

# **MANAGEMENT DISCUSSION AND ANALYSIS FOR FY AND Q4 2021**



## FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

### Revenue

Q4 2021

**138,917**

+11.0% from Q4 2020  
+5.8% from Q3 2021

FY 2021

**547,868**

+12.0% from FY 2020

### Results from operating activities

Q4 2021

**39,169**

+8.1% from Q4 2020  
+18.7% from Q3 2021

FY 2021

**165,388**

+28.0% from FY 2020

### Adjusted EBITDA

Q4 2021

**47,074**

+1.2% from Q4 2020  
-7.3% from Q3 2021

FY 2021

**226,576**

+3.5% from FY 2020

### Adjusted EBITDA margin

Q4 2021

**33.89%**

-3.3 points from Q4 2020  
-4.8 points from Q3 2021

FY 2021

**41.36%**

-3.4 points from FY 2020

### Net cash investment in PP&E

Q4 2021

**12,728**

+282% from Q4 2020  
+449% from Q3 2021

FY 2021

**74,254**

+38.6% from FY 2020

### Net debt to Adjusted EBITDA

31 Dec 2021

**5.88**

5.71 as at 30 Sep 2021

31 Dec 2020

**6.35**

### Tons ('000)

Q4 2021

**3,080**

+4.2% from Q4 2020  
+1.4% from Q3 2021

FY 2021

**12,131**

+9.6% from FY 2020

### TKM (in million)

Q4 2021

**836**

+9.7% from Q4 2020  
+4.9% from Q3 2021

FY 2021

**3,291**

+13.7% from FY 2020

### N of Passengers ('000)

Q4 2021

**217**

+202.4% from Q4 2020  
-39.7% from Q3 2021

FY 2021

**816**

-13.1% from FY 2020

### Passenger-kilometers (in million)

Q4 2021

**70**

+234.6% from Q4 2020  
-44.5% from Q3 2021

FY 2021

**273**

+10.7% from FY 2020

### MAIN DEVELOPMENTS IN 2021

- | Freight volume increased by 10 percent;
- | In December 2021 Fitch affirmed Long-term outlook to “stable” and “BB-” rating, in March 2022 “S&P” affirmed “B+” rating and outlook to “positive” from “stable”.

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# I. PROFIT OR LOSS STATEMENT

## PROFIT AND LOSS STATEMENT

For the year ended 31 December	TOTAL		CHANGE		
	2021	2020	%	% constant currency	Absolute
'000 GEL					
Revenue	547,868	489,370	12.0%	8.1%	58,498
Other income	8,951	12,547	-28.7%	-31.1%	-3,595
Impairment loss on trade receivables	-2,791	-13,560	-79.4%	-80.1%	10,769
Employee benefits expense	-180,701	-170,502	6.0%	2.3%	-10,199
Depreciation and amortization	-58,397	-76,156	-23.3%	-26.0%	17,758
Electricity, consumables and maintenance costs	-54,566	-41,411	31.8%	27.2%	-13,155
Other expenses	-94,975	-71,042	33.7%	29.1%	-23,933
<b>Result from operating activities</b>	<b>165,388</b>	<b>129,246</b>	<b>28.0%</b>	<b>23.5%</b>	<b>36,144</b>
<b>Net finance income/loss</b>	<b>-112,177</b>	<b>-293,376</b>	<b>-61.8%</b>	<b>-63.1%</b>	<b>181,198</b>
<b>Profit before income tax</b>	<b>53,211</b>	<b>-164,130</b>	<b>-132.4%</b>	<b>-131.3%</b>	<b>217,341</b>
Income tax expense(benefit)	-500	-514	-2.7%	-6.1%	14
<b>Profit and total comprehensive income</b>	<b>52,711</b>	<b>-164,644</b>	<b>-132.0%</b>	<b>-130.9%</b>	<b>217,355</b>
<b>Adjusted EBITDA</b>	<b>226,576</b>	<b>218,962</b>	<b>3.5%</b>	<b>-0.1%</b>	<b>7,614</b>
<b>Adjusted EBITDA Margin</b>	<b>41.36%</b>	<b>44.74%</b>	<b>NA</b>	<b>NA</b>	<b>-3.4%</b>

\*Adjusted EBITDA and EBITDA in previous reports are calculated using the same methodology

## PROFIT AND LOSS STATEMENT(QUARTERLY)

For the period ended

'000 GEL	Q4 2021	Q4 2020	y-o-y	Q3 2021	q-o-q
Revenue	138,917	125,128	11.0%	131,324	5.8%
Other income	3,988	2,838	40.5%	1,468	171.7%
Impairment loss on trade receivables	-1,893	6,135	-130.9%	-412	359.5%
Employee benefits expense	-53,575	-47,751	12.2%	-42,501	26.1%
Depreciation and amortization	-6,011	-16,418	-63.4%	-17,388	-65.4%
Electricity, consumables and maintenance costs	-18,304	-11,064	65.4%	-14,618	25.2%
Other expenses	-23,952	-22,623	5.9%	-24,870	-3.7%
<b>Result from operating activities</b>	<b>39,170</b>	<b>36,246</b>	<b>8.1%</b>	<b>33,004</b>	<b>18.7%</b>
<b>Net finance income/loss</b>	<b>2,790</b>	<b>-31,125</b>	<b>-109.0%</b>	<b>9,982</b>	<b>-72.0%</b>
<b>Profit before income tax</b>	<b>41,961</b>	<b>5,121</b>	<b>719.4%</b>	<b>42,987</b>	<b>-2.4%</b>
Income tax expense(benefit)	-109	-128	-14.8%	-93	16.0%
<b>Profit and total comprehensive income</b>	<b>41,852</b>	<b>4,993</b>	<b>738.2%</b>	<b>42,893</b>	<b>-2.4%</b>
<b>Adjusted EBITDA</b>	<b>47,074</b>	<b>46,529</b>	<b>1.2%</b>	<b>50,803</b>	<b>-7.3%</b>
<b>Adjusted EBITDA Margin</b>	<b>33.89%</b>	<b>37.19%</b>	<b>NA</b>	<b>38.69%</b>	<b>NA</b>

\*Adjusted EBITDA and EBITDA in previous reports are calculated using the same methodology

## 1.1 REVENUE

Most of the Group's revenue (about 65 percent in 2021) is derived from freight transportation. Thus, the Group's results are particularly sensitive to cargo flows. These mainly comprise transit shipments, which accounted

for about 70 percent of freight transportation revenue in 2021. The transit transportation volume mainly comes from trade between Europe and Central Asia.

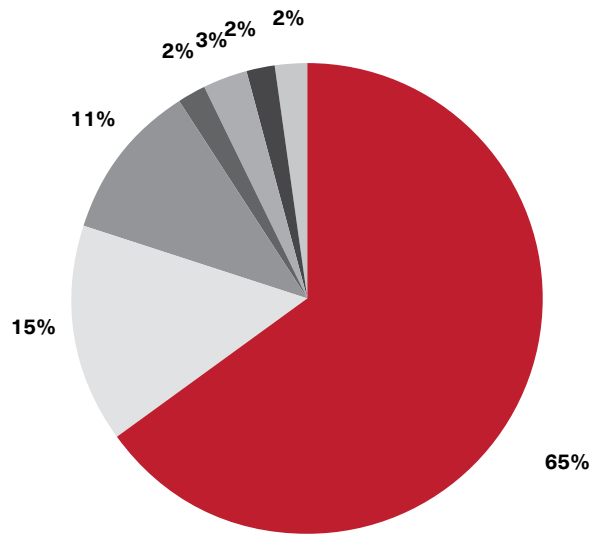
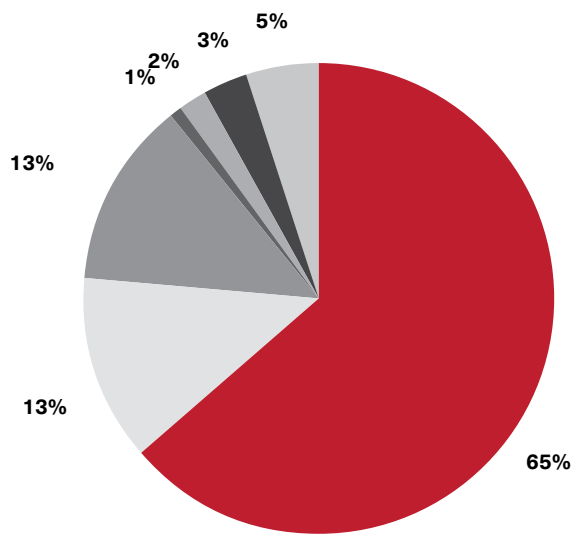
### REVENUE BREAKDOWN

For the year ended 31 December	TOTAL		CHANGE		
'000 GEL	2021	2020	%	% constant currency	Absolute
Freight transportation	353,929	316,452	11.8%	8.0%	37,477
Freight handling	69,865	72,855	-4.1%	-7.4%	-2,990
Logistical service	69,371	54,106	28.2%	23.8%	15,265
Rent of wagons and other rental income	4,647	8,838	-47.4%	-49.2%	-4,191
Freight car cross-border charge	9,910	14,147	-29.9%	-32.4%	-4,237
Passenger traffic	14,808	11,201	32.2%	27.6%	3,606
Other	25,337	11,770	115.3%	107.8%	13,567
<b>Revenue</b>	<b>547,868</b>	<b>489,370</b>	<b>12.0%</b>	<b>8.1%</b>	<b>58,497</b>
Other income	8,951	12,547	-28.7%	-31.1%	-3,596

### REVENUE BREAKDOWN (QUARTERLY)

For the period ended	Q4 2021	Q4 2020	y-o-y	Q3 2021	q-o-q
'000 GEL					
Freight transportation	89,950	84,852	6.0%	81,935	9.8%
Freight handling	18,198	19,079	-4.6%	16,162	12.6%
Logistical service	19,792	14,728	34.4%	15,288	29.5%
Rent of wagons and other rental income	797	1,056	-24.5%	1,444	-44.8%
Freight car cross-border charge	2,432	3,189	-23.7%	2,327	4.5%
Passenger traffic	3,505	922	280.2%	7,411	-52.7%
Other	4,243	1,302	225.9%	6,757	-37.2%
<b>Revenue</b>	<b>138,917</b>	<b>125,128</b>	<b>11.0%</b>	<b>131,324</b>	<b>5.8%</b>
Other income	3,988	2,838	40.5%	1,468	171.7%

The following charts represent the revenue breakdown for the full years of 2021 and 2020:



- Freight transportation
- Freight handling
- Logistical service
- Rent of wagons and other rental income
- Freight car cross-border charge
- Passenger traffic
- Other

## FREIGHT TRANSPORTATION

The Group's freight transportation revenue consists of liquid and dry cargoes. The split between liquid and dry cargo revenue in 2021 was about 43 percent and 57 percent, respectively.

The majority of GR's freight volumes were transported from Azerbaijan, Turkmenistan, Russia and Georgia

(about 25 percent, 16 percent, 14 percent and 11 percent of transportation revenue in 2021, respectively). The main destination countries were Georgia, Armenia and Azerbaijan (about 19 percent, 15 percent and 12 percent of transportation revenue in 2021, respectively). About 3 percent of total transportation revenue in 2021 was generated by domestic transportation.

### FREIGHT TRANSPORTATION REVENUE BREAKDOWN

For the year ended 31 December	TOTAL		CHANGE		
	2021	2020	%	% constant currency	Absolute
'000 GEL					
<b>Freight transportation</b>	<b>353,929</b>	<b>316,452</b>	<b>11.8%</b>	<b>8.0%</b>	<b>37,477</b>
<b>Liquid cargoes</b>	<b>150,465</b>	<b>121,466</b>	<b>23.9%</b>	<b>19.6%</b>	<b>28,999</b>
Oil products	149,125	121,227	23.0%	18.8%	27,897
Crude oil	1,340	239	460.7%	441.3%	1,101
<b>Dry cargoes</b>	<b>203,464</b>	<b>194,986</b>	<b>4.3%</b>	<b>0.7%</b>	<b>8,478</b>
Ores	32,467	33,209	-2.2%	-5.6%	-742
Grain	6,538	8,042	-18.7%	-21.5%	-1,503
Ferrous metals and scrap	11,165	11,484	-2.8%	-6.1%	-320
Sugar	12,083	12,059	0.2%	-3.3%	24
Chemicals and fertilizers	33,434	22,860	46.3%	41.2%	10,574
Construction freight	6,234	6,994	-10.9%	-13.9%	-760
Industrial freight	6,071	6,173	-1.7%	-5.0%	-102
Cement	444	620	-28.4%	-30.9%	-176
Other	95,028	93,546	1.6%	-1.9%	1,482
<b>Freight turnover (million ton-km)</b>	<b>3,291</b>	<b>2,895</b>	<b>13.7%</b>	<b>9.8%</b>	<b>396</b>
<b>Revenue / ton-km (in Tetri)</b>	<b>10.75</b>	<b>10.93</b>	<b>-1.6%</b>	<b>-3.5%</b>	<b>-0.18</b>



## FREIGHT TRANSPORTATION REVENUE BREAKDOWN (QUARTERLY)

For the period ended '000 GEL	Q4 2021	Q4 2020	y-o-y	Q3 2021	q-o-q
<b>Freight transportation</b>	<b>89,950</b>	<b>84,852</b>	<b>6.0%</b>	<b>81,935</b>	<b>9.8%</b>
<b>Liquid cargoes</b>	<b>29,883</b>	<b>35,846</b>	<b>-16.6%</b>	<b>37,960</b>	<b>-21.3%</b>
Oil products	29,097	35,846	-18.8%	37,474	-22.4%
Crude oil	786	0	100.0%	486	61.7%
<b>Dry cargoes</b>	<b>60,067</b>	<b>49,006</b>	<b>22.6%</b>	<b>43,975</b>	<b>36.6%</b>
Ores	6,936	6,166	12.5%	9,200	-24.6%
Grain	4,100	1,708	140.0%	351	1068.1%
Ferrous metals and scrap	2,468	2,498	-1.2%	3,015	-18.1%
Sugar	3,770	5,108	-26.2%	-2,932	-228.6%
Chemicals and fertilizers	11,464	5,653	102.8%	7,098	61.5%
Construction freight	1,558	1,693	-8.0%	1,579	-1.3%
Industrial freight	1,926	1,748	10.2%	1,192	61.6%
Cement	135	221	-38.9%	76	77.6%
Other	27,709	24,210	14.5%	24,396	13.6%
<b>Freight turnover (million ton-km)</b>	<b>836</b>	<b>762</b>	<b>9.7%</b>	<b>797</b>	<b>4.9%</b>
<b>Revenue / ton-km (in Tetri)</b>	<b>10.76</b>	<b>11.14</b>	<b>-3.4%</b>	<b>10.28</b>	<b>4.7%</b>

Revenue from Freight transportation is dominated in USD by 99.9 percent.

Transportation revenue depends on multiple factors, some of which are stated here:

**Transportation volume** – measured in tons transported.

**Transportation turnover** – measured in ton-kilometers, which is the product of tons transported and the distance covered.

**Revenue per ton-kilometer** – the term refers to the average revenue that the Group receives per ton-kilometer. This parameter varies for different types of cargo and largely depends on the cargo type mix and transportation direction mix.

**Cargo type mix** – the Group transports different cargo categories (such as grain, ore, sugar, etc.). These categories themselves are comprised of many sub-categories, each of which has different tariffs. Therefore,

while the actual tariffs for cargo sub-categories may remain the same, the average revenue per ton-kilometer of the main cargo category may still change due to changes in the sub-category mix.

**Transportation direction mix** – tariffs differ according to freight origins and directions, as stated in the Group's tariff policy. Thus, when the tariffs for different cargo sub-categories and the sub-category mix remain the same, the average revenue per ton-kilometer may still change because of the change in the transportation direction mix.

**GEL/USD exchange rate** – one important issue in analyzing the performance of the Group is the fact that most of its tariffs are denominated in USD. As the Group reports its revenue in GEL, the changes in the GEL/USD exchange rate can have a significant impact on the Group's profitability, as most of its operating expenses are denominated in Georgian Lari.

## AVERAGE EXCHANGE RATES

	Q4 2021	Q4 2020	% Change	Q3 2021	% Change	2021	2020	% Change
USD	3.13	3.27	-4.44%	3.12	0.15%	3.22	3.11	3.58%
CHF	3.39	3.62	-6.31%	3.40	-0.30%	3.52	3.32	6.24%

## REPORTING DATE SPOT RATES

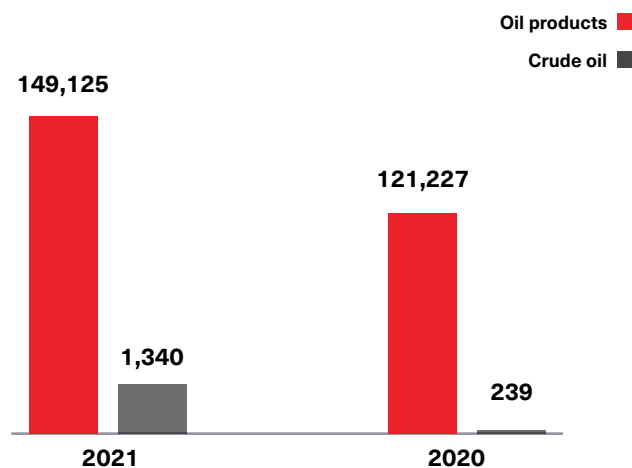
	31-Dec-21	31-Dec-20	% Change	30-Sep-21	% Change	31-Dec-19
USD	3.10	3.28	-5.46%	3.12	-0.81%	2.87
CHF	3.38	3.71	-8.98%	3.36	0.45%	2.95

## LIQUID CARGO

One of the key drivers of liquid freight traffic is the production of oil and related products in the Caspian region, which has large oil reserves. In 2021, about 84 percent of crude oil and oil products were transported from three countries (Azerbaijan, Turkmenistan and Russia,) with destinations to Europe, Georgia and various other countries.

Most of the Group's liquid cargo revenue comes from oil products (about 99 percent).

## BREAKDOWN OF LIQUID CARGO REVENUE ('000 GEL)



## OIL PRODUCTS

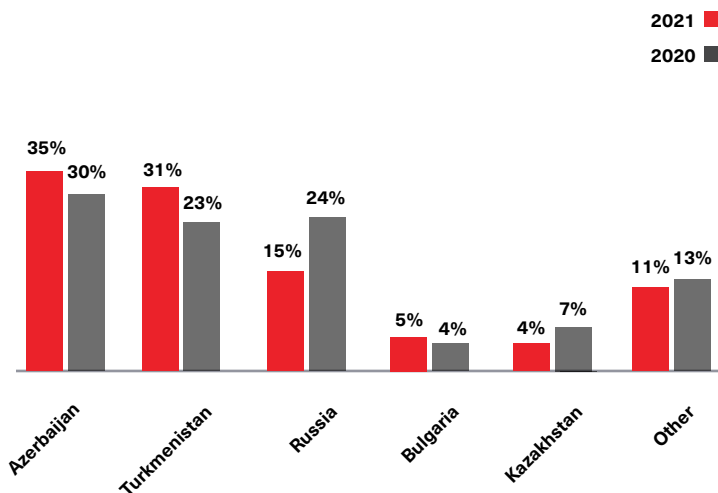
Revenue from the transportation of oil products for Q4 2021 decreased by 18.8 percent, compared to Q4 2020 and by 22.4 percent, compared to Q3 2021.

### Main directions of cargo

Oil products are currently the main component of liquid cargo. They are mainly transported by rail, as there is practically no competition from pipelines.

Oil products transported by the Group during 2021 mainly originated from Azerbaijan, Turkmenistan, Russia and Bulgaria with changes in the transportation direction mix compared to the same period of 2020. The shares of Russia and Kazakhstan were down by 9 percent and 3 percent, respectively, while the shares of Turkmenistan and Azerbaijan increased by 8 percent and 5 percent respectively in total oil products transported by the Group.

## TRANSPORTATION VOLUME BY COUNTRIES OF ORIGIN



## OIL PRODUCTS

For the year ended 31 December	TOTAL		CHANGE	
	2021	2020	%	% constant currency
Revenue (million GEL)	149.12	121.23	23.0%	18.8%
Freight volume (million tons)	3.69	3.04	21.4%	NA
Freight turnover (million ton-km)	1,160.98	882.94	31.5%	NA
Revenue / ton-km (in Tetri)	12.84	13.73	-6.4%	-9.7%

\* Revenue per ton-kilometer represents revenue from freight transportation (excluding revenue from logistic service) divided by ton-kilometers



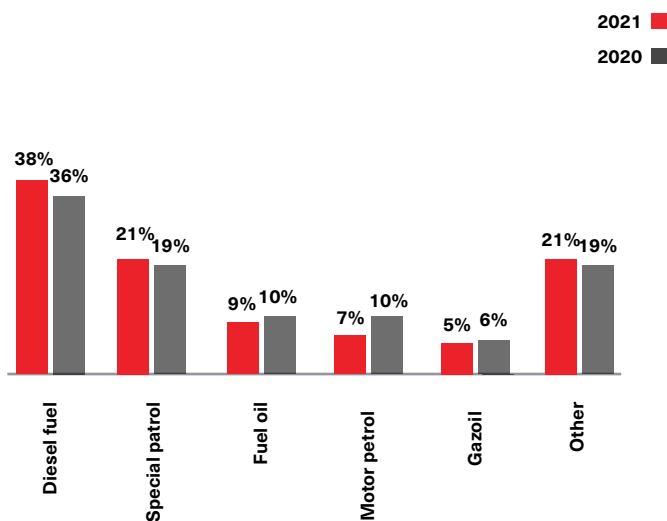
## Factors influencing performance

**Ton-kilometers** – about a 32 percent increase in transportation turnover was mainly driven by increased transported volume by 21 percent, which was largely caused by increased volumes from Turkmenistan and Azerbaijan by 442,000 tons and 377,000 tons, respectively in 2021, compared to 2020.

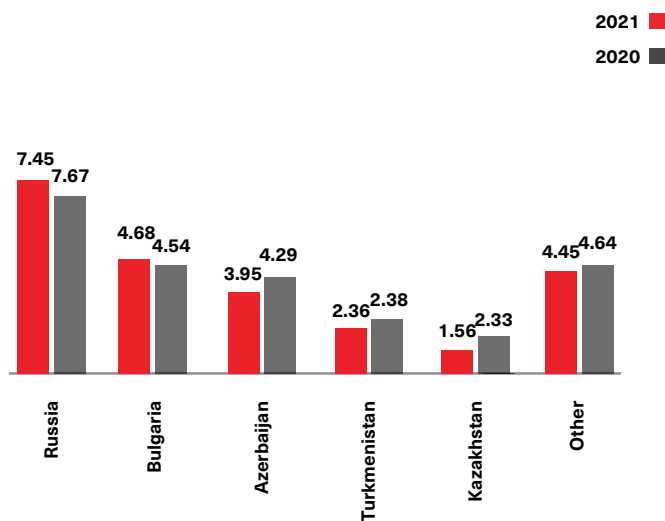
**Revenue/ton-km (in Tetri)** – about 6 percent decrease in average revenue per ton-kilometer during the period un-

der review, compared to the same period of the previous year, was mainly due to changes in the product direction mix. The share of Russia (which is a relatively more profitable direction) decreased, while the share of Turkmenistan (which is a relatively less profitable direction) increased. As well as, the share of volume transported to Georgia (which is a relatively more profitable direction) decreased, while the share of volume transported to Italy (which is a relatively less profitable direction) increased.

### PRODUCT CATEGORY MIX



### AVERAGE REVENUE PER TKM (CENTS)



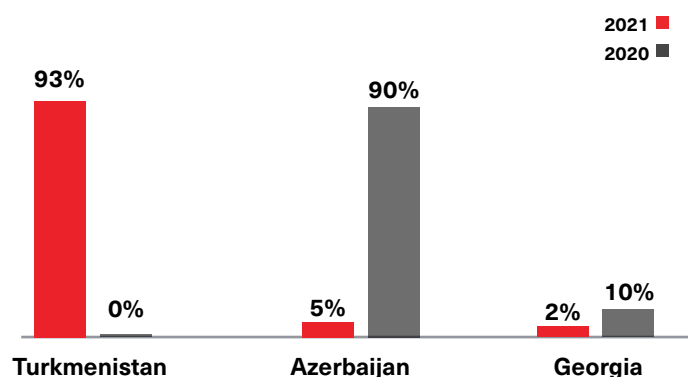
## CRUDE OIL

Revenue from crude oil transportation in Q4 2021 was GEL 0.8 million, while there was no crude oil transportation in Q4 2020. The revenue from the transportation of mentioned product in Q4 2021 increased by 61.7 percent, compared to Q3 2021.

### Main directions of cargo

The crude oil transported by Georgian Railway in 2021 originated from Turkmenistan (about 93 percent) and Azerbaijan (about 5 percent).

## TRANSPORTATION VOLUME BY COUNTRIES OF ORIGIN



## CRUDE OIL

For the year ended 31 December	TOTAL		CHANGE	
	2021	2020	%	% constant currency
Revenue (million GEL)	1.34	0.24	460.9%	441.5%
Freight volume (million ton)	0.07	0.01	1191.3%	NA
Freight turnover (million ton-km)	28.09	2.00	1305.9%	NA
Revenue / ton-km (in Tetri)	4.77	11.96	-60.1%	-61.5%

\* Revenue per ton-kilometer represents revenue from freight transportation (excluding revenue from logistic service) divided by ton-kilometers

### Factors influencing performance

**Ton-kilometers** – significant increase in transportation turnover was caused by increased transported volumes from Turkmenistan by 66.7 million tons.

**Revenue/ton-km (in Tetri)** – a 60 percent decrease in av-

erage revenue per ton-kilometer during the period under review, was driven by lower tariffs put on transportation from Turkmenistan, which is the main origin country in 2021.

## DRY CARGO

Dry cargo contributed about 57 percent of total transportation revenue in 2021. The major factors driving the transportation of dry cargo are general national economic conditions and economic developments in Georgia

and partnering countries, such as Turkey, Azerbaijan, Armenia, Turkmenistan, Kazakhstan and other CIS countries.

## ORE PRODUCTS

Revenue from the transportation of ore products for Q4 2021 increased by 12.5 percent, compared to Q4 2020, but decreased by 24.6 percent, compared to Q3 2021.

### Main directions of cargo

The main origin countries for ore products during the period under review were Georgia, Armenia, and Russia. The main destination points for ore products transported by the Group are Georgia, China, and Bulgaria. Ore products transported by the Group in 2021 mostly comprise coal ores and concentrates (about 46 percent), iron ores and concentrates (about 22 percent), and bituminous coal (about 7 percent).

## ORES PRODUCTS

For the year ended 31 December	TOTAL		CHANGE	
	2021	2020	%	% constant currency
Revenue (million GEL)	32.47	33.21	-2.2%	-5.6%
Freight volume (million ton)	1.87	1.88	-0.2%	NA
Freight turnover (million ton-km)	316.78	326.50	-3.0%	NA
Revenue / ton-km (in Tetri)	10.25	10.17	0.8%	-2.7%

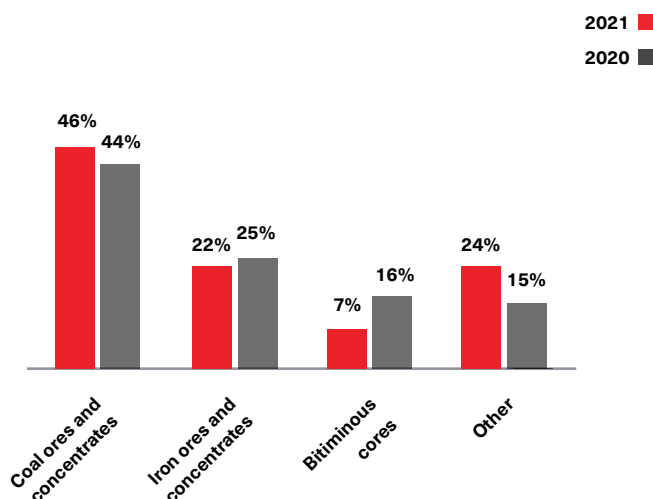
\* Revenue per ton-kilometer represents revenue from freight transportation (excluding revenue from logistic service) divided by ton-kilometers

### Factors influencing performance

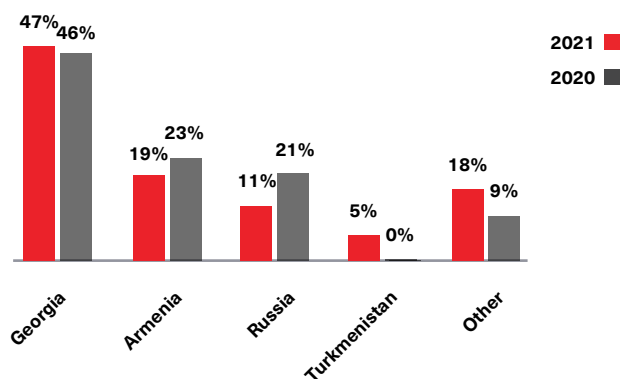
**Ton-kilometers** – a 3 percent decrease in freight transportation turnover was mainly due to a decrease in transported volumes from Russia and Armenia, by 192,000 tons and 92,000 tons, respectively.

**Revenue/ton-km (in Tetri)** – the average revenue per ton-kilometer in 2021 remained at about the same percent, compared to 2020. There were no significant changes in product direction mix and product category mix.

### PRODUCT CATEGORY MIX



### TRANSPORTATION VOLUME BY COUNTRIES OF ORIGIN



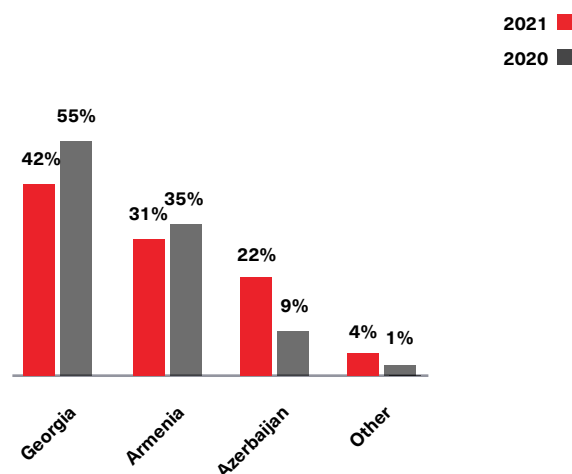
## GRAIN AND GRAIN PRODUCTS

Revenue from the transportation of grain and grain products for Q4 2021 increased by GEL 2.4 million, compared to Q4 2020 and by GEL 3.7 million, compared to Q3 2021.

### Main directions of cargo

The transported volume of wheat represents about 64 percent of total grain and grain products transported in 2021. The main countries of origin for grain and grain products during the period under review, were Russia, Ukraine and India with 64 percent, 12 percent and 7 percent, respectively. The main destination countries were Georgia, Armenia and Azerbaijan, by 42 percent, 31 percent and 22 percent, respectively in 2021.

## TRANSPORTATION VOLUME BY DESTINATION COUNTRIES



## GRAIN AND GRAIN PRODUCTS

For the year ended 31 December	TOTAL		CHANGE	
	2021	2020	%	% constant currency
Revenue (million GEL)	6.54	8.04	-18.7%	-21.0%
Freight volume (million ton)	0.19	0.31	-38.5%	NA
Freight turnover (million ton-km)	50.25	71.99	-30.2%	NA
Revenue / ton-km (in Tetri)	13.01	11.17	16.5%	13.1%

\* Revenue per ton-kilometer represents revenue from freight transportation (excluding revenue from logistic service) divided by ton-kilometers

### Factors influencing performance

**Ton-kilometers** – reduction of freight turnover by about 30 percent was mainly caused by the decreased transported volumes from Russia by 133,000 tons.

**Revenue/ton-km (in Tetri)** – about a 17 percent increase in average revenue per ton-kilometer was driven by a change in the product category mix. The average revenue

per tkm for soybeans (which is a more profitable product) increased, while the share of rice (which is a relatively less profitable product) decreased, during 2021, compared to 2020.

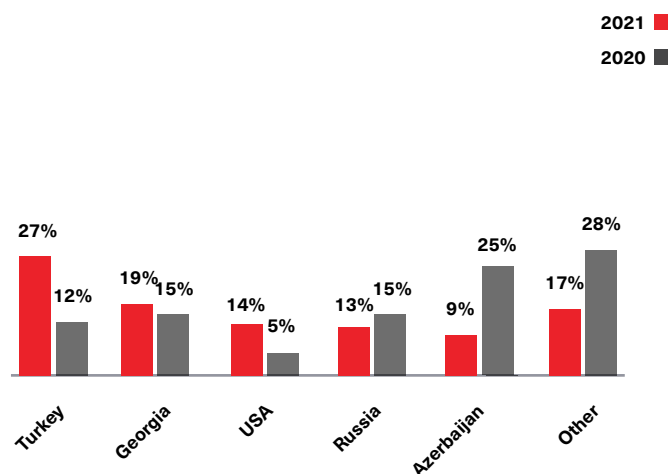
## FERROUS METALS AND SCRAP

Revenue from the transportation of ferrous metals and scrap for Q4 2021 decreased by 1.2 percent, compared to Q4 2020 and by 18.1 percent compared to Q3 2021.

### Main directions of cargo

The main destination countries for ferrous metals and scrap during the period under review were Turkey, Georgia, the USA, Russia and Azerbaijan, together representing 83 percent of the total volume transported in 2021. Ferrous metals and scrap transported by the Group during 2021 mainly originated from Georgia, Russia, Ukraine and China, together generating 92 percent of the total ferrous metals and scrap transported in 2021.

### TRANSPORTATION VOLUME BY DESTINATION COUNTRIES



## FERROUS METALS AND SCRAP

For the year ended 31 December	TOTAL		CHANGE	
	2021	2020	%	% constant currency
Revenue (million GEL)	11.16	11.48	-2.8%	-4.8%
Freight volume (million ton)	0.58	0.53	7.8%	NA
Freight turnover (million ton-km)	124.96	130.00	-3.9%	NA
Revenue / ton-km (in Tetri)	8.93	8.83	1.1%	-1.0%

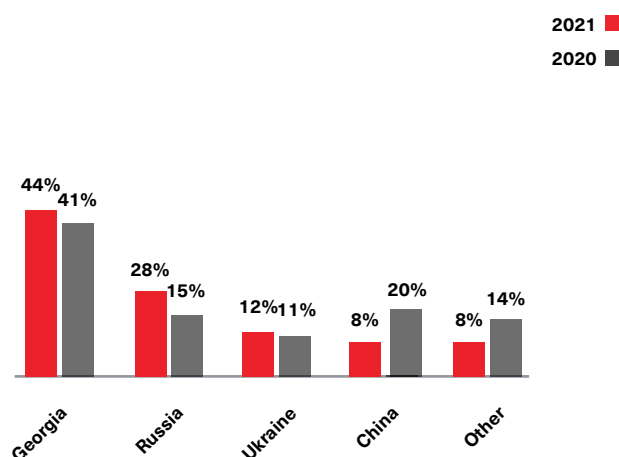
\* Revenue per ton-kilometer represents revenue from freight transportation (excluding revenue from logistic service) divided by ton-kilometers

### Factors influencing performance

**Ton-kilometers** – 4 percent decrease in freight turnover was mainly caused by a decrease in average transportation distance, which was on its own driven by a reduced share of freight transported from China (which covers a relatively longer distance) in total volume transported in 2021, compared to 2020.

**Revenue/ton-km (in Tetri)** – 1 percent increase in average revenue per ton-kilometer was mainly driven by changes in the product direction mix and the product category mix. The share of Ukraine (which is relatively more profitable direction) has increased, while the share of China (which is relatively less profitable direction) has decreased. As well as, the share of flat-rolled products and silicomanganese (which are relatively more profitable products) have increased in total ferrous metals and scrap transported by the Group, while the share of bars of iron or non-alloy steel (which is relatively less profitable product) has decreased.

### TRANSPORTATION VOLUME BY COUNTRIES OF ORIGIN





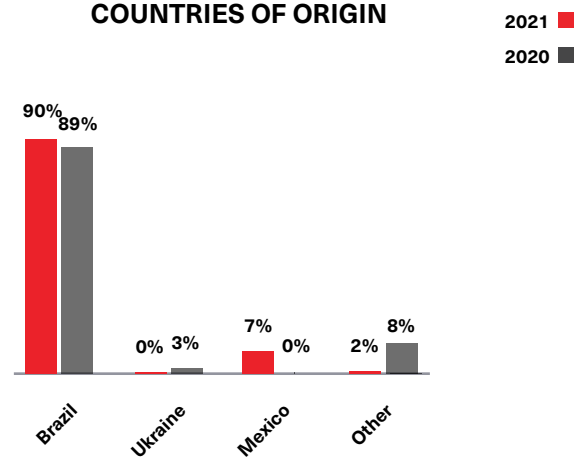
## SUGAR

Revenue from the transportation of sugar for Q4 2021 decreased by 26.2 percent, compared to Q4 2020. Negative figures of revenue from Sugar in Q3 2021, was due to special tariffs set on the clients for maintaining competitive edge.

### Main directions of cargo

Brazil was the main country of origin for transported volumes of sugar in 2021 and 2020, with a share of 90 percent and 89 percent, respectively. The main destination countries of sugar were Azerbaijan, Georgia and Armenia (consisting of 98 percent of the total volume transported by the Group).

### TRANSPORTATION VOLUME BY COUNTRIES OF ORIGIN



## SUGAR

For the year ended 31 December	TOTAL		CHANGE	
	2021	2020	%	% constant currency
Revenue (million GEL)	12.08	12.06	0.2%	-3.3%
Freight volume (million ton)	0.42	0.28	47.5%	NA
Freight turnover (million ton-km)	155.61	98.21	58.5%	NA
Revenue / ton-km (in Tetri)	7.77	12.28	-36.8%	-38.9%

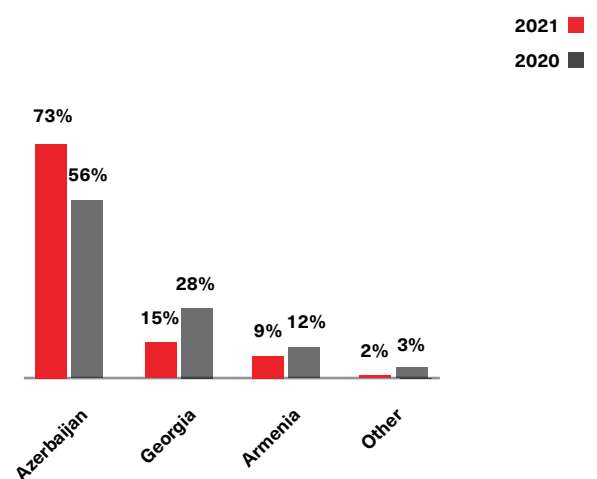
\* Revenue per ton-kilometer represents revenue from freight transportation (excluding revenue from logistic service) divided by ton-kilometers

### Factors influencing performance

**Ton-kilometers** – a 59 percent increase in freight turnover during the period under review, compared to the same period of the previous year, was mainly driven by the rise in transportation of sugar from Brazil and Mexico by 126,000 tons and by 30,000 tons, respectively.

**Revenue/ton-km (in Tetri)** – a 37 percent decrease in average revenue per ton-kilometer was due to a higher increase in average haul, rather than in revenue, which in turn is related to the increased share of volumes transported from/to the countries covering longer distances in 2021, compared to 2020.

### TRANSPORTATION VOLUME BY DESTINATION COUNTRIES



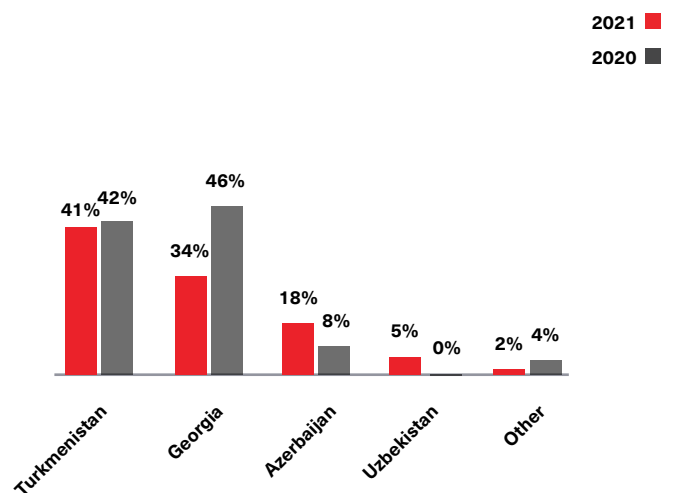
## CHEMICALS AND FERTILIZERS

Revenue from the transportation of chemicals and fertilizers for Q4 2021 increased by about 102.8 percent compared to Q4 2020 and by 61.5 percent, compared to Q3 2021.

### Main directions of cargo

The main countries of origin for transported volumes of chemicals and fertilizers during the period under review were Turkmenistan, Georgia and Azerbaijan, together generating 93 percent of the total volume transported in 2021. Chemicals and fertilizers were mainly transported to Black Sea ports. In 2021, the Group mainly transported ammonium nitrate and urea under the chemicals and fertilizers freight category, with 34 percent and 64 percent of the total share, respectively.

## TRANSPORTATION VOLUME BY COUNTRIES OF ORIGIN



## CHEMICALS AND FERTILIZERS

For the year ended 31 December	TOTAL		CHANGE	
	2021	2020	%	% constant currency
Revenue (million GEL)	33.43	22.86	46.3%	41.2%
Freight volume (million ton)	1.34	0.94	42.2%	NA
Freight turnover (million ton-km)	458.57	308.65	48.6%	NA
Revenue / ton-km (in Tetri)	7.29	7.41	-1.6%	-5.0%

\* Revenue per ton-kilometer represents revenue from freight transportation (excluding revenue from logistic service) divided by ton-kilometers

### Factors influencing performance

**Ton-kilometers** – a 49 percent increase in transportation turnover during 2021, compared to 2020, was mainly driven by a significant increase in freight volumes from Azerbaijan and Turkmenistan, 170,000 tons and 152,000 tons respectively.

**Revenue/ton-km (in Tetri)** – a 2 percent decrease in average revenue per ton-kilometer was mainly due to changes in the product direction mix and the product category mix. The share of Brazil and Turkey has increased (which are relatively less profitable directions) by 9 percent and

5 percent, respectively, while the share of other countries (which are relatively more profitable directions) remained at about the same level, in 2021 compared to 2020. In addition, share of Urea has increased (which is relatively less profitable product) by 14 percent, which led to decrease in average revenue/ton-km.

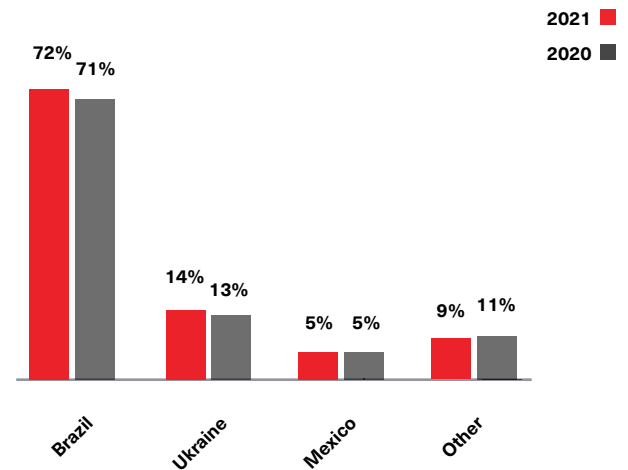
## CONSTRUCTION FREIGHT

Revenue from the transportation of construction freight for Q4 2021 decreased by 8.0 percent, compared to Q4 2020 and by 1.3 percent, compared to Q3 2021.

### Main directions of cargo

Transportation of construction freight is correlated with the activities of the construction sector in Georgia. The share of construction freight transported within Georgia was about 72 percent. The second-largest country of origin after Georgia in 2021 and 2020 was Azerbaijan, with 14 percent and 13 percent of the total transported volume of construction freight, respectively. The main products under the construction freight category were limestone and gypsum, with 61 percent and 14 percent, respectively, in total construction freight transported in 2021.

## TRANSPORTATION VOLUME BY COUNTRIES OF ORIGIN



## CONSTRUCTION FREIGHT

For the year ended 31 December	TOTAL		CHANGE	
	2021	2020	%	% constant currency
Revenue (million GEL)	6.23	6.99	-10.9%	-1.5%
Freight volume (million ton)	0.93	0.91	2.6%	NA
Freight turnover (million ton-km)	135.23	141.68	-4.6%	NA
Revenue / ton-km (in Tetri)	4.61	4.94	-6.6%	3.3%

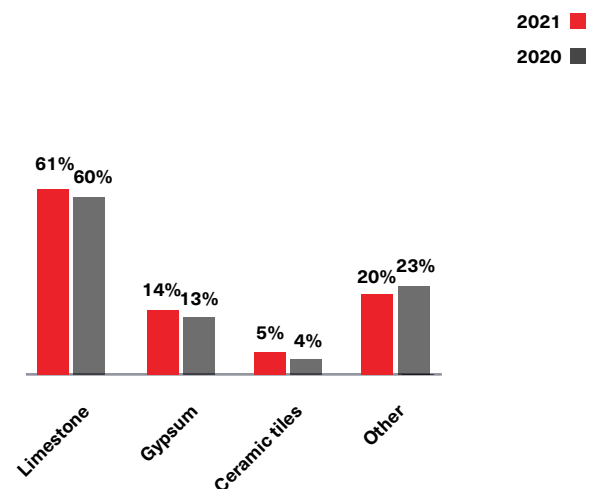
\* Revenue per ton-kilometer represents revenue from freight transportation (excluding revenue from logistic service) divided by ton-kilometers

### Factors influencing performance

**Ton-kilometers** – a 5 percent decrease in transportation turnover was mainly driven by decreased volumes from Turkey and China (which cover longer distances), while the volumes transported from Azerbaijan and Georgia (which cover relatively shorter distances) increased in 2021, compared to 2020.

**Revenue/ton-km (in Tetri)** – a 7 percent decrease in average revenue per ton-kilometer was mainly due to product direction mix and product category mix. The share of Turkey and China (which are relatively more profitable directions) decreased, while the share of Georgia (which is relatively less profitable direction) increased. As well as, the share of marble and slag (which are relatively more profitable products) decreased, while the share of limestone and ceramic tiles (which are relatively less profitable products) increased in 2021, compared to 2020.

## PRODUCT CATEGORY MIX



## INDUSTRIAL FREIGHT

Revenue from the transportation of industrial freight for Q4 2021 increased by 10.2 percent, compared to Q4 2020 and by 61.6 percent, compared to Q3 2021.

### Main directions of cargo

The main countries of origin for the total transported volume of industrial freight during 2021 were Azerbaijan, Georgia and Turkey with 74 percent, 12 percent and 7 percent of the transported share, respectively. A significant part of the cargo (together generating 90 percent of the total volume transported) was directed to Georgia, Armenia and Azerbaijan. In 2021, the Group mainly transported cement clinker under the industrial freight category, with 75 percent of the total industrial freight transported.

## INDUSTRIAL FREIGHT

For the year ended 31 December	TOTAL		CHANGE	
	2021	2020	%	% constant currency
Revenue (million GEL)	6.07	6.17	-1.7%	-1.9%
Freight volume (million ton)	0.41	0.37	13.5%	NA
Freight turnover (million ton-km)	58.64	63.10	-7.1%	NA
Revenue / ton-km (in Tetri)	10.35	9.78	5.8%	5.6%

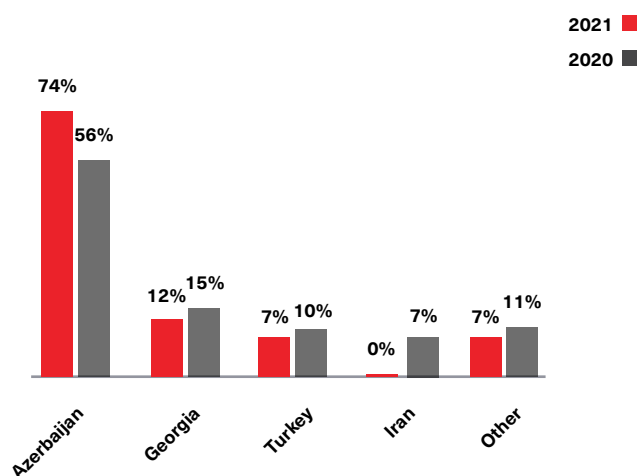
\* Revenue per ton-kilometer represents revenue from freight transportation (excluding revenue from logistic service) divided by ton-kilometers

### Factors influencing performance

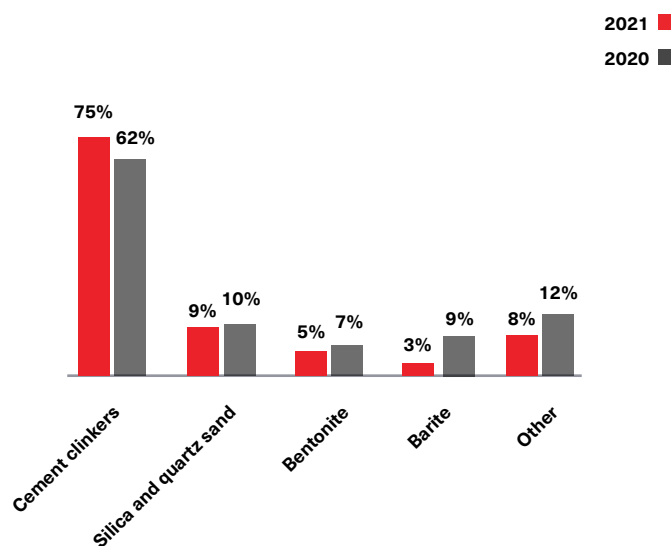
**Ton-kilometers** – a 7 percent downturn in freight turnover was mainly caused by a decrease in average transportation distance. The share of volumes transported from Turkey and China (which cover relatively longer distances) decreased, while the share of volumes transported from Azerbaijan (which covers relatively shorter distances) increased in 2021, compared to 2020.

**Revenue/ton-km (in Tetri)** – a 6 percent increase in the average revenue per ton-kilometer was mainly due to changes in the product direction mix and product category mix. The share of the transported volume from a relatively more profitable direction, such as Azerbaijan, in total transported industrial freight has increased, while the share of relatively less profitable directions (e.g. China, Georgia) has decreased in 2021, compared to 2020. As well as, the share of cement clinkers (which is a relatively more profitable product) increased, while the share of bentonite (which is a relatively less profitable product), decreased in total industrial freight transported by the Group, during 2021, compared to 2020.

## TRANSPORTATION VOLUME BY COUNTRIES OF ORIGIN



## PRODUCT CATEGORY MIX



## CEMENT

Revenue from the transportation of cement for Q4 2021 decreased by 38.9 percent, compared to Q4 2020, but increased by 77.6 percent, compared to Q3 2021.

### Main directions of cargo

Cement is mainly transported within Georgia, with 100 percent of the total share in 2021 and 99 percent in 2020.

## CEMENT

For the year ended 31 December	TOTAL		CHANGE	
	2021	2020	%	% constant currency
Revenue (million GEL)	0.44	0.62	-28.4%	-30.8%
Freight volume (million ton)	0.04	0.05	-24.6%	NA
Freight turnover (million ton-km)	8.65	11.47	-24.5%	NA
Revenue / ton-km (in Tetri)	5.14	5.41	-5.1%	-8.3%

\* Revenue per ton-kilometer represents revenue from freight transportation (excluding revenue from logistic service) divided by ton-kilometers

### Factors influencing performance

Ton-kilometers – transportation turnover decreased by 25 percent, mainly due to a significant decrease in cement transportation from Georgia, by 11,000 tons in 2021, compared to 2020.

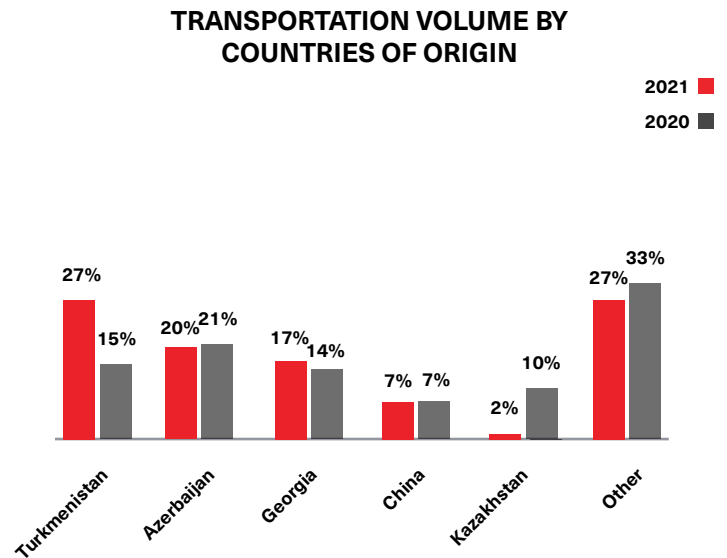
Revenue/ton-km (in Tetri) – a 5 percent decrease in average revenue per ton-kilometer was caused by a significant decrease in transported volumes.

## OTHER PRODUCT CATEGORY

Revenue from the transportation of other product category for Q4 2021 increased by 14.5 percent, compared to Q4 2020 and by 13.6 percent, compared to Q3 2021.

### Main directions of cargo

The main origin countries for other product category in 2021 were Turkmenistan, Azerbaijan, Georgia, China and Kazakhstan. The cargo was mainly directed to Turkey, Russia, Georgia and Azerbaijan. The main products transported in 2021 were sulfur (about 27 percent of total volume), methanol (about 14 percent of total volume), meat products (about 5 percent of total volume) and mineral waters (about 8 percent of total volume) in 2021, compared to 2020.



## OTHER PRODUCT CATEGORY

For the year ended 31 December	TOTAL		CHANGE	
	2021	2020	% Change	% constant currency
Revenue (million GEL)	95.03	93.55	1.6%	6.2%
Freight volume (million ton)	2.59	2.75	-5.8%	NA
Freight turnover (million ton-km)	793.41	858.76	-7.6%	NA
Revenue / ton-km (in Tetri)	11.98	10.89	10.0%	14.9%

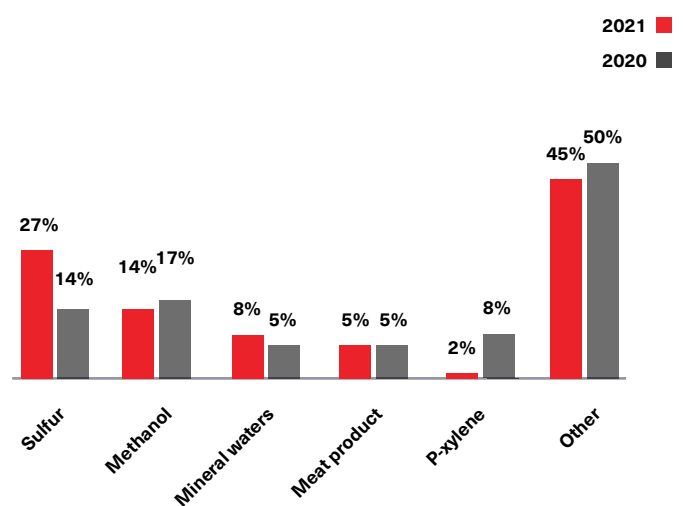
\* Revenue per ton-kilometer represents revenue from freight transportation (excluding revenue from logistic service) divided by ton-kilometers

### Factors influencing performance

**Ton-kilometers** – an 8 percent decrease in transportation turnover was mainly driven by decreased volumes transported from Kazakhstan, Azerbaijan and China by 217,000 tons, 58,000 tons and 21,000 tons respectively.

**Revenue/ton-km (in Tetri)** – a 10 percent increase in average revenue per ton-kilometer was mainly driven by changes in the product direction mix and the product category mix. The share of transported volumes from Georgia (which is relatively more profitable direction) increased, while the share of volumes transported from Kazakhstan (which is relatively less profitable direction) decreased. As well as, the share of mineral waters (which is relatively more profitable product) has increased, while the share of p-xylene (which is relatively less profitable product) has decreased in the total other product categories transported in 2021, compared to 2020.

## PRODUCT CATEGORY MIX



## FREIGHT HANDLING

### General description

Revenue from freight handling comprises several components:

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

### Currency and tariff setting

Most of the freight handling revenue, about 85 percent in 2021, was denominated in USD, while the rest was denominated in GEL (15 percent). The Group sets its tariffs independently.

### Driver

The revenue from this source largely changes in line with transportation volumes in tons. The correlation, however, is not perfect as many other factors influence it.

## FREIGHT HANDLING

'000 GEL	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Station services	59,221	55,559	6.6%	3,661
24-hour service	8,389	13,040	-35.7%	-4,651
Other	2,256	4,255	-47.0%	-2,000
<b>Total</b>	<b>69,865</b>	<b>72,855</b>	<b>-4.1%</b>	<b>-2,990</b>

Revenue from freight handling for Q4 2021 decreased by 4.6 percent, compared to Q4 2020 and increased by 12.6 percent, compared to Q3 2021.

### Factors influencing performance

A 4.1 percent decrease in revenue from freight handling during the period under review, compared to the same period of the previous year, was mainly driven by a significant decrease in 24-hour services and a reduction in contract-related earnings.



## LOGISTICAL SERVICES

### General description

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

### Currency and tariff setting

Revenue from logistical services is denominated in USD and GEL, with 74 percent and 26 percent , respectively.

### Driver

Revenue from this source mainly changes in line with transportation turnover and volumes in tons.

## LOGISTICAL SERVICES

'000 GEL	TOTAL		CHANGE	
For the year ended 31 December	2021	2020	%	Absolute
Revenue from logistical services	69,371	54,106	28.2%	15,265

Revenue from logistical services for Q4 2021 increased by 34.4 percent, compared to Q4 2020 and by 29.5 percent, compared to Q3 2021.

### Factors influencing performance

A 28.2 percent increase in logistical services (GEL 15.3 million) during 2021, compared to 2020, was mainly driv-

en by increased revenue from GR's subsidiary providing container transportation, as well as other subsidiaries providing services for crude oil and oil product transportation .

*\*Logistical revenue and expenditures should be taken into consideration jointly. (See pg.35 Logistical service expenses)*

## RENT OF WAGONS AND OTHER RENTAL INCOME

### General description

The Group rents out wagons not used in transportation and other property in order to improve utilization of its assets.

### Currency and tariff setting

Revenue from the rent of wagons and other operating leases is mostly denominated in USD.

### Drivers

Rent of wagons and other rental income changes in accordance with availability of the Group's wagons not used in transportation and demand of that specific type of wagon in the region.

## RENT OF WAGONS AND OTHER RENTAL INCOME

'000 GEL	TOTAL		CHANGE	
For the year ended 31 December	2021	2020	%	Absolute
Rent of wagons and other rental income	4,647	8,838	-47.4%	-4,191



Rent of wagons and other rental income for Q4 2021 decreased by 24.5 percent, compared to Q4 2020 and by 44.8 percent, compared to Q3 2021.

47.4 percent (GEL 4.2 million) during 2021, compared to 2020. The decrease was due to the expiration of some contracts and not extending them due to COVID-19.

#### Factors influencing performance

Rent of wagons and other rental income decreased by

## FREIGHT CAR CROSS-BORDER CHARGE

#### General description

Freight car cross-border charge revenue is derived when the Group's railcars are used by other railways.

#### Currency and tariff setting

Revenue from Freight car cross-border charges is denominated in CHF and tariffs are set by the Council for Rail Transport of CIS states (CRT CIS).

#### Drivers

Freight car cross-border charge revenue changes in line with the number of days the Group's railcars are used by other railway companies, which in its turn depends on the cargo mix and the availability of freight cars in the region.

## FREIGHT CAR CROSS-BORDER CHARGE

'000 GEL	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Rent of wagons and other rental income	9,910	14,147	-29.9%	-4,237

Freight car cross-border charge revenue for Q4 2021 decreased by 23.7 percent, compared to Q4 2020, but increased by 4.5 percent, compared to Q3 2021.

2021, compared to 2020. This downturn was primarily due to a decrease in the usage of GR's semi-wagons and tank cars on foreign railway networks.

#### Factors influencing performance

The revenue from Freight car cross-border charges decreased by about 30 percent (GEL 4.2 million) during

## PASSENGER TRAFFIC

### General description

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

### Currency and tariff setting

Tariffs for domestic trains are set independently by the Group, in GEL. As a social partner to the Government of Georgia, the Group maintains affordable passenger

transportation services by setting tariffs much below its market prices. At the same time, GR maintains certain passenger trains even when such routes are not economically feasible.

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

### Drivers

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

## PASSENGER TRANSPORTATION

	TOTAL		CHANGE	
For the year ended 31 December	2021	2020	%	Absolute
Revenue ('000 GEL)	14,808	11,201	32.2%	3,606
Number of passengers ('000)	816	939	-13.1%	-123



Revenue from passenger transportation for Q4 2021 increased by 280.2 percent (GEL 2.6 million), compared to Q4 2020, but decreased by 52.7 percent (GEL 3.9 million) compared to Q3 2021.

### Factors influencing performance

Revenue from passenger transportation has increased by 32.2 percent in 2021, compared to 2020, while the number of passengers has decreased by 13.1 percent. The disproportional change is related to the increased share of more profitable, long distance trains, as well as increased demand for high class tickets.

COVID-19 had material negative impacted on Passenger SBU as in line with Government regulations, all public passenger transportation was stopped from March 2020 till June 2020 and, subject to certain limited exceptions, from November 2020 till February 2021.

## OTHER REVENUE

### General description

Other revenue is mostly denominated in GEL and comprises items such as revenue from the sale of scrap, com-

munication services, electricity transportation and repair services for third parties.

## OTHER REVENUE

'000 GEL	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Revenue from repair	144	466	-69.0%	-321
Revenue from sale of materials (scrap)	23,026	8,112	183.8%	14,914
Other	2,167	3,192	-32.1%	-1,025
<b>Total</b>	<b>25,337</b>	<b>11,770</b>	<b>115.3%</b>	<b>13,568</b>

Other revenue for Q4 2021 increased by 225.9 percent, compared to Q4 2020 and decreased by about 37.2 percent, compared to Q3 2021.

compared to 2020 was mostly attributable to increased income from the sale of scrap – consisting of GEL 14.9 million in 2021. This was, in turn, due to increased demand for scrap metal.

### Factors influencing performance

An increase in other revenue by GEL 13.6 million in 2021,

## 1.2 OTHER INCOME

### General description

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

To better illustrate the operational profitability of the Group, other income is split into two categories: continu-

ing operations (such as clients' and suppliers' penalties) and non-continuing operations (such as provision reversals or sale of fixed assets), which are not recurring part of the business.

## OTHER INCOME

'000 GEL	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Continuing operations	3,391	3,091	9.7%	300
Non-continuing operations	5,560	9,456	-41.2%	-3,896
<b>Total</b>	<b>8,951</b>	<b>12,547</b>	<b>-28.7%</b>	<b>-3,596</b>

Other income for Q4 2021 increased by 40.5 percent (GEL 1.1 million), compared to Q4 2020 and increased by 171.7 percent (GEL 2.5 million), compared to Q3 2021.

#### Factors influencing performance

Total other income in 2021, compared to the same period of 2020, decreased by about GEL 3.6 million. This decrease was primarily due to a decrease in other income

generated from non-continuing operations. Which, in turn, was due to a reduction in revenue from law provisions (about GEL 2.7 million) and additional income due to received services free of charge (about GEL 3.0 million) in 2021, compared to 2020.

## 1.3 OPERATING EXPENSES

### General description

Most of the Group's operating expenses are fixed. Variable expenses that depend on the volume of transportation include Freight car cross-border charge; electricity

for traction; fuel expenses; materials, repair and maintenance expenses.

### OPERATING EXPENSES

'000 GEL	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Employee benefits expense	180,701	170,502	6.0%	10,199
Depreciation and amortization expense	58,397	76,156	-23.3%	-17,758
Impairment loss on trade receivables	2,791	13,560	-79.4%	-10,769
Electricity	30,857	19,519	58.1%	11,338
Materials	12,103	10,306	17.4%	1,797
Repair and maintenance	5,062	5,402	-6.3%	-340
Fuel	6,545	6,184	5.8%	360
Freight car cross-border charge	4,065	3,688	10.2%	377
Logistical service	32,918	21,105	56.0%	11,813
Security and other operating expenses	27,533	22,311	23.4%	5,223
Taxes other than income tax	30,458	23,938	27.2%	6,520
<b>Total</b>	<b>391,431</b>	<b>372,671</b>	<b>5.0%</b>	<b>18,759</b>

Total operating expenses for Q4 2021 increased by 13.1 percent, compared to Q4 2020 and by 4.0 percent, compared to Q3 2021.

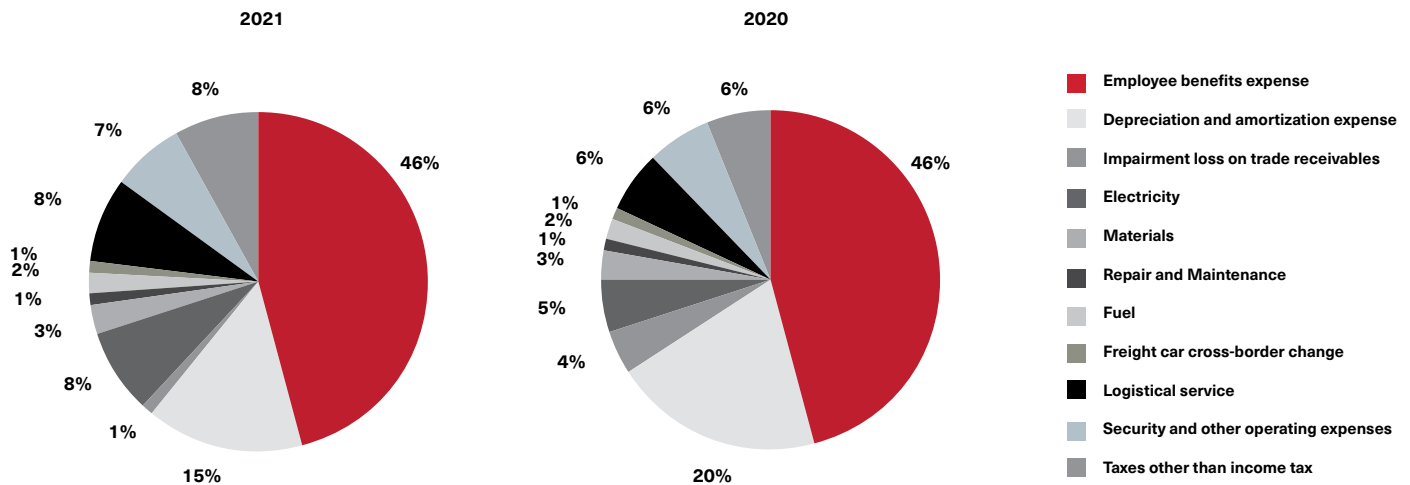
**Factors influencing performance**

Increase in total operating expenses in 2021, was mainly driven by increase in employee benefits (GEL 10.2 mil-

lion), electricity (GEL 11.3 million) and logistical service expenses (GEL 11.8 million).

This increase was partially offset by a decrease in impairment loss on trade receivables (by GEL 10.8 million) and depreciation and amortization expense (by GEL 17.8 million),.

The following charts represent the cost structure for 2021 and 2020:



## EMPLOYEE BENEFITS EXPENSES

### General description

The Group's salary expenses are fixed and are denominated in GEL. As a result, it is not affected neither by transportation volume, nor by FX changes.

### EMPLOYEE BENEFITS EXPENSES

'000 GEL	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Salary	150,613	140,992	6.82%	9,621
Bonus-reward	10,480	10,501	-0.21%	-22
Other benefits	19,607	19,008	3.15%	599
<b>Total</b>	<b>180,701</b>	<b>170,502</b>	<b>5.98%</b>	<b>10,199</b>

Employee benefits expenses for Q4 2021 increased by 12.2 percent, compared to Q4 2020 and by 26.1 percent compared to Q3 2021.

### Factors influencing changes

The Group is one of the largest corporate employers and taxpayers in Georgia. This fact underlines its importance for the Government of Georgia along with other important economic and social benefits for the country. Total employee benefits expenses increased by GEL 10.2 million in 2021, compared to 2020.

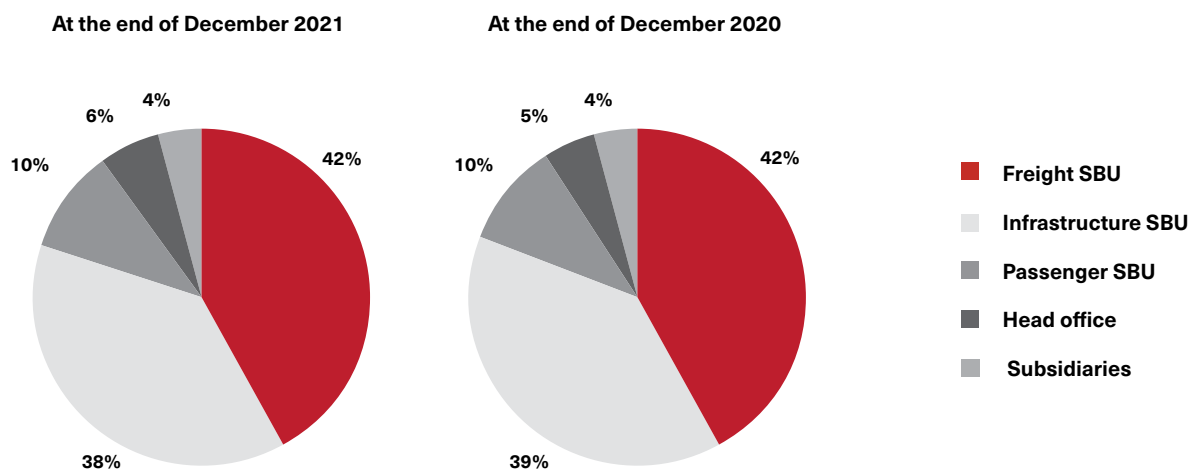
In September 2021, the Group management increased the wages of approximately 12,000 employees. As a result, 2021 salary expense increased by GEL 9.6 million.

Bonus-reward program has not changed 2021, thus respective expenses also remained at about 2020 level.

GEL 0.6 million increase in other benefits, was mainly due to expenses related to additional financial support provided to the employees.

The number of GR employees (excluding subsidiaries) by the end of 2021 was equal to 11,925 and by the end of 2020, this figure was 11,899.

The following charts show the headcount by strategic business units, head office and subsidiaries of the Company.



## LAW ON FUNDED PENSION

The Law on Funded Pension, introduced in January 2019, regulates relations associated with funded pensions. The payments of funded pension are conducted independently from the state pension and state compensation. Joining the funded pension scheme was mandatory for all employees, except for employees who have reached retirement age (60 for men and 55 for women) before the entry into force of this law. Additionally, employees had

the option to exit a paid pension scheme if they reached the age of 40 prior to the law's enforcement. Employees could withdraw from accumulative pension plan no later than 5 months after the statute went into effect, but no sooner than 3 months. All employees over the retirement age are eligible to join the funded pension program on a voluntary basis. The number of GR by the end of 2021 was more than 5,500 participating in the pensions scheme.

## DEPRECIATION AND AMORTIZATION EXPENSES

### General description

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

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

### DEPRECIATION AND AMORTIZATION EXPENSES

In GEL '000	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Depreciation and amortization	58,397	76,156	-23.32%	-17,759

Depreciation and amortization expenses for Q4 2021 decreased by 63.4 percent, compared to Q4 2020 and decreased by 65.4 percent, compared to Q3 2021.

zation expenses in 2021, compared to 2020, was primarily due to changes in market prices of scrap.

### Factors influencing changes

Decrease of GEL 17.8 million in depreciation and amorti-

## ELECTRICITY EXPENSES

### General description

Approximately 97 percent of GR's railway network is electrified. Before September 2011, the Company purchased most of its electricity on the open market in Georgia. In September 2011, the Company entered into a 10-year agreement for the purchase of electricity with fixed tariffs (the "Electricity Agreement"), securing a price for more than 90% of the Company's needs. The remaining amount was procured on an open market. The Electricity Agreement expired in September 2021, therefore, starting from July 2021, the Company purchases electricity on the open market. The tariffs are denominated in GEL.

Electricity expenses are split into two categories: electricity expense for traction, which is driven by transportation turnover (the Group uses electric locomotives for freight transportation, electric trains (EMUs) for passenger transportation and diesel locomotives for shunting operations); and utility expenses which are not related to transportation volume and are normally considered to be fixed.

## ELECTRICITY EXPENSES

'000 GEL	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Electricity expense of traction	25,889	16,143	60.4%	9,746
Utility expenses	4,968	3,377	47.1%	1,592
<b>Total</b>	<b>30,857</b>	<b>19,519</b>	<b>58.1%</b>	<b>11,338</b>

Electricity expenses for Q4 2021 increased by 115.5 percent, compared to Q4 2020 and by 25.0 percent, compared to Q3 2021.

increased electricity expense on traction, which in turn was due to increased transported volumes by 1.1 million tons (GEL 37.5 million), as well as a significant increase in electricity tariffs.

### Factors influencing changes

The increase in electricity expenses in 2021, compared to 2020 by GEL 11.3 million was mainly caused by in-

## PURCHASED ELECTRICITY AND THE WEIGHTED AVERAGE TARIFF

For the year ended 31 December	2021			2020		
	GWh	Gross ton-km (million)	Weighted av. tariff (GEL)	GWh	Gross ton-km (million)	Weighted av. tariff (GEL)
January	9.9	479.6	0.155	13.2	543.7	0.131
February	9.3	452.0	0.155	11.1	434.1	0.130
March	12.1	585.1	0.156	11.1	468.9	0.130
April	10.0	489.8	0.153	9.1	436.6	0.130
May	10.9	537.9	0.153	9.6	459.8	0.130
June	10.0	461.1	0.153	9.7	442.8	0.130
July	10.9	497.3	0.188	10.0	442.1	0.130
August	11.0	503.2	0.243	10.1	407.2	0.130
September	10.7	508.7	0.264	9.3	384.3	0.130
October	10.4	474.4	0.270	10.6	458.2	0.130
November	10.6	491.8	0.263	10.2	454.6	0.130
December	12.1	579.8	0.259	10.1	491.5	0.130
<b>Total</b>	<b>127.9</b>	<b>6,060.8</b>	<b>0.201</b>	<b>124.0</b>	<b>5,423.8</b>	<b>0.130</b>

Note: The table above includes only electricity consumed by traction



## MATERIALS, REPAIR AND MAINTENANCE EXPENSES

### General description

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

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



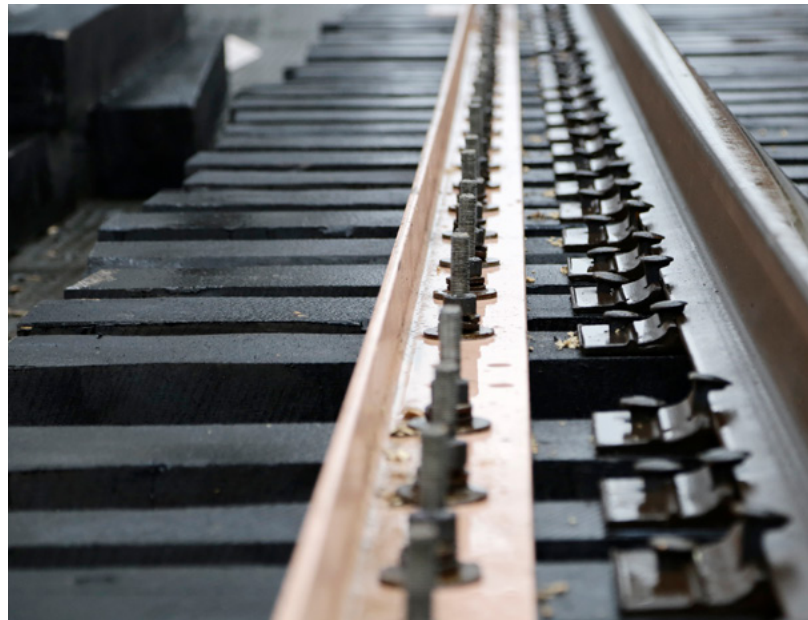
## MATERIALS, REPAIR AND MAINTENANCE EXPENSES

In GEL '000	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Materials expenses	12,103	10,306	17.4%	1,797
Repair and maintenance expenses	5,062	5,402	-6.3%	-340
<b>Total</b>	<b>17,165</b>	<b>15,708</b>	<b>9.3%</b>	<b>1,457</b>

Materials, repair and maintenance expenses for Q4 2021 increased by 20.2 percent, compared to Q4 2020 and increased by 28.0 percent, compared to Q3 2021.

### Factors influencing changes

A 9.3 percent increase during 2021 was mainly driven by increased internal repair works and respective material usage/expenses. Increase was due to increased purchases of materials for restoration of railway lines (In 2021, 24.6 km of rail lines were renovated or rebuild compared to 2020 with 10.4 km).



## 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 is import, export, local, or transit) and while transit cargo is mainly served at one of the Group's stations, most local, export and import cargoes are served in two stations (the origin and destination stations).

## FUEL EXPENSES

'000 GEL	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Fuel expenses	6,545	6,184	5.8%	361

Fuel expenses for Q4 2021 increased by 42.7 percent, compared to Q4 2020 and by 19.3 percent, compared to Q3 2021.

### Factors influencing changes

Total fuel expenses increased by 5.8 percent (GEL 0.4 million) in 2021, compared to 2020.

## FUEL CONSUMPTION

	TOTAL		
	2021	2020	2019
For the year ended 31 December			
Consumption ('000 tons)	2,913	2,980	3,064
Fuel expenses ('000 GEL)	6,545	6,184	7,023
Average tariff	2.25	2.07	2.29

## FREIGHT CAR CROSS-BORDER CHARGE EXPENSE

### General description

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

car cross-border charge revenue. The expense is based on CHF tariffs and thus is tied to the GEL/CHF exchange rate and the amount of cargo GR transports using other railways companies' railcars.

### FREIGHT CAR CROSS-BORDER CHARGE EXPENSES

In GEL '000	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Freight car cross-border charge expenses	4,065	3,688	10.2%	377

## LOGISTICAL SERVICE EXPENSES

### General description

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

Freight car cross-border charge expenses for Q4 2021 decreased by 37.4 percent, compared to Q4 2020 and by 15.7 percent, compared to Q3 2021.

### Factors influencing changes

Freight car cross-border charge expenses increased by GEL 0.4 million in 2021, compared to 2020. This increase was mainly caused by increased usage of platform cars, semi-wagons and tank cars.

### LOGISTICAL SERVICE EXPENSES

In GEL '000	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Logistical services	32,918	21,105	56.0%	11,813

Expenses for logistical services for Q4 2021 increased by 22.0 percent, compared to Q4 2020 and by 96.9 percent compared to Q3 2021.

change was primarily due to increased freight forwarding expenses of GR's subsidiaries in Azerbaijan and Kazakhstan.

### Factors influencing changes

Expenses for logistical services in 2021 increased by 56.0 percent (GEL 11.8 million), compared to 2020. This

## 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, member-

ship fees, rent expenses and advertising expenses.

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

## SECURITY AND OTHER OPERATING EXPENSES

In GEL '000	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Security	9,731	9,917	-1.9%	-196
Other operating expenses	17,803	12,394	43.6%	5,409
<b>Total</b>	<b>27,534</b>	<b>22,311</b>	<b>23.4%</b>	<b>5,223</b>

Security and other operating expenses for Q4 2021 decreased by 102.3 percent, compared to Q4 2020 and by 101.3 percent, compared to Q3 2021.

### Factors influencing changes

A 23.4 percent increase in security and other operating expenses in 2021, compared to 2020, was mainly caused by an increase in other operating expenses.

Security expenses decreased by 1.9% (or GEL 0.2 million) in 2021 to GEL 9.7 million, as compared to GEL 9.9 million in 2020.

GEL 5.4 million increase in other operating expenses in 2021, compared to 2020, was mainly due to of the lost litigation with GEL 5.1 million of claim.

## TAXES OTHER THAN INCOME TAX

### General description

Land taxes are determined by the municipalities in which the land is located, while property taxes are calculated at 1 percent of the average book value of the asset. Railway

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

## TAXES OTHER THAN INCOME TAX

In GEL '000	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Property tax	11,965	11,960	0.0%	5
Land tax	11,840	11,865	-0.2%	-24
Other taxes*	6,652	113	5791.6%	6,539
<b>Total</b>	<b>30,458</b>	<b>23,938</b>	<b>27.2%</b>	<b>6,520</b>

## IMPAIRMENT LOSS ON TRADE RECEIVABLES

### General description

The allowance account in respect of trade receivables is used to record impairment losses until all possible opportunities for recovery have been exhausted; at that point the amounts are written off against the financial asset directly.

Taxes other than income tax for Q4 2021 increased by 110.4 percent, compared to Q4 2020 and increased by 102.6 percent, compared to Q3 2021.

### Factors influencing changes

In 2021, taxes other than income tax increased by 27.2 percent (GEL 6.5 million), which was mainly due to taxes related to penalties on general cash card for closing scrap realization.

## IMPAIRMENT LOSS ON TRADE RECEIVABLES

In GEL '000	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Impairment loss on trade receivables	2,791	13,560	-79.42%	-10,769

Impairment loss on trade receivables for Q4 2021 decreased by 130.9 percent, compared to Q4 2020, but increased by 359.5 percent (GEL 1.5 million), compared to Q3 2021.

### Factors influencing changes

GEL 13.6 million impairment loss on trade receivables in 2020 was caused by increased of overall gross receivables balance.

## 1.4 FINANCE INCOME AND COST

### General description

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

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

The main source of FX gains or loss is the Group's Eurobonds, which are denominated in USD. This is, however, partially offset by the Group's USD cash balances and re-

ceivables in foreign hard currencies. It must be noted that such FX gain or loss on Eurobonds is not monetary and will not be realized until maturity. The Group's revenues are mostly denominated in hard currencies (USD and CHF). As most of the tariffs are set in USD, the Group's revenue creates a natural economic hedge against foreign exchange fluctuations.

### FINANCE INCOME AND COST

In GEL '000	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Interest income	23,631	18,920	24.9%	4,711
Gain on modification of financial instruments	0	7,367	-100.0%	-7,367
Impairment gain/loss on cash in bank	39	221	-82.4%	-182
Unwinding of discount	-987	-1,225	-19.4%	238
Loss on modification of financial instruments	-1,927	0	100.0%	-1,927
Premium on early redemption of issued bonds	-115,734	0	100.0%	-115,734
Interest expense	-101,423	-126,758	-20.0%	25,335
FX gain/loss	84,224	-191,901	-143.9%	276,125
<b>Net finance income/loss</b>	<b>-112,177</b>	<b>-293,376</b>	<b>-61.8%</b>	<b>181,199</b>

### Factors influencing changes

In 2021, the Group showed GEL 112.2 million net finance loss compared to a net finance loss of GEL 293.4 million in 2020. The positive difference of GEL 181.2 million, was mainly caused by the fluctuation of GEL against foreign currencies.

GEL/USD exchange rate fluctuation has a significant effect on net finance income/loss. Due to GEL appreciation against USD by 5.5 percent as at 31 December 2021 compared to 31 December 2020 (GEL/USD exchange rate 3.10 versus 3.28), the Group experienced a net foreign exchange gain of GEL 84.2 million in 2021. And due to the depreciation of GEL against USD (about 14 percent) as at 31 December 2020 compared to 31 December 2019 (GEL/USD exchange rate 3.28 versus 2.87), the Group showed a net foreign exchange loss of GEL 191.9 million in 2020.

Higher interest income of GEL 4.7 million in 2021 compared to 2020 was mostly due to changes in the mon-

etary policies of the National Bank of Georgia. The refinancing rate, in particular, has a direct influence on interest income on cash in the bank and term deposits. The refinancing rate declined from 9% to 8% in 2020 before climbing to 10.5% at the end of 2021.

Lower interest expense during 2021, compared to 2020, was mainly due to issuing New Green Eurobonds with coupon rate 4 percent (2020: 7.75 percent).

Premium on early redemption of issued bonds of GEL 115.7 million is related to Eurobonds refinance process that took place in the second quarter of 2021. GR repurchased Eurobonds 2022, by the end of June 2021, issued Green bonds with a 4 percent coupon rate.

Decrease in gain on modification of financial instruments by GEL 7.4 million is a result of amortization of long-term liabilities.

## 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

In GEL '000	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Income tax expense/benefit	-500	-514	-2.7%	14

### Factors influencing changes

During 2021, the income tax expense decreased by 3 percent, compared to 2020.

economic activities, free of charge supplies and representative expenses over the allowed limit.

The Tax Code of Georgia charges corporate income tax only on certain transactions not related to the entity's

## II. BALANCE SHEET

### 2.1 NON-CURRENT ASSETS

'000 GEL	TOTAL		CHANGE	
	2021	2020	%	Absolute
As at 31 December				
Property, plant and equipment	1,825,474	1,829,561	-0.2%	-4,087
Other non-current assets	162,243	129,467	25.3%	32,776
<b>Total</b>	<b>1,987,717</b>	<b>1,959,028</b>	<b>1.5%</b>	<b>28,689</b>

### Factors influencing changes

**Property, plant and equipment** – GEL 4.1 million decrease in property, plant and equipment in 2021, compared to 2020, was mainly due to depreciation of the fixed assets.

**Other non-current assets** - GEL 32.8 million increase in other non-current assets was mainly due significant rise in prepayments for non-current assets, as well as due to

reclassification of some construction materials from inventory to other non-current assets.

## 2.2 CURRENT ASSETS

'000 GEL	TOTAL		CHANGE	
	2021	2020	%	Absolute
Inventories	36,937	38,399	-3.8%	-1,462
Trade and other receivables	13,965	23,579	-40.8%	-9,614
Prepayments and other current assets	5,635	1,942	190.2%	3,693
Current tax assets	0	1,830	-100.0%	-1,830
Cash and cash equivalents	212,224	322,986	-34.3%	-110,762
Cash deposit	3,254	0	100.0%	3,254
<b>Total</b>	<b>272,015</b>	<b>388,736</b>	<b>-30.0%</b>	<b>-116,721</b>

### Factors influencing changes

**Trade and other receivables** – GEL 9.6 million decrease were mainly attributable to decreased receivables from partnering railways by GEL 12.3 million in 2021, compared to 2020, which was partially offset by decrease in impairment allowance on trade receivables by GEL 3.8 million.

**Prepayments and other current assets** – GEL 3.7 million increase in prepayments and other current assets were due to increased advances paid to suppliers in 2021, compared to 2020.

## 2.3 EQUITY

'000 GEL	TOTAL		CHANGE	
	2021	2020	%	Absolute
Charter capital	1,054,805	1,053,936	0.1%	870
Non-cash owner contribution reserve	100,585	100,322	0.3%	262
Retained earnings	-742,261	-794,972	-6.6%	52,711
<b>Total</b>	<b>413,129</b>	<b>359,286</b>	<b>15.0%</b>	<b>53,842</b>

There was GEL 53.8 million increase in total equity in 2021, compared to the previous year, mainly due to a change in retained earnings (net income of GEL 52.7 million in 2021).



## 2.4 NON-CURRENT LIABILITIES

'000 GEL	TOTAL		CHANGE	
	2021	2020	%	Absolute
As at 31 December				
Loans and borrowings	1,590,817	1,702,980	-6.6%	-112,163
Advanced received from the Government	46,594	46,594	0.0%	0
Trade and other payables	56,198	53,535	5.0%	2,663
<b>Total</b>	<b>1,693,609</b>	<b>1,803,109</b>	<b>-6.1%</b>	<b>-109,500</b>

### Factors influencing changes

**Loans and borrowings** – During 2021, the decrease of GEL 112.2 million in long-term loans and borrowings, was mainly caused by the appreciation of GEL against USD by about 5.5 percent.

## 2.5 CURRENT LIABILITIES

'000 GEL	TOTAL		CHANGE	
	2021	2020	%	Absolute
As at 31 December				
Loans and borrowings	16,015	74,356	-78.5%	-58,341
Trade and other payables	105,873	82,331	28.6%	23,542
Liabilities to the Government	4,718	4,734	-0.3%	-15
Provisions	14,397	16,551	-13.0%	-2,155
Current Tax liabilities	3,515	0	100.0%	3,515
Other current liabilities	8,476	7,397	14.6%	1,079
<b>Total</b>	<b>152,994</b>	<b>185,369</b>	<b>-17.5%</b>	<b>-32,375</b>

### Factors influencing changes

**Loans and borrowings** – Currently, the Group has two debts: Green Eurobonds and a secured loan, obtained for the sole purpose of the acquisition of passenger trains. Decrease in loans and borrowing was mainly due to change in interest payment date on new Green Euro-

bonds.

**Trade and other payables** - GEL 23.5 million increase in 2021, compared to 2020 was due to increased payables to suppliers. As well as, increase in advances received from partnering railways.

### III. CASH FLOW STATEMENT

By the end of 2021, the Group held GEL 215 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 2023.

The Group can also rely on its available undrawn committed credit lines of about GEL 63 million as at the end of 2021.

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

#### 3.1 OPERATING ACTIVITIES

'000 GEL	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Cash receipts from customers	557,864	487,815	14.4%	70,048
Cash paid to suppliers and employees	-310,564	-275,099	12.9%	-35,465
<b>Net cash from operating activities</b>	<b>247,300</b>	<b>212,716</b>	<b>16.3%</b>	<b>34,584</b>

##### Factors influencing changes

Net cash from operating activities increased by GEL 34.6 million in 2021 compared to 2020. This change was principally due to an increase in cash receipts from customers,

which was, in turn, due to an increase in transported volumes. Increase was partially offset by a rise in cash paid to suppliers and employees.

#### 3.2 INVESTING ACTIVITIES

'000 GEL	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Acquisition of property, plant and equipment	-77,156	-55,904	38.0%	-21,252
Proceeds from sale of property, plant and equipment	2,902	2,330	24.6%	572
Interest received	20,907	16,261	28.6%	4,646
Decrease (Increase) in term deposits	-3,254	0	100.0%	-3,254
<b>Net cash used in investing activities</b>	<b>-56,601</b>	<b>-37,313</b>	<b>51.7%</b>	<b>-19,287</b>

##### Factors influencing changes

Cash used in investing activities increased by GEL 19.3 million in 2021, compared to the previous year. This change was mainly driven by an increase in cash used for the acquisition of property, plant and equipment which was, in turn, primarily due to higher cash outflows relat-

ed to the Modernization Project in 2021, as compared to 2020.

Higher interest income of GEL 4.6 million in 2021 compared to 2020 was mostly due to increased interest rates on bank accounts and deposits.

### 3.3 FINANCING ACTIVITIES

'000 GEL	TOTAL		CHANGE	
	2021	2020	%	Absolute
For the year ended 31 December				
Proceeds from borrowings	1,577,389	0	100.0%	1,577,389
Repayment of borrowings	-1,589,975	-14,310	11010.9%	-1,575,665
Premium on early redemption of issued bonds	-115,686	0	100.0%	-115,686
Interest paid	-152,780	-117,300	30.2%	-35,480
Loan refinancing fees paid	-3,976	0	100.0%	-3,976
<b>Net cash used in financing activities</b>	<b>-285,028</b>	<b>-131,610</b>	<b>116.6%</b>	<b>-153,418</b>

#### Factors influencing changes

Cash used in financing activities increased by GEL 153.4 million in 2021, compared to 2020. Proceeds from borrowing increased by GEL 1.6 billion increased by issuing New Green Eurobonds (USD 500.0 million) due to re-finance insecure bonds issued in 2012. The Group has

paid premium on early redemption on unsecured bonds about GEL 115.7 million. In full year ended 31 December 2021 compared to same period of 2020, interest paid increased by GEL 35.0 million due to changes interest payment date on Green Eurobonds.

# APPENDIX

## APPENDIX 1

### BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS

In million tons	TOTAL		CHANGE	
For the year ended 31 December	2021	2020	%	Absolute
<b>Liquid cargoes</b>	<b>3.8</b>	<b>3.0</b>	<b>23.5%</b>	<b>0.7</b>
Oil products	3.7	3.0	21.4%	0.6
Crude oil	0.1	0.0	1191.3%	0.1
<b>Dry cargoes</b>	<b>8.4</b>	<b>8.0</b>	<b>4.4%</b>	<b>0.4</b>
Ores	1.9	1.9	-0.2%	0.0
Grain	0.2	0.3	-38.5%	-0.1
Ferrous metals and scrap	0.6	0.5	7.8%	0.0
Sugar	0.4	0.3	47.5%	0.1
Chemicals and fertilizers	1.3	0.9	42.2%	0.4
Construction freight	0.9	0.9	2.6%	0.0
Industrial freight	0.4	0.4	13.5%	0.0
Cement	0	0.0	-24.6%	0.0
Other	2.6	2.8	-5.8%	-0.2
<b>Total</b>	<b>12.1</b>	<b>11.1</b>	<b>9.6%</b>	<b>1.1</b>

## BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS (QUARTERLY)

In million tons

For the year ended 31 December	Q4 2021	Q4 2020	y-o-y	Q3 2021	q-o-q
<b>Liquid cargoes</b>	<b>0.7</b>	<b>0.9</b>	<b>-24.4%</b>	<b>0.9</b>	<b>-25.9%</b>
Oil products	0.6	0.9	-29.2%	0.9	-28.6%
Crude oil	0.0	0.0	100.0%	0.0	72.2%
<b>Dry cargoes</b>	<b>2.4</b>	<b>2</b>	<b>16.9%</b>	<b>2.1</b>	<b>13.5%</b>
Ores	0.5	0.5	-1.2%	0.6	-17.8%
Grain	0.1	0.1	55.2%	0.0	819.1%
Ferrous metals and scrap	0.1	0.1	4.8%	0.2	-16.5%
Sugar	0.1	0.1	-4.9%	0.1	5.8%
Chemicals and fertilizers	0.5	0.2	127.6%	0.3	54.6%
Construction freight	0.2	0.2	-2.7%	0.3	-8.9%
Industrial freight	0.1	0.1	32.1%	0.1	24.6%
Cement	0.0	0.0	-39.8%	0.0	73.3%
Other	0.7	0.7	3.6%	0.6	22.1%
<b>Total</b>	<b>3.1</b>	<b>3.0</b>	<b>4.2%</b>	<b>3.0</b>	<b>1.4%</b>

## APPENDIX 2

### BREAKDOWN OF FREIGHT TRANSPORTATION IN TON-KILOMETERS

In million ton-kilometers	TOTAL		CHANGE	
For the year ended 31 December	2021	2020	%	Absolute
<b>Liquid cargoes</b>	<b>1,189</b>	<b>885</b>	<b>34.4%</b>	<b>304</b>
Oil products	1161	883	31.5%	278
Crude oil	28	2	1305.9%	26
<b>Dry cargoes</b>	<b>2,102</b>	<b>2,010</b>	<b>4.6%</b>	<b>92</b>
Ores	317	327	-3.0%	-10
Grain	50	72	-30.2%	-22
Ferrous metals and scrap	125	130	-3.9%	-5
Sugar	156	98	58.5%	57
Chemicals and fertilizers	459	309	48.6%	150
Construction freight	135	142	-4.6%	-7
Industrial freight	59	63	-7.1%	-5
Cement	9	11	-24.5%	-3
Other	793	859	-7.6%	-65
<b>Total</b>	<b>3,291</b>	<b>2,895</b>	<b>13.7%</b>	<b>396</b>

## BREAKDOWN OF FREIGHT TRANSPORTATION IN TON-KILOMETERS (QUARTERLY)

In million ton-kilometers

For the year ended 31 December	Q4 2021	Q4 2020	y-o-y	Q3 2021	q-o-q
<b>Liquid cargoes</b>	<b>213</b>	<b>268</b>	<b>-20.8%</b>	<b>281</b>	<b>-24.2%</b>
Oil products	195	268	-27.2%	271	-27.7%
Crude oil	17	0	100.0%	10	70.0%
<b>Dry cargoes</b>	<b>623</b>	<b>493</b>	<b>26.3%</b>	<b>516</b>	<b>20.8%</b>
Ores	79	61	30.1%	100	-20.7%
Grain	30	16	86.7%	3	1009.3%
Ferrous metals and scrap	27	30	-9.9%	35	-22.3%
Sugar	40	39	1.3%	36	9.9%
Chemicals and fertilizers	169	72	135.0%	109	54.6%
Construction freight	34	37	-7.7%	37	-7.8%
Industrial freight	16	17	-1.8%	13	29.1%
Cement	3	4	-39.8%	2	73.3%
Other	225	217	3.7%	181	24.1%
<b>Total</b>	<b>836</b>	<b>762</b>	<b>9.7%</b>	<b>797</b>	<b>4.9%</b>

## APPENDIX 3

### BREAKDOWN OF FREIGHT TRANSPORTATION IN TONS

'000 tons	2020				2021			
For the year ended 31 December	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Liquid cargoes</b>	<b>767</b>	<b>694</b>	<b>671</b>	<b>914</b>	<b>1,113</b>	<b>1,024</b>	<b>933</b>	<b>691</b>
Oil products	762	694	670	914	1,112	1,023	907	647
Crude oil	5	0	0	-	1	1	26	44
<b>Dry cargoes</b>	<b>2,007</b>	<b>1,994</b>	<b>1,974</b>	<b>2,043</b>	<b>1,868</b>	<b>2,007</b>	<b>2,105</b>	<b>2,389</b>
Ores	463	392	563	460	387	478	554	455
Grain	53	83	104	68	41	31	11	105
Ferrous metals and scrap	160	135	114	126	130	156	158	132
Sugar	1	97	74	112	105	107	101	107
Chemicals and fertilizers	364	214	151	211	338	208	311	480
Construction freight	182	235	246	246	204	227	263	239
Industrial freight	93	78	93	102	74	99	108	134
Cement	17	2	10	18	9	9	6	11
Other	674	758	620	700	579	692	594	725
<b>Grand Total</b>	<b>2,774</b>	<b>2,688</b>	<b>2,644</b>	<b>2,957</b>	<b>2,981</b>	<b>3,031</b>	<b>3,038</b>	<b>3,080</b>



## APPENDIX 4

### BREAKDOWN OF FREIGHT TRANSPORTATION IN TON-KILOMETERS

mIn ton-kilometers For the year ended 31 December	2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Liquid cargoes</b>	<b>231</b>	<b>196</b>	<b>189</b>	<b>268</b>	<b>367</b>	<b>329</b>	<b>281</b>	<b>213</b>
Oil products	229	196	189	268	366	329	271	195
Crude oil	2	0	0	-	0	0	10	17
<b>Dry cargoes</b>	<b>541</b>	<b>526</b>	<b>450</b>	<b>493</b>	<b>472</b>	<b>490</b>	<b>516</b>	<b>623</b>
Ores	104	83	79	61	62	75	100	79
Grain	9	22	25	16	8	10	3	30
Ferrous metals and scrap	42	31	27	30	28	34	35	27
Sugar	0	33	26	39	40	40	36	40
Chemicals and fertilizers	120	67	50	72	112	69	109	169
Construction freight	31	37	37	37	31	33	37	34
Industrial freight	16	15	15	17	16	13	13	16
Cement	4	0	3	4	2	2	2	3
Other	214	238	190	217	174	213	181	225
<b>Grand Total</b>	<b>772</b>	<b>722</b>	<b>639</b>	<b>762</b>	<b>839</b>	<b>819</b>	<b>797</b>	<b>836</b>

## APPENDIX 5

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

'000 GEL	Twelve-month period ended 31-Dec-21	Twelve-month period ended 31-Dec-20	Twelve-month period ended 31-Dec-21
Revenue	547,868	489,370	547,868
Income from the transferred property	0	0	0
Other income	8,951	12,547	8,951
Impairment loss on trade receivables	-2,791	-13,560	-2,791
Employee benefits expenses	-180,701	-170,502	-180,701
Depreciation and amortization expense	-58,397	-76,156	-58,397
Electricity, consumables and maintenance costs	-54,567	-41,411	-54,567
Other expenses	-94,975	-71,042	-94,975
<b>Results from operating activities</b>	<b>165,388</b>	<b>129,246</b>	<b>165,388</b>
Finance income	107,893	26,508	107,893
Finance costs	-220,071	-319,884	-220,071
<b>Net finance costs</b>	<b>-112,177</b>	<b>-293,376</b>	<b>-112,177</b>
<b>Profit/(loss) before income tax</b>	<b>53,211</b>	<b>-164,130</b>	<b>53,211</b>
Income tax benefit	-500	-514	-500
<b>Profit/(loss)and total comprehensive income/(loss) for the year</b>	<b>52,711</b>	<b>-164,644</b>	<b>52,711</b>
<b>Results from operating activities</b>	<b>165,388</b>	<b>129,246</b>	<b>165,388</b>
Depreciation add-back	58,397	76,156	58,397
Impairment loss on trade receivables	2,791	13,560	2,791
<b>Adjusted EBITDA</b>	<b>226,576</b>	<b>218,962</b>	<b>226,576</b>
<b>Net Financial Indebtedness:</b>			
Financial Indebtedness	1,606,832	1,777,336	1,606,832
<b>less:</b>			
Available Credit Facilities	62,976	64,766	0
Cash	212,224	322,986	212,224
<b>Net Financial Indebtedness:</b>	<b>1,331,632</b>	<b>1,389,584</b>	<b>1,331,632</b>
<b>Net Financial Indebtedness/Adjusted EBITDA</b>	<b>5.88</b>	<b>6.35</b>	<b>6.16*</b>

\*Net financial indebtedness to Adjusted EBITDA excluding available credit facilities.

