



**Consolidated Activities Reports of the
JSC Georgian Railway
for 2023**

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Statement of Financial Position	Freight Transportation Unit	Passenger Transportation Unit	Railway Infrastructure Unit	Head Office Unit	WBS Unit	GR Group
ASSETS						
Land	4 573	1 501	345 315	12 804	-	364 192
Buildings and constructions	28 191	8 919	10 430	9 681	148	57 369
Rail track infrastructure	217	2 239	427 740	544	12	430 752
Transport, machinery, equipment and other	147 379	81 778	37 471	3 362	21 261	291 251
Construction in progress	1 233	532	774 840	1 209	-	777 815
Other non-current assets	3 262	-	145 549	86	10 012	158 909
Investments into subsidiaries and associated companies	-	-	-	27	-	27
Other receivable	-	-	-	53 037	-	53 037
NON CURRENT ASSETS	184 856	94 969	1 741 345	80 750	31 433	2 133 352
Inventories	15 988	7 338	10 782	2 489	733	37 330
Prepayments	113	-	3 041	396	12	3 562
Trade receivables	190 871	2 765	8 328	33 204	294	235 462
Impairment losses for trade receivables	(171 745)	(2 344)	879	(31 454)	(187)	(204 850)
Other receivables	179	12	67	34	-	293
Other tax	5 680	741	12 901	(15 471)	3 412	7 265
Cash and cash equivalents	275 375	-	-	8 172	-	283 547
CURRENT ASSETS	316 461	8 513	35 999	(2 629)	4 264	362 609
TOTAL ASSETS	501 317	103 482	1 777 344	78 121	35 697	2 495 961
EQUITY						
Share capital	-	-	-	1 055 031	-	1 055 031
Non-cash owner contribution reserve	-	-	-	100 602	-	100 602
Reporting year's profit (loss)	239 329	(24 958)	(116 619)	(12 047)	1 071	86 776
Previous year's profit (loss)	434 425	(29 885)	24 278	(816 228)	13 045	(374 366)
Total EQUITY	673 753	(54 843)	(92 341)	327 358	14 116	868 044
LIABILITIES						
Loans and borrowings	-	-	1 339 840	-	-	1 339 840
Advanced received for Land transfer	-	-	-	46 593	-	46 593
Trade payables	-	-	36 714	-	-	36 714
NON-CURRENT LIABILITIES	-	-	1 376 554	46 593	-	1 423 147
Loans and borrowings	-	34 241	2 057	-	-	36 298
Trade payables	22 018	2 152	91 798	4 823	1 854	122 645
Liabilities to the Government	1 263	6	476	2 967	-	4 712
Prepayments received	14 817	645	3 161	841	7	19 471
Corporate income tax liabilities	-	-	-	-	-	-
Other taxes liabilities/(assets)	-	-	-	-	-	-
Employee-related liabilities/(assets)	6 021	1	4 583	(147)	20	10 478
Provisions	5 801	1 031	702	3 681	-	11 214
Dividends payable	-	-	-	(476)	-	(476)
Other current liabilities	51	33	40	300	4	428
CURRENT LIABILITIES	49 971	38 108	102 818	11 988	1 885	204 770
TOTAL LIABILITIES	49 971	38 108	1 479 372	58 582	1 885	1 627 917
Assets and liabilities arising from internal group operations	(222 407)	120 217	390 312	(307 819)	19 696	-
TOTAL EQUITY AND LIABILITIES	501 317	103 482	1 777 344	78 121	35 697	2 495 961

Statements of Profit or Loss	Freight Transportation Unit	Passenger Transportation Unit	Railway Infrastructure Unit	Head Office Unit	WBS Unit	GR Group
External Revenue						
Freight traffic	346 537	-	-	-	-	346 537
Freight handling	82 729	-	-	-	-	82 729
Revenue from Logistical services	132 213	-	-	-	-	132 213
Passenger traffic	-	41 219	-	-	-	41 219
Freight car cross-border charge	15 705	-	-	-	-	15 705
Rent of wagons and other rental income	1 959	675	539	967	18	4 158
Revenue from Realization of materials(scrap)	1 584	120	-	550	-	2 254
Other revenues	129	-	875	1	1 352	2 358
Revenue from sales to the Units						
To the Freight Transportation Unit	-	-	85 792	-	9 350	95 142
To the Passenger Transportation Unit	1 938	-	10 668	-	2 166	14 773
To the Railway Infrastructure Unit	-	-	-	-	2 887	2 887
To the Head Office Unit	-	-	-	-	1 530	1 530
Other Income						
Other Income	2 140	2 239	2 642	1 880	93	8 994
Total Revenue	584 934	44 252	100 517	3 399	17 395	750 498
Payroll expenses/Employee benefits expense						
Salary	(88 263)	(17 378)	(62 236)	(12 553)	(5 049)	(185 478)
Other Employee Benefits	(17 474)	(5 333)	(13 796)	(2 759)	(1 086)	(40 449)
Bonus-reward	(4 908)	(924)	(4 146)	(652)	(200)	(10 830)
Damage	(552)	(142)	(218)	(18)	-	(930)
Other (Increase in Damage&Bonusses Provisions)	(17)	87	554	(1)	-	623
Business trip	(931)	(59)	(688)	(296)	(19)	(1 992)
Depreciation and amortization expenses	(15 658)	(11 811)	(43 793)	(1 339)	(4 293)	(76 895)
Electricity, consumables and maintenance costs						
Electricity	(33 314)	(2 369)	(2 709)	(163)	(123)	(38 677)
Materials	(6 172)	(1 850)	(6 077)	(268)	(115)	(14 482)
Fuel	(5 336)	(112)	(2 879)	(360)	(52)	(8 739)
Repair and maintenance	(7 041)	(4 115)	(1 253)	(368)	(47)	(12 824)
Impairment Loss(gain) on trade receivables	6 072	1	(80)	44	(21)	6 016
Other expenses						
Expenses from Logistical services	(88 461)	-	-	-	-	(88 461)
Taxes other than income tax	(2 767)	(1 597)	(18 854)	(1 238)	(148)	(24 604)
Security	(6 799)	(1 967)	(3 093)	(456)	(48)	(12 364)
Freight car rental	(8 325)	-	-	-	-	(8 325)
Write off of Fixed Assets	(43)	(88)	(3 626)	(41)	-	(3 799)
Other	(587)	(3 401)	(1 795)	(5 493)	(5 118)	(16 395)
Cost of purchases from the Units						
Of the Freight Transportation Unit	-	(1 938)	-	-	-	(1 938)
Of the Railway Infrastructure Unit	(85 792)	(10 668)	-	-	-	(96 461)
Of the WBS Unit	(9 350)	(2 166)	(2 887)	(1 530)	-	(15 933)
Total Expenses	(375 719)	(65 832)	(167 575)	(27 491)	(16 321)	(652 937)
RESULTS FROM OPERATING ACTIVITIES	209 216	(21 579)	(67 058)	(24 092)	1 075	97 561
Finance income	29 955	10	839	8 056	-	38 859
Finance costs	(296)	(4 042)	(56 925)	173	-	(61 090)
Net Foreign exchange gain/(loss)	455	654	6 526	4 434	(4)	12 065
NET FINANCE INCOME / (COSTS)	30 113	(3 378)	(49 560)	12 663	(4)	(10 166)
PROFIT / (LOSS) BEFORE INCOME TAX	239 329	(24 958)	(116 619)	(11 429)	1 071	87 394
Corporate income tax	-	-	-	(618)	-	(618)
NET PROFIT / (LOSS)	239 329	(24 958)	(116 619)	(12 047)	1 071	86 776

Statements of Cash Flows	Freight Transportation Unit	Passenger Transportation Unit	Railway Infrastructure Unit	Head Office Unit	WBS Unit	GR Group
Cash flows from operating activities						
Cash receipts from customers	561 826	51 480	4 653	1 312	1 721	620 993
Cash paid to suppliers and employees	(212 560)	(38 414)	(109 281)	(61 000)	(22 922)	(444 177)
Cash flows from operations before income taxes and interest paid	349 266	13 066	(104 628)	(59 688)	(21 201)	176 815
Cash receipts From the Freight Transportation Unit	-	-	85 792	-	9 350	95 142
Cash receipts From the Passenger Transportation Unit	1 938	-	10 668	-	2 166	14 773
Cash receipts From the Railway Infrastructure Unit	-	-	-	-	2 887	2 887
Cash receipts From the Head Office Unit	-	-	-	-	1 530	1 530
Cash receipts From the WBS Unit	-	-	-	-	-	-
Cash paid To the Freight Transportation Unit	-	(1 938)	-	-	-	(1 938)
Cash paid To the Passenger Transportation Unit	-	-	-	-	-	-
Cash paid To the Railway Infrastructure Unit	(85 792)	(10 668)	-	-	-	(96 461)
Cash paid To the Head Office Unit	-	-	-	-	-	-
Cash paid To the WBS Unit	(9 350)	(2 166)	(2 887)	(1 530)	-	(15 933)
Internal Group Operations	(93 204)	(14 773)	93 574	(1 530)	15 933	-
Net cash from operating activities	256 062	(1 707)	(11 054)	(61 217)	(5 268)	176 815
Cash flows from investing activities						
Acquisition of property, plant and equipment	(16 728)	(107)	(116 726)	(602)	(5 179)	(139 342)
Proceeds from sale of property, plant and equipment	-	-	-	262	-	262
Interest received	3 589	10	-	30 534	-	34 133
Internal Group Dividends received/(paid)	(30 500)	-	-	30 500	-	-
Issuance of the loan	-	-	-	-	-	-
Partners Participation in Equity	-	-	-	-	-	-
Investment in subsidiaries	-	1 128	-	(1 128)	-	-
Increase in term deposit	-	-	-	4 071	-	4 071
Net cash used in investing activities	(43 639)	1 031	(116 726)	63 637	(5 179)	(100 876)
Cash flows from financing activities						
Proceeds from borrowings	-	-	-	-	-	-
Repayment of borrowings	-	(11 347)	-	-	-	(11 347)
Premium on early redemption of issued bonds	-	-	-	-	-	-
Loan refinancing fees paid	-	-	-	-	-	-
Interest paid	-	(2 782)	(52 729)	-	-	(55 511)
Other distribution to equity	-	-	-	-	-	-
Net cash used in financing activities	-	(14 129)	(52 729)	-	-	(66 858)
Net increase/(decrease) in cash and cash equivalents	212 424	(14 805)	(180 509)	2 419	(10 447)	9 081
Cash and cash equivalents at 1 January	269 133	-	-	5 496	-	274 629
Effect of exchange rate fluctuations on cash and cash equivalents	(420)	-	-	(4)	-	(424)
Cash Provision	-	-	-	261	-	261
Cash and cash equivalents Before Redistribution	481 137	(14 805)	(180 509)	8 172	(10 447)	283 547
Crossfunding from Freight Transportation Unit	(205 762)	14 805	180 509	-	10 447	-
Cash and cash equivalents at the end of the period	275 375	-	-	8 172	-	283 547

EXPLANATORY NOTE FOR 2021 ACTIVITIES REPORT

1. GENERAL INFORMATION

The Activity Reports of JSC Georgian Railway (the "Company") and its subsidiaries (the "Group") for 2021 have been prepared in the implementation of the requirements of Directive 2012/34/EU of the European parliament and of the council, Section 2 , Article 6 (Separation of accounts). According to the article 6, Member States shall ensure that separate profit and loss accounts and balance sheets are kept and published, on the one hand, for business relating to the provision of transport services by railway undertakings and, on the other, for business relating to the management of railway infrastructure"

The Group's principal activity is the operation of a nationwide railway system providing freight and passenger transportation services, freight forwarding services, maintenance and development of railway infrastructure and construction of railway lines within Georgia. As at 31 December 2023 the Company was wholly owned by the Government of Georgia.

The national currency of Georgia is the Georgian Lari (GEL), which is the functional currency of the Group entities and the currency in which these condensed consolidated interim financial statements are presented. All financial information presented in GEL has been rounded to the nearest thousands

In the package of the activity reports of the Company, the financial data of the activities of these units are consolidated into a single profit (loss) statement and balance sheet. In terms of business management and accounting, the units of JSC Georgian Railway operate as independent economic entities. Each unit manages and accounts on its balance sheet the assets used for its activities, the liabilities, accounts income for the services of the unit and expenses incurred for the provision of those services.

For the purposes of separating the accounts of the activities of the group, internal transactions between the units are concluded. So, it means that in terms of accounting, the units of group operate as separate economic entities both in relations with other customers, suppliers, etc. and in relations with other units of the group. Sales revenues from internal services (or expenses of the purchase thereof) are recorded on accounts in the same manner as sales revenues from external services (or expenses of the purchase thereof).

2. DESCRIPTION OF UNIT'S ACTIVITIES

- **Freight transportation unit** services encompass the transportation of cargo along with GR's railway network within Georgia. Freight handling services, including railcar marshaling and the delivery of freight to and from customer facilities, are provided at the stations that run commercial freight services. Freight car cross-border charge revenue is generated by allowing foreign railways to use GR's railcars in transportation process. This unit is the source of the Group's revenue (80% of the total revenue).
- **Passenger transportation unit's** primary activity is the transportation of passengers and, to a limited extent, unaccompanied luggage within Georgia and on international routes, connecting Georgia with Azerbaijan and Armenia. Pursuant to Georgia's obligations to implement certain EU legislation under the Association Agreement, the Government of Georgia has an obligation under the EU Social Market Economy principle to compensate the Group for its loss-making passenger transportation business. Accordingly, the Company and the Government are expected to enter into a public service contract for the compensation of the Passenger SBU losses starting from 2024 or earlier. This contract is expected to define certain passenger rail routes and set out the conditions for the agreement of costs for such routes between the Company and the Government or relevant competent authority, as well as the compensation to be granted to the Company for operating nonprofitable passenger routes.

- **Railway infrastructure unit** operates, maintains and manages the Group's principal infrastructure assets, including its track, embankments, signaling, land, electric power lines and other equipment. It is a cost center providing services to the Freight and Passenger Transportation Units. The principal aims of Railway Infrastructure unit are to ensure safety, promote the efficient use of the Group's infrastructure assets and decrease maintenance costs. Unit promotes safety by setting speed and loading standards on lines and at stations. It is also in charge of controlling signaling and blocking systems.
- **WBS unit** provides to the Group different IT services, such as centralized billing and electronic document management system used for document handling for freight transportation; an automated system that monitors and controls rolling stock in real-time; software designed to monitor movements of containers, railcars and trains in stations; electronic ticket sales and accounting system for passenger transportation; and a centralized multi-module software for internal bookkeeping and etc.
- **Head office unit** is supervising of the Group's freight, passenger and infrastructure operations, provides legal, finance, procurement, human resources, investor relations and etc. consultations to all units. Manages the Group's equity, is responsible for consolidation of financial and operational data from the units.

3. EXPLANATIONS OF INTERNAL COSTS AND REVENUES:

The Group have three types of internal revenues (costs) of units:

- **Infrastructure charges**

Infrastructure charges are calculated according of Directive 2012/34/EU of the European parliament and of the council, Section 2, Article 30 (infrastructure cost and accounts). For Track access charge (TAC) The Group uses minimum access package. Train kilometer and Gross-tones kilometer charge contains: direct and indirect charges, amortization cost for infrastructure facilities excluding any kind of markups.

- **WBS services**

So, for each service provided unit the cost of such service is calculated indirect method and is measured worked man/hour multiplied on the cost of man/hour plus idol costs, the price of one man/hour cost is taken for market price, that is used by WBS for other customers.

- **Service from using locomotives**

Freight transportation unit provides additional service to passenger transportation unit, that is calculated by electric locomotive hours multiplied domestic traffic Charge per electric locomotive hour (the same price, that is taken to the third parties). Electric locomotive hours is taken for each trip performerd in each train slot.

4. INFORMATION ABOUT SUBSIDIARIES

The company wholly-owns eight subsidiaries from which: GR Logistics and terminals, GR trans-shipment, GR transit and GR transit line serves for freight transportation and their activities results are mentioned in Freight transportation unit's report. The

financial information of GR Property management and Georgian railway construction are mentioned in figures of Head office unit and Passenger transportation unit concludes results of Borjomi-Bakuriani railway.

As a shareholder in the subsidiaries the Company operates as a single legal entity. The rights of the shareholder are implemented by the Company Administration; orders of the Director General are held equal to decisions of general meetings of shareholders of the subsidiaries. Therefore, investments into subsidiaries and associated companies are assigned to the Head office and are not distributed to other units.

5. SHAREHOLDERS' EQUITY

Since the Company is registered as a single legal entity, which has its own authorized capital, the Company shows the available equity and reserves in the scale of the whole Company and assigns them to the Company administration. All movements of the equity and reserves are also shown in the accounts of the Head office unit.

6. RECEIVABLES / PAYABLES OF INTERNAL TRANSACTIONS

The items "Receivables of internal transactions" and "Payables of internal transactions" reflect the balances of accumulated accounts receivable and accounts payable between the Group's units, which are formed in the course of executing economic and financial transactions between units. The following are the examples of transactions between the units:

- Registration of internal services, which the units render to each other. The Group uses the approach that all receivables/payables from the internal services are covered at the same time;
- Receivables/payables from transfer of assets (payment for services, transfer of assets loaned borrowed in a centralized manner, transfer of PPE assets and etc.) are mentioned in "Assets and liabilities arising from internal group operations".

At the end of the period, accounts between the units are consolidated to identify final amounts receivable / payable.

7. CORPORATE INCOME TAX AND DIVIDENDS

Corporate income tax is accounted at the Head office unit because the Group accounts and pays corporate income tax as a single legal entity, as well as received/issued dividends are recorded at the Head office unit.