3M 20254	%	Absolute
REVENUE FROM PASSENGER TRANSPORTATION	5,747	7,608	(24.5)	-1,861
GRANT REVENUE	3,000	-	100.0	3,000
NUMBER OF PASSENGERS '000	349	466	(25.0)	(116)
Revenue per passenger (GEL)	16.44	16.33	0.7	0.1

Factors influencing performance

Revenue from passenger transportation declined by 24.5% in the first three months of 2025 compared to the same period in 2024. The decrease was primarily driven by a reduction on mainline passengers by 26%, domestic passengers by 23% and international passengers by 42%.

In 3 month period ended 31 March, 2025, JSC Georgian Railway received compensation of GEL 3.0 million under the Public Service Contract (PSC), which is an agreement between JSC Georgian Railway and the Government of Georgia to compensate the losses incurred on unprofitable passenger routes.

2. OTHER INCOME

General description

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

In order to better illustrate the operational profitability of the Group, other income is split into two categories: continuing

operations (such as income from services of heavy equipment, penalties on creditors and debtors, etc.) and non-continuing operations (such as gain or loss from sale of fixed assets and other items which are not expected to reoccur in the following periods).

OTHER INCOME

GEL '000	TOTAL		CHANGE	
	3M 2025	3M 2024	%	Absolute
3 month period ended 31 March				
CONTINUING OPERATIONS	236	6,672	(96.5)	(6,436)
NON-CONTINUING OPERATIONS	84	4,544	(98.2)	(4,460)
TOTAL	320	11,216	(97.2)	(10,896)

Factors influencing performance

Other income decreased by GEL 10.9 million in the three-month period ended 31 March 2025 compared to the same period of the previous year. The decline was primarily due to higher income in the prior year in continuing operations

related to proceeds from a successful litigation, as well as in non-continuing operations, driven by realization of scrap in the first quarter of 2024.

OPERATING EXPENSES

General description

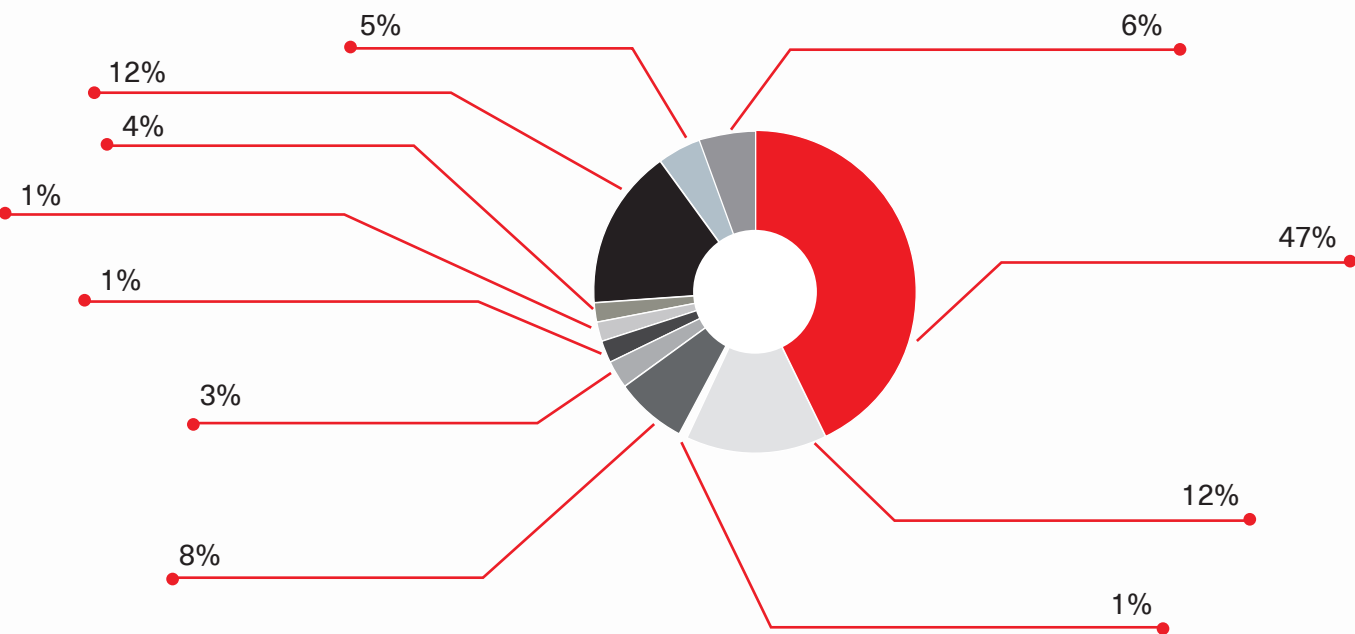
In ththree month period ended 31 March, 2025, total operating expenses increased approximately by GEL 4.8 million, compared to the same period previous year. The incline was

mainly caused by a increase in employee benefits expenses, Material and repaier and maintenences expenses.

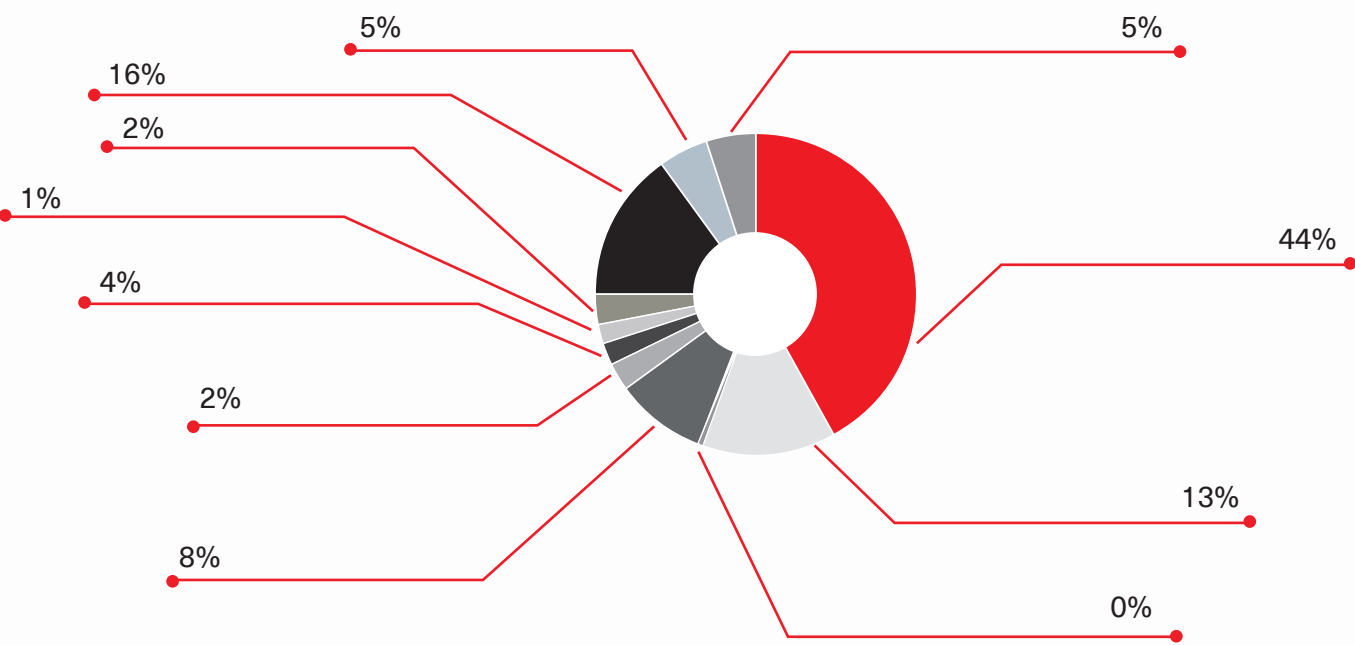
OPERATING EXPENSES BREAKDOWN

GEL '000		TOTAL		CHANGE		
3 month period ended 31 March	Note	3M 2025	3M 2024	%	% Constant Currency	Absolute
EMPLOYEE BENEFITS EXPENSE	3	61,231	56,593	8.2	2.7	4,637
DEPRECIATION AND AMORTIZATION EXPENSES		15,647	16,356	(4.3)	(9.2)	(708)
IMPAIRMENT (GAIN)/LOSS ON TRADE RECEIVABLES	6	650	209	210.8	195.3	440
ELECTRICITY		10,559	10,853	(2.7)	(7.6)	(295)
MATERIALS	4.1	4,204	3,214	30.8	24.2	990
REPAIR AND MAINTENANCE	4.1	1,851	4,922	(62.4)	(64.3)	(3,071)
FUEL		1,775	1,873	(5.2)	(10.0)	(98)
FREIGHT CAR CROSS-BORDER CHARGES	5.1	4,884	2,412	102.5	92.2	2,471
LOGISTICAL SERVICES	5.2	15,783	20,837	(24.3)	(28.1)	(5,054)
SECURITY AND OTHER OPERATING EXPENSES	5.3	7,120	5,816	22.4	16.2	1,304
TAXES, OTHER THAN ON INCOME	5.4	7,304	6,109	19.6	13.5	1,196
TOTAL		131,007	129,194	1.4	(3.7)	1,814

COST STRUCTURE FOR Q1 2025



COST STRUCTURE FOR Q1 2024



- EMPLOYEE BENEFITS EXPENSE
- ELECTRICITY
- FUEL
- SECURITY AND OTHER OPERATING EXPENSES
- DEPRECIATION AND AMORTIZATION EXPENSE
- MATERIALS
- FREIGHT CAR CROSS-BORDER CHANGE
- TAXES OTHER THAN INCOME TAX
- IMPAIRMENT LOSS ON TRADE RECEIVABLES
- REPAIR AND MAINTENANCE
- LOGISTICAL SERVICE

3. EMPLOYEE BENEFITS EXPENSES

General description

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.

The Group's salary cost is fixed and denominated in GEL. Therefore, it is not affected by changes in transported volume or the number of passengers, nor by fluctuations in foreign exchange rates.

EMPLOYEE BENEFITS EXPENSES

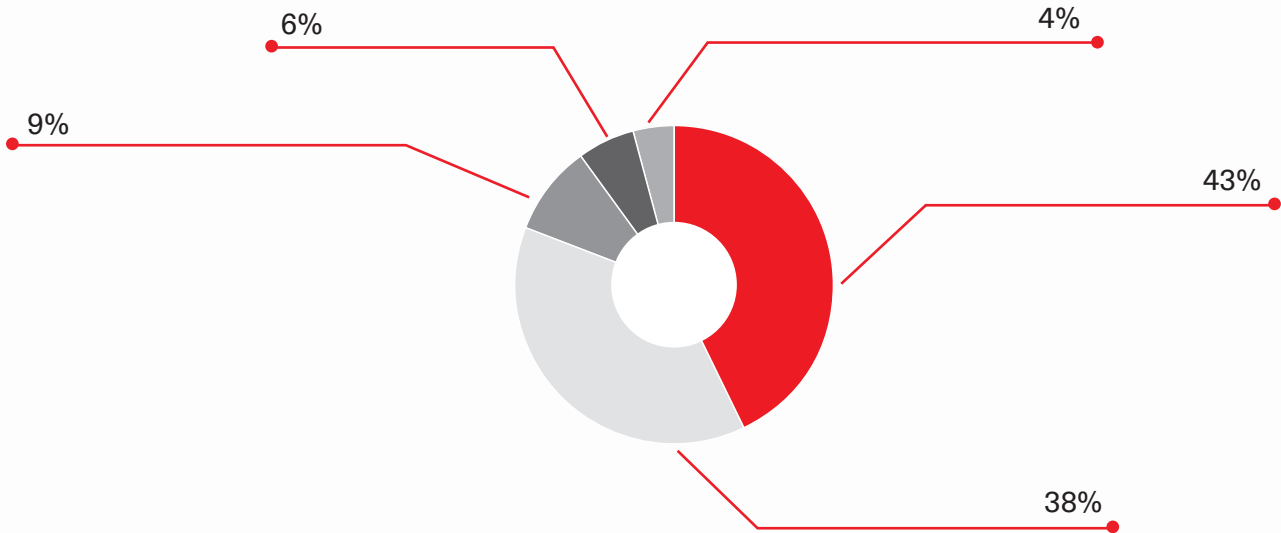
<i>GEL '000</i>	TOTAL		CHANGE	
<i>3 month period ended 31 March</i>	3M 2025	3M 2024	%	<i>Absolute</i>
SALARY	50,577	46,525	8.7	4,052
BONUS-REWARD	856	394	117.4	462
OTHER BENEFITS	9,797	9,675	1.3	123
TOTAL	61,231	56,693	8.2	4,637

Factors influencing changes

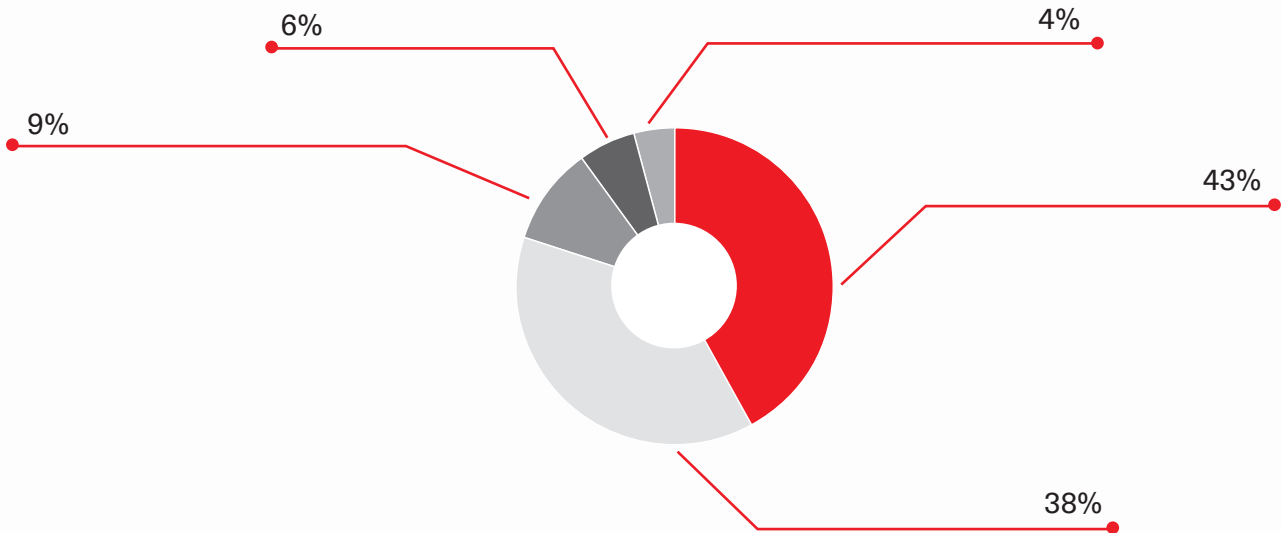
Total employee benefits expenses increased by GEL 4.6 million in first 3 month of 2025 compared to same period of

2024, mainly due to the increase in average salary by around 10% starting from January 2025.

Distribution of staff by bussiness units as at the end of March 2025



Distribution of staff by bussiness units as at the end of March 2024



- FREIGHT SBU
- PASSENGER SBU
- SUBSIDIARIES
- INFRASTRUCTURE SBU
- HEAD OFFICE

4.2 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 its transportation volume. When transportation by the Group’s rolling stock increases, so too do the expenses for materials, repairs and maintenance. However, this expense can also decreased when there is an increase in capital expenditures on the fleet and infrastructure, which thus reduces the need for repairs and maintenance.

MATERIALS, REPAIR AND MAINTENANCE EXPENSES

GEL '000	TOTAL		CHANGE	
3 month period ended 31 March	3M 2025	3M 2024	%	Absolute
MATERIALS EXPENSES	4,204	3,214	30.8	990
REPAIR AND MAINTENANCE EXPENSES	1,851	4,922	(62.4)	(3,071)
TOTAL	6,055	8,136	(25.6)	(2,081)

Factors influencing changes

In the first three months of 2025, material repair and maintenance expenses decreased by GEL 2.1 million, primarily driven by a GEL 3.0 million reduction in repair and maintenance costs. This decline reflects higher expenditures on

machinery and rolling stock repairs during the same period in 2024. The decrease was partially offset by a GEL 1.0 million increase in material expenses, mainly due to higher spending on personal protective equipment in 2025.

5.1 FREIGHT CAR CROSS-BORDER CHARGE EXPENSES

General description

In the first three months of 2025, material repair and maintenance expenses decreased by GEL 2.1 million, primarily due to a GEL 3.0 million reduction in repair and maintenance costs, reflecting higher expenditures on machinery and roll-

ing stock repairs in the same period of 2024. This decrease was partially offset by a GEL 1.0 million increase in material expenses, mainly driven by higher spending on personal protective equipment in 2025.

FREIGHT CAR CROSS-BORDER CHARGE EXPENSES

GEL '000	TOTAL		CHANGE	
3 month period ended 31 March	3M 2025	3M 2025	%	Absolute
FREIGHT CAR CROSS-BORDER CHARGE	4,884	2,412	102.5	2,471

Factors influencing changes

Freight car cross-border charge expenses increased by 102.5% (GEL 2.5 million) in the first three months of 2025 compared to the same period of the previous year. The in-

crease was driven by increased usage of neighboring railway's rolling stock during the three-month period ended 31 March 2025.

5.2 LOGISTICAL SERVICE EXPENSES

General description

Expenses for logistical services refer to costs incurred by the Group's logistics business for international transportation and/or for other modes of transport.

LOGISTICAL SERVICE EXPENSES

GEL '000	TOTAL		CHANGE	
3 month period ended 31 March	3M 2025	3M 2024	%	Absolute
LOGISTICAL SERVICE EXPENSES	15,783	20,837	(24.3)	(5,054)

Factors influencing changes

Logistical service expenses declined due to reduced transportation by GR's subsidiary, which provides container transportation as well as by GR's subsidiary responsible for liquid cargo transportation.

**Logistical revenue and expenditure should be taken into consideration jointly (see pg. 18 Logistical Service Revenue).*

5.3 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 expenses and advertising expenses.

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

SECURITY AND OTHER OPERATING EXPENSES

GEL '000	TOTAL		CHANGE	
3 month period ended 31 March	3M 2025	3M 2024	%	Absolute
SECURITY	3,722	2,834	31.3	888
OTHER OPERATING EXPENSES	3,398	2,982	13.9	416
TOTAL	7,120	5,816	22.4	1,304

Factors influencing changes

Security and other operating expenses increased by GEL 1.3 million in the first three months of 2025 compared to the same period in 2024. This growth was primarily driven by increased tariff on security service.

5.4 TAXES, OTHER THAN ON INCOME

General description

Land tax is determined by the municipalities in which the land is located, while property tax is calculated at 1% of the average book value of the asset. Railway infrastructure as-

sets, such as rail and transmission lines, are exempt from property tax.

TAXES, OTHER THAN ON INCOME

GEL '000	TOTAL		CHANGE	
3 month period ended 31 March	3M 2025	3M 2024	%	Absolute
PROPERTY TAX	3,056	2,973	2.8	83
LAND TAX	3,010	2,853	5.5	157
OTHER TAXES	1,239	283	337.1	955
TOTAL	7,304	6,109	19.6	1,195

Factors influencing changes

Taxes, other than on income increased by GEL 1.2 million in the first three months of 2025 compared to the same period in 2024. The increase was mainly driven by a GEL 1.0 million rise in other taxes, primarily due to higher customs

fees. These fees are reimbursed by customers, with the related revenue offsetting the expense and resulting in no net financial impact.

7. SHARE OF RESULTS OF EQUITY ACCOUNTED INVESTEEES

The loan issued to the former shareholder, JSC Development Fund of Georgia (formerly JSC Partnership Fund), has been recovered through the exchange 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 31 December 2024

SHARE OF RESULTS OF EQUITY ACCOUNTED INVESTEEES

GEL '000	TOTAL		CHANGE	
3 month period ended 31 March	3M 2025	3M 2024	%	Absolute
Share of results of equity accounted investees	4,568	-	100.0	4,568

Factors influencing changes

The Group's profit from its associate Gardabani TPP amounted to GEL 4.6 million in the three months ended 31 March 2025.

* The Company began consolidating its share of profit from the investee starting from the third quarter of 2024.

8. FINANCE INCOME AND COST

General description

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

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

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

partially offset by the Group's USD cash balances and receivables in foreign hard currencies. It must be noted that such FX gains or losses on Eurobonds are not monetary and will not be realized until maturity. The Group's 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	
	3M 2025	3M 2024	%	Absolute
3 month period ended 31 March				
INTEREST INCOME	5,750	6,137	(6.3)	(387)
IMPAIRMENT GAIN/(LOSS) ON FINANCIAL ASSETS	104	196	(46.8)	(92)
INTEREST EXPENSE	(14,747)	(14,428)	2.2	(318)
NET FOREIGN EXCHANGE GAIN/(LOSS)	17,486	(6,279)	378.5	23,765
NET FINANCE INCOME/(COST)	8,593	(14,375)	159.8	22,968

Factors influencing changes

In the first three months ended 31 March 2025 the Group showed GEL 8.6 million net finance income, compared to net finance loss of GEL 14.4 million in the same period of 2024. The difference of GEL 23.0 million was mainly due to the fluctuation of GEL against foreign currencies

The Group recorded a net foreign exchange gain of GEL 17.5 million in the three-month period ended 31 March 2025, due

to a 1.4 percent appreciation of the GEL against the USD (GEL/USD exchange rate of 2.7673 versus 2.8068 as of 31 March 2025 and 31 December 2024, respectively). Conversely, in the three-month period ended 31 March 2024, the Group experienced a net foreign exchange loss of GEL 6.3 million, resulting from a 0.2 percent depreciation of the GEL against the USD (GEL/USD exchange rate of 2.6953 versus 2.6894 as of 31 March 2024 and 31 December 2023, respectively).

II. BALANCE SHEET

GEL '000	TOTAL		CHANGE	
	31-Mar-2025	31-Dec-2024	%	Absolute
TOTAL ASSETS	2,640,781	2,584,841	2.2	55,940
CHANGES ARE MAINLY DUE TO:				
PROPERTY, PLANT AND EQUIPMENT	1,993,191	1,971,748	1.1	21,444
INVENTORIES	34,986	39,506	(11.4)	(4,520)
PREPAYMENTS	10,701	898	1,091.2	9,803
TRADE AND OTHER RECEIVABLES	41,247	27,870	48.0	13,377
TERM DEPOSIT	58,680	0	100.0	58,680
CASH AND CASH EQUIVALENTS	273,581	318,300	(14.0)	(44,719)
TOTAL LIABILITIES	1,669,543	1,648,524	1.3	21,019
CHANGES ARE MAINLY DUE TO:				
LOANS AND BORROWINGS (LT)	1,391,633	1,411,083	(1.4)	(19,450)
LOANS AND BORROWINGS (ST)	28,433	14,593	94.8	13,840
TRADE AND OTHER PAYABLES (ST)	133,990	117,610	13.9	16,380

Factors influencing changes

Property, plant and equipment – GEL 21.4 million increase in property, plant and equipment was primarily due to the capitalization of locomotive repair costs.

Inventories – GEL 4.5 million decrease in inventories was primarily driven by the higher usage of construction materials for rail infrastructure repairs.

Prepayments – GEL 9.8 million increase in prepayments and other current assets, in the three months ended 31 March 2025, compared to the period ended 31 December 2024 was mainly due to higher advances paid to suppliers.

Trade and other receivables – GEL 13.7 million increase was due to higher receivables of the Company's subsidiary.

Loans and borrowings (LT) – GEL 19.5 million decrease in long-term borrowings was mainly due to GEL appreciation against USD.

Loans and borrowings (ST) – GEL 13.8 million increase in short-term borrowings was mainly due to accrued interest on the upcoming semiannual payment on the issued Green Eurobond.

Trade and other Payables (ST) – GEL 16.4 million increase in trade and other payables was mainly due to higher amounts of guarantees withheld from contractors.

**For the information on cash and cash equivalents, please refer to page 38 Cash Flow Statement.*

III. CASH FLOW STATEMENT

By the end of 31 December, 2024, the Group held GEL 318.7 million of cash and cash equivalents. 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 was finalized in 2024.

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

OPERATING ACTIVITIES

<i>GEL '000</i>	TOTAL		CHANGE	
<i>3 month period ended 31 March</i>	3M 2025	3M 2024	%	Absolute
CASH RECEIPTS FROM CUSTOMERS	153,316	150,967	1.6	2,349
CASH PAID TO SUPPLIERS AND EMPLOYEES	(97,712)	(106,318)	(8.1)	8,606
NET CASH FROM OPERATING ACTIVITIES	55,604	44,649	24.5	10,956

Factors influencing changes

Net cash from operating activities increased by GEL 11.0 million in the first three months of 2025 compared to the same period of the previous year. The increase was mainly driven by decreased cash outflows to suppliers and employ-

ees, primarily due to lower logistics expenses. Additionally, higher cash receipts from customers, reflecting increased revenue from freight transportation and related services, contributed to the growth.

INVESTING ACTIVITIES

<i>GEL '000</i>	TOTAL		CHANGE	
<i>3 month period ended 31 March</i>	3M 2025	3M 2024	%	Absolute
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	(45,283)	(43,805)	3.4	(1,478)
ACQUISITION OF ASSOCIATE	-	(4,343)	(100.0)	4,343
INTEREST RECEIVED	5,789	6,137	(5.7)	(348)
INCREASE/DECREASE IN TERM DEPOSITS	(58,680)	-	(100)	(58,680)
NET CASH USED IN INVESTING ACTIVITIES	(98,174)	(42,011)	133.7	(56,163)

Factors influencing changes

Cash used in investing activities increased by GEL 56.2 million in the first three months of 2025 compared to the same period of the previous year. This increase was mainly due

to the opening of a term deposit in the amount of GEL 58.7 million.

APPENDIX

APPENDIX 1

BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS

<i>'000 tons</i>	TOTAL		CHANGE	
<i>3 month period ended 31 March</i>	3M 2025	3M 2024	%	<i>Absolute</i>
LIQUID CARGOES	1,028	1,144	(10.1)	(116)
OIL PRODUCTS	1,028	1,144	(10.1)	(116)
DRY CARGOES	1,991	2,094	(4.9)	(103)
ORES	267	490	(45.5)	(223)
GRAIN	55	40	37.0	15
FERROUS METALS AND SCRAP	102	122	(16.9)	(21)
SUGAR	56	49	13.2	7
CHEMICALS AND FERTILIZERS	422	480	(12.0)	(58)
CONSTRUCTION FREIGHT	170	249	(32.0)	(80)
INDUSTRIAL FREIGHT	139	133	4.7	6
CEMENT	26	22	17.5	4
OTHER	755	509	48.5	247
TOTAL	3,019	3,238	(6.8)	(219)

BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS

<i>'000 tons</i>	TOTAL		CHANGE	
<i>3 month period ended 31 March</i>	3M 2025	3M 2024	%	<i>Absolute</i>
IMPORT	751	660	13.8	91
EXPORT	263	275	(4.4)	(12)
DOMESTIC	255	390	(34.7)	(135)
TRANSIT	1,750	1,913	(8.5)	(162)
TOTAL	3,019	3,238	(6.8)	(219)

APPENDIX 2

BREAKDOWN OF FREIGHT TRANSPORTATION IN TON-KILOMETERS

<i>In million ton-kilometers</i>	TOTAL		CHANGE	
<i>3 month period ended 31 March</i>	3M 2025	3M 2024	%	Absolute
LIQUID CARGOES	308	351	12.3	(43)
OIL PRODUCTS	308	351	12.3	(43)
DRY CARGOES	554	573	(3.3)	(19)
ORES	72	142	(48.8)	(69)
GRAIN	9	8	12.7	1
FERROUS METALS AND SCRAP	23	24	(4.4)	(1)
SUGAR	22	20	12.2	2
CHEMICALS AND FERTILIZERS	154	169	(9.0)	(15)
CONSTRUCTION FREIGHT	23	35	(34.5)	(12)
INDUSTRIAL FREIGHT	13	15	(9.1)	(1)
CEMENT	3	4	(20.2)	(1)
OTHER	234	157	49.5	78
TOTAL	862	924	(6.7)	(62)

BREAKDOWN OF FREIGHT TRANSPORTATION IN TON-KILOMETERS

<i>In million ton-kilometers</i>	TOTAL		CHANGE	
<i>3 month period ended 31 March</i>	3M 2025	3M 2024	%	Absolute
IMPORT	104	86	21.8	19
EXPORT	78	76	2.0	2
DOMESTIC	31	40	(23.0)	(9)
TRANSIT	649	722	(10.1)	(73)
TOTAL	862	924	(6.7)	(62)

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	31-Mar-25	31-Dec-24
NET FINANCIAL INDEBTEDNESS AS AT:		
FINANCIAL INDEBTEDNESS	1,420,066	1,425,676
LESS:		
CASH AND CASH EQUIVALENTS	273,581	318,300
TERM DEPOSITS*	58,680	0
NET FINANCIAL INDEBTEDNESS:	1,087,805	1,107,376
THE MOST RECENT 2 CONSECUTIVE SEMI-ANNUAL PERIOD ENDED		
	2024	2024
RESULTS FROM OPERATING ACTIVITIES	141,736	141,736
DEPRECIATION ADD-BACK	59,325	59,325
IMPAIRMENT (GAIN)/LOSS ON TRADE RECEIVABLES	(3,777)	(3,777)
SHARE OF RESULTS OF EQUITY ACCOUNTED INVESTEEES	15,738	15,738
ADJUSTED EBITDA	220,576	220,576
NET FINANCIAL INDEBTEDNESS/ADJUSTED EBITDA	4.9	5.0

**For consistency of comparatives, we have added term deposits to Q1 2025 ratio calculation as it matures before the yearend. Otherwise the ratio would have been 5.20.*