

# MANAGEMENT DISCUSSION AND ANALYSIS

*FOR 3 MONTHS ENDED 31 MARCH 2024*



# FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

## REVENUE

(*'000 GEL*)

Q1 2024

**152,259**

+10.4% from Q1 2023

+4.3% from Q4 2023

## RESULTS FROM OPERATING ACTIVITIES

(*'000 GEL*)

Q1 2024

**30,950**

+66.3% from Q1 2023

+440.2% from Q4 2023

## ADJUSTED EBITDA

(*'000 GEL*)

Q1 2024

**47,515**

+29.0% from Q1 2023

+675.6% from Q4 2023

## ADJUSTED EBITDA MARGIN

Q1 2024

**31.21%**

+4.5 points from Q1 2023

+27.0 points from Q4 2023

## NET CASH INVESTMENT IN PP&E

(*'000 GEL*)

Q1 2024

**43,805**

+24.8% from Q1 2023

+41.3% from Q4 2023

## NET DEBT TO ADJUSTED EBITDA

31 Mar 2024

**6.57**

## TONS

(*'000*)

Q1 2024

**3,238**

+2.7% from Q1 2023

-1.7% from Q4 2023

## TKM

(*'million*)

Q1 2024

**924**

+4.8% from Q1 2023

+0.8% from Q4 2023

## NUMBER OF PASSENGERS

(*'000*)

Q1 2024

**466**

-1.3% from Q1 2023

-7.8% from Q4 2023

## PASSENGER-KILOMETERS

(*'million*)

Q1 2024

**128**

-6.0% from Q1 2023

-14.4% from Q4 2023

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# I. PROFIT OR LOSS STATEMENT

## PROFIT AND LOSS STATEMENT

3 month period ended 31 March	TOTAL		CHANGE		
	3M 2024	3M 2023	%	% constant currency	Absolute
<i>GEL '000</i>					
Revenue	152,259	137,937	10.4	30.4	14,322
Other income	7,832	3,803	105.9	143.2	4,029
Employee benefits expense	(56,593)	(57,100)	(0.9)	17.0	507
Electricity, consumables and maintenance costs	(20,862)	(18,725)	11.4	31.6	(2,137)
Other expenses	(35,122)	(29,069)	20.8	42.7	(6,053)
Adjusted EBITDA	47,515	36,846	29.0	52.3	10,669
<i>Adjusted EBITDA margin</i>	<i>31.21%</i>	<i>26.71%</i>	<i>NA</i>	<i>NA</i>	<i>4.49%</i>
Depreciation and amortization expense	(16,356)	(18,283)	(10.5)	5.6	1,927
Impairment gain/(loss) on trade receivables	(209)	47	(544.7)	(625.1)	(256)
EBIT	30,950	18,610	66.3	96.4	12,340
Finance income and cost	(14,374)	63,943	(122.5)	(126.5)	(78,317)
Profit before income tax	16,575	82,553	(79.9)	(76.3)	(65,978)
Income tax expense	(52)	(231)	(77.5)	(73.4)	179
Profit and total comprehensive income	16,523	82,322	(79.9)	(76.3)	(65,799)

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

## 1.1 REVENUE

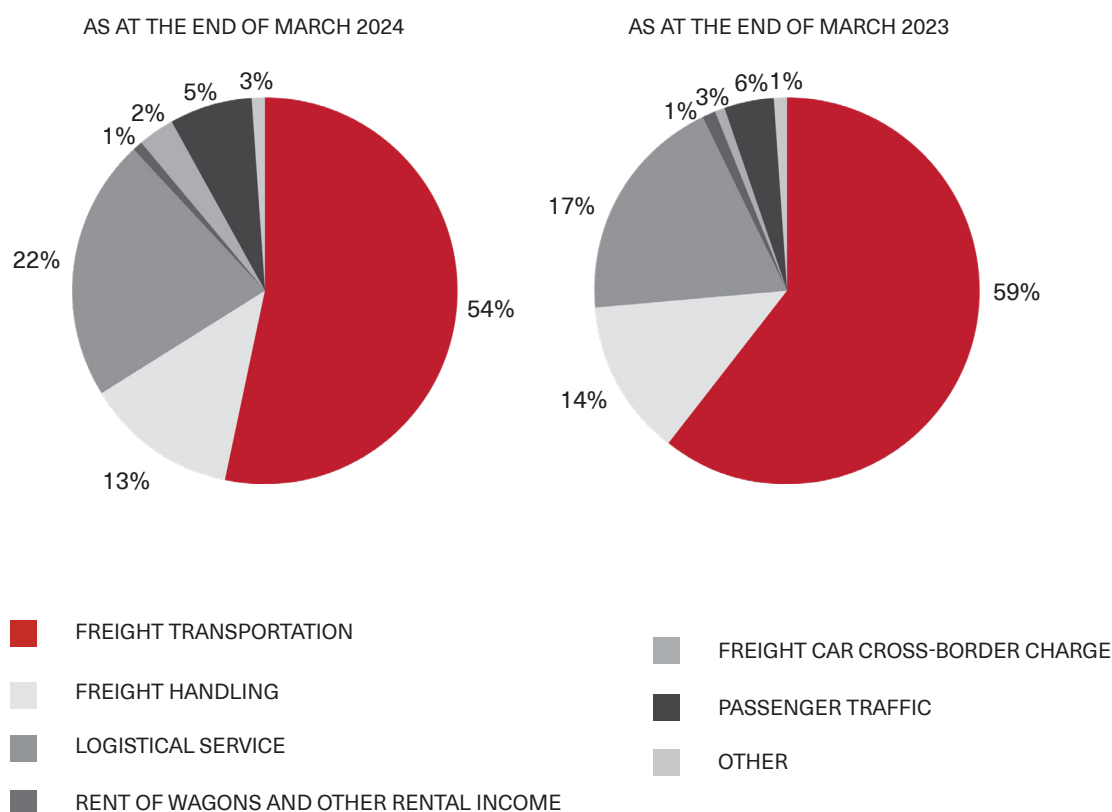
Most of the Group's revenue (about 55% in 3 month period ended 31 March, 2024) is derived from freight transportation. Thus, its results are particularly sensitive to cargo flows. These mainly comprise transit shipments, which ac-

counted for around 71% of freight transportation revenue in 3M 2024. A substantial proportion of transit transportation comes from trade between Europe and Central Asia.

### REVENUE BREAKDOWN

3 month period ended 31 March	TOTAL		CHANGE		
	3M 2024	3M 2023	%	% constant currency	Absolute
Freight transportation	82,322	81,254	1.3	19.6	1,068
Freight handling	19,774	18,681	5.9	25.0	1,093
Logistic service	33,604	23,997	40.0	65.4	9,607
Rent of wagons and other rental income	1,285	1,003	28.1	51.3	282
Freight car cross-border charge	3,647	4,096	(11.0)	5.1	(449)
Passenger traffic	7,608	8,091	(6.0)	11.0	(483)
Other	4,019	815	393.1	482.3	3,204
<b>Revenue</b>	<b>152,259</b>	<b>137,937</b>	<b>10.4</b>	<b>30.4</b>	<b>14,322</b>
Other income	7,832	3,803	105.9	143.2	4,029

The following charts represent revenue breakdown for the nine months ended 31 March 2024 and 2023:



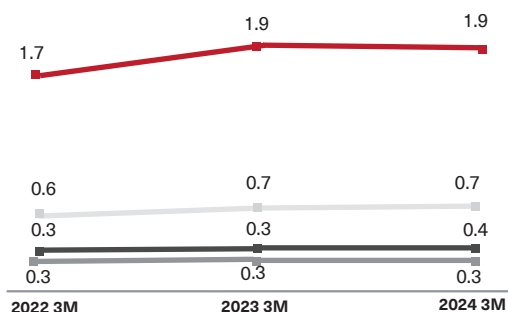
## FREIGHT TRANSPORTATION

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

months of 2023 was about 12%, 20%, 8% and 59%, respectively. 95.2% of revenue from freight transportation is denominated in USD.

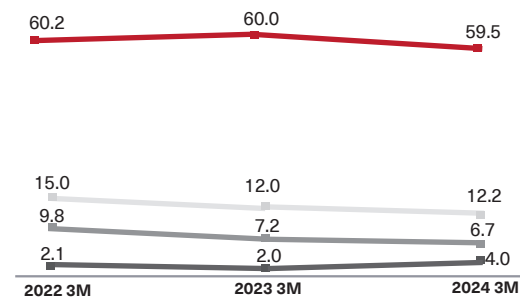
The following charts present the Group's freight transportation breakdown by directions:

Mln tons



— TRANSIT      — EXPORT  
— IMPORT      — DOMESTIC

GEL 'mln



— TRANSIT      — EXPORT  
— IMPORT      — DOMESTIC

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

Transportation volume – expressed in tons.

Transportation turnover – computed by multiplying the transported tons by the distance covered. Expressed in ton-kilometers.

Revenue per ton-kilometer – the term refers to the average revenue that the Group receives per ton-kilometer. This pa-

rameter varies according to the cargo type mix and transportation direction mix.

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

## EXCHANGE RATES

	3M 2024	3M 2023	y-o-y %	31-Mar-24	31-Mar-23	31-Dec-23	31-Dec-22
USD	2.67	2.64	1.32	2.70	2.56	2.69	2.70
CHF	3.06	2.85	7.36	2.99	2.80	3.21	2.93

# TRANSPORTATION BY DIRECTIONS

## IMPORT TRANSPORTATION

Import represents the movement of cargo from foreign countries to Georgia. The share of imported cargo in total transported volume was around 20% during the 3 months

period ended 31 March 2024, compared to 22% in same period of previous year.

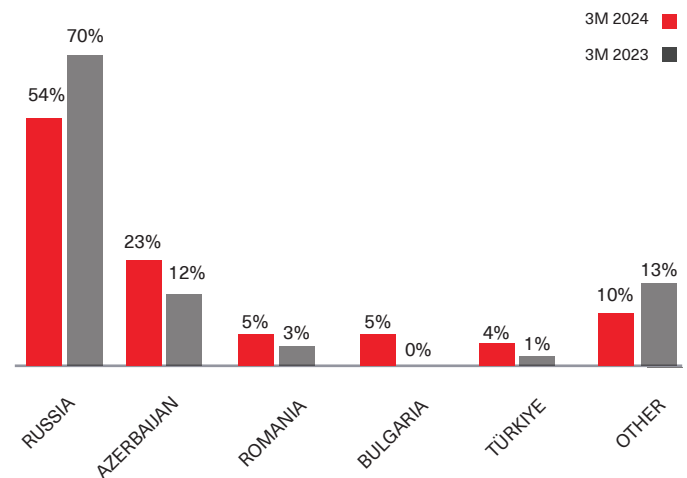
	TOTAL		CHANGE	
	3M 2024	3M 2023	%	% constant currency
Revenue (million GEL)	12.2	12.0	1.6	0.3
Freight Volume (million tons)	0.7	0.7	(3.4)	NA
Freight Turnover (million ton-km)	85.5	80.3	6.6	NA
Revenue / ton-km (in Tetri)	14.26	14.95	(4.7)	(5.9)

## MAIN FACTORS INFLUENCING PERFORMANCE

**Freight turnover** – 7% increase in freight turnover primarily was driven by increased transportation from Bulgaria and Azerbaijan by 7.3 million tkm and 6.2 million tkm, respectively, during the 3 months ended 31 March 2024, compared to same period of 2023. However, this increase was partially offset by decreased transportation from Russia, by 6.0 million tkm.

### ORIGIN COUNTRIES

Percentage share in total volume transported



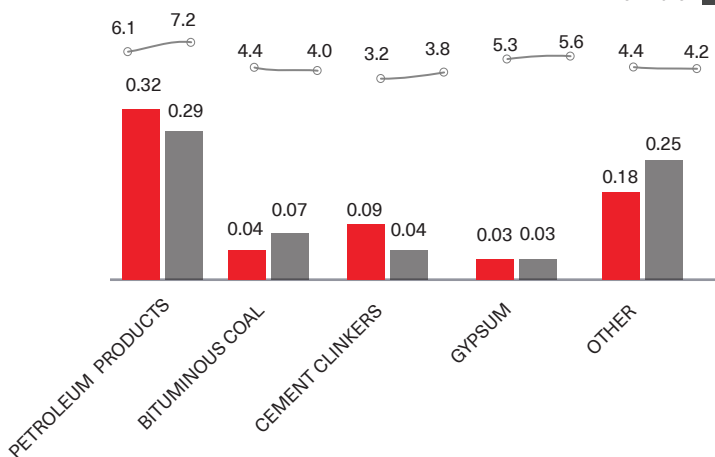
### MAIN IMPORTED PRODUCT TYPES

Mln tons

Average Tariff 'cent

3M 2024

3M 2023



**Revenue / ton-km (in Tetri)** – 6% decrease in constant currency in 3 month period ended 31 March 2024 was driven by a increased share of transportation from Romania, Bulgaria and Türkiye, which are relatively less profitable directions. Meanwhile, the share of transported cargo from Russia, which is relatively more profitable direction, decreased compared to the previous year.

## **MAIN DIRECTIONS OF CARGO DURING THE FIRST QUARTER OF 2024**

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

Motor fuel – 94% of the product was imported from Russia, mostly intended to satisfy the domestic demand.

Bitumen – imported from Russia to Rustavi, mostly used for making construction materials.

Diesel fuel - imported from Russia and Azerbaijan, with shares of 73% and 14%, respectively, mainly intended to satisfy the domestic demand.

Aviation fuel – imported from Türkiye, Greece, Romania and Turkmenistan, with shares of 28%, 26%, 19% and 19%, respectively, mostly used by domestic aviation companies in Georgia.

Special petrol – imported from Bulgaria and Romania, with shares of 49% and 44%, respectively, mainly intended to satisfy the domestic demand.

Bituminous coal - imported from Russia, distributed to Rustavi and Kaspi, with shares of 61% and 39%, respectively.

Cement clinkers - imported from Azerbaijan, was distributed to the Georgian cities of Rustavi and Poti, with shares of 73% and 19%, respectively, where the cement factories are located.

Gypsum – imported from Azerbaijan, was distributed to Kaspi and Rustavi, with shares of 39% and 17%, respectively. 37% of gypsum was directed to Tbilisi, where the plasterboards are produced.





## EXPORT TRANSPORTATION

Export refers to the transportation of goods from Georgia to international directions. The share of exported cargo in total transported volume was around 8% during the 3

months period ended 31 March 2024, compared to 9% in same period of previous year.

3 month period ended 31 March	TOTAL		CHANGE	
	3M 2024	3M 2023	%	% constant currency
Revenue (million GEL)	6.7	7.2	(6.5)	(7.7)
Freight Volume (million tons)	0.3	0.3	(1.4)	NA
Freight Turnover (million ton-km)	76.5	77.6	(1.5)	NA
Revenue / ton-km (in Tetri)	8.78	9.26	(5.1)	(6.3)

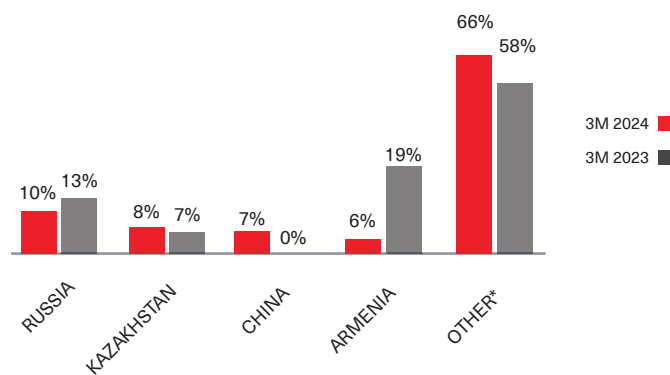
## MAIN FACTORS INFLUENCING PERFORMANCE

**Freight turnover** – In 3 month period ended 31 March 2024, a 2% decrease in freight turnover primarily was driven by reduced transportation to Armenia down by 13.6 million tkm, compared to same period of 2023. However, this reduction was partially offset by increased transportation to other countries\*, which rose by 12.2 million tkm.

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

### DESTINATION COUNTRIES

Percentage share in total volume transported



\* Other category on the chart includes cargo transported to the seaports of Poti and Batumi by Georgian Railway before leaving the country by sea.

## MAIN DIRECTIONS OF CARGO DURING THE FIRST QUARTER OF 2024

**Ammonium nitrate** – was transported from Rustavi, where the fertilizer factory is located, to Poti Sea Port and Armenia, with shares of 97% and 2% respectively.

**Mineral waters** – originated from Borjomi, where one of the largest bottlers of mineral water factories is located, were distributed to Russia, Kazakhstan and Uzbekistan, with shares of 67%, 22% and 9%, respectively.

**Silicon manganese** – originated from Zestaponi, where the ferroalloys plant is located, was transported to Batumi Sea Port, with share of 98%.

**Metal ores and concentrates** – 100% of the product was transported from Tbilisi to China and Kazakhstan, with shares of 79% and 21%.

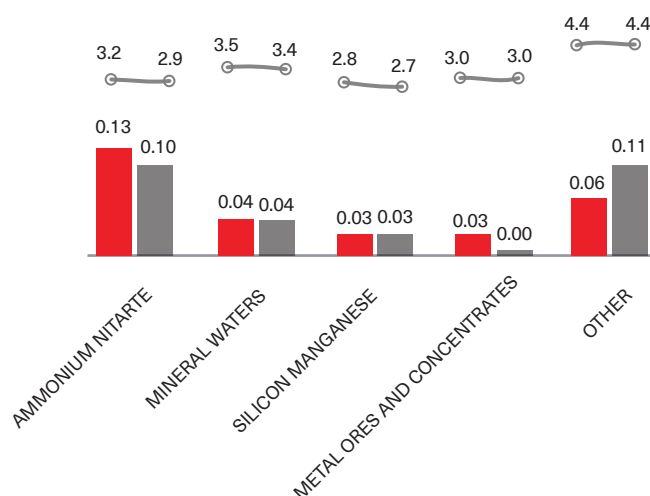
### MAIN EXPORTED PRODUCT TYPES

Mln tons

Average Tariff 'cent

3M 2023

3M 2024



## 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

12% during the 3 months period ended 31 March 2024, compared to 11% in same period of previous year.

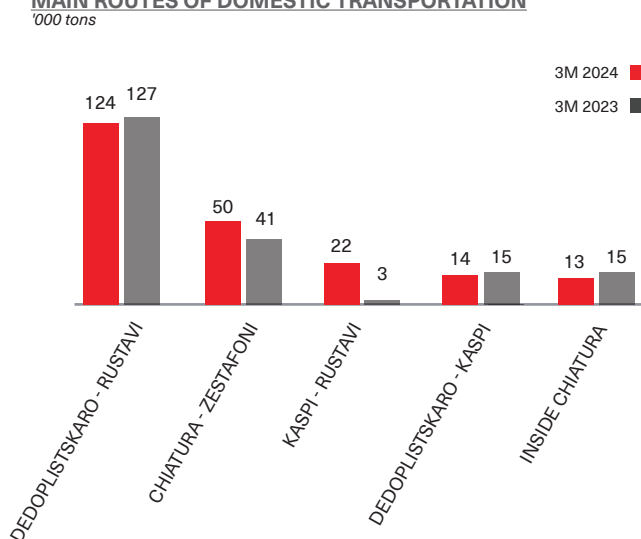
3 month period ended 31 March	TOTAL		CHANGE	
	3M 2024	3M 2023	%	% constant currency
Revenue (million GEL)	4.0	2.0	95.7	93.1
Freight Volume (million tons)	0.4	0.3	15.3	NA
Freight Turnover (million ton-km)	40.3	35.6	13.0	NA
Revenue / ton-km (in Tetri)	9.84	5.68	73.2	70.9

### MAIN FACTORS INFLUENCING PERFORMANCE

**Freight turnover** – 13% increase in freight turnover primarily was driven by increased transportation on Chiatura-Zestaponi and Kaspi-Rustavi routes during 3 months period ended 31 March 2024, compared to same period of 2023.

**Revenue / ton-km (in Tetri)** – 73% increase in 3 months ended 31 March 2024 was driven by product direction mix. The share of domestic volume transported to Moliti, which is relatively more profitable directions, increased by 6%. Meanwhile, the share of transported cargo to relatively less profitable directions decreased compared to the previous year.

### MAIN ROUTES OF DOMESTIC TRANSPORTATION



### MAIN DIRECTIONS OF CARGO DURING THE FIRST QUARTER OF 2024

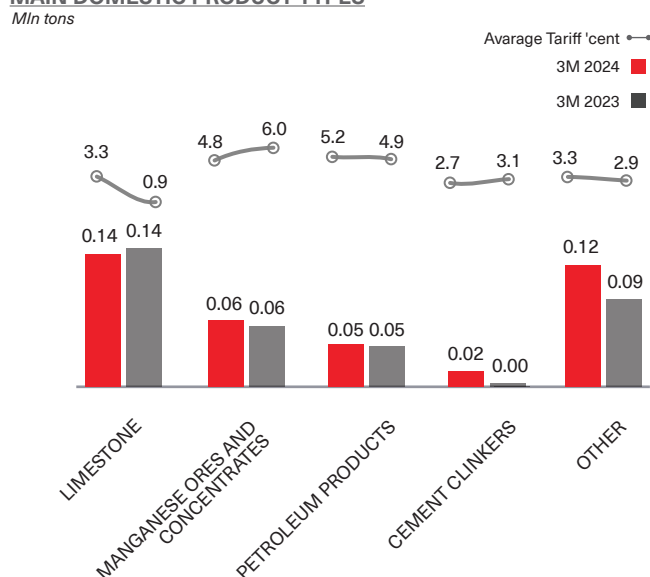
**Limestone** - originated from Dedoplistskaro, where limestone open quarries are located, was distributed to Rustavi and Kaspi, with shares of 90% and 10%, respectively, where the cement factories are located.

**Manganese ores and concentrates** – originated from Chiatura, where the manganese mine is located, were distributed to Zestaponi and Chiatura, where ferroalloys factories are located.

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

**Motor petrol** – distributed to Tbilisi and Samtredia, with shares of 72% and 13%, respectively, mainly for domestic use.

### MAIN DOMESTIC PRODUCT TYPES



Diesel fuel – distributed to Tbilisi and Samtredia, with shares of 67% and 24%, respectively, mainly for domestic use.

Aviation fuel – distributed to Tbilisi and Kutaisi, with shares of 54% and 46%, respectively mainly for aviation companies located there.

Special fuel – distributed to Tbilisi and Kutaisi, with shares of 71% and 22%, respectively mainly for domestic use.

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

## 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 59% during the 3 months period ended 31 March 2024, compared to 59% in same period of previous year.

3 month period ended 31 March	TOTAL		CHANGE	
	3M 2024	3M 2023	%	% constant currency
Revenue (million GEL)	59.5	60.0	(1.0)	(2.3)
Freight Volume (million tons)	1.9	1.9	3.3	NA
Freight Turnover (million ton-km)	721.7	687.8	4.9	NA
Revenue / ton-km (in Tetri)	8.24	8.73	(5.6)	(6.9)

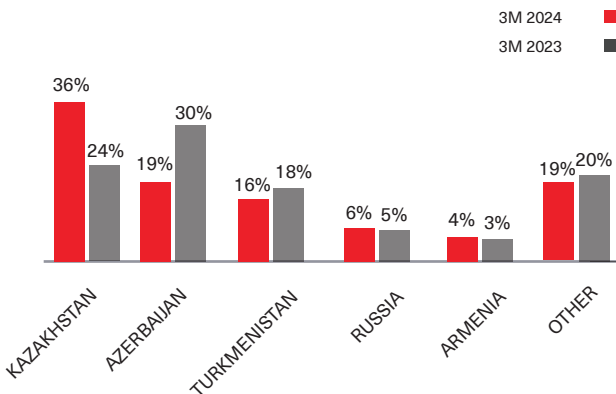
## MAIN FACTORS INFLUENCING PERFORMANCE

Freight turnover – 5% increase in freight turnover primarily was driven by increased transportation from Kazakhstan, Armenia and Russia, down by 255 thousand tons, 27 thousand tons and 25 thousand tons, respectively, during 3 month period ended 31 March 2024, compared to same period of 2023. However, this reduction was partially offset by decreased transportation from Azerbaijan and Turkmenistan by 191 thousand tons and 33 thousand tons.

Revenue / ton-km (in Tetri) – 7% decrease in constant currency in 3 month ended 31 March 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-Netherland route and Azerbaijan-Ukraine route, which is relatively less profitable direction, increased compared to the same period of previous year.

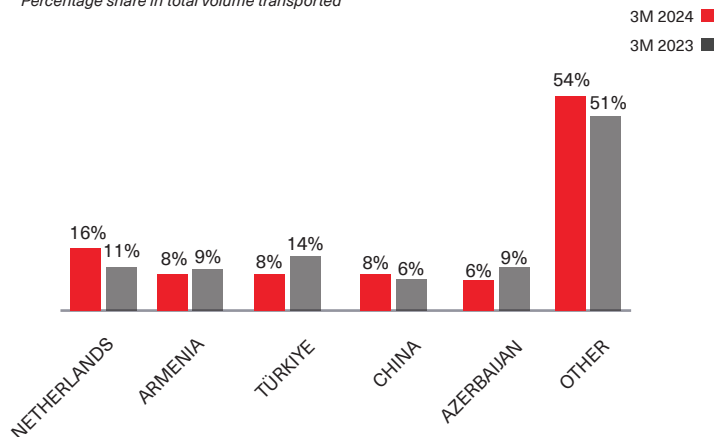
### ORIGIN COUNTRIES

Percentage share in total volume transported



### DESTINATION COUNTRIES

Percentage share in total volume transported



## MAIN DIRECTIONS OF CARGO DURING THE FIRST QUARTER OF 2024

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

Heavy fuel oil – primarily transported on Kazakhstan-Netherlands and Kazakhstan- Black Sea Ports (specifically, Batumi Sea Port, Poti Sea Port and Parto Tskali) routes with 76% and 16% share, respectively.

Light fuel oil – primarily transported on Turkmenistan-Black Sea Ports (specifically, Batumi Sea Port, Poti Sea Port and Parto Tskali) and Turkmenistan-Italy routes with 84% and 16% share, respectively.

Diesel fuel – primarily transported on Russia-Armenia, Azerbaijan-Black Sea Ports and Türkiye-Black Sea Ports routes with 50%, 36% and 13% share, respectively.

Gas oil – primarily transported on Kazakhstan-Netherlands, Azerbaijan-Italy and Uzbekistan-USA routes with 50%, 22% and 16% share, respectively.

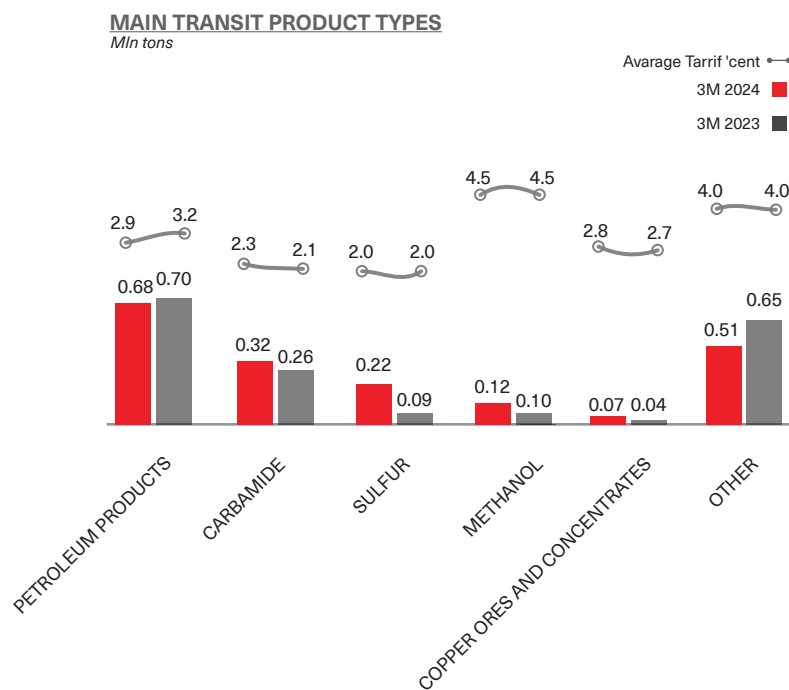
Special petrol – 90% of the product was primarily transported on Russia-Armenia route.

Carbamide – primarily transported on Turkmenistan-Black Sea Ports, Azerbaijan-Ukraine and Uzbekistan-Sweden routes with 61%, 16% and 12% share, respectively.

Sulfur – 95% of the product was transported on Kazakhstan-Poti Sea Port route.

Methanol – primarily transported on Azerbaijan-Türkiye, Azerbaijan-Israel, Azerbaijan-Italy, Azerbaijan-the Netherlands, Azerbaijan-Slovenia routes with 26%, 21%, 16%, 14% and 14% share, respectively.

Copper ores and concentrates – primarily transported on Armenia-China and Armenia-Serbia routes with 78% and 15% share, respectively.



# 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, 71% 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 75% 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 11% and 10%, was transported from the Poti Sea Port and Batumi Sea Port, respectively.

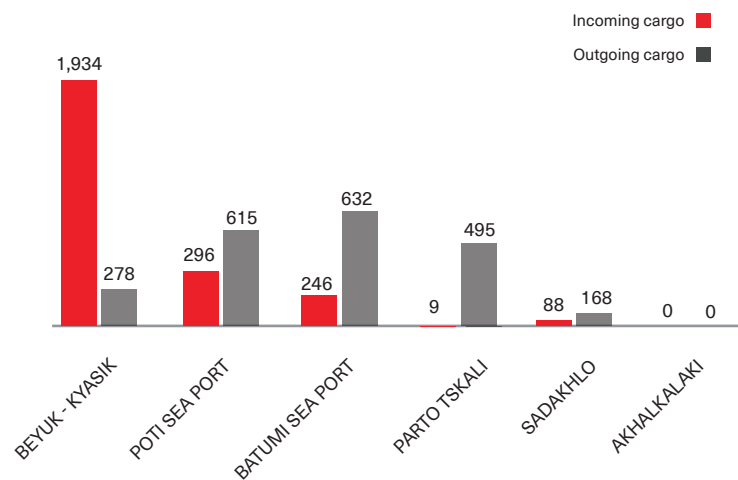
**Outgoing rail volume** – 80% of outgoing cargoes leave the country through Parto Tskali, Batumi Sea Port and Poti Sea Port. Conversely, Beyuk-Kyasik serves as the primary land departure point, representing 13% of the total volume leaving the country and facilitating 68% of the entire volume departing via land borders.

## BORDER CROSSINGS OF IMPORTED PRODUCTS

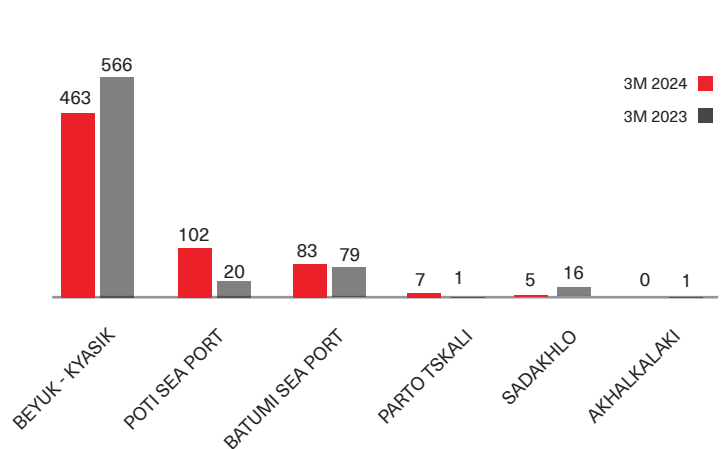
The share of Beyuk-Kyasik in total import was 70% in 3 months ended 31 March 2024, compared to 83% in same period of 2023. The 13% decrease in share primarily was driven by decreased transportation from Russia by 127 thousand tons. The main origin countries using Beyuk-Kyasik station for volume transported were Russia, mostly for petroleum product transportation and Azerbaijan, mostly for cement clinkers transportation with 279 thousand tons and 150 thousand tons respectively.

The share of Black Sea Ports in total import was 29% in 3 months ended 31 March 2024, compared to 15% same period of 2023. 14% increase in share primarily was driven by increased transportation from Russia, Romania, Bulgaria and Türkiye. The main importer countries using Black Sea Ports for entering country were Romania, Russia, Bulgaria and Türkiye mostly for petroleum products transportation with 31 thousand tons, 28 thousand tons, 27 thousand tons and 25 thousand tons, respectively.

**FREIGHT BY BORDER CROSSINGS**  
'000 tons



**IMPORT BORDER CROSSING**  
'000 tons



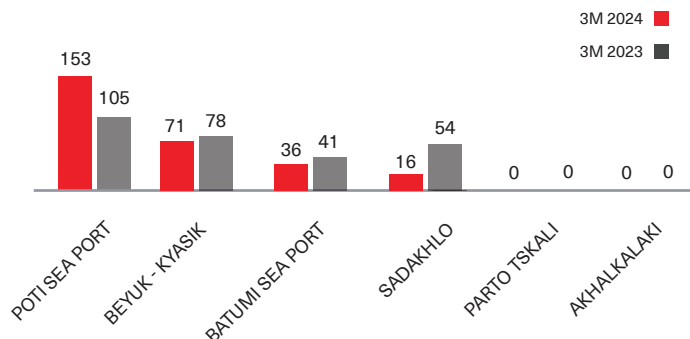
## **BORDER CROSSINGS OF EXPORTED PRODUCTS**

The share of Black Sea Ports in total export was 61% in 3 months ended 31 March 2024, compared to 57% in same period of 2023. The main exported products were ammonium nitrate and sillico manganese, accounting for 126 thousand tons and 29 thousand tons, respectively.

The share of Beyuk-Kyasik in total export was 26% in 3 months ended 31 March 2024, compared to 28% in same period of 2023. The main destination countries for exported cargo, leaving the country through Beyuk-Kyasik station, were Russia and Kazakhstan with 28 thousand and 22 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 77% in 3 months ended 31 March 2024, compared to 72% in same period of 2023. The main origin countries for incoming cargoes were Kazakhstan, Azerbaijan and Turkmenistan with 694 thousand tons, 360 thousand tons and 297 thousand tons, respectively.

Black Sea Ports have the highest share in outgoing volumes. The share of Black Sea Ports was 81% in 3 months ended 31 March 2024, compared to 74% in same period of 2023. The main destination countries were Netherlands, Armenia and Azerbaijan, with 201 thousand tons, 152 thousand tons and 116 thousand tons, respectively.

### **TRANSIT BORDER CROSSING**

'000 tons



## CONTAINER TRANSPORTATION

Approximately 9% of the total transported volume in 3 months ended 31 March 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

3 month period ended 31 March

Amt	Q1 2024	Q1 2023	y-o-y %	Q4 2023	q-o-q %
20 FEET	9,628	10,860	(11.3)	11,227	(14.2)
40 FEET	5,288	5,938	(10.9)	4,915	7.6
TOTAL	14,916	16,798	(11.2)	16,142	(7.6)

### REVENUE FROM CONTAINER TRANSPORTATION

3 month period ended 31 March

GEL '000'	Q1 2024	Q1 2023	y-o-y %	Q4 2023	q-o-q %
20 FEET	4,918	4,547	8.2	5,330	(7.7)
40 FEET	2,541	3,515	(27.7)	2,777	(8.5)
TOTAL	7,459	8,061	(7.5)	8,106	(8.0)

### AVERAGE TARIFF

3 month period ended 31 March

GEL	Q1 2024	Q1 2023	y-o-y %	Q4 2023	q-o-q %
20 FEET	511	419	22.0	475	7.6
40 FEET	481	592	(18.8)	565	(14.9)
TOTAL	500	480	4.2	502	(0.4)

\*Average tariff represents revenue divided by number of containers

3 month period ended 31 March

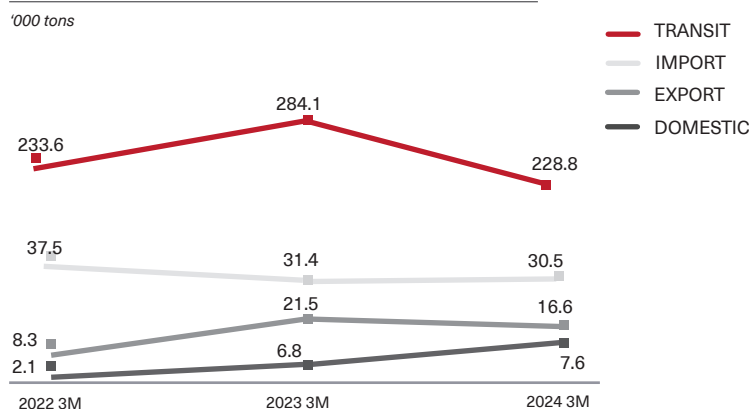
	Q1 2024	Q1 2023	y-o-y %	Q4 2023	q-o-q %
NUMBER OF CONTAINERS IN TEU	20,204	22,736	(11.1)	21,057	(4.1)
TONS '000	283	344	(17.5)	309	(8.3)

Number of containers – 11% decrease was due to decreased containers transported to Italy by 1.0 thousand units and to Kazakhstan by 0.6 thousand units in 3 months ended 31 March 2024, compared to same period of 2023.

Average tariff on containers (in GEL) – 4% increase was mainly due to increased number of containers transported to China, which is relatively more profitable direction, while the number of containers transported to Kazakhstan, which is relatively less profitable direction, decrease in 3 months ended 31 March 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 3 months ended 31 March 2024 was about 81%, 11%, 6% and 3%, respectively, compared to 83%, 9%, 6% and 2%, respectively, in same period of 2023.

## CONTAINERS BY TRANSPORTATION TYPE



## FREIGHT HANDLING

### General description

Freight handling revenue stems from the following sources:

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

age, accelerated service fees and other sources.

### Currency and tariff setting

setting Most of the freight handling revenue, about 70% in 3M 2024, was denominated in USD, while the rest was denominated in GEL with 30%. The Group sets its tariffs independently.

### FREIGHT HANDLING

GEL '000	TOTAL		CHANGE	
	3M 2024	3M 2023	%	Absolute
3 month period ended 31 March				
STATION SERVICES	13,735	13,316	3.1	419
24-HOUR SERVICE	5,693	4,677	21.7	1,017
OTHER	346	689	(49.8)	(343)
TOTAL	19,774	18,681	5.8	1,093

### Factors influencing changes

The increase in revenue from freight handling by 5.8 percent (GEL 1.1 million) was mainly caused by increase in revenue from 24-hour service by 21.7 percent, in the first

three months of 2024, compared to the same period of 2023.



## **LOGISTIC SERVICES**

### **General description**

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

### **Currency and tariff setting**

Revenue from logistical services is denominated in USD and GEL, with 15% and 85%, respectively.

## **LOGISTIC SERVICES**

<i>GEL '000</i>	TOTAL		CHANGE	
<i>3 month period ended 31 March</i>	3M 2024	3M 2023	%	<i>Absolute</i>
REVENUE FROM LOGISTIC SERVICES	33,604	23,997	40.0	9,607

### **Factors influencing changes**

Revenue from logistics services increased by 40.0% (GEL 9.6 million). This growth was mainly driven by increased

revenue from GR's subsidiary, which provides container transportation services.

*\*Logistic revenue and expenditures should be taken into consideration jointly (See pg. 22 Logistics service expenses).*

## **PASSENGER TRAFFIC**

### **General description**

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

### **Currency and tariff setting**

Tariffs for domestic trains are set independently by the Group in GEL. At the behest of the GoG, the Group affordable ticket prices, below the market rate. At the same time, GR maintains certain passenger trains, even when such routes are not economically feasible.

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

## **PASSENGER TRANSPORTATION**

<i>GEL '000</i>	TOTAL		CHANGE	
<i>3 month period ended 31 March</i>	3M 2024	3M 2023	%	<i>Absolute</i>
REVENUE IN GEL '000	7,608	8,091	(6.0)	(483)
NUMBER OF PASSENGERS '000	466	472	(1.3)	(6)

### **Factors influencing changes**

In the first quarter of 2024, revenue from passenger transportation declined by 6.0% compared to the same period in 2023. The primary reason for this decline was a reduction in number of passengers on mainline and international

routes, which are more profitable directions, which was partially offset by an increase in number of passengers transported on regional routes.

## **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	
	3M 2024	3M 2023	%	Absolute
3 month period ended 31 March				
REVENUE FROM SALE OF MATERIALS (SCRAP)	3,314	0	100	3,314
OTHER	704	815	(14)	(110)
TOTAL	4,019	815	393	3,204

### **Factors influencing changes**

In the three-month period ending on March 31, 2024, there was an increase of GEL 3.3 million in other revenue com-

pared to the same period in 2023. This increase was primarily due to income generated from scrap realization.

## **1.2 OTHER INCOME**

### **General description**

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

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

tinuing 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 2024	3M 2023	%	Absolute
3 month period ended 31 March				
CONTINUING OPERATIONS	6,672	3,578	86.5	3,094
NON-CONTINUING OPERATIONS	1,160	225	415.7	935
TOTAL	7,832	3,803	106.0	4,029

### **Factors influencing changes**

Total other income rose by GEL 4.0 million in the first quarter of 2024 compared to the same period in 2023, mainly

due income generated from a successful litigation.

## 1.3 OPERATING EXPENSES

### General description

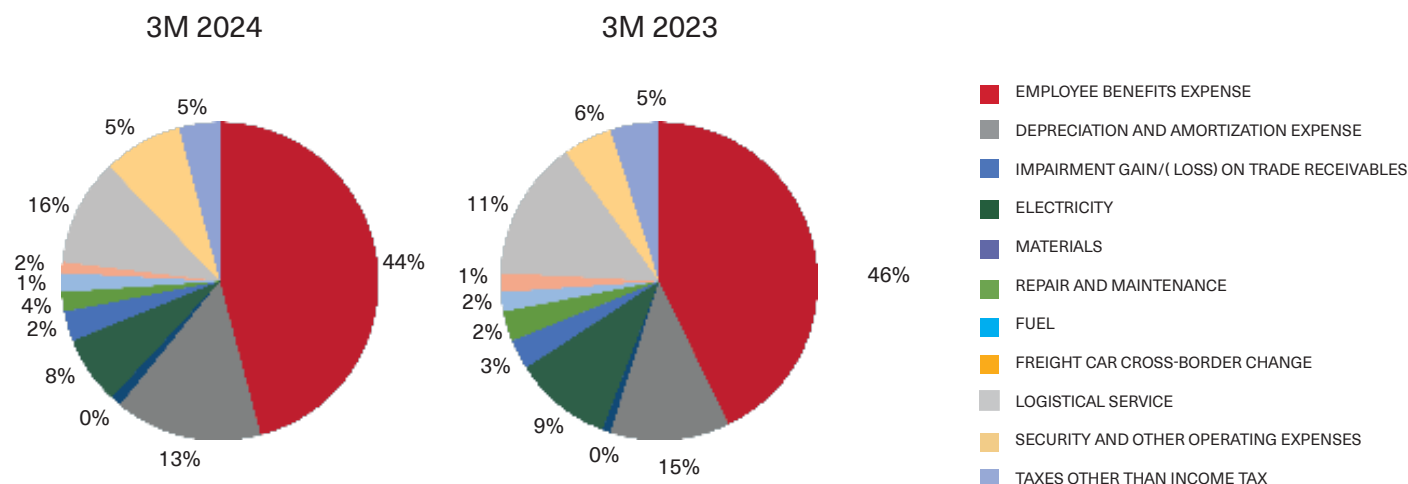
Total operating expenses for the three months ended 31 March 2024 increased approximately by GEL 6.9 million, compared to the same period of the previous year. The in-

crease was mainly caused by an increase in logistic service expenses and repairs and maintenance expenses.

### OPERATING EXPENSES

GEL '000	TOTAL		CHANGE		
	3M 2024	3M 2023	%	% Constant Currency	Absolute
3 month period ended 31 March					
EMPLOYEE BENEFITS EXPENSE	56,593	57,100	(0.9)	17.0	(507)
DEPRECIATION AND AMORTIZATION EXPENSE	16,356	18,283	(10.5)	5.6	(1,927)
IMPAIRMENT GAIN/(LOSS) ON TRADE RECEIVABLES	209	(47)	(545.0)	(625.1)	256
ELECTRICITY	10,853	10,371	4.7	23.6	482
MATERIALS	3,214	3,470	(7.4)	9.4	(256)
REPAIRS AND MAINTENANCE	4,922	2,286	115.3	154.3	2,636
FUEL	1,873	2,598	(27.9)	(14.9)	(725)
FREIGHT CAR CROSS-BORDER CHARGE	2,412	1,307	84.5	117.9	1,105
LOGISTIC SERVICES	20,837	13,409	55.4	83.5	7,428
SECURITY AND OTHER OPERATING EXPENSES	5,816	7,885	(26.2)	(12.9)	(2,069)
TAXES OTHER THAN INCOME TAX	6,057	6,468	(6.4)	10.6	(411)
<b>TOTAL</b>	<b>129,142</b>	<b>123,130</b>	<b>4.9</b>	<b>23.9</b>	<b>6,012</b>

The following charts represent the cost structure for the three months ended 31 March 2024 and 2023:



## EMPLOYEE BENEFITS EXPENSES

### General description

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

transportation volume or by FX changes.

### EMPLOYEE BENEFITS EXPENSES

GEL '000	TOTAL		CHANGE	
	3M 2024	3M 2023	%	Absolute
3 month period ended 31 March				
SALARY	46,525	48,112	(3.3)	(1,587)
BONUS-REWARD	394	584	(32.6)	(190)
OTHER BENEFITS	9,675	8,404	15.1	1,270
TOTAL	56,593	57,100	(0.9)	(507)

### 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.

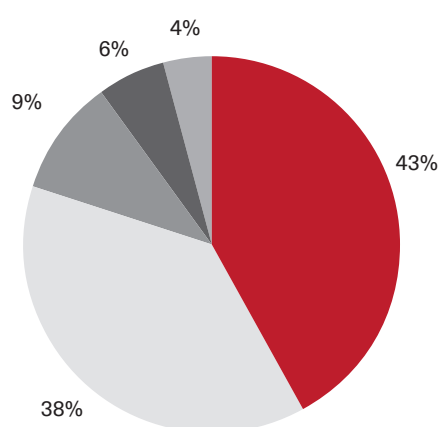
Employee benefits expenses for the three months ending March 31, 2024, fell by about 0.9 percent (GEL 0.5 million) compared to the same period of the previous year. This

reduction was primarily driven by a 3.3 percent decrease in total salary costs, mainly due to a 2.9 percent reduction in the number of employees.

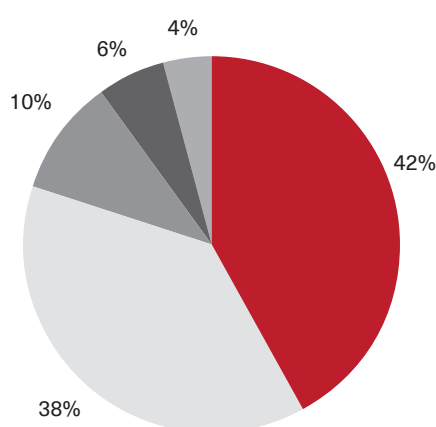
Mentioned decrease was partially offset by a GEL 1.3 million rise in other benefits, mainly because of the higher insurance costs which in turn was due to increased tariffs from the insurance company.

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

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



Distribution of staff by bussines units as at the end of March 2023



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

## **MATERIALS, REPAIR AND MAINTENANCE EXPENSES**

### **General description**

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

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

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

## **MATERIALS, REPAIR AND MAINTENANCE EXPENSES**

GEL '000	TOTAL		CHANGE	
	3M 2024	3M 2023	%	Absolute
3 month period ended 31 March				
MATERIALS EXPENSES	3,214	3,470	(7.4)	(257)
REPAIR AND MAINTENANCE EXPENSES	4,922	2,286	115.3	2,636
TOTAL	8,136	5,756	41.3	2,380

### **Factors influencing changes**

GEL 2.4 million increase was mainly driven by a rise of GEL 2.6 million in repair and maintenance expenses during the first 3 months of 2024. This increase was primarily driven

by increased costs related to repair of machinery and rolling stock.

## **FUEL EXPENSES**

### **General description**

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

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

## **FUEL EXPENSES**

GEL '000	TOTAL		CHANGE	
	3M 2024	3M 2023	%	Absolute
3 month period ended 31 March				
Fuel expenses	1,873	2,598	(27.9)	(725)

### **Factors influencing changes**

Total fuel expenses declined by 27.9% (GEL 0.7 million) during the three months ended on March 31, 2024, com-

pared to the same period in 2023. This reduction was primarily due to a decrease in fuel consumption.

## **FREIGHT CAR CROSS-BORDER CHARGE EXPENSES**

### **General description**

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

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

### **FREIGHT CAR CROSS-BORDER CHARGE EXPENSES**

GEL '000	TOTAL		CHANGE	
	3M 2024	3M 2023	%	Absolute
3 month period ended 31 March				
FREIGHT CAR CROSS-BORDER CHARGE	2,412	1,307	84.5	1,105

### **Factors influencing changes**

Freight car cross-border charge expenses increased by 84.5% (GEL 1.1 million) during the three months ended 31

March 2024, compared to the same period of 2023, mainly caused by increased usage of tank cars and grain hoppers.

## **LOGISTIC SERVICE EXPENSES**

### **General description**

Expenses for logistic services refer to costs incurred by the Group's logistics business for international transportation

and/or for other types of transport.

### **LOGISTIC SERVICE EXPENSES**

GEL '000	TOTAL		CHANGE	
	3M 2024	3M 2023	%	Absolute
3 month period ended 31 March				
LOGISTIC SERVICES	20,837	13,409	55.4	7,428

### **Factors influencing changes**

Expenses for logistical services in the first three months of 2024 increased by 55.4% (GEL 7.4 million), compared to same period of 2023. This change was primarily due to

increased freight forwarding expenses of GR's subsidiary, providing container transportation services.

*\*Logistic revenue and expenditure should be taken into consideration jointly (see pg. 17 Logistic 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

GEL '000	TOTAL		CHANGE	
	3M 2024	3M 2023	%	Absolute
3 month period ended 31 March				
SECURITY	2,834	3,866	(26.7)	(1,032)
OTHER OPERATING EXPENSES	2,982	4,019	(25.8)	(1,037)
TOTAL	5,816	7,885	(26.2)	(2,069)

### Factors influencing changes

Security expenses decreased by 26.7% (or GEL 1.0 million) in the three-month period ended on March 31, 2024, compared to the same period in 2023. The decrease was mainly due to additional security costs incurred in 2023, before GR entered into a long-term contract with a security company.

The reduction in other operating expenses during the three-month period ended on March 31, 2024, compared to the same period in 2023, was primarily due to lower costs related to software and hardware services, as well as railway equipment repair and maintenance.

## IMPAIRMENT LOSS/(GAIN) ON TRADE RECEIVABLES

### General description

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

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

### IMPAIRMENT LOSS/(GAIN) ON TRADE RECEIVABLES

GEL '000	TOTAL		CHANGE	
	3M 2024	3M 2023	%	Absolute
3 month period ended 31 March				
IMPAIRMENT LOSS/(GAIN) ON TRADE RECEIVABLES	209	(47)	(545.0)	256

### Factors influencing changes

During the three-month period ending on March 31, 2024, the Group recognized a GEL 0.2 million impairment loss on trade receivables. This impairment loss was primarily

caused by a higher level of outstanding receivables from partnering railways.

## 1.4 FINANCE INCOME AND COST

### General description

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

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

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

### FINANCE INCOME AND COST

GEL '000	TOTAL		CHANGE	
	3M 2024	3M 2023	%	Absolute
3 month period ended 31 March				
INTEREST INCOME	6,137	8,767	(30.0)	(2,630)
IMPAIRMENT GAIN/(LOSS) ON OTHER FINANCIAL ASSETS	196	21	827.6	175
INTEREST EXPENSE	(14,428)	(14,147)	2.0	(281)
FX GAIN/(LOSS)	(6,279)	69,302	(109.1)	(75,582)
NET FINANCE INCOME/(LOSS)	(14,375)	63,943	(122.5)	(78,318)

### Factors influencing changes

In the three months ended 31 March 2024 the Group showed GEL 14.4 million net finance loss, compared to net finance income of GEL 63.9 million in the same period of 2023. The difference of GEL 78.3 million was mainly due to the fluctuation of GEL against foreign currencies.

Fluctuations in the GEL/USD exchange rate significantly influences the net finance income/cost. The Group showed a net foreign exchange loss of GEL 6.3 million due to depreciation of the GEL against the USD as of 31 March 2024 compared to 31 December 2023 (GEL/USD

exchange rate 2.6953 versus 2.6894). Similarly, the Group experienced a net foreign exchange gain of GEL 69.3 million because of the GEL's appreciation against the USD as of 31 March 2023 compared to 31 December 2022 (GEL/USD exchange rate 2.5604 versus 2.7020).

Interest income during the first three months of 2024 decreased by 2.6 million compared to the same period in 2023, mainly due to lower interest rates on deposits.



## **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**

<i>GEL '000</i>	TOTAL		CHANGE	
<i>3 month period ended 31 March</i>	3M 2024	3M 2023	%	<i>Absolute</i>
INCOME TAX EXPENSE/BENEFIT	(52)	(231)	(77.5)	179

### **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 in-

stead of annual income, as well as undistributed profit is tax-exempt. The new tax code is effective from January 1, 2017.

## II. BALANCE SHEET

'000 GEL	TOTAL		CHANGE	
	31-Mar-24	31-Dec-23	%	Absolute
TOTAL ASSETS	2,526,309	2,495,961	1.2	30,349
<i>CHANGES ARE MAINLY DUE TO:</i>				
PROPERTY, PLANT AND EQUIPMENT (PP&E)	1,940,844	1,921,379	1.0	19,465
OTHER NON-CURRENT ASSETS (LT)	140,109	158,909	(11.8)	(18,800)
INVESTMENTS	55,815	27	100.0	55,788
TRADE AND OTHER RECEIVABLES (ST)	62,789	30,905	103.2	31,884
<b>ASSETS</b>				
TOTAL LIABILITIES	1,641,656	1,627,917	0.8	13,739
<i>CHANGES ARE MAINLY DUE TO:</i>				
LOANS AND BORROWINGS (ST)	50,606	36,298	39.4	14,308
TRADE AND OTHER PAYABLES (ST)	135,525	142,117	(4.6)	(6,592)

### SIGNIFICANT CHANGES IN ASSETS

Property, plant and equipment (PP&E) – The GEL 19.5 million increase was primarily due to the reclassification of some construction materials from other non-current assets to PP&E.

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 22% ownership stake in Gardabani TPP. As a result, the loan amount has been reclassified from the other receivables account to the investments account.

Trade and other receivables (ST) – The GEL 31.9 million increase due to higher receivables of the Company's subsidiary, as well as due successful litigation.

### SIGNIFICANT CHANGES IN LIABILITIES

Loans and borrowings (ST) – During first three months of 2024, the increase of GEL 14.3 million in short-term borrowings was mainly due to interest payable on issued bond.

Trade and other payables (ST) – The GEL 6.6 million decrease by the end of March 2024 was primarily due to a payment of GEL 26.8 million to suppliers for constructing and designing signaling centralization and blocking systems on the Kashuri-Zestafoni segment. This decrease was partially offset by a GEL 7.0 million increase in other payables for software services, as well as GEL 8.4 million in advance payments received for future scrap sales.

### III. CASH FLOW STATEMENT

By the end of 31 March, 2024, the Group held GEL 286.6 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 Modernization Project, works on which is expected to be

finalized by 2024.

The Group mainly relies on its operating activities to fund its current and future cash requirements.

#### 3.1 OPERATING ACTIVITIES

GEL '000	TOTAL		CHANGE	
	3M 2024	3M 2023	%	Absolute
3 month period ended 31 March				
CASH RECEIPTS FROM CUSTOMERS	150,967	138,780	8.8	12,187
CASH PAID TO SUPPLIERS AND EMPLOYEES	(106,318)	(89,519)	18.8	(16,799)
NET CASH FROM OPERATING ACTIVITIES	44,648	49,261	(9.4)	(4,613)

#### Factors influencing changes

Net cash from operating activities decreased by GEL 14.7 million in first three month of 2024, compared to same period of 2023. This change was mainly driven by an increase

in cash paid to suppliers, which in turn was primarily due to the payment to related to centralization, signaling and blocking systems.

#### 3.2 INVESTING ACTIVITIES

GEL '000	TOTAL		CHANGE	
	3M 2024	3M 2023	%	Absolute
3 month period ended 31 March				
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT	(43,805)	(35,089)	24.8	(8,716)
PURCHASE OF A COMPANY SHARE	(4,343)	0	100.0	4,343
INTEREST RECEIVED	6,137	8,767	(30.0)	(2,630)
DECREASE/(INCREASE) IN TERM DEPOSITS	0	(138)	(100.0)	138
NET CASH USED IN INVESTING ACTIVITIES	(42,011)	(26,460)	58.8	(15,551)

#### Factors influencing changes

Cash used in investing activities increased by GEL 15.6 million in the first three months of 2024 compared to the same period in 2023. This increase was primarily due to

higher capital expenditures related to the Modernization Project and lower interest received mainly due to lower interest rates on deposits.

## APPENDIX

### APPENDIX 1

#### BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS

'000 tons 3 month period ended 31 March	TOTAL		CHANGE	
	3M 2024	3M 2023	%	Absolute
<b>LIQUID CARGOES</b>	<b>1,144</b>	<b>1,155</b>	<b>(1.0)</b>	<b>(11)</b>
OIL PRODUCTS	1,143	1,133	0.9	10
CRUDE OIL	0	22	(98.1)	(21)
<b>DRY CARGOES</b>	<b>2,094</b>	<b>1,996</b>	<b>4.9</b>	<b>97</b>
ORES	490	404	21.3	86
GRAIN	40	76	(48.0)	(37)
FERROUS METALS AND SCRAP	122	120	2.3	3
SUGAR	49	103	(51.9)	(53)
CHEMICALS AND FERTILIZERS	480	378	26.8	102
CONSTRUCTION FREIGHT	249	259	(3.6)	(9)
INDUSTRIAL FREIGHT	133	83	59.1	49
CEMENT	22	16	37.7	6
OTHER	509	558	(8.8)	(49)
<b>TOTAL</b>	<b>3,238</b>	<b>3,151</b>	<b>2.7</b>	<b>86</b>

#### BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS

'000 tons 3 month period ended 31 March	TOTAL		CHANGE	
	3M 2024	3M 2023	%	Absolute
IMPORT	660	683	(3.4)	(23)
EXPORT	275	279	(1.4)	(4)
DOMESTIC	390	338	15.3	52
TRANSIT	1,913	1,851	3.3	62
<b>TOTAL</b>	<b>3,238</b>	<b>3,151</b>	<b>2.7</b>	<b>86</b>

## 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 2024	3M 2023	%	<i>Absolute</i>
LIQUID CARGOES	351	347	1.1	4
OIL PRODUCTS	351	338	3.7	13
CRUDE OIL	0	9	(99.6)	(9)
DRY CARGOES	573	534	7.2	39
ORES	142	92	54.5	50
GRAIN	8	17	(53.4)	(9)
FERROUS METALS AND SCRAP	24	22	9.8	2
SUGAR	20	39	(50.5)	(20)
CHEMICALS AND FERTILIZERS	169	136	24.3	33
CONSTRUCTION FREIGHT	35	41	(14.9)	(6)
INDUSTRIAL FREIGHT	15	12	24.7	3
CEMENT	4	4	0.8	0
OTHER	157	171	(8.2)	(14)
TOTAL	924	881	4.8	43

### BREAKDOWN OF FREIGHT TRANSPORTATION IN TON-KILOMETERS

<i>In million ton-kilometers</i>	TOTAL		CHANGE	
<i>3 month period ended 31 March</i>	3M 2024	3M 2023	%	<i>Absolute</i>
IMPORT	86	80	6.6	5
EXPORT	76	78	(1.5)	(1)
DOMESTIC	40	36	13.0	5
TRANSIT	722	688	4.9	34
TOTAL	924	881	4.8	43

## APPENDIX 3

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

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

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

<i>GEL '000</i>	<b>31-Mar-24</b>
Financial indebtedness	1,393,655
<i>less:</i> Cash	286,626
Net Financial Indebtedness:	1,107,030
The most recent 2 consecutive semi-annual period ended:	<b>31 Dec 2023</b>
Results from operating activities	97,561
Depreciation add-back	(76,895)
Impairment loss on trade receivables	6,016
Adjusted EBITDA	<b>168,440</b>
Net Financial Indebtedness/Adjusted EBITDA	<b>6.57</b>