

JSC GEORGIAN RAILWAY

FIRST 6 MONTHS OF 2023





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APPENDIX

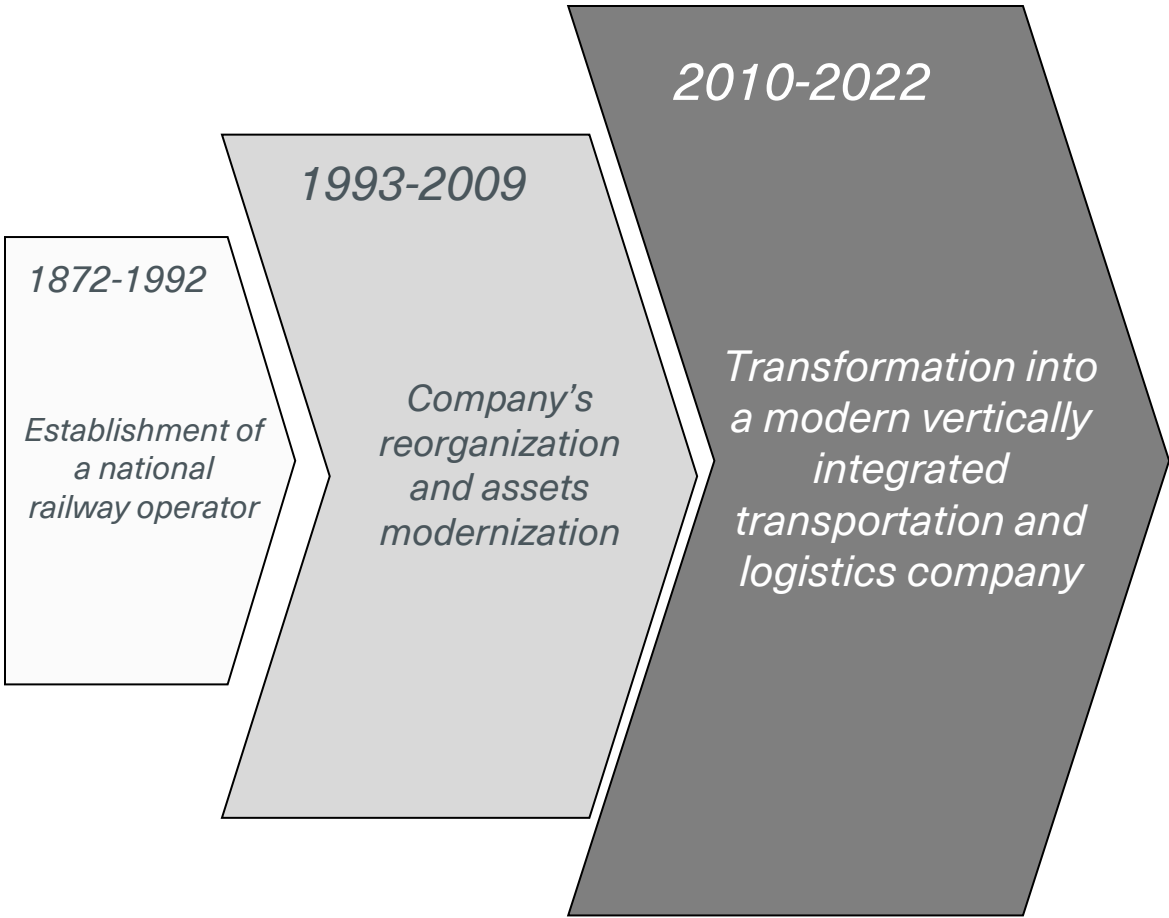
**VERTICALLY INTEGRATED RAILROAD
COMPANY WITH FULLY DEREGULATED
FREIGHT AND PASSENGER TARIFF POLICY**



**MONOPOLY RAILWAY OPERATOR IN GEORGIA,
DIRECTLY OWNED BY THE GOVERNMENT OF
GEORGIA ⁽¹⁾**

Note: (1) Before December 2022, the Company was indirectly owned by the Government of Georgia through JSC Partnership Fund. In December 2022, the ownership has changed and is directly under MOF and MOESD.

SUCCESSFUL TRANSFORMATION FROM A HERITAGE RAILWAY OPERATOR INTO THE NATIONAL TRANSPORTATION AND LOGISTICS COMPANY



- 1872** Establishment of Georgian Railway
- 2010**
 - Initial credit rating assignment from Fitch ratings and S&P
 - First Eurobond placement on the LSE
- 2013** Georgian Railway enters freight forwarding business
- 2015**
 - Revival of Silk Road and first Chinese train in Georgia
 - Foundation of the Railway Transport College - first railway professional education institution
- 2016-2017** Purchase of 4 new modern high-speed passenger trains from Swiss company Stadler Bussnang
- 2018-2019**
 - First freight on BTK (Baku-Tbilisi-Kars) line
 - Initiating new feeder transportation in Black and Caspian seas to increase container flow in region
- 2021** Issuance of the first Green Eurobond in the transportation sector in Caucasus region
- 2022** Kopitnari station became operational, linking the railway line with Kutaisi Airport

GR at a Glance
SBUs and Subsidiaries
Market and Competitive Position
Strategy of the Company
Governance and Relationship with the GoG
Country Overview
Financial Profile and Recent Developments

OPERATIONAL HIGHLIGHTS

GEL '000

Revenue

GEL '000

Adjusted EBITDA⁽¹⁾

Net Debt to Adjusted EBITDA⁽²⁾

31 December 2022

FY 2022

674,773

+23% from FY 2021

284,162

+25% from FY 2021

3.93

30 June 2023

6M 2023

305,719

-2% from 6M 2022

90,666

-31% from 6M 2022

4.42

Million tones

Freight Volumes

Million ton-km

Freight Turnover

Thousand Passengers

Passenger Traffic

FY 2022

14.8

+22% from FY 2021

4,164

+27% from FY 2021

1,605

+97% from FY 2021

6M 2023

6.7

-2% from 6M 2022

1,877

-5% from 6M 2022

1,041

+67% from 6M 2022

Note: (1) Adjusted EBITDA is determined by the same method as EBITDA of previous periods was calculated. (2) Net debt to adjusted EBITDA ratio for 30 June 2023, represents the net debt at the end of June 2023 divided by the sum of adjusted EBITDA of the last six months of 2022 plus the first six months of 2023.

KEY OPERATING MEASURES

GEL '000

Total freight revenue
per ton-km

GEL '000

Passenger revenue
per passenger-km

GEL '000

Revenue per average
number of employees

FY 2022

0.12

-11% from FY 2021

0.06

+5% from FY 2021

54.44

+23% from FY 2021

6M 2023

0.12

-4% from 6M 2022

0.06

+10% from 6M 2022

24.82

-1% from 6M 2022

GEL '000

Operating expenses
per ton-km

In thousand

Ton-km per average number of
Freight SBU employees

In thousand

Pass-km per average number of
Passenger SBU employees

FY 2022

0.11

-5% from FY 2021

794.89

+26% from FY 2021

408.59

+76% from FY 2021

6M 2023

0.14

+23% from 6M 2022

357.53

-6% from 6M 2022

273.17

+70% from 6M 2022

S&P Global Ratings

LONG-TERM ISSUER RATING – FOREIGN CURRENCY

Credit Rating

BB-

Date of assignment /
review

December
2022

Outlook

STABLE

- S&P raised long-term issuer credit rating on GR and on its senior unsecured bond to 'BB-' from 'B+';
- S&P believes that Georgian Railway will continue to demonstrate resilient operating performance and manage its liquidity needs, despite the challenging economic environment. The agency continues to expect a very high likelihood of extraordinary state support;
- Additionally, the agency projects that GR will continue to show robust operating performance, supported by a material increase in transit freight volumes as international transport routes through Russia and Ukraine remain disrupted.

FitchRatings

LONG-TERM ISSUER RATING – FOREIGN CURRENCY

Credit Rating

BB-

Date of assignment /
review

February
2023

Outlook

POSITIVE

- Fitch revised Georgia's Outlook to Positive from Stable, which had a direct impact on GR's Outlook as it is considered a government-related entity (GRE) according to Fitch's GREs Rating Criteria.
- Fitch expects GR's leverage to gradually improve to 3x in 2022-2026.
- A sustainable improvement in net adjusted debt/EBITDA below 3x during the rating horizon could lead to an upward reassessment of the company's SCP.

CREDIT HIGHLIGHTS

STRATEGIC ASSET FOR THE GEORGIAN ECONOMY WITH STRONG STATE SUPPORT

- Systemically important infrastructure operator and partner in national and economic development;
- Critical role in maintaining strong economic relations with partner countries;
- 31% of freight transportation in Georgia (2022), 1.1% of Georgia GDP;
- Directly owned by the Government of Georgia since December 2022.

UNIQUE STRATEGIC LOCATION & STRONG CUSTOMER RELATIONS

- Uniquely positioned to capitalize on trade between Europe, the Caspian Sea region and Central Asia;
- A part of Caucasus railway corridor, a key segment of the TRACECA and Middle Corridor.

WELL INVESTED ASSET BASE

- 1,408 km railway, over 4,616 units of rolling stock and 586 containers owned (as at 31 December 2022)
- GEL 1.0 billion invested in Modernization project till June 2023.

STRONG MARGINS AND SOLID CASH FLOW GENERATION PROFILE BACKED BY FX- DENOMINATED REVENUE

- One of the highest EBITDA among railway companies (42.1% in 2022);
- Expanding high-margin containerization and logistic services;
- Fully deregulated tariffs policy.

CONTINUOUS FOCUS ON SUSTAINABLE DEVELOPMENT

- The cleanest transportation type, with 98% of GR's network being electrified;
- Important social function – providing affordable passenger transportation;
- One of the largest employer in Georgia, with over 12.4k people employed.

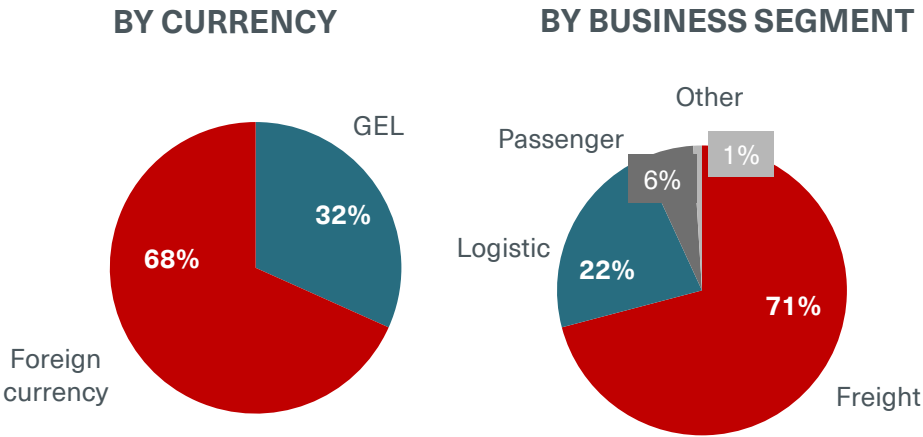
GEORGIAN RAILWAY OVERVIEW

BRIEF OVERVIEW

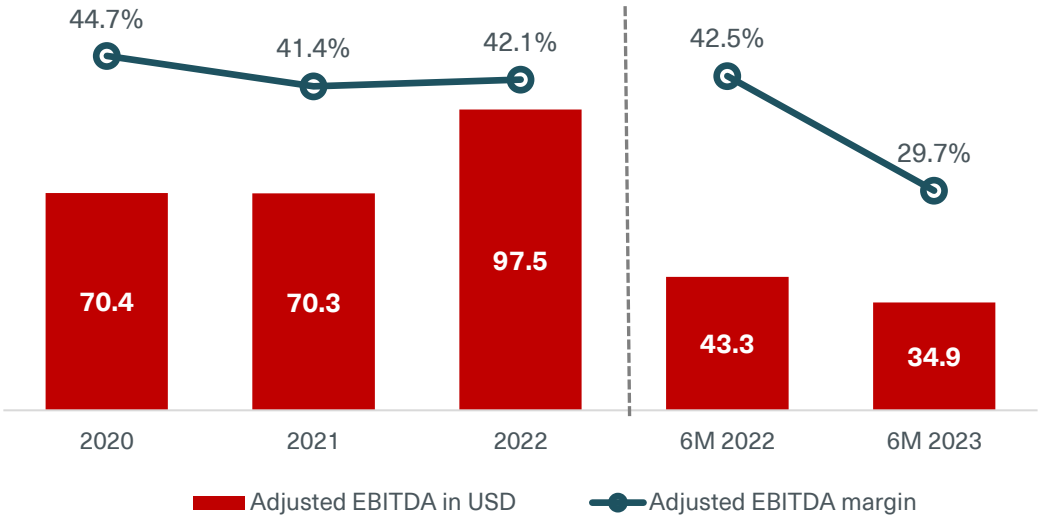
- Monopoly railway operator in Georgia, directly owned by the Government;
- Vertically integrated railroad company with fully deregulated freight and passenger tariff policy;
- 3 strategic business units (SBU): freight, passenger transportation and infrastructure;
- Freight Transportation SBU is GR's key business segment with ca. 71% share in GR's six month period ended 30 June 2023 revenue. Over 58% of freight volume is transit in first half of 2023;
- Unique strategic location. A key segment of the TRACECA corridor, the shortest route from the Caspian Sea and Central Asia to the Black Sea and the Mediterranean basin;
- Total number of employees: 12,199 people. At 30 June 2023;



REVENUE BREAKDOWN



ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN



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Subsidiaries and
Market and
Competitive
Position
Strategy of the
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VERTICALLY INTEGRATED BUSINESS MODEL

WELL-INVESTED ASSET BASE

As at 31 December, 2022

112 units

of own working locomotives

4,616 units

of own rolling stock

586

containers

DEVELOPED INFRASTRUCTURE

As at 31 December, 2022

1,408 km

Own rail track length

100

Own and operating
freight stations

30

Passenger
stations



Own repairs &
maintenance facilities

FULL SCOPE OF SERVICES

As at 30 June, 2023

6.7 Mt

Freight forwarding volume

1.0mn

Passengers

As at 30 June, 2023

22% of revenue

from logistic services

Vertical integration provides resilient and flexible business model



GR's monopoly position



Efficient cost control
all over the value chain



High entry barriers



Operating flexibility



Providing clients with full scope of
freight & transportation services



Flexible tariff regulation

INTEGRATED TRANSPORTATION AND LOGISTICS COMPANY

FREIGHT TRANSPORTATION SBU

- Conducts all the Group's freight operations: freight traffic; freight transportation; freight handling; freight car cross-border charge and repair works;
- Provides freight forwarding & logistics services - GR Transit, GR Transit Line, GR Logistics and Terminals, GR Trans Shipment;
- 5,246 employees as at 30 June, 2023.⁽¹⁾

PASSENGER TRANSPORTATION SBU

- Conducts all the Group's passenger operations:
 - Transportation of passengers within Georgia and internationally
 - Routine maintenance repairs;
- 1,046 employees as at 30 June, 2023.⁽¹⁾

INFRASTRUCTURE SBU

- Operates, maintains and manages the Company's railway network;
- Cost center serving freight and passenger activities;
- No material service to external customers;
- Implementation of Railway Modernisation Project;
- 4,687 employees as at 30 June, 2023.⁽¹⁾



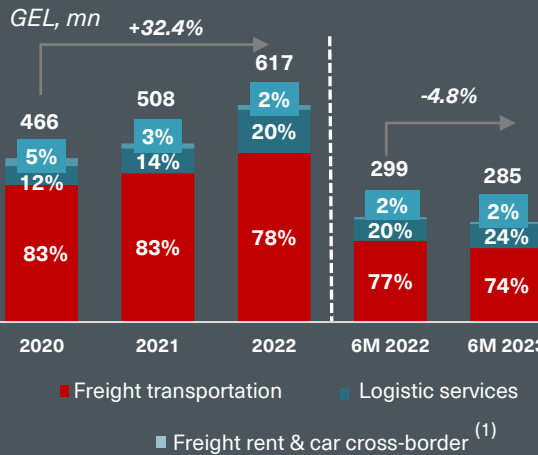
Note: (1) As of 30 June 2023, there were 12,199 employees working for GR, including 1,220 people who work for the head office and its subsidiaries.

FREIGHT TRANSPORTATION SEGMENT OVERVIEW

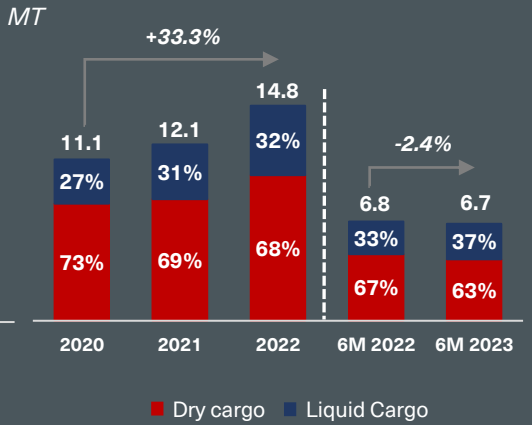


- Freight Transportation SBU is the Group's key business segment, accounted for 68% of the GR's revenue in the first six month of 2023;
- Conducts all the Group's freight operations: Freight Transportation; Freight Handling; Rent of wagons and other rental income; Freight car cross-border charge;
- Most of the freight is transported from Georgia, Azerbaijan and Kazakhstan to Georgia and Black sea ports;
- GR is mainly a transit railway and transports a large portion of its cargo using third-party rolling stock. In 2022 58 percent of total cargo was transported by GR wagons;
- This reduces the need to own rolling stock and limits CAPEX requirement to support future growth;
- Number of employees 5,246 as at 30 June 2023.

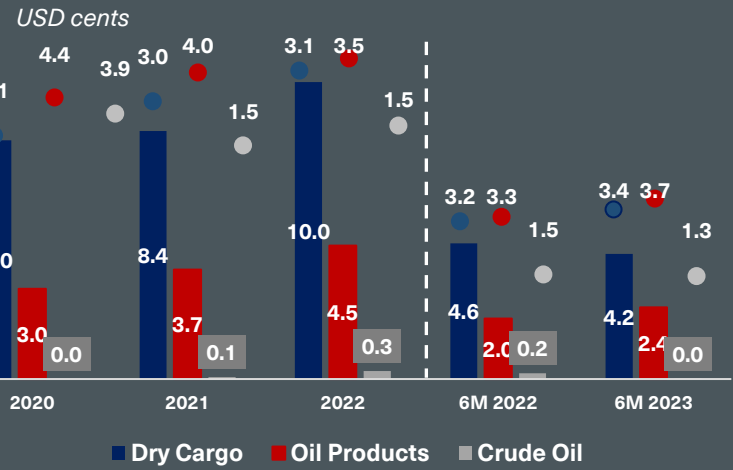
REVENUE DYNAMICS



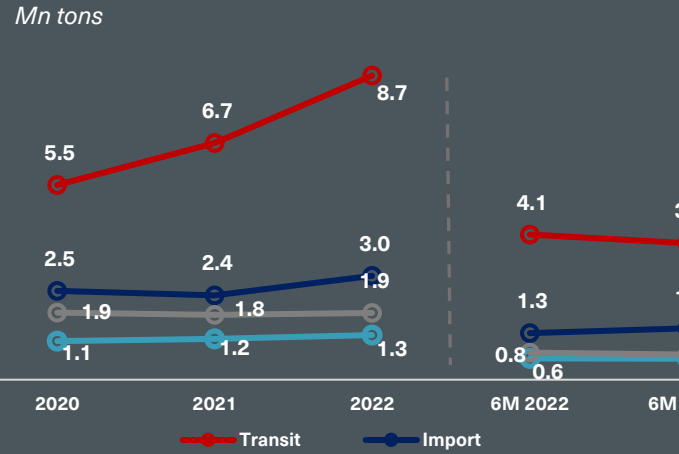
VOLUME DYNAMICS



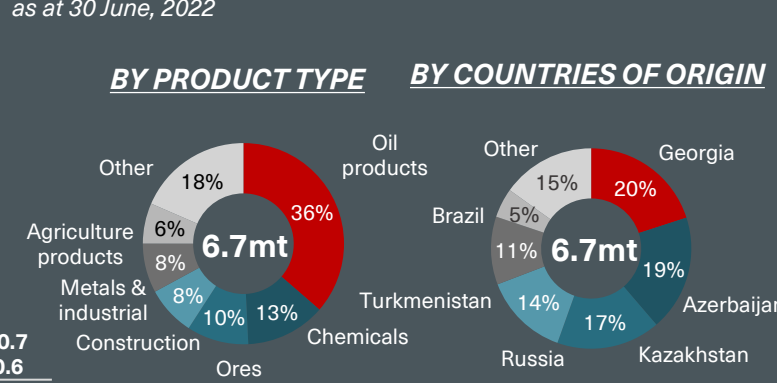
REVENUE PER TON-KILOMETER



VOLUME DYNAMICS



FREIGHT VOLUME STRUCTURE

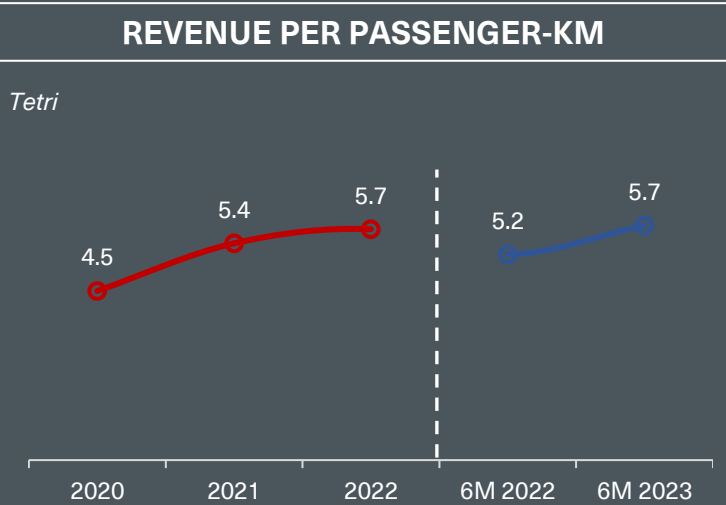
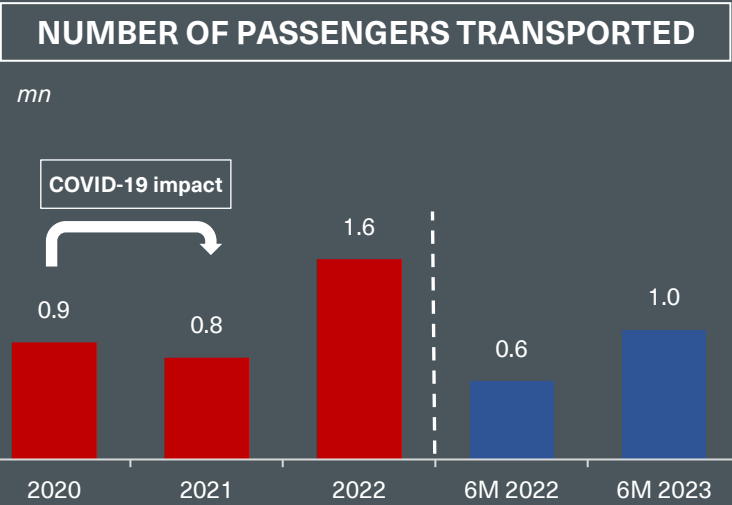
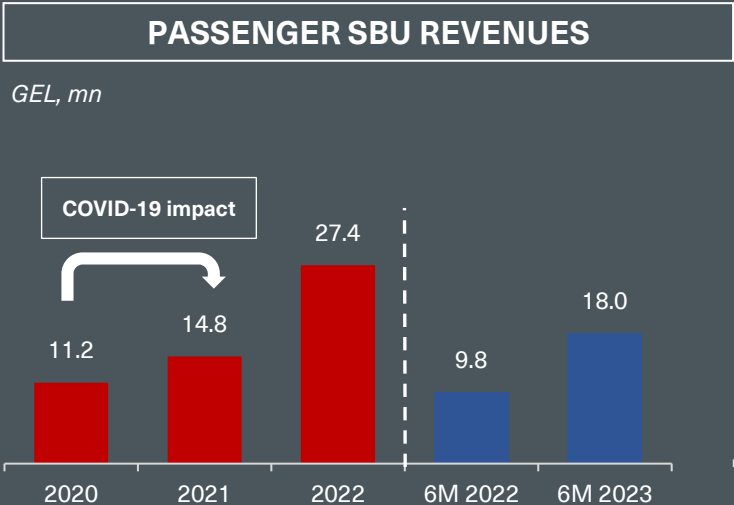
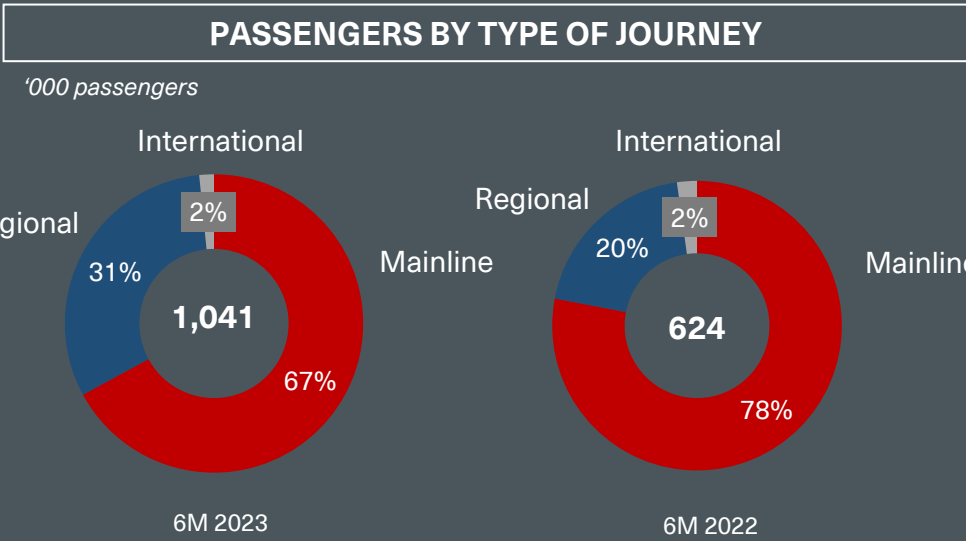


Note: (1) Includes rent of wagons and other rental income (2.0mn GEL in 6M 2023) and freight car cross-border charge (3.9mn GEL in 6M 2023).

PASSENGER TRANSPORTATION SEGMENT OVERVIEW

BRIEF
OVERVIEW

- GR is the national passenger railway of Georgia and has strategically important social function;
- Passenger SBU transports passengers within Georgia and on international routes, connecting Georgia with Azerbaijan and Armenia;
- GR and the Government of Georgia are expected to enter into a public service contract for compensation of the Passenger services;
- Due to Covid-19 pandemic, passenger transportation was terminated several times resulting lower number of passengers and revenues in 2020 and in 2021;
- GR intends to modernize the railroad and electric supply infrastructure between Tbilisi and Batumi (315km), incl. the 64km mountainous Gorge region, after which the speed of the passenger train is expected to increase from 80km/h to 120km/h, and from 50km/h to 80km/h at the crossing area.



WELL-INVESTED INFRASTRUCTURE & DIVERSIFIED RAILCAR FLEET

BRIEF OVERVIEW

- Infrastructure SBU operates, maintains and manages GR's principal infrastructure assets, incl. track, embankments, signaling, land, electric power lines etc.
- GR is 100% owner and monopoly operator of all railway infrastructure in Georgia
- GR's rail network is connected to Azerbaijani, Armenian and Turkish railways (BTK route). It is also connected with the Russian railways through Abkhazia (inactive at the moment).
- Current railroad capacity: 27 mln tons of cargo annually. It is expected to be extended to 48mt by 2023 (Modernization Project)
- GR's growth strategy is focused on the modernization of the existing infrastructure to facilitate freight growth and decrease operating expenses
- GEL 1,867mn book value of PPE as at 30 June 2023

KEY NUMBERS



1,408km
Network length



98%
Fully electrified



100
Freight stations



293km
Double-Track line length



42
Railroad tunnels



586
Containers



1,348
Railroad bridges



4,616⁽¹⁾
Number of rolling stock



30
Passenger stations

As of 31 December 2022

ROLLING STOCK

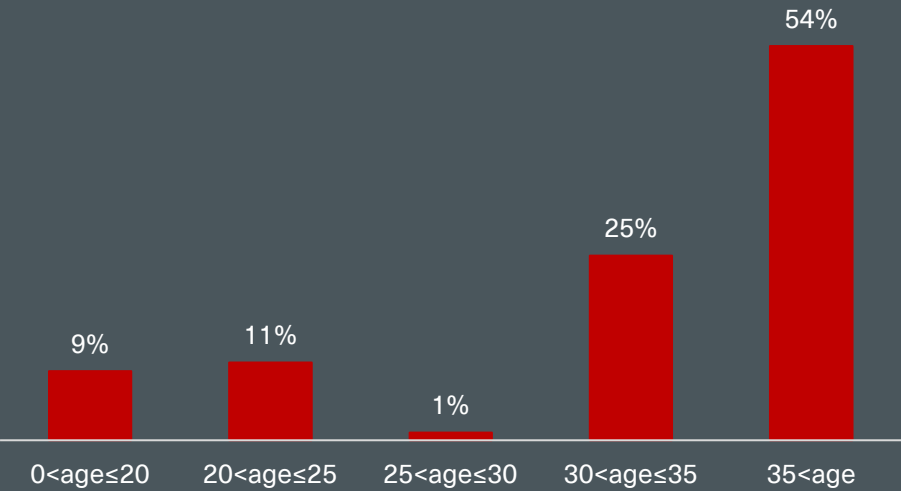
Working locomotives	112
<i>Electric</i>	66
<i>Diesel</i>	26
<i>EMU</i>	20
Working freight railcars	4,504
<i>Box Car</i>	1,132
<i>Cement Hopper</i>	30
<i>Grain Hopper</i>	1,383
<i>Open Top Box Car</i>	515
<i>Other</i>	65
<i>Platform Car</i>	185
<i>Refrigerator Car</i>	53
<i>Tank Car</i>	1,141
Total number of rolling stock	4,616



Note: (1) Sum of working locomotives and railcars

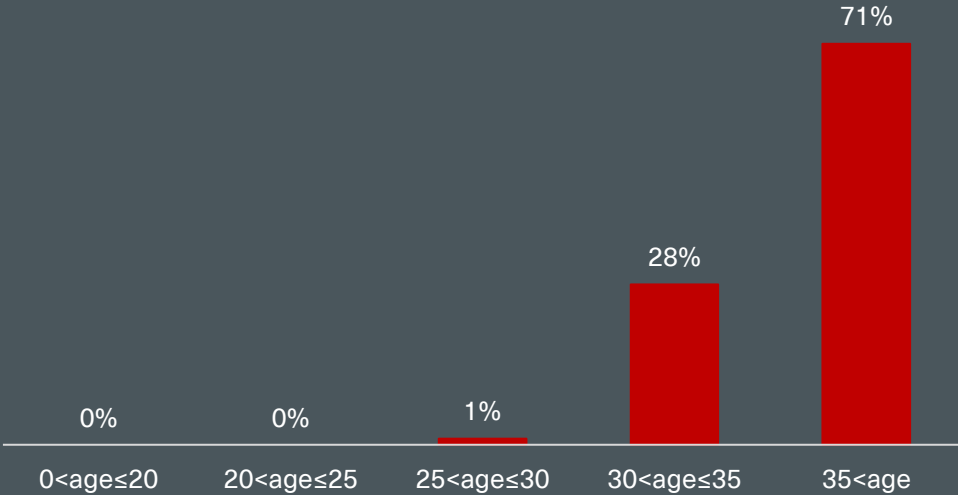
DISTRIBUTION OF WAGON FLEET BY AGES

As of 31 December, 2022



DISTRIBUTION OF LOCOMOTIVES BY AGES

As of 31 December, 2022



COMMENT

- Georgian Railway’s strategy is to maintain an optimal number of wagons to ensure availability for current and future demand on transportation;

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INVESTMENT PROGRAMME WITH FOCUS ON MODERNISATION

BRIEF OVERVIEW

- GR's main investments support long run growth potential, through investments in infrastructure;
- GR is mainly a transit railway, the Group transports a large portion of its cargo using third-party rolling stock, thus minimizing its fleet CAPEX requirements;
- Modernization Project is the key GR's CAPEX program aiming to increase transportation capacity of the gorge region in central Georgia.

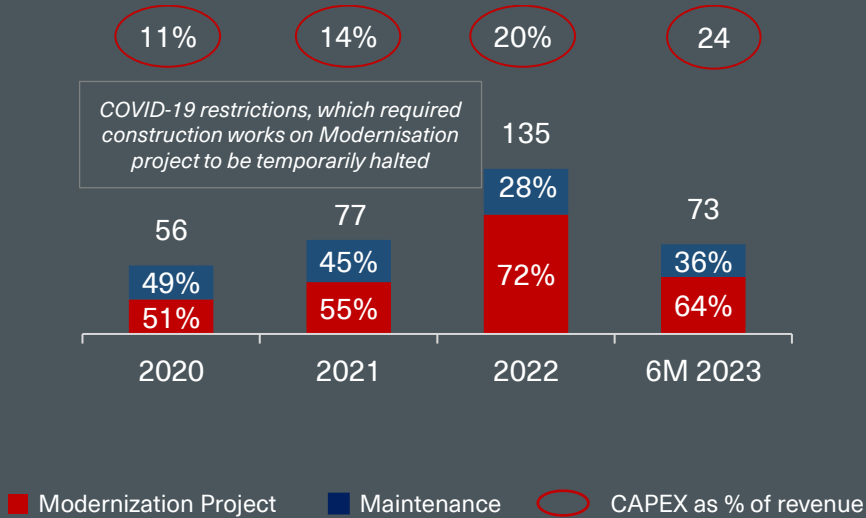
MAJOR ACTIVE CAPEX PROJECTS

MODERNISATION PROJECT

- Over GEL 1.0 billion invested (in 2010 - 6M 2023)
- Key goal: increase transportation capacity from 27mt to 48mt with further expansion to 100mt per annum
- 96% completed as of 2022.
- Expected completion: 2024

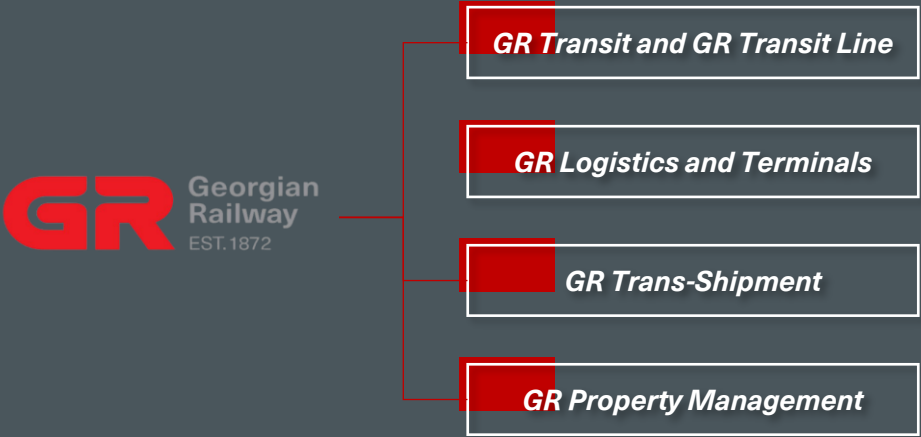
HISTORICAL CAPEX SPLIT

GEL, mn



FREIGHT FORWARDING & LOGISTICS SERVICES

GR'S KEY SERVICE SUBSIDIARIES

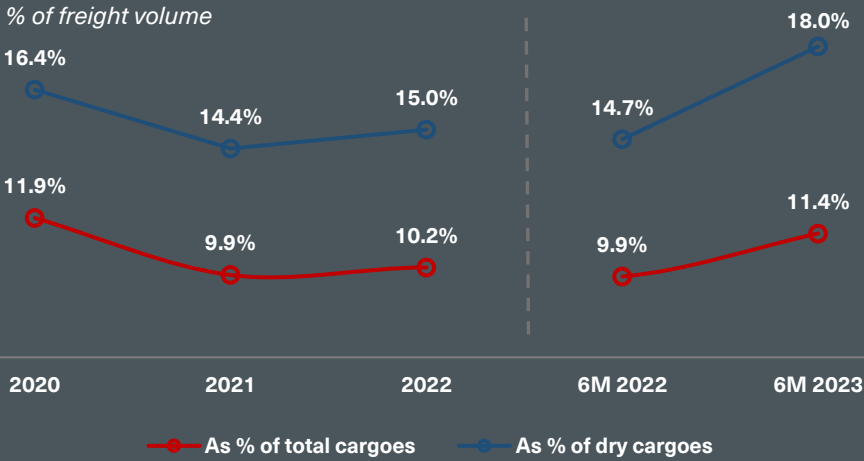


BRIEF OVERVIEW

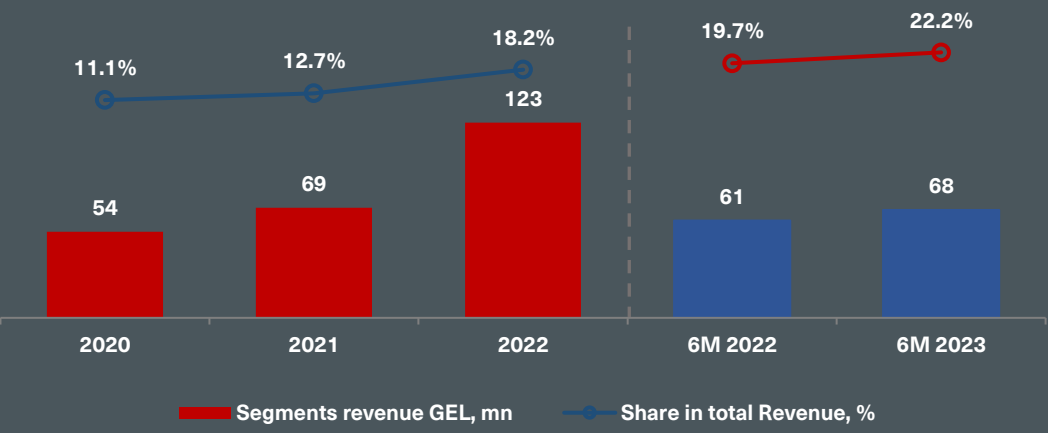
- GR Transit and GR Transit Line – freight forwarders, which serve crude oil and oil products transportation mainly from Azerbaijan, Kazakhstan and Turkmenistan
- GR Logistics and Terminals creates container terminals and other necessary infrastructure to develop presence in container transportation market
- GR Trans-Shipment manages the oil terminal operator in Batumi Port
- GR Property Management operates GR's railway-related assets such as land, depots and stations, and non-core assets

SHARE OF CONTAINERIZED CARGO

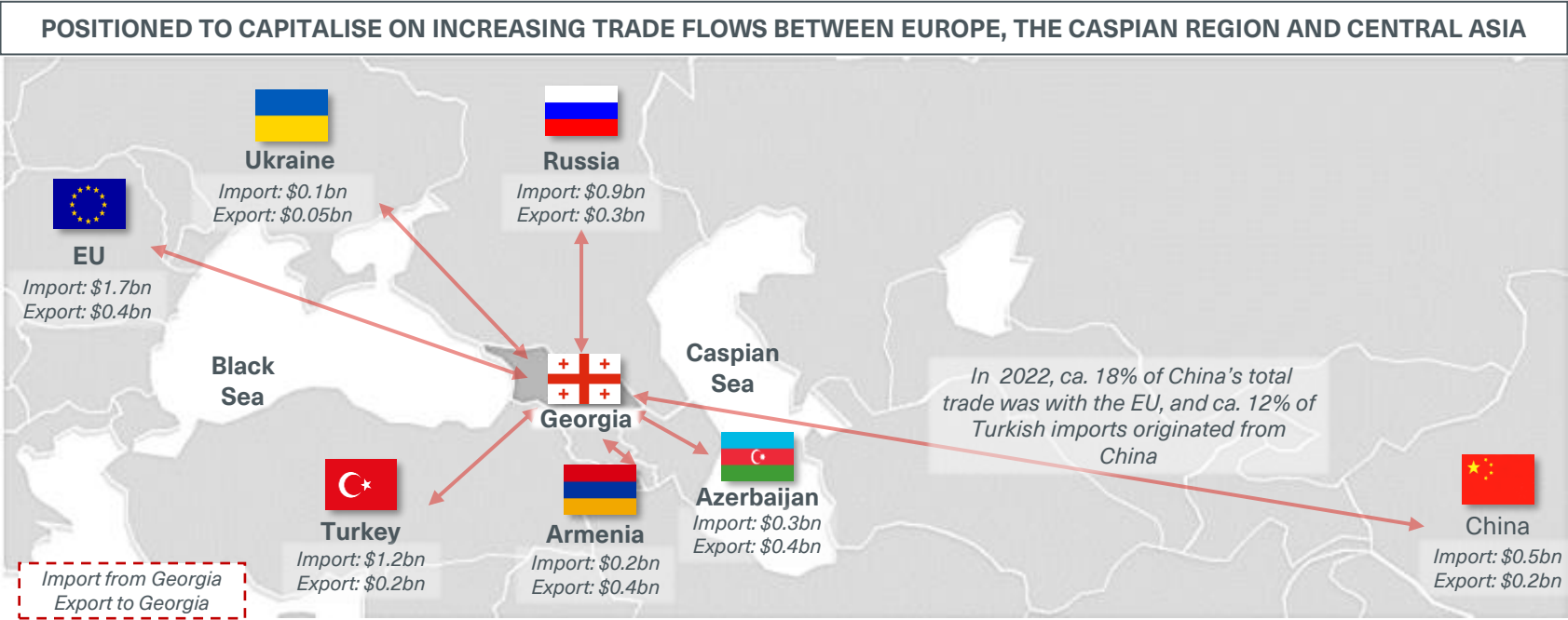
As % of freight volume



LOGISTICS SERVICES REVENUE EVOLUTION

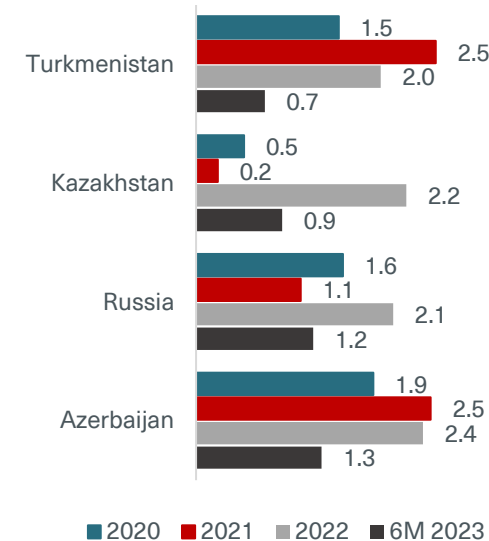


UNIQUE STRATEGIC LOCATION...



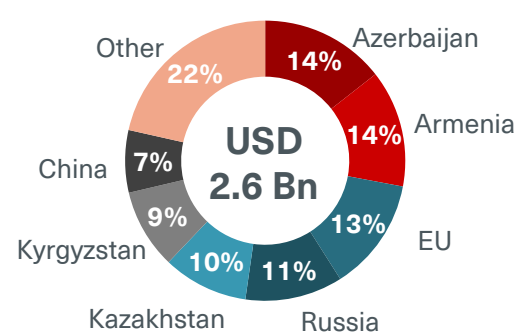
GR'S TRANSPORTATION VOLUME

MT, As at 30 June, 2023



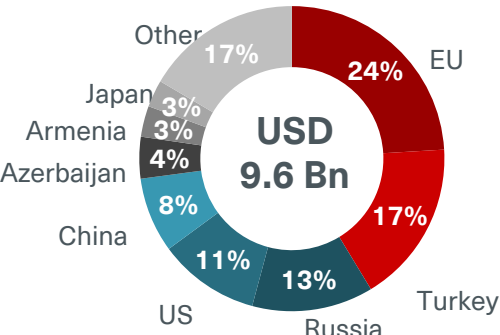
GEORGIA'S TOTAL EXPORT

As at 30 June, 2023 ⁽²⁾



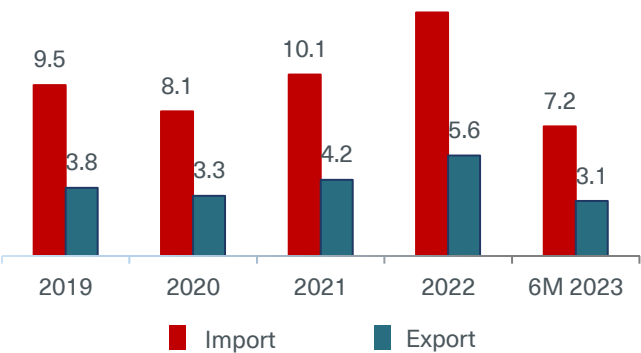
GEORGIA'S TOTAL IMPORT

As at 30 June, 2023 ⁽²⁾



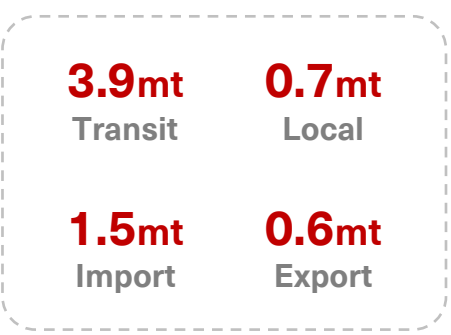
GEORGIA IS A NET IMPORTER

USD, bn



GR'S FREIGHT VOLUME

As at 30 June, 2023



Sources: Geostat.ge (for import and export statistics by countries)* Preliminary data., Company data for GR's transportation and freight volumes
Note: (1) GR's cargo volumes (both import into Georgia and transit) by origination countries. (2) Preliminary data.

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...WITH WELL-DEVELOPED INFRASTRUCTURE AND NUMBER OF INTERNATIONAL PROJECTS

1 KULEVI

- Liquid cargo
- Operated by Vitol, SOCAR
- Current capacity of 10mt p.a.
- Expandable to 20mt p.a.

2 POTI

- Liquid and dry cargo
- Free Economic Zone near Poti
- Current capacity of 600k TEU
- Planning to increase capacity with est. investment of USD 300mn

3 BATUMI

- Liquid and dry cargo
- Current capacity of ca. 15mt p.a.
- Expandable to 28mt p.a.

RAIL FERRIES

- Rail ferry connection to Bulgaria, Russia, Ukraine and Turkey
- Rail ferries connecting Azerbaijan ports with Central Asia

4 DEEP-SEA PORT⁽¹⁾

- Construction of a new Anaklia Deep Sea Port for handling large vessels with all required infrastructure
- Alternatively – reconstruction of Poti to make it a deep-sea port

Ports Supporting Infrastructure



Connecting Railways

5 RUSSIA

- Inactive link through Abkhazian part of Georgian Railway

6 AZERBAIJAN

- Largest GR rail connection, originating or receiving well over half of GR tonnage

7 TURKEY

- Active connection after Baku-Tbilisi-Kars Project
- Currently operating in test regime

8 ARMENIA

- Operated under concession to Russian Railways as South Caucasus Railways (SCR)
- Currently only other active GR rail connection

INTERNATIONAL PROJECTS AND INITIATIVES

9 BTK⁽²⁾ PROJECT

- Connecting Azerbaijan and Turkey with a railway link through Georgia;
- Reconstruction of a 178km long railway in Georgia;
- Started operating in test regime in 2017, expected completion in 2024.

Feeders On Caspian And Black Sea

- Adding additional feeder in Caspian Sea connecting Kazakhstan and Azerbaijan. Operating since 2019, capacity 225 TEU
- Additional feeder connecting Poti port with Ukraine (Odessa). Operating since 2019, capacity 1,200 TEU

CHINA-TURKEY ROUTE

- A new route from China to Georgia and through Georgia to Turkey, Europe and the countries of the Mediterranean Basin;
- Increasing importance of BTK line.

THE GROUP'S STRATEGY

FINANCIAL SUSTAINABILITY

- The company strives for a return on assets of 5% on average;
- Strengthening the core business and developing the supply chain in the transport corridor passing through Georgia;
- Continuous investment in human resources to develop necessary skills of managers and other employees.

STRENGTHENING OF THE FREIGHT TRANSPORTATION BUSINESS

- The redemption of the locomotive factory and improvement of the locomotive park at its base;
- Constant negotiations with neighbouring railways to ensure competitive pricing for the TRACECA;
- Short-term contracts for maintaining operational and price flexibility.

STRENGTHENING OF THE PASSENGER TRANSPORTATION BUSINESS

- Adjusting passenger train timetables to optimize utilization;
- Providing substantial discounts on tickets;
- Easing the accessibility of tickets via different sales channels;
- Launching a marketing campaign to attract potential customers.

DEVELOPMENT THROUGH MODERNIZATION PROJECT

- GR launched the Modernization Project in 2010 and it is due for completion in 2023. Mentioned project will:
- Eliminate the need for extensive capital expenditures for the maintenance of existing tracks;
- Increase transportation speed along the line, offering improved services for freight and passenger customers;
- Further increase transportation safety levels; and
- Reduce operational expenses.

THE GROUP'S STRATEGY continued

DEVELOPMENT OF SUBSIDIARY COMPANIES

- Ensure cargo and revenue growth through improved logistic services;
- Increase the efficiency of non-profile asset management;
- Increasing the awareness of the Company through marketing campaigns.

HEALTH, SAFETY AND ENVIRONMENTAL SUSTAINABILITY

- Every employee and contractor is fully engaged in occupational safety procedures, identifying potential risks and reporting any incidents promptly.
- Monthly inspections are conducted on the workplaces and a monthly incidents report system has been established;
- Waste management goals and objectives;
- Methods for temporary storage of waste;
- Waste transportation rules and waste treatment methods;

EMPLOYEES

- Promotes business education among employees, financing employees' training and education;
- Established bonus and a loyalty system;
- Insurance package that is specifically designed to meet the needs of GR employees.

CONTINUOUS FOCUS ON SUSTAINABLE DEVELOPMENT



- ✓ Green transportation with low carbon emissions
- ✓ 98% of the railway is electrified



- ✓ Responsible waste management:
- ✓ All hazardous waste is disposed
- ✓ Iron waste (old rolling stock etc.) is sold out to third parties for recycling



- ✓ Commitment to high ESG standards in new CAPEX projects



- ✓ Over 12,000 people employed
- ✓ The largest employer in Georgia, providing employment opportunities all over the country
- ✓ Established HSE⁽¹⁾ policy



- ✓ GEL 9.2mn employees' healthcare and insurance expenses as at 31 December, 2022



- ✓ Own Railway transportation college established in 2015



- ✓ Adherence to the best governance standards
- ✓ All BoD members are independent
- ✓ 3 committees established on the BoD

ENVIRONMENTALLY-FRIENDLY TRANSPORTATION MODE

GR' acts with a slogan "GREEN IS OUR CHOICE"



RAILWAY IS ONE OF THE MOST ENVIRONMENT-FRIENDLY TRANSPORTATION MODES. ACCORDING TO INTERNATIONAL ENERGY AGENCY (IEA)¹ ACHIEVING THE AMBITIOUS GOALS OF THE PARIS AGREEMENT WILL REQUIRE A TRANSPORT MODAL SHIFT, PARTICULARLY FROM ROAD AND AIR TRANSPORT TO RAIL

Note: (1) <https://www.iea.org/reports/the-future-of-rail>

STRONG SOCIAL IMPACT AND COMMITMENT TO ENSURE SAFE WORKING ENVIRONMENT



GR is the largest employer and taxpayer in Georgia, providing workplaces to more than 12,000 people all over the country



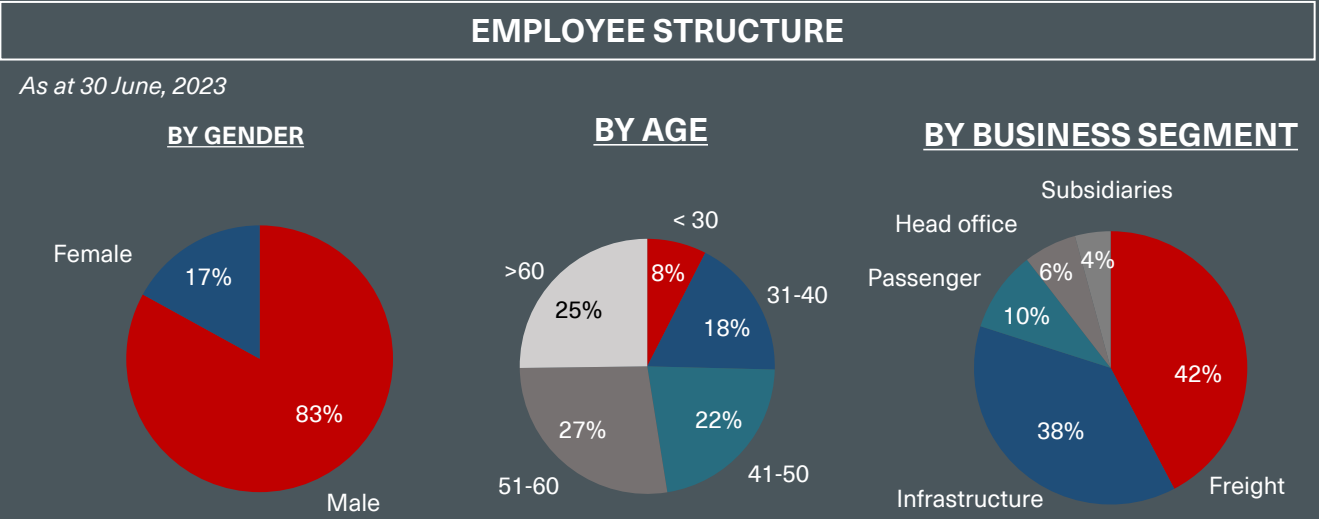
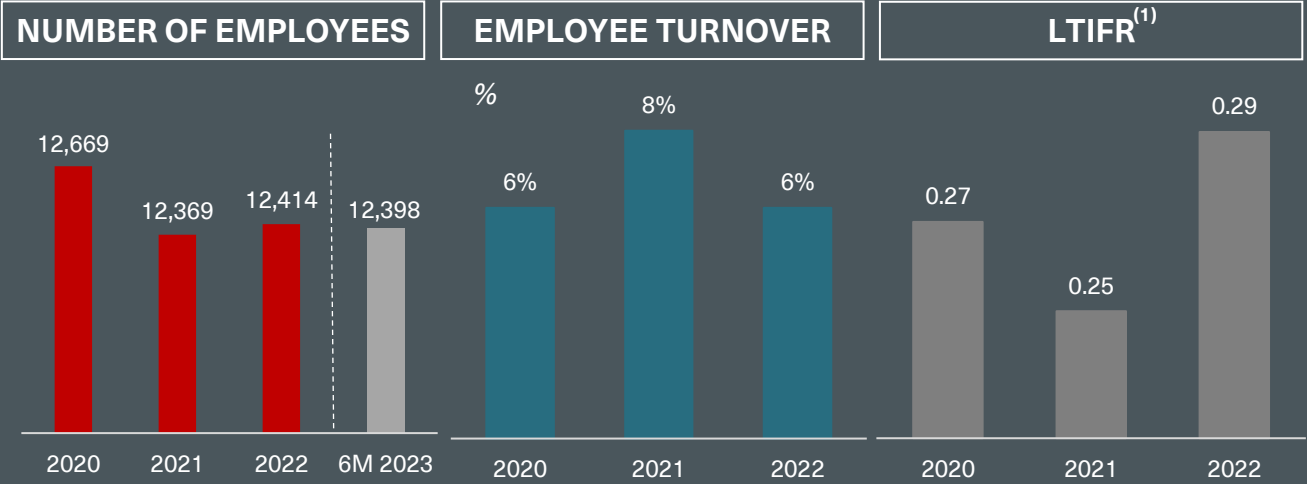
Providing passenger transportation with affordable tariffs is socially important and benefits regional development of the country



Adherence to the best health & safety standards and management systems (ISO certification, SAP and 6 SIGMA programs)



Established Health & Safety Policy
Ca. 59% of the Group's employees are member of one or more trade unions⁽²⁾



Note: (1) Lost time injury frequency rate; (2) As at 31 December 2022

COMMITMENT TO ROBUST GOVERNANCE STANDARDS

SUPERVISORY BOARD

5 members in total, all of them independent and non-executive⁽¹⁾



Indicates independent director

ESTABLISHED COMMITTEES

AUDIT COMMITTEE⁽²⁾



NOMINATION COMMITTEE⁽²⁾



REMUNERATION COMMITTEE⁽²⁾



SUPERVISORY BOARD STRUCTURE



KONSTANTINE GUNTSADZE

*Chairman of the Supervisory Board
Independent Member*

- The main field of competence: Jurisprudence
- 21 years of work experience in the industry
- With GR Group, over 12 years

10



OLEG BICHIASHVILI

Independent Member

- The main field of competence: Logistics
- 50 years of work experience in the industry With
- GR Group, over 49 years

10



BEKA INJIA

Independent Member

- Main field of competence: Jurisprudence
- 18 years of working experience in the industry
- With GR Group for over 3 years

3



GIORGI MUSKHELISHVILI

Independent Member

- Main field of competence: Engineering
- 30 years of working experience in the industry
- With GR Group for 1 year

1



DAVID SAMKHARASHVILI

Independent Member

- The main field of competence: Jurisprudence
- 17 years of working experience in the industry
- With GR Group for over 16 years

2

XX – Number of years in supervisory board

– Independent Member

Note: (1) Including Partnership Fund (2) No members as at 31 December, 2022

GR – A STRATEGIC ASSET FOR THE GOVERNMENT OF GEORGIA

GRAIL'S STRATEGIC IMPORTANCE FOR THE STATE GOVERNMENT

- GR is a major tax and GDP contributor and one of the largest employers in the Georgian economy. GR's revenue contributes to around 1.1% of Georgia's GDP
- Railway represents around 31% of total transported cargo in Georgia
- Development of transportation is the key strategic goal of the Government – positioning as the transportation hub in the Caucasus, connecting Asia to Europe and Turkey
- The Group has critical role in the sustainable development of the country's economy
- GR plays a critical role in maintaining strong economic relations between Georgia and its partner countries such as Azerbaijan, Armenia, Kazakhstan, Tajikistan, Turkey and Turkmenistan

SOCIALLY IMPORTANT TRANSPORTATION SEGMENT

- GR provides essential passenger transportation services with considerably low tariffs to meet the Government's interest in transportation issues within Georgia
- Keeping affordable transportation tariffs are socially important and benefits regional development of the country



TRACK RECORD OF GOVERNMENT SUPPORT

- Government supports GR with many initiatives such as share capital contributions, property tax exemption on railroads and transmission lines, land and infrastructure contribution, and subsidies
- Examples of Gov. Support: Subsidies on passenger SBU based on EU regulation 1370/2007 effective from 2018; Re-investment of dividend payable in 2015 and 2016 for the passenger station in Batumi

STRATEGIC IMPORTANCE FOR TRACECA

- Transit shipment takes about 59% percent of the Group's freight transportation volume
- Trans-Caucasus corridor represents a viable option to increase resilience and diversity of shipment routes

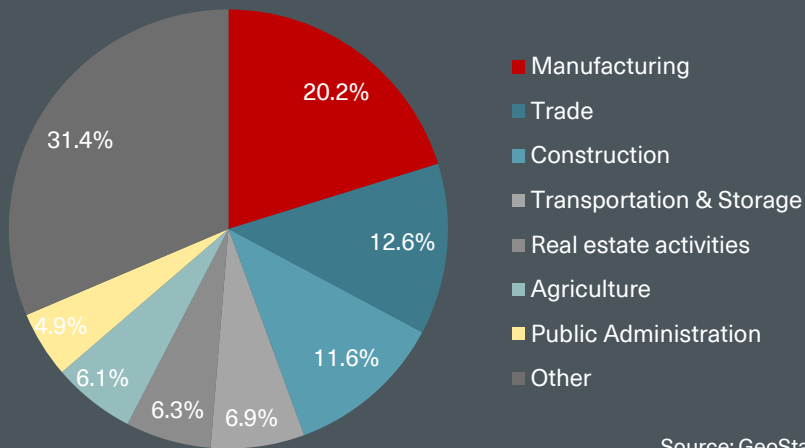
MONOPOLY POSITION

- The Group is the sole Railway operator in Georgia
- GR is directly owned and controlled by the Government of Georgia from December 2022. Before that, 100% shareholder of the Company was Partnership Fund, which in turn is fully owned by the Government.
- GR has deregulated tariff policy and enjoys independence in its tariff setting, making it more flexible

GEORGIA'S OPEN ECONOMY IS DIVERSIFIED MOSTLY DRIVEN BY EXTERNAL INFLOWS

GDP BREAKDOWN BY SECTORS

6M 2023 ⁽¹⁾

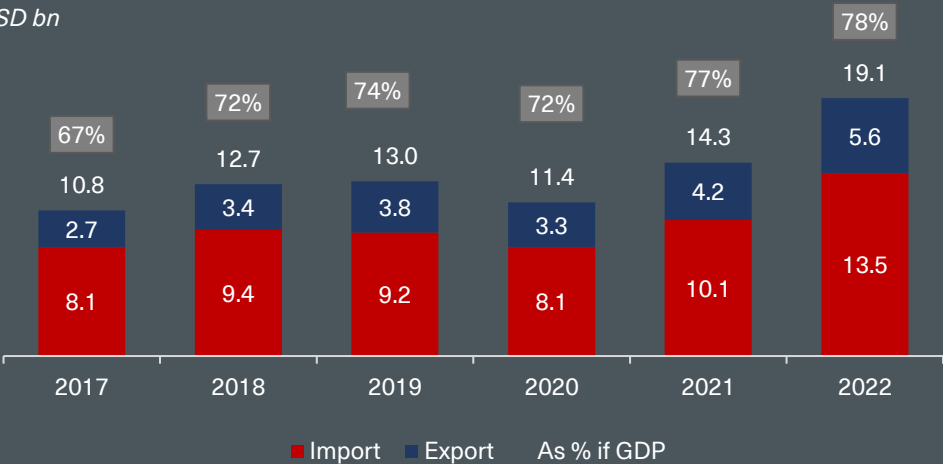


Source: GeoStat

- Georgia's GDP structure is relatively diversified with services accounting for the largest share of the economy
- Exports, tourism, remittance and FDI inflows, accounted for ca. 58% of GDP in 2019 and represent the backbone of the economy. The figure dropped to ca. 40% in 2020 due to a major decrease in tourism inflows as a result of the pandemic but reverted to c. 49% in 2021 in line with eased travel restrictions. In FY ended 31 December 2022 the figure increased to 55%.
- Remittance inflows, an important driver of the economy, account for significant portion of household income. Over Due to Russia Ukraine war, migration from Russia to Georgia increased significantly. Due to increased migration Russia share in remittance inflow increased from 18 percent (in 2021) to 53 percent (in 2022).

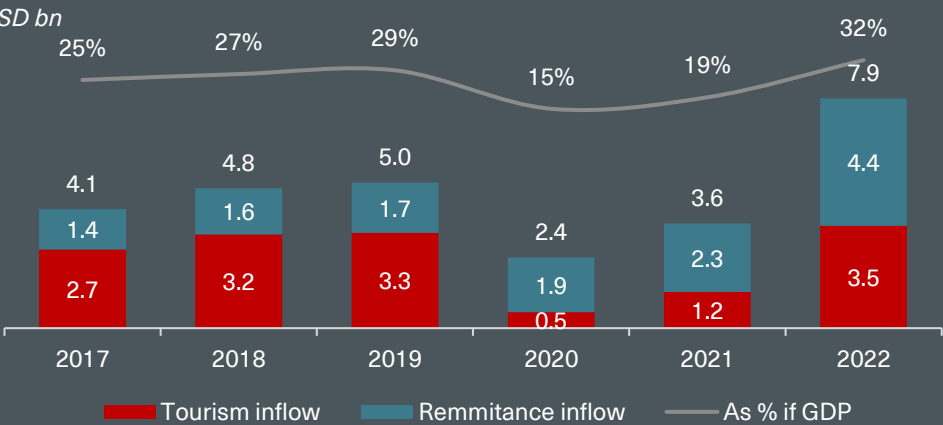
GEORGIA'S EXTERNAL TRADE TURNOVER

USD bn



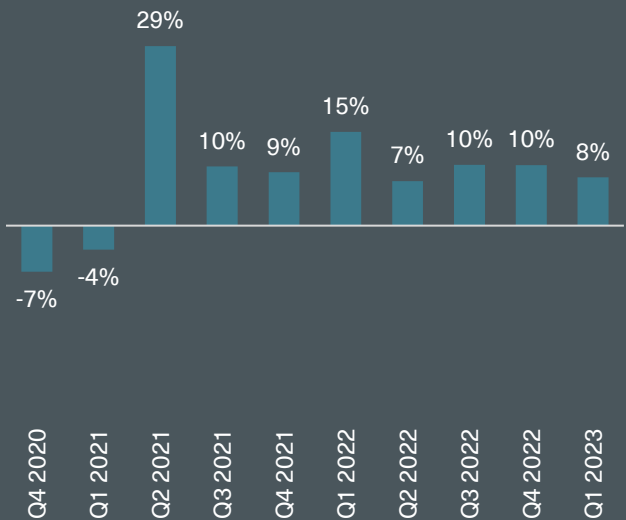
REMITTANCE AND TOURISM INFLOWS

USD bn



RECENT TRENDS: NON-TOURISM ECONOMIC FACTORS HAVE DEMONSTRATED RESILIENCE

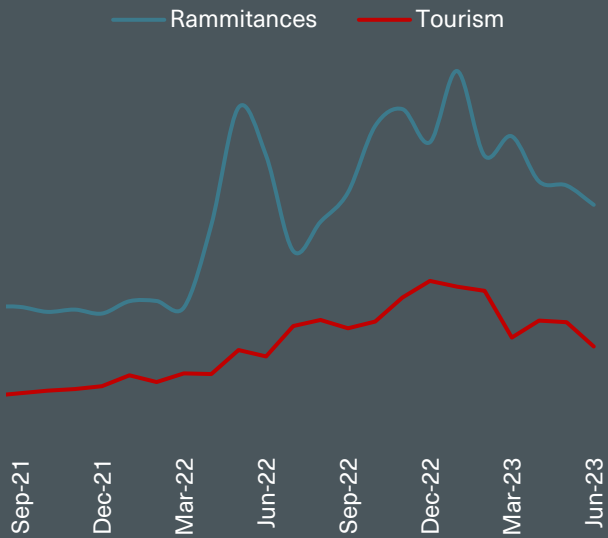
REAL GDP GROWTH (% , YOY)



Source: Geostat

- Georgia’s GDP took the biggest hit in Q2 2020 due to the pandemics, with another setback in Q4 as a result of the second wave of the virus. Increased mobility and economic activity, as well as the base effect caused a major jump in the Georgian economy in Q2 2021, country maintains relatively high growth. In 2021 GDP growth was 10.5%. In 2022 GDP growth was 10.1%.

INFLOWS (% , CHANGE VS. 2019)



Source: NBG

- Tourism inflows plummeted shortly after the beginning of the pandemic in Q2 2020 with a notable recovery throughout 2021 and the current year. In 2022 tourism inflows returned to the pre-pandemic level.
- Remittance inflows, on the other hand recovered shortly after the major decrease in Spring 2020 and has posted double-digit growths throughout the rest of 2020 as well as 2021 and in 2022 increased 2.5 times compared to 2019.

EXTERNAL TRADE (% , CHANGE VS. 2019)

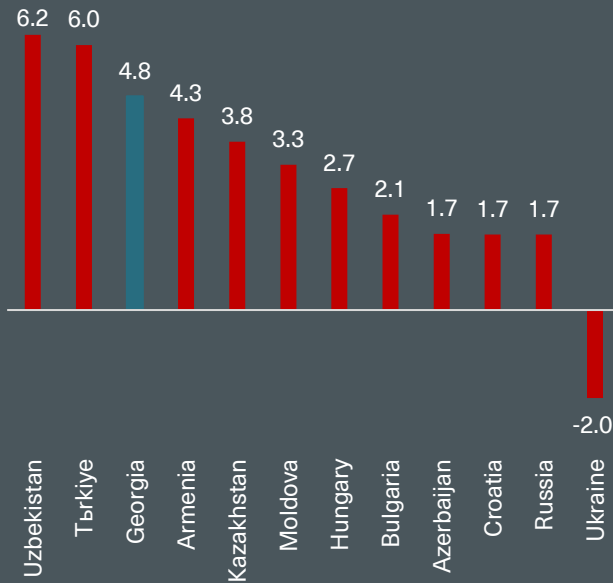


Source: Geostat

- Imports have remained same as 2019 levels in 2021, but in 2022 compared to 2019 import increased 1.5 times.
- Despite the challenging global and regional environment, a major recovery has been observed in Q3 2020. In 2021 the export level was little higher than 2019 and in 2022 it increased 1.5 times compared to 2019. In Q2 2023 external trade maintained growth.

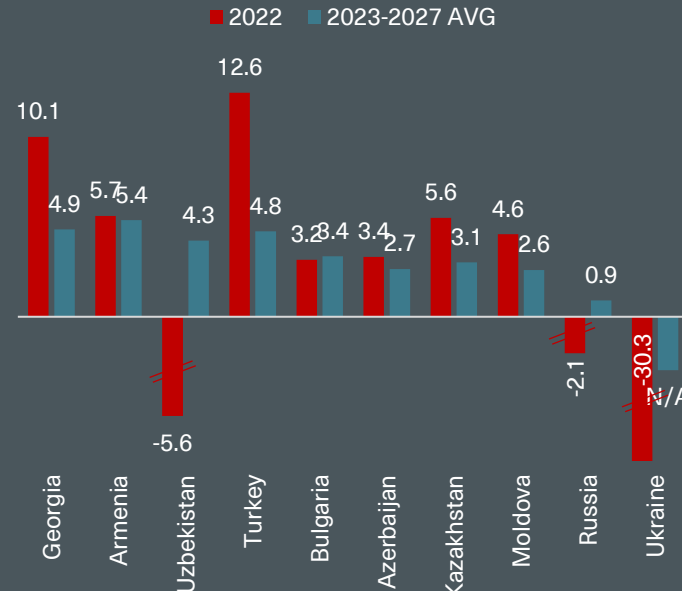
LONG TERM BENCHMARKING: STRONG TRACK RECORD OF GROWTH FOR GEORGIA WITH PRUDENT MACRO POLICIES

GDP growth over 2010-22



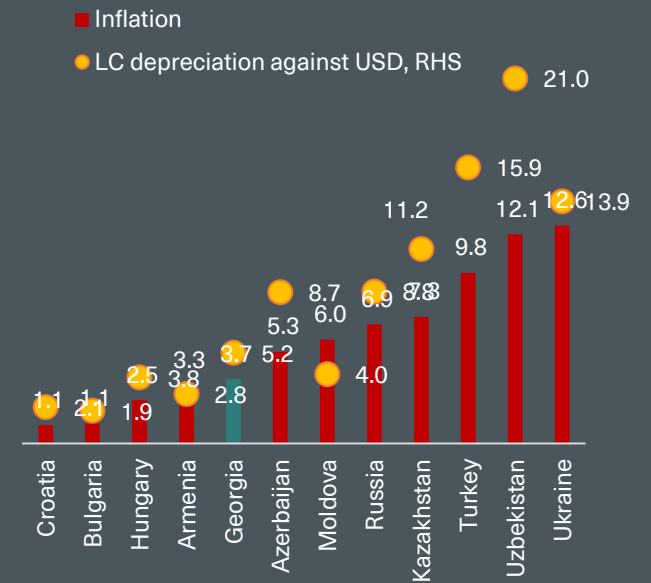
- Georgia's GDP growth averaged 4.8% in the last 12 years – among the highest in the broader region
- Prudent macro policies continued structural reforms and an attractive business environment are major drivers of strong economic growth in the country

GDP growth in 2022 and long term projections



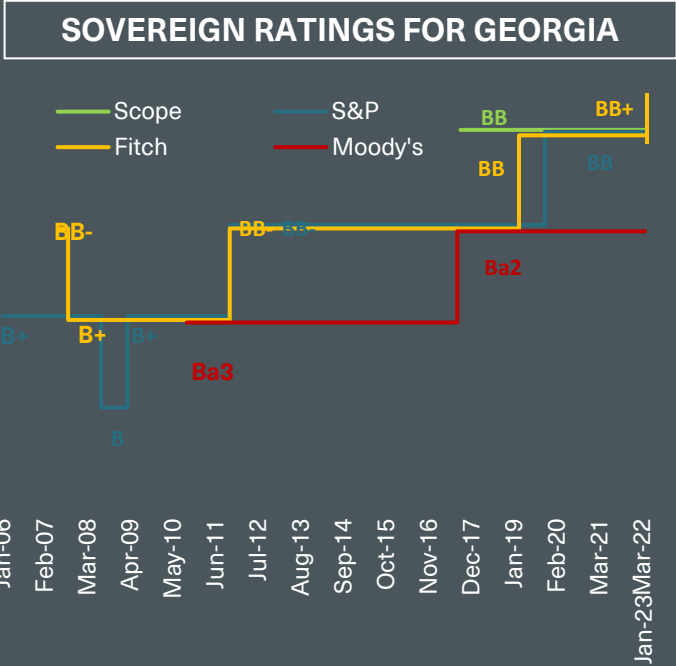
- According to the IMF Georgia's GDP growth in 2022 was 10.1 percent and according to IMF predictions, Georgia's GDP is expected to converge to c. 5.0% in the medium term.

Inflation and exchange rate (2010-19 annual avg)⁽¹⁾



- Over the pre-pandemic ten years, inflation in Georgia averaged 3.7%, close to the Central Bank's target
- Despite challenging regional environment and elevated GEL exchange rate volatility, on average exchange rate depreciation was relatively low compared to regional economies

GEORGIA'S LEADING POSITIONS IN INTERNATIONAL RANKING UNDERScores COUNTRY'S STRUCTURAL ADVANTAGES



- Moody's, Fitch and S&P all upgraded Georgia's sovereign credit rating over the years
- No rating agency has downgraded the sovereign credit rating in 2020 during the pandemic and the corresponding economic downturn



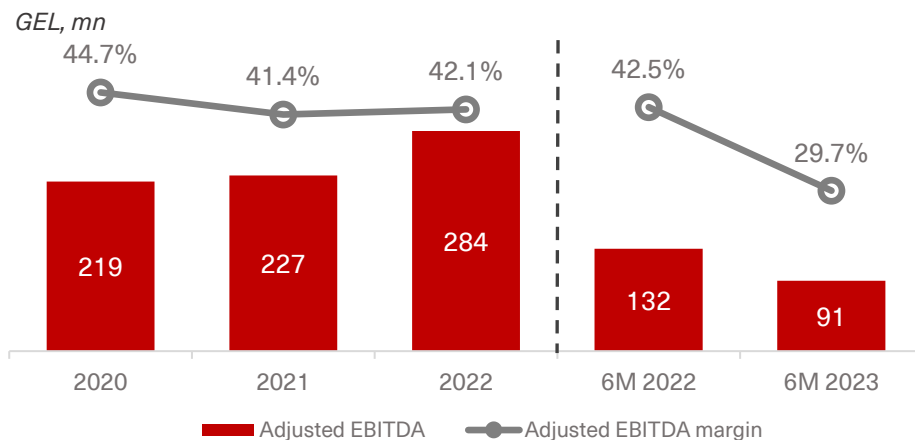
- Georgia is the leader among regional peers in the Ease of Doing Business Index and ranks 7th, 9th, and 24th for 2020, 2018, and 2016, respectively out of 190 countries
- The positive dynamics of Georgia's position in the global ranking makes Georgia a favorable economy for starting and doing business
- Georgia ranks 45th out of 190 countries on the Ease of Trading across Borders according to the World Bank Doing Business report 2020. Overall, Georgia improved its ranking from 95 in 2007 to 45 in 2020 due to its flexible time and cost required for importing and exporting goods



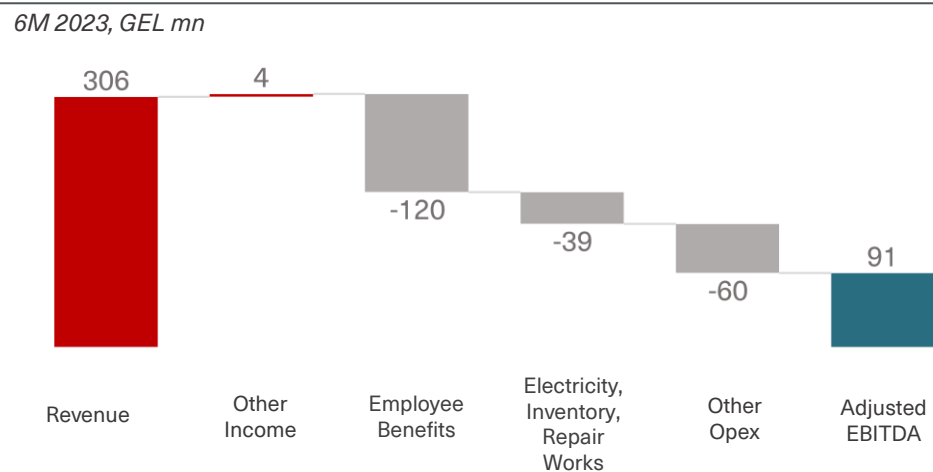
- Georgia's small open economy has been ranked the highest in regional countries in the Index of Economic Freedom. In 2023, Georgia ranks 35th out of 177 countries

BEST-IN-CLASS ADJUSTED EBITDA MARGIN

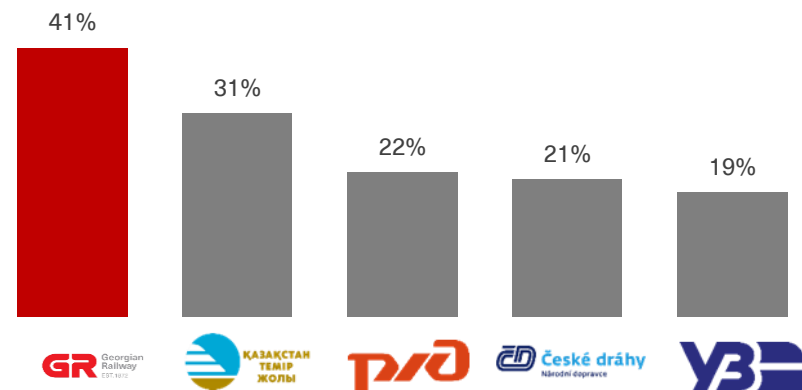
INCREASING ADJUSTED EBITDA MARGIN



REVENUE TO ADJUSTED EBITDA BRIDGE



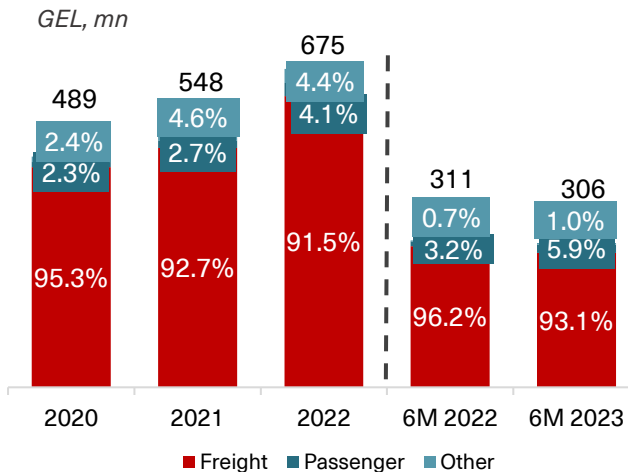
OUTSTANDING EBITDA MARGIN VS. PEERS ⁽¹⁾



- Significant portion of operating expenses is fixed and denominated in GEL, which led to relatively stable Opex amid increasing total revenue (mostly denominated in USD) resulting increased Adjusted EBITDA margin
- Adjusted EBITDA margin has significantly improved in the recent years and reached 42.1% of revenue in FY of 2022, representing a leading position compared to regional peers

SOLID TRACK RECORD OF REVENUE GENERATION

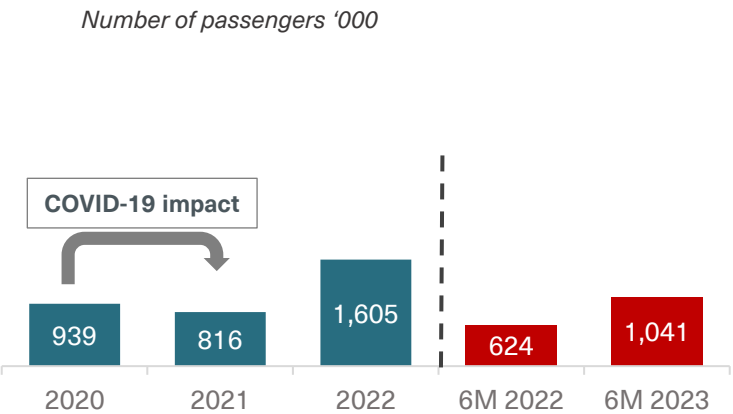
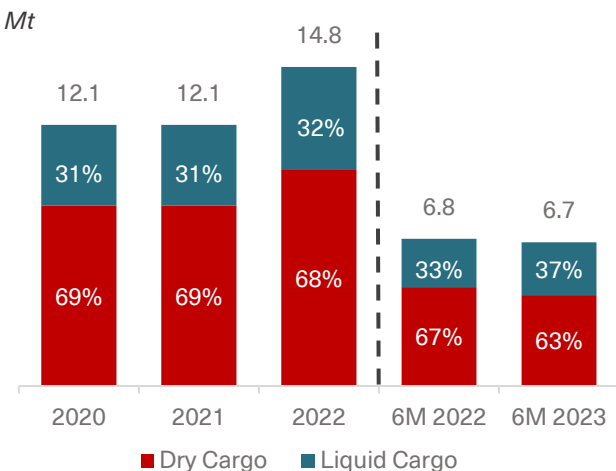
REVENUE BREAKDOWN



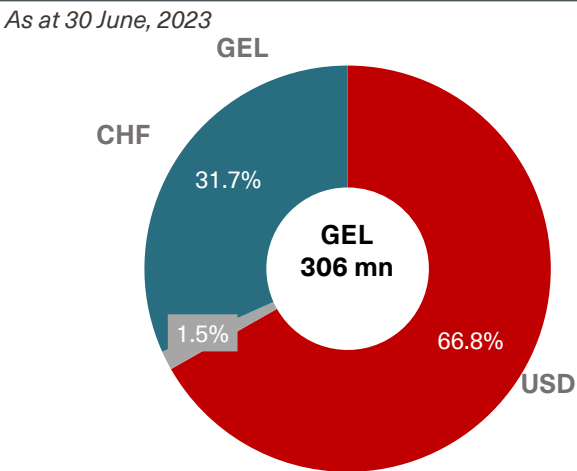
REVENUE ANALYSIS

- Total revenue has increased significantly during six month ended 30 June 2023, reaching GEL 306 mln or -1.7% change on a 6M/6M basis. Freight revenue category decreased by 4.8% in First six month 2023. Due to Covid-19 related restrictions mostly in 2020, passenger transportation was ceased from the second half of March 2020 until 15 June 2020 and, subject to certain limited exceptions, from 28 November 2020 until 27 February 2021. In 6 month period ended 30 June 2023 passenger transportation revenue increased by 83 percent compared to the same period of the previous year.
- Most part of the Group's revenue is denominated in USD, representing natural hedge against national currency depreciation risk
- Average revenue passenger-km from 6 month period ended 30 June 2022 to 6 months period ended 30 June 2023 5.2 to 5.7 Tetri which can be explained by the increased share of higher-priced seats sold, as new trains with improved services were added for long-distance routes and also in July 2022 tariff on main route has increased by 40 percent.
- The main bottleneck of the infrastructure is a mountainous region located in the center of Georgia. De-bottlenecking of existing infrastructure and increasing the throughput capacity of the rail line from 27mt to 48mt annually will have a positive impact on the Group's financial performance

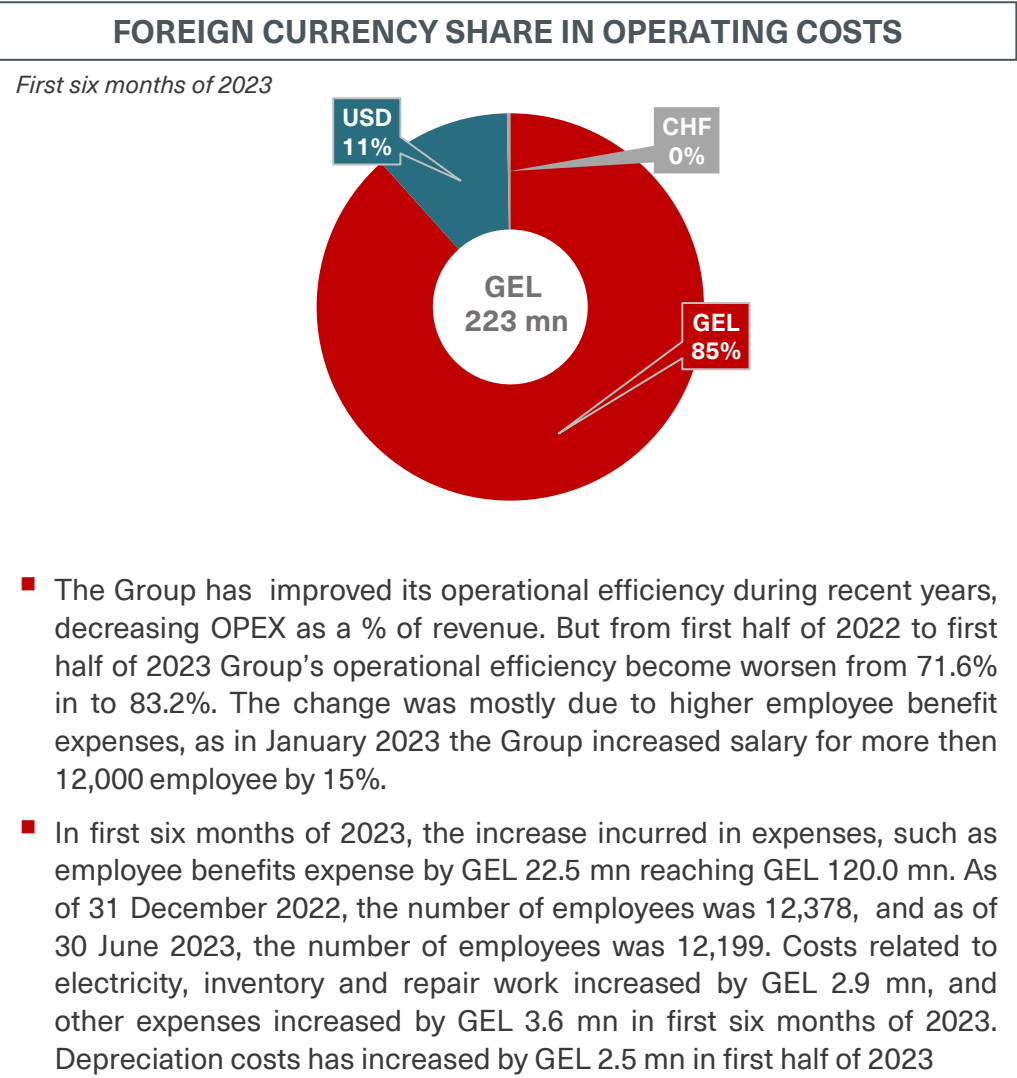
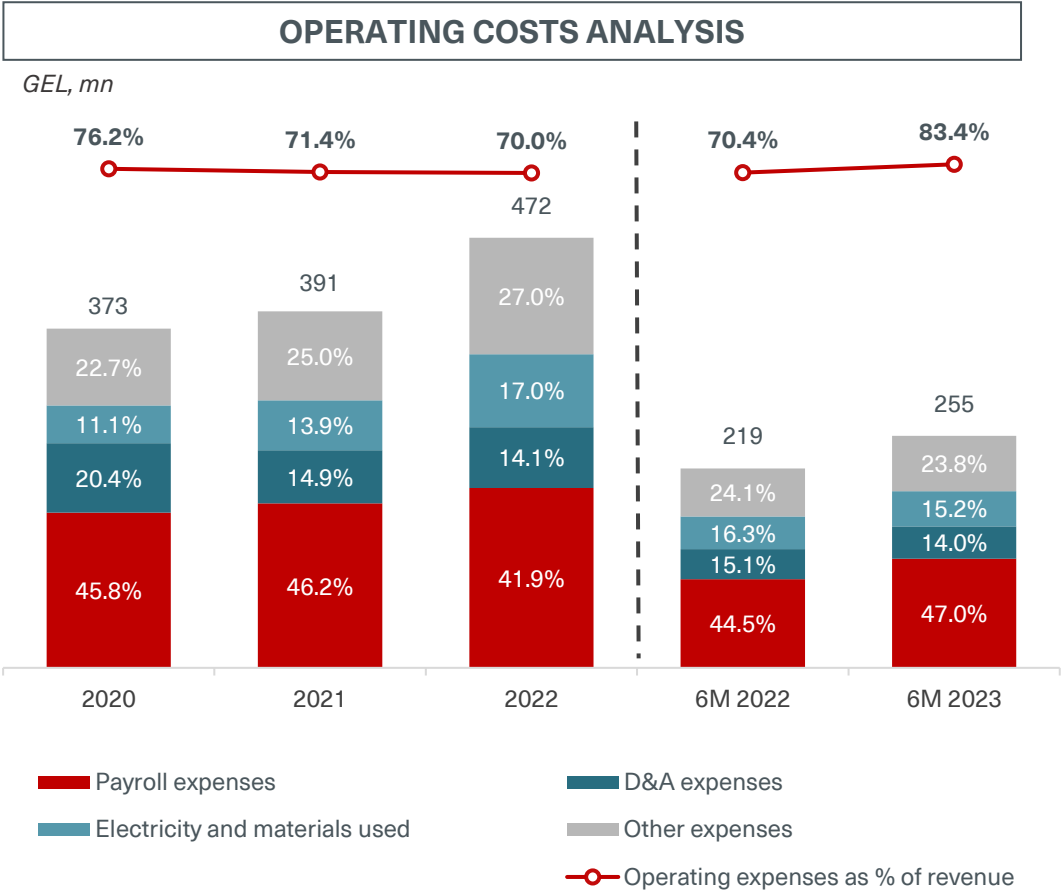
VOLUME



REVENUE SPLIT BY CURRENCIES



IMPROVING OPERATIONAL EFFICIENCY



HIGH QUALITY CUSTOMER PORTFOLIO WITH LIMITED CREDIT RISK

LIMITED CREDIT RISK



Freight Owners

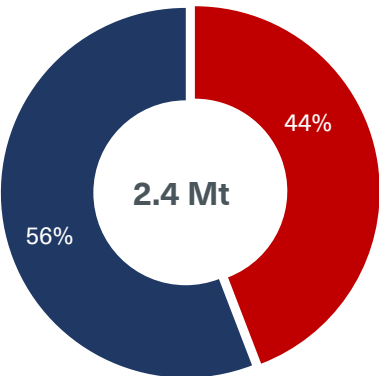
Freight Forwarders

- GR does not enter into long-term contracts with customers it serves through freight forwarders
 - Ability to maintain flexible pricing policy and pursue opportunities
- Customers required to pay transportation and station services in advance
 - Services conditional upon full prepayment
 - Eliminates risk of customer default or delay of payment on these services
 - Payments for demurrage do not need to be paid in advance

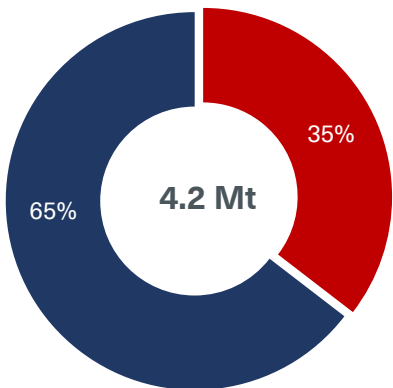
PRINCIPAL CUSTOMERS BY VOLUME 6M 2023

Tons, mn

LIQUID CARGO



DRY CARGO



- Top 5 clients
- Other

- In liquid cargo, the top 5 customers comprised 44 percent of total liquid cargo transported in first half of 2023
- In dry cargo, the top 5 customers comprised 35 percent of total dry cargo transportation in first half of 2023

LONG-TERM RELATIONSHIP WITH FREIGHT OWNERS

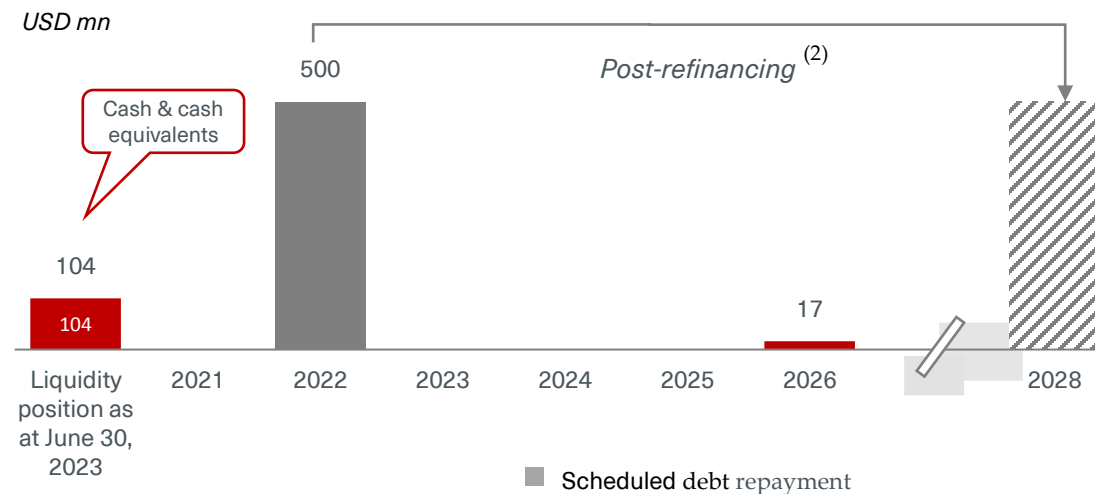
- Freight forwarders administer freight transportation on behalf of the freight owners
 - Freight forwarders have a diversified customer base of freight owners
 - GR's well-established relationships with freight forwarders foster long-term relationships between GR and cargo owners
- Many freight owners are large blue chip companies
- Flexibility of deregulated tariff regime allows adoption of optimal pricing policy to attract and retain key customers

MATURITY PROFILE AND DEBT STRUCTURE

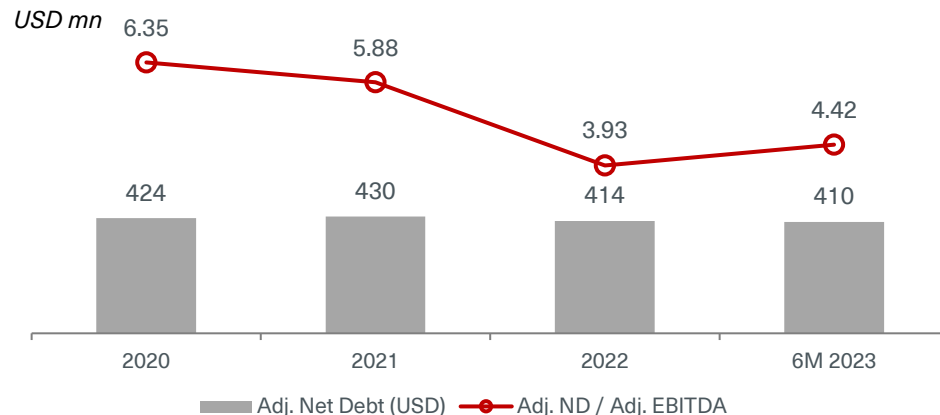
BRIEF OVERVIEW

- GR's debt balances includes USD 500mn Green bond issued in 2021 and USD 17.4mn in principal amount outstanding under secured export credit facility agreement
- Group's current liquidity position includes cash and cash equivalents.

LIQUIDITY POSITION & DEBT MATURITY PROFILE



ADJUSTED NET DEBT / ADJUSTED EBITDA DYNAMICS⁽¹⁾



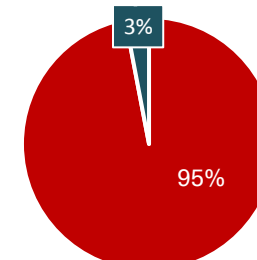
TOTAL DEBT COMPOSITION

BY CURRENCY



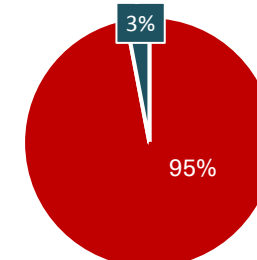
BY TYPE

Export credit facility



BY RATE

Floating



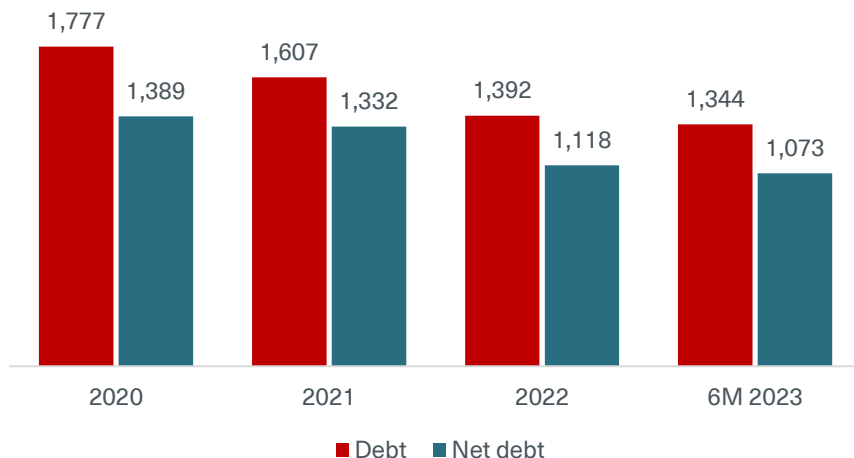
Note: (1) Converted at EoP USD / exchange for 2020, 2021, 2022 of 3.28, 3.10, 2.70 respectively; (2) Export credit facility has equal amortization each year until 2026;

BALANCE SHEET OVERVIEW: LEVERAGE AND DEBT POSITION

DEBT

GEL, mn

as at the end of the period



NET DEBT CALCULATIONS

GEL, mn

30-Jun-23 Amount

Debt:	
Total Indebtedness	1,344.1
Cash and Bank Deposits:	
Cash and Cash Equivalents	271.4
Net Debt	1,072.6

RISK MANAGEMENT

CURRENCY RISK

- Natural hedge (Liabilities and revenue stream both are in USD);
- To compensate for GEL expenses, GR holds relevant GEL balances;

INTEREST RISK

- Coupon rate on Eurobonds fixed;
- Coupon rate on loan for passenger trains floating.

LIQUIDITY RISK

- Making deposits with maturity matching the debt service outflows for 1 year horizon.
- Maintained flexibility in funding by keeping committed credit lines available.

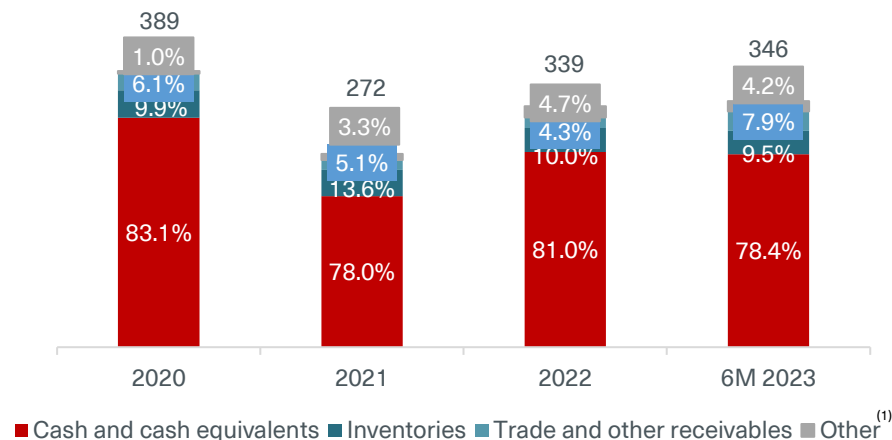
CREDIT RISK

- No significant concentration of credit risk as services are provided mostly on advance payments.

WORKING CAPITAL MOVEMENTS

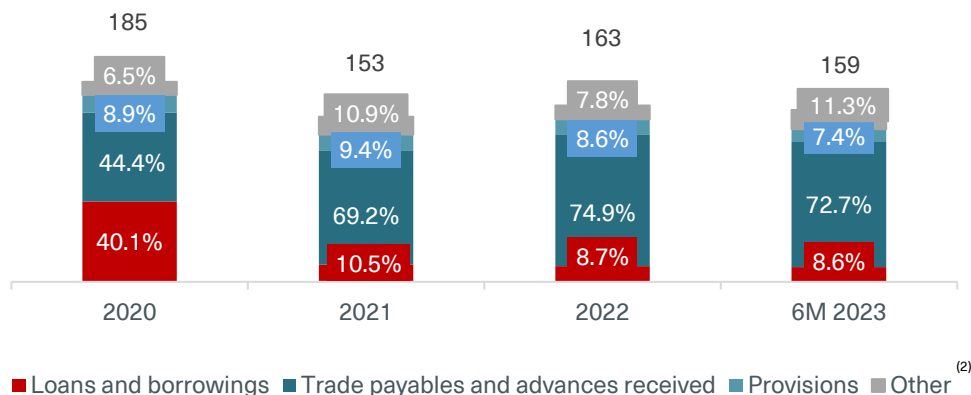
CURRENT ASSETS

GEL mn



CURRENT LIABILITIES

GEL mn



COMMENTS

- Significant balance of cash and cash equivalents is held in order to support existing and future capital expenditures;
- Trade and other receivables are net of allowance;
- Loans and borrowings consists of current portion of long-term loans and interest payables;
- Trade and other payables mainly includes payments made to contractors and advance receivables from customers;
- Working capital is not affected by seasonality.

Current ratio

2020	2021	2022	6M 2023
2.1	1.8	2.1	2.2

Note: (1) Other current assets mainly includes current tax assets, bank deposits and prepayments and other non current assets; (2) Other current liabilities include liabilities to the Government, other current liabilities and current tax liabilities

TARIFFS POLICY, INDUSTRY AND REGULATIONS

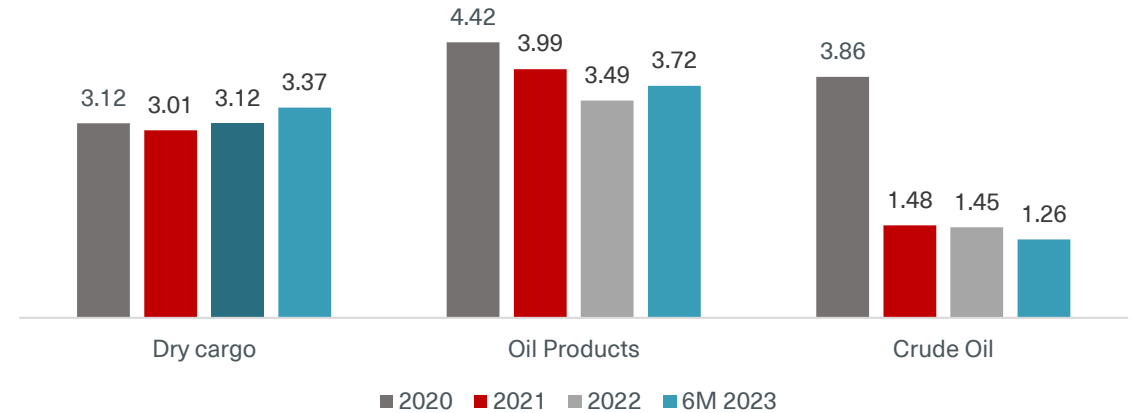
CHANGES IN INDUSTRY AND REGULATORY ENVIRONMENT

- Crude oil transportation redirected to pipelines;
- Decreased crude oil transportation replaced by more profitable oil products and dry cargoes;
- Infrastructure developments in the region and in Georgia to attract and handle expected new cargoes from China;
- Governmental changes in Georgia having no impact on Georgian Railway's regulation and tariff setting policy.

TARIFFS

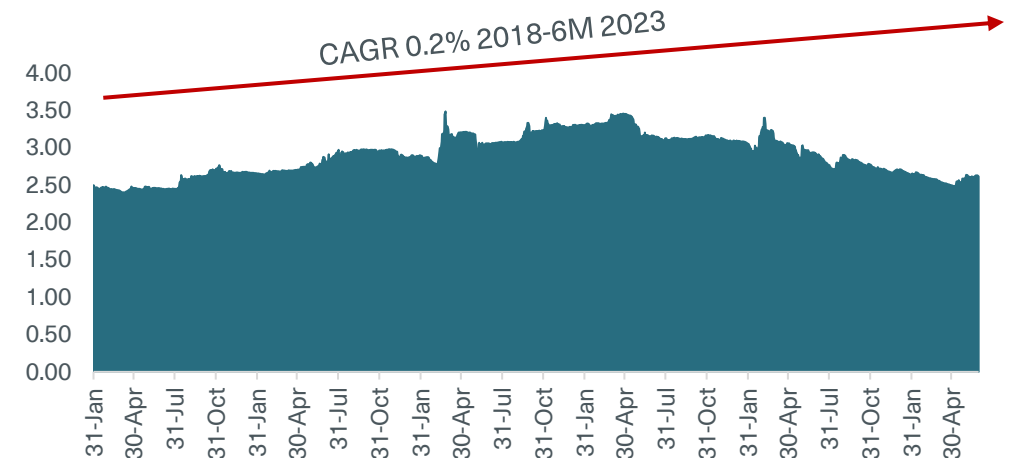
- INDEPENDENT TARIFF SETTING - the Group has a monopoly on rail transportation within Georgia. However, its tariff policy is not subject to Government regulation. Currently, the railway business is fully deregulated in Georgia and no changes in this regard are foreseeable. The Group sets its tariff policy independently for all services, including tariffs for freight transportation, passenger transportation and related services. The Group can change its tariffs with one month's prior notice to its customers
- ALMOST ALL TARIFFS ARE SET IN USD - GR can freely change the tariff currency with one month notice (e.g. switch from CHF to USD in February 2012)

FREIGHT TRANSPORTATION REVENUE PER TON-KILOMETER IN USD (CENTS)



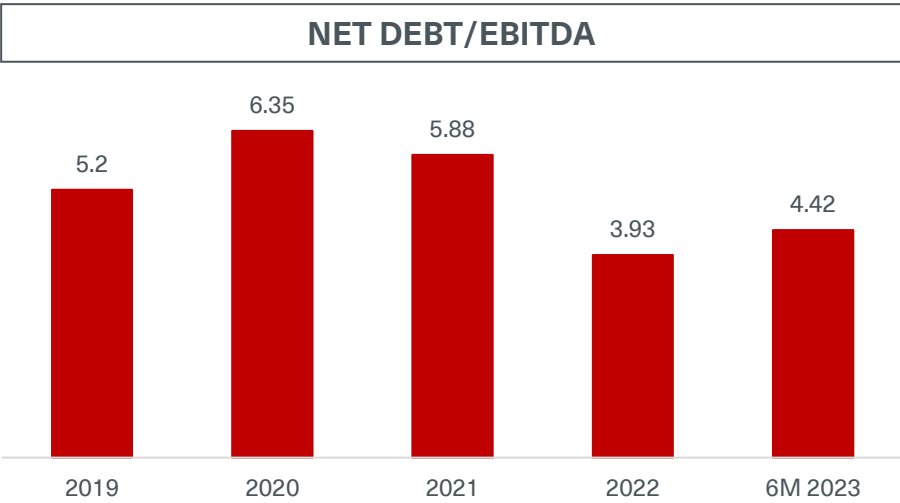
Note: Tariffs were transformed from GEL to USD by average annual GEL/USD exchange rate

GEL / USD FOREIGN EXCHANGE RATE

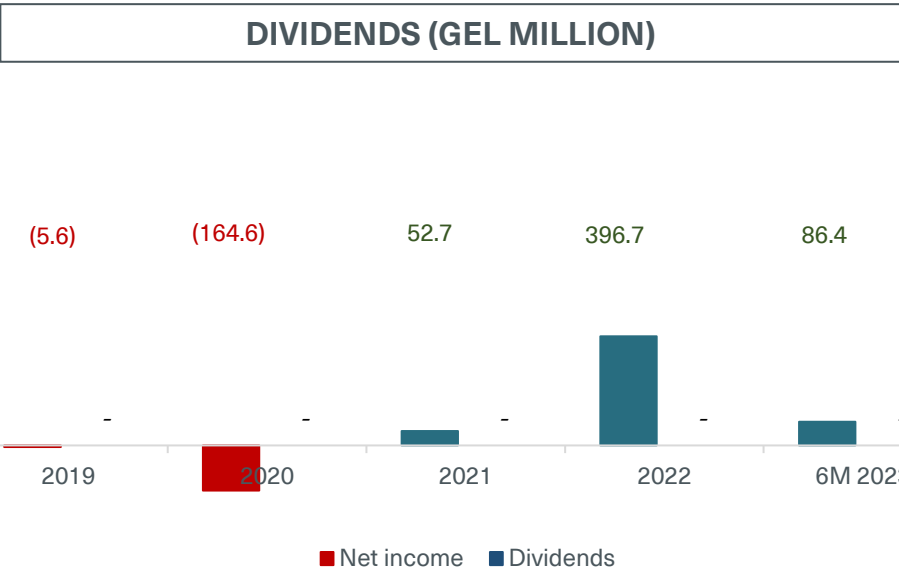


BORROWINGS OVERVIEW

GREEN EUROBOND	
▪ Loan amount	500 mm
▪ Currency	USD
▪ Issue date	17/06/2021
▪ Maturity date	17/06/2028
▪ Interest	4.00%
▪ Interest payment	Semiannual
▪ Payment dates	17 Jun and 17 Dec
▪ Purpose	Refinancing Eurobonds due 2022



CREDIT SUISSE DEBT	
▪ Loan amount	43.6 mm
▪ Currency	USD
▪ First utilization	07/15/2016
▪ Maturity date	11/10/2026
▪ Interest	Libor + 1.25%
▪ Interest payments	Semiannual
▪ Payment dates	10 May and 10 Nov
▪ Purpose	New passenger trains
▪ Remaining principal	17.4 mm





Green Bond Framework is aligned with the ICMA Green Bonds Principles 2018

USE OF PROCEEDS

- Finance and/or refinance, in whole or in part, GR's expenditures relating to the Eligible Green Project Categories as detailed below, which provide distinct environmental benefits
- Eligible projects in line with "Clean transportation" category of the Green Bond Principles:
 - Modernization, maintenance and energy efficiency of existing electrified interurban railway lines
 - Investments into new electrified railway line and extensions
 - Acquisition and maintenance of freight and passenger rolling stock
 - Acquisition, modernization and maintenance of trackside infrastructure
- In the case of refinancing Eligible Projects will be limited to a 3-year look back period from the year of issuance of a Green Bond

PROJECT EVALUATION

- Georgian Railway's Corporate Department, together with the Economic Department will evaluate projects against the eligibility and exclusion criteria on ongoing basis
- Projects that meet the criteria will be eligible for the green bond financing/refinancing
- The Eligible Projects will be tracked using an internal register
- The list of Eligible Projects to be reviewed against the eligibility and exclusionary criteria annually

MANAGEMENT OF PROCEEDS

- GR Economic Department, together with Accounting and Corporate Departments, will track expenditure to eligible projects using an internal register
- GR will strive to allocate total net proceeds to eligible projects within 3 years of issuance of each Green Bond
- Pending full allocation of an amount equivalent to the net proceeds of outstanding Green Bonds, the proceeds will be held in temporary investments such as cash, cash equivalent, other liquid marketable investments in line with Georgian Railway's treasury management policies or used to repay portions of outstanding indebtedness

REPORTING

- GR commits to publish an annual Green Bond Allocation and Impact Report on the Group's website, until full allocation of the proceeds, and in the event of any material changes until the maturity date of the bond
- The Allocation and Impact Report will include:
 - Details of Eligible Green Projects and allocations
 - Relevant environmental outcomes/impacts
 - The proportional allocation of proceeds between existing projects (refinancing) and new projects
 - Amount of cash or cash equivalents remaining to be allocated

KEY HIGHLIGHTS

- ✓ Georgian Railway Green Bond Framework is aligned with the four core components of the Green Bond Principles 2018.
- ✓ The objectives of GR's Green Bond Framework correspond to its sustainability commitments of minimizing and mitigating the environmental effects caused by its activities, as well as improving the overall environmental performance of the country's transportation sector. Project financed under the Framework will further support electrification, modernization, and extension of the country's railway infrastructure
- ✓ The Company commits to using an amount equivalent to net proceeds of bonds issued under the framework to finance or refinance eligible green projects under the category "clean transportation"
- ✓ Corporate and economics departments will be responsible for evaluating projects under the eligibility and exclusion criteria, and annual monitoring for continued eligibility
- ✓ Allocation and expenditures for eligible projects will be tracked using internal register
- ✓ The company will publish Green Bond Allocation and Impact report annually on the website until full proceeds allocation and in the event of material change

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Green Framework Alignment Opinion

Proposed Georgian Railway Green Bond Framework

May. 26, 2021

Green Bond Framework Overview

In our view, the proposed Georgian Railway (GR) green bond framework, published May 24, 2021, is aligned with the four components of the Green Bond Principles 2018 (GBP). Georgian Railway, based in Tbilisi, is the country's only railway operator. It provides freight and passenger railway transportation services, terminal services, and railway infrastructure development, and connects to Georgian ports on the Black Sea as well as rail systems in Armenia, Azerbaijan, and Turkey. The objectives of GR's green bond framework correspond to its sustainability commitments of minimizing and mitigating the environmental effects caused by its activities, as well as improving the overall environmental performance of the country's transportation sector. Projects financed under the framework will further support the electrification, modernization, and extension of the country's railway infrastructure.

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Framework Alignment Overview

- | | |
|---|--|
| <p>✓ 1. Use of proceeds</p> <p>The GR green bond framework is aligned with this component of the GBP because the company commits to using an amount equivalent to the net proceeds of bonds issued under the framework to finance or refinance eligible green projects under the category of "clean transportation". This category is recognized by the GBP.</p> | <p>✓ 2. Process for project evaluation and selection</p> <p>The framework is aligned with this component of the GBP because the framework outlines the process used to assess whether the projects considered are eligible under the "clean transportation" category. The company's corporate and economic departments will be responsible for evaluating projects under the eligibility and exclusion criteria, and annual monitoring for continued eligibility.</p> |
| <p>✓ 3. Management of proceeds</p> <p>The framework is aligned with this component of the GBP because it clearly states that allocation and expenditures for eligible projects will be tracked using an internal register.</p> | <p>✓ 4. Reporting</p> <p>The framework is aligned with this GBP component because the company will publish a Green Bond Allocation and Impact report annually on its website until full proceeds allocation and in the event of a material change.</p> |

spglobal.com/ratingsdirect

May. 26, 2021 1

GREEN BOND ALLOCATION AND IMPACT REPORT

PROCEEDS ALLOCATED ON ELIGIBLE GREEN PROJECTS

According to the obligations under the Green Bond Framework GR Corporate and Economic Department evaluated projects based on their alignment with the eligibility criteria. The Company excluded following activities from the green bond's financing: fossil fuel energy; fossil fuel reliant transport; nuclear energy; alcohol; and defense.

Expenditure on eligible projects is tracked using an internal register, to ensure that an amount equivalent to the net proceeds of the green bonds is allocated in accordance with the green bond framework.

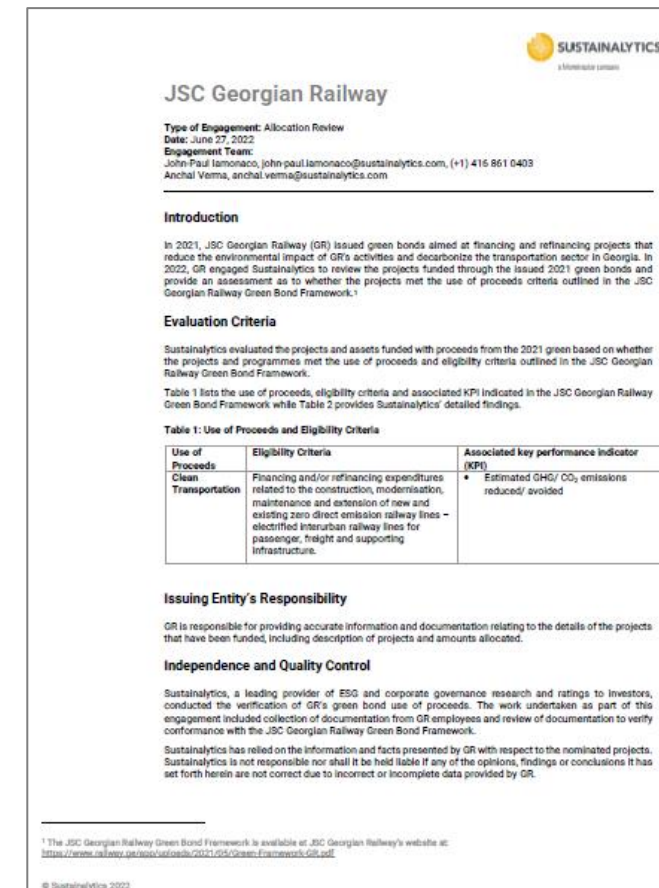
GR publishes an annual Green Bond Allocation and Impact report until full allocation of the net proceeds, or in the event of a material change. This report includes details of the eligible green projects and the amounts allocated to their financing; the proportional allocation of proceeds between refinancing and new projects; and the remaining balance of cash or cash equivalents to be allocated.

According to Green Bond Allocation and Impact report JSC Georgian Railway allocated USD 424.2 million on five different eligible green projects during the last 5 years.

- USD 172.4 million from total USD 424.2 million is allocated on the Modernization Project. The Project is designed to modernize rail infrastructure, increase safety and capacity of the main line
- USD 52.3 million from total USD 424.2 million is allocated on the acquisition and maintenance cost of the Company's wagon and locomotive fleet;
- USD 97.9 million from total USD 424.2 million is allocated on the costs related to freight and passenger stations, logistic terminals and platforms;
- USD 70.9 million from total USD 424.2 million is allocated on the extensions, modernization, maintenance, energy efficiency and electrification of existing electrified railway lines;
- USD 30.6 million from total USD 424.2 million is allocated on the costs related to signaling, centralization and blocking systems.

POSITIVE EXTERNAL REVIEW

JSC Georgian Railway received positive external annual review on its allocated funds and avoided CO2 from a leading independent ESG and corporate governance research, ratings and analytics Company Sustainalytics.



AVOIDED CO2 EMISSIONS

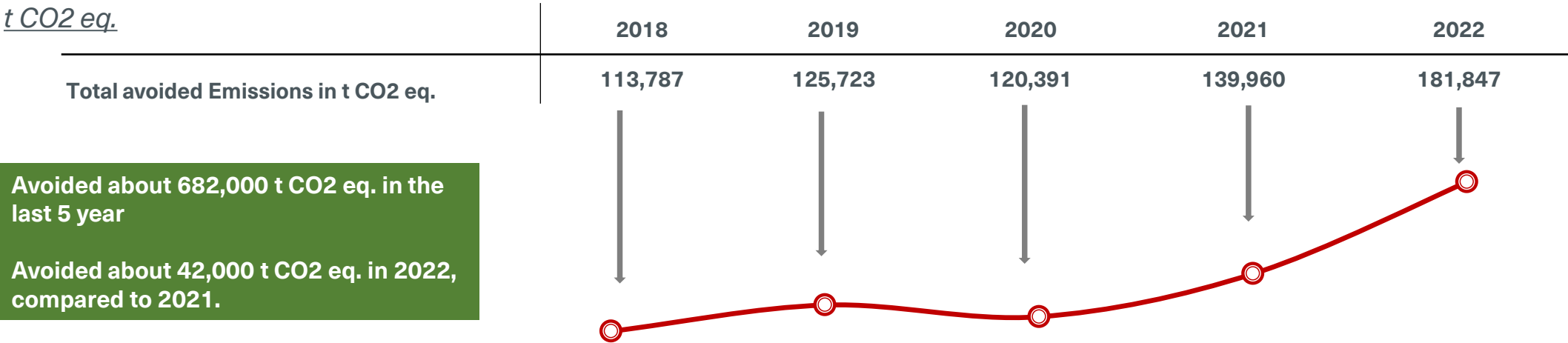
RAILWAY IS ONE OF THE MOST ENVIRONMENT-FRIENDLY TRANSPORTATION MODES. ACCORDING TO INTERNATIONAL ENERGY AGENCY (IEA)¹ ACHIEVING THE AMBITIOUS GOALS OF THE PARIS AGREEMENT WILL REQUIRE A TRANSPORT MODAL SHIFT, PARTICULARLY FROM ROAD AND AIR TRANSPORT TO RAIL

Georgian Railway owns and operates fully electrified railway network and owns electric locomotives and EMUs for transporting the freight and passengers. GR uses diesel locomotives only for shunting operations and for non-electrified sidings.

ZERO DIRECT EMISSIONS

To estimate the greenhouse gas emissions avoided in Georgia due to the existence of JSC Georgian Railway, company compared the greenhouse gases emitted into the atmosphere by energy consumed as a result of rail transport to the emissions in the absence of railway. Minibuses – for passengers and trailers – for freight was used as an alternative type of transportation.

t CO2 eq.



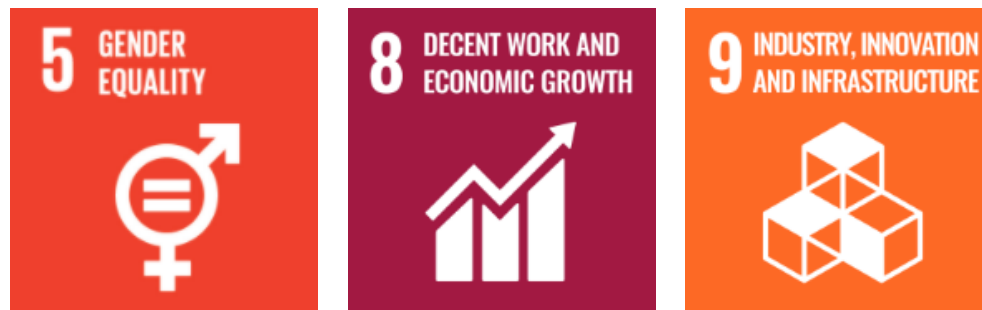
**The international IPCC 2006 methodology is used to calculate greenhouse gas (CO2, CH4, N2O) emissions from the railway sector².*

DEVELOPMENT IMPACT OF THE ISSUANCE

ANTICIPATED DEVELOPMENT IMPACT

- Georgia's infrastructure is one of the country's highest priorities; railway network is a critical part of Georgia's infrastructure
- GR's ongoing investments aim to improve Georgia's transport and logistics infrastructure by increasing overall mobility and connectivity in the country
- Transaction is expected to:
 - ✓ partially finance infrastructure projects
 - ✓ refinance GR's existing debt to improve its liquidity condition
 - ✓ these resources, along with any cash flow benefits, are expected to be used by GR to finance development outputs
- GR will report progress on its development outputs annually

UN SDG ALIGNMENT



FINANCING ANTICIPATED DEVELOPMENT OUTPUTS

Improve efficiency and speed of freight and passenger trains by:

- Reducing travel time for freight trains in both directions from the Azerbaijani border to the Batumi port
- Improving allowed speed of passenger trains on the mountainous gorge section in Central Georgia to up to 80km/hr
- Increasing annual volume of freight and cargo transported to over 12mt from 11mt in 2020
- Increasing number of railway passengers to over 2mn per year from 0.94mn in 2020

Add onto existing infrastructure to increase volume and capacity by:

- Increasing freight capacity volume to over 40mt annually
- Increasing passenger volume to over 7mn per year
- Lengthening the railway network to over 1,440km

Promote gender diversity and inclusion by:

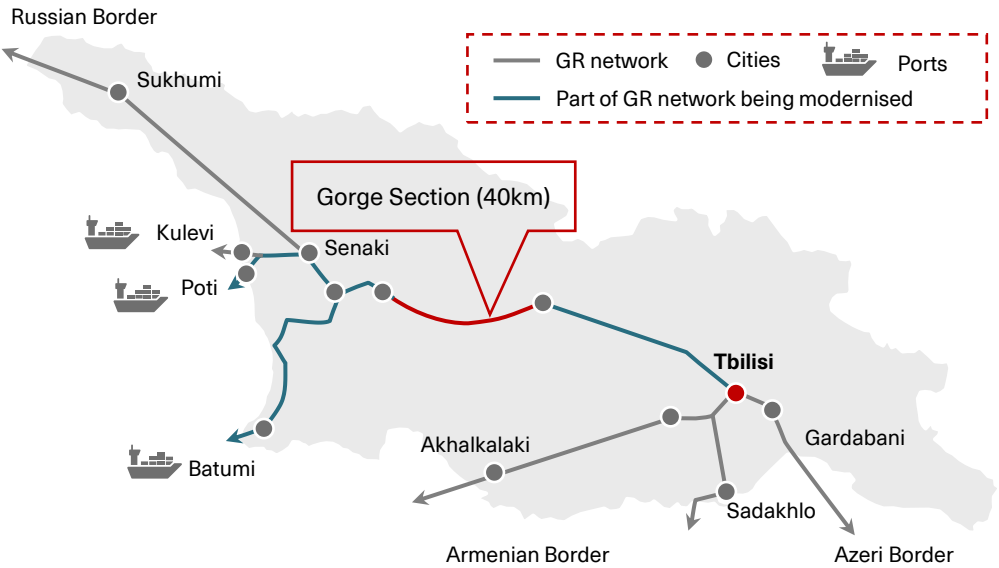
- Piloting programs to promote women and girls' safety
- Allocating at least 10% of jobs in construction to women
- Implementing a new policy against sexual harassment and supporting procedures

Promote employment by:

- Creating over 20 new jobs during the construction of the Modernisation Project

MODERNISATION – ONGOING GREEN PROJECT OF STRATEGIC IMPORTANCE

PROJECT MAP



KEY BENEFITS OF THE PROJECT

- Increase speed of the passenger trains from 80km/h to 120km/h and at the crossing area, from 50km/h to 80km/h
- Reduced electricity consumption, lower CO2 emissions
- Greater resource efficiency, savings in operating costs of up to 10%
- Increase the capacity of the Group's infrastructure
- Lower maintenance CAPEX
- Increase transportation speed along the line, offering improved services for freight and passenger customers
- Further increase the safety level of transportation

MODERNISATION PROJECT EVOLUTION



KEY HISTORICAL FINANCIAL HIGHLIGHTS

Income Statement

In thousand GEL	2020	2021	2022	6M 2022	6M 2023
Revenue	489,370	547,868	674,773	311,103	305,719
Other income	12,547	8,951	15,825	10,648	3,515
Payroll expenses/Employee benefits expense	-170,502	-180,701	-197,708	-97,380	-119,862
Depreciation and amortization expenses	-76,156	-58,397	-66,585	-33,177	-35,659
Electricity, consumables and maintenance costs	-41,411	-54,567	-80,207	-35,785	-38,683
Impairment loss on property, plant and equipment	0	0	0	0	0
Impairment loss on trade receivables	-13,560	-2,791	840	3,698	-592
Other expenses	-71,042	-94,975	-128,521	-56,407	-60,023
Results from operating activities	129,246	165,388	218,417	102,700	54,415
Finance income	26,508	23,670	30,478	12,122	17,866
Finance costs	-127,983	-220,071	-70,493	-32,324	-28,167
Net foreign exchange loss	-191,901	84,224	218,923	79,144	42,833
Net finance costs	-293,376	-112,177	178,908	58,942	32,532
Profit before income tax	-164,130	53,211	397,325	161,642	86,947
Income tax expense	-514	-500	-644	-402	-499
Profit and total comprehensive income for the year	-164,644	52,711	396,681	161,240	86,448

Cash Flow Statement

In thousand GEL	2020	2021	2022	6M 2022	6M 2023
Net cash generated by operating activities	212,716	247,300	288,221	124,353	86,030
Net cash used in investing activities	-37,313	-56,601	-122,536	-44,660	-55,986
Net cash from financing activities	-131,610	-285,028	-96,802	-36,796	-32,838
NET CHANGE IN CASH AND CASH EQUIVALENTS	43,793	-94,329	68,883	42,897	-2,794
Cash and cash equivalents at the beginning of period	257,976	322,986	212,224	212,224	274,629
Effects of exchange rate changes on the balance of cash held in foreign currencies	21,217	-16,433	-6,478	-2,739	-398
Cash and cash equivalents at the end of the period	322,986	212,224	274,629	252,383	271,437

Balance Sheet

In thousand GEL	2020	2021	2022	6M 2023
Non-current Assets				
Property, plant and equipment	1,829,561	1,825,474	1,831,197	1,867,288
Deferred tax Assets	-	-	-	-
Other non-current assets	129,467	162,243	229,447	220,935
Total Non-current Assets	1,959,028	1,987,717	2,060,644	2,088,223
Current Assets				
Inventories	38,399	36,937	33,944	32,981
Loans receivable	-	-	-	-
Current tax assets	1,830	-	3,363	2,370
Trade and other receivables	23,579	13,965	14,519	27,244
Prepayments and other current assets	1,942	5,635	8,347	7,652
Cash and cash equivalents	322,986	212,224	274,629	271,437
Term deposit	-	3,254	4,071	4,348
Total Current Assets	388,736	272,015	338,873	346,032
Total Assets	2,347,764	2,259,732	2,399,517	2,434,255
Equity				
Charter capital	1,053,936	1,054,805	1,055,031	1,055,031
Non-cash owner contribution reserve	100,322	100,585	100,602	100,602
Retained earnings	-794,972	-742,261	-374,365	-287,916
Total Equity	359,286	413,129	781,268	867,716
Non-current Liabilities				
Loans and borrowings	1,702,980	1,590,817	1,378,147	1,330,448
Advances received from the Government	46,594	46,594	46,594	46,593
Trade and other payables	53,535	56,198	30242.234	30,244
Deferred tax liability	-	-	-	-
Total Non-current Liabilities	1,803,109	1,693,609	1,454,983	1,407,285
Current liabilities				
Loans and borrowings	74,356	16,015	14,273	13,635
Trade payables and advances received	82,331	105,873	122,242	115,823
Liabilities to the Government	4,734	4,718	4,712	4,712
Provisions	16,551	14,397	13,981	11,784
Tax liabilities	-	3,515	-	-
Other current liabilities	7,397	8,476	8,058	13,301
Total current Liabilities	185,369	152,994	163,266	159,254
Total Liabilities	1,988,478	1,846,603	1,618,249	1,566,539
Total Equity and Liabilities	2,347,764	2,259,732	2,399,517	2,434,255

CONSOLIDATED ACTIVITIES REPORT

Georgia has undertaken to implement certain provisions of Directive 2012/34 (under Association Agreement) of the European Parliament and of the Council of 21 November 2012 establishing a single European rail area (recast) ("Directive 34"). This directive sets up rules applicable to the management of railway infrastructure and rail transport activities of railway undertakings.

To comply with Directive 34, the Group took the first step in 2021 by preparing and publishing independent financial reports for each of the Company's SBUs. This report will be prepared and published annually on the Company's website .

STATEMENTS OF PROFIT OR LOSS <i>As at 31 December, 2022</i>	Freight Transportation Unit	Passenger Transportation Unit	Railway Infrastructure Unit	Head Office Unit	WBS Unit	Total GR Group
External Revenue	623,816	28,206	1,446	19,847	1,456	674,773
Other Income	1,567	2,553	3,333	8,492	-117	15,828
Payroll expenses/Employee benefits expense	-93,457	-19,074	-65,781	-14,342	-5,055	-197,709
Depreciation and amortization expenses	-10,872	-12,430	-39,521	-1,266	-2,495	-66,585
Electricity, consumables and maintenance costs	-57,737	-7,086	-11,673	-3,195	-515.6	-80,207
Impairment Loss(gain) on trade receivables	561	-30	250.4	81.4	-23	840
Other expenses	-91,572	-3,879	-24,958	-7,102	-1,012	-128,522
Revenue from sales to the Units	2,502	0	85,900	0	8,458	96,860
Cost of purchases from the Units	-81,504	-12,267	-1,918	-1,171	0	-96,861
RESULTS FROM OPERATING ACTIVITIES	304,172	-24,005	-52,921	-9,523	696	218,419
NET FINANCE INCOME / (COSTS)	16,198	4,162	141,486	17,050	13	178,909
PROFIT / (LOSS) BEFORE INCOME TAX	309,500	-19,843	88,565	18,397	709	397,328
Corporate income tax	0	0	0	-644	0	-644
NET PROFIT / (LOSS)	309,500	-19,843	88,565	17,752	709	396,683