Georgian Railway
EST. 1872

# Consolidated Activities Reports of the JSC Georgian Railway for 2025

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Georgian Railway JSC
for the period ended 31 December 2025 "000 GEL

| Statement of Financial Position | Freight Transportation Unit | Passenger Transportation Unit | Railway Infrastructure Unit | Head Office Unit | WBS Unit | GR Group |
|---|---|---|---|---|---|---|
| NON-CURRENT ASSETS | | | | | | |
| PROPERTY, PLANT AND EQUIPMENT | 4,720 | 1,549 | 356,614 | 11,121 | - | **374,003** |
| Land | 45,125 | 8,291 | 10,126 | 21,482 | 145 | **85,169** |
| Buildings and constructions | 185 | 2,274 | 1,213,761 | 1,359 | 6 | **1,217,584** |
| Rail track infrastructure | 239,973 | 54,821 | 23,087 | 3,721 | 22,681 | **344,282** |
| Transport, machinery, equipment and other | 1,274 | 1,164 | 38,616 | 1,234 | - | **42,288** |
| Construction in progress | | | | | | |
| FINANCIAL ASSETS | | | | | | |
| Other non-current assets | 2,214 | 4,374 | 36,757 | 1,379 | 8,902 | **53,626** |
| Investments in equity accounted investees | - | - | - | 75,907 | - | **75,907** |
| TOTAL NON-CURRENT ASSETS | **293,490** | **72,473** | **1,678,959** | **116,204** | **31,734** | **2,192,859** |
| CURRENT ASSETS | | | | | | |
| INVENTORIES, PREPAYMENTS AND OTHER CURRENT ASSETS | | | | | | |
| Inventories | 14,625 | 9,043 | 13,867 | 2,114 | 617 | **40,265** |
| Prepayments | 1,504 | - | 63 | 1,286 | 16 | **2,869** |
| Other current assets | - | - | 113,719 | - | - | **113,719** |
| CURRENT RECEIVABLES | | | | | | |
| Trade receivables | 170,462 | 5,694 | 8,715 | 33,092 | 446 | **218,409** |
| Impairment losses for trade receivables | (147,882) | (2,335) | (8,500) | (31,535) | (349) | **(190,600)** |
| Investment in Government bonds | - | - | - | 16,187 | - | **16.187** |
| Other receivables | 113 | 2 | 64 | 30 | - | **209** |
| Other tax assets/(liabilities) | 8,422 | 1,970 | 7,973 | (17,269) | 4,140 | **5,236** |
| CASH AND CASH EQUIVALENTS | | | | | | |
| Term deposit | - | - | - | 21,872 | - | **21,872** |
| Cash and cash equivalents | 236,650 | - | - | 29,605 | - | **266,255** |
| TOTAL CURRENT ASSETS | 283,894 | 14,373 | 135,902 | 55,382 | 4,869 | **494,421** |
| TOTAL ASSETS | 577,384 | 86,846 | 1,814,861 | 171,585 | 36,603 | **2,687,280** |
| SHAREHOLDERS' EQUITY | | | | | | |
| EQUITY | | | | | | |
| Subscribed capital | - | - | - | 1,055,686 | - | **1,055,686** |
| REVALUATION RESERVE | | | | | | |
| RESERVES | | | | | | |
| Non-cash owner contribution reserve | - | - | - | 100,602 | - | **100,602** |
| RETAINED EARNINGS (DEFICIT) | | | | | | |
| **Reporting year's profit (loss)** | **250,339** | **(18,954)** | **(64,395)** | **(5,280)** | **(8,984)** | **152,727** |
| **Previous year's profit (loss)** | **944,942** | **(75,517)** | **(263,961)** | **(838,222)** | **13,353** | **(219,405)** |
| | **1,195,282** | **(94,471)** | **(328,356)** | **312,786** | **4,369** | **1,089,610** |
| LIABILITIES | | | | | | |
| NON-CURRENT LIABILITIES | | | | | | |
| Borrowings | - | - | 1,344,847 | - | - | **1,344,847** |
| Advance received from the Government | - | - | - | 46,593 | - | **46,593** |
| Payables for non-current assets | - | - | 6,791 | - | - | **6,791** |
| TOTAL NON-CURRENT LIABILITIES | **-** | **-** | **1,351,637** | **46,593** | **-** | **1,398,231** |
| CURRENT LIABILITIES | | | | | | |
| Borrowings | - | 11,669 | 2,073 | - | - | **13,742** |
| Trade and other payables | 30,961 | 12,027 | 93,999 | 4,931 | 336 | **142,253** |
| Liabilities to the Government | 1,263 | 6 | 476 | 2,967 | - | **4,712** |
| Prepayments received | 14,975 | 564 | 3,234 | 789 | 16 | **19,577** |
| Employee-related liabilities/(assets) | 6,340 | 8 | 4,439 | 42 | 22 | **10,851** |
| Provisions | 2,081 | 142 | 1,489 | 4,352 | - | **8,064** |
| Other current liabilities | 73 | 44 | 111 | 10 | 2 | **240** |
| TOTAL CURRENT LIABILITIES | **55,692** | **24,460** | **105,821** | **13,090** | **376** | **199,439** |
| TOTAL LIABILITIES | **55,692** | **24,460** | **1,457,459** | **59,683** | **376** | **1,597,670** |
| TOTAL EQUITY AND LIABILITIES | **1,250,973** | **(70,010)** | **1,129,103** | **372,469** | **4,744** | **2,687,280** |
| Assets and liabilities arising from internal group operations | (673,589) | 156,856 | 685,758 | (200,884) | 31,859 | - |
| TOTAL EQUITY AND LIABILITIES | **577,384** | **86,846** | **1,814,862** | **171,585** | **36,603** | **2,687,280** |

Georgian Railway JSC
for the period ended 31 December 2025 "000 GEL

| Statements of Profit or Loss | Freight Transportation Unit | Passenger Transportation Unit | Railway Infrastructure Unit | Head Office Unit | WBS Unit | GR Group |
|---|---|---|---|---|---|---|
| **External Revenue** | | | | | | |
| Freight traffic | 353,579 | - | - | - | - | **353,579** |
| Freight handling | 90,284 | - | - | - | - | **90,284** |
| Logistic administrative services | 100,545 | - | - | - | - | **100,545** |
| Passenger traffic | - | 32,417 | - | - | - | **32,417** |
| Freight car cross-border charge | 16,621 | - | - | - | - | **16,621** |
| Rent of wagons and other rental income | 2,236 | 779 | 423 | 1,132 | 23 | **4,593** |
| Grant Revenue | - | 10,249 | - | - | - | **10,249** |
| Revenue from Realization of materials (scrap) | 391 | 71 | - | 769 | 7 | **1,238** |
| Other revenues | 128 | - | 1,123 | 2 | 1,576 | **2,829** |
| **Revenue from sales to the Units** | | | | | | |
| To the Freight Transportation Unit | - | - | 70,739 | - | 6,649 | **77,388** |
| To the Passenger Transportation Unit | 1,181 | - | 8,841 | - | 2,522 | **12,544** |
| To the Railway Infrastructure Unit | - | - | - | - | 1,296 | **1,296** |
| To the Head Office Unit | - | - | - | - | 3,921 | **3,921** |
| To the WBS Unit | - | - | - | - | - | **-** |
| **Other Income** | | | | | | |
| Other Income | 1,166 | 193 | 1,672 | 8,699 | 5 | **11,735** |
| **Total Revenue** | **566,131** | **43,709** | **82,798** | **10,602** | **15,999** | **719,239** |
| **Payroll expenses/Employee benefits expense** | | | | | | |
| Salary | (91,567) | (17,127) | (64,505) | (12,851) | (5,545) | **(191,595)** |
| Other Employee Benefits | (21,626) | (3,873) | (16,389) | (2,541) | (930) | **(45,359)** |
| Bonus-reward | (4,369) | (903) | (4,083) | (615) | (187) | **(10,157)** |
| Damage | (549) | (117) | (255) | (18) | - | **(939)** |
| Business trip | (1,030) | (80) | (593) | (318) | (24) | **(2,045)** |
| Other (Increase in Damage&Bonusses Provisions) | 3,538 | 506 | (399) | 53 | - | **3,698** |
| **Depreciation and amortization expenses** | | | | | | |
| Depreciation and amortization expenses | (16,878) | (9,371) | (25,411) | (709) | (8,356) | **(60,725)** |
| **Electricity, consumables and maintenance costs** | | | | | | |
| Electricity | (33,695) | (2,138) | (3,135) | (172) | (158) | **(39,298)** |
| Materials | (4,387) | (860) | (6,746) | (532) | (198) | **(12,723)** |
| Fuel | (3,837) | (93) | (2,383) | (259) | (40) | **(6,612)** |
| Repair and maintenance | (3,720) | (9,817) | (284) | (633) | (12) | **(14,466)** |
| **Net (charge)/recovery for expected credit losses on financial assets** | (128) | (21) | (879) | 507 | (28) | **(549)** |
| **Other expenses** | | | | | | |
| Expenses from Logistical services | (42,289) | - | - | - | - | **(42,289)** |
| Taxes other than income tax | (4,860) | (1,499) | (15,636) | (1,341) | (208) | **(23,544)** |
| Security | (7,319) | (1,634) | (4,766) | (1,084) | (81) | **(14,884)** |
| Freight car rental | (22,966) | - | - | - | - | **(22,966)** |
| Changes in provisions for legal claims | (177) | 20 | (663) | (1,369) | - | **(2,189)** |
| Other | (953) | (1,863) | (1,188) | (4,876) | (9,210) | **(18,090)** |
| **Cost of purchases from the Units** | | | | | | |
| Of the Freight Transportation Unit | - | (1,181) | - | - | - | **(1,181)** |
| Of the Passenger Transportation Unit | - | - | - | - | - | **-** |
| Of the Railway Infrastructure Unit | (70,739) | (8,841) | - | - | - | **(79,580)** |
| Of the Head Office Unit | - | - | - | - | - | **-** |
| Of the WBS Unit | (6,649) | (2,522) | (1,296) | (3,921) | - | **(14,388)** |
| **Total Expenses** | **(334,200)** | **(61,414)** | **(148,611)** | **(30,679)** | **(24,977)** | **(599,881)** |
| RESULTS FROM OPERATING ACTIVITIES | **231,931** | **(17,705)** | **(65,813)** | **(20,077)** | **(8,978)** | **119,358** |
| **Financial and investment activities** | | | | | | |
| Finance income | 23,221 | 10 | - | 2,694 | - | **25,925** |
| Finance costs | - | (1,679) | (58,752) | - | - | **(60,431)** |
| Net Foreign exchange gain/(loss) | (4,811) | 419 | 60,169 | 722 | (6) | **56,493** |
| Share of results of equity accounted investees | - | - | - | 11,382 | - | **11,382** |
| PROFIT / (LOSS) BEFORE INCOME TAX | **250,341** | **(18,955)** | **(64,396)** | **(5,279)** | **(8,984)** | **152,727** |
| Corporate income tax | - | - | - | - | - | - |
| NET PROFIT / (LOSS) | **250,341** | **(18,955)** | **(64,396)** | **(5,279)** | **(8,984)** | **152,727** |

**Georgian Railway JSC**
**for the period ended 31 December 2025**

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| Statements of Cash Flows | Freight Transportation Unit | Passenger Transportation Unit | Railway Infrastructure Unit | Head Office Unit | WBS Unit | GR Group |
|---|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | | |
| Cash receipts from customers | 567,480 | 45,791 | 2,680 | 6,009 | 2,172 | **624,132** |
| Cash paid to suppliers and employees | (257,562) | (27,782) | (75,906) | (54,706) | (15,921) | **(431,878)** |
| **Cash flows from operations before income taxes and interest paid** | **302,257** | **17,405** | **(73,262)** | **(40,366)** | **(13,779)** | **192,254** |
| Cash receipts From the Freight Transportation Unit | - | - | 70,739 | - | 6,649 | **77,388** |
| Cash receipts From the Passenger Transportation Unit | 1,181 | - | 8,841 | - | 2,522 | **12,544** |
| Cash receipts From the Railway Infrastructure Unit | - | - | - | - | 1,296 | **1,296** |
| Cash receipts From the Head Office Unit | - | - | - | - | 3,921 | **3,921** |
| Cash receipts From the WBS Unit | - | - | - | - | - | **-** |
| Cash paid To the Freight Transportation Unit | - | (1,181) | - | - | - | **(1,181)** |
| Cash paid To the Passenger Transportation Unit | - | - | - | - | - | **-** |
| Cash paid To the Railway Infrastructure Unit | (70,739) | (8,841) | - | - | - | **(79,580)** |
| Cash paid To the Head Office Unit | - | - | - | - | - | **-** |
| Cash paid To the WBS Unit | (6,649) | (2,522) | (1,296) | (3,921) | - | **(14,388)** |
| **Internal Group Operations** | **(76,207)** | **(12,544)** | **78,284** | **(3,921)** | **14,388** | **-** |
| **Net cash from operating activities** | **226,050** | **4,861** | **5,022** | **(44,287)** | **609** | **192,254** |
| **Cash flows from investing activities** | | | | | | |
| Acquisition of property, plant and equipment | (101,254) | (5,153) | (69,784) | (453) | (4,752) | **(181,396)** |
| Proceeds from sale of property, plant and equipment | - | - | - | 14,230 | - | **14,230** |
| Investment in joint venture | - | - | - | (747) | - | **(747)** |
| Interest received | 3,361 | 10 | - | 22,810 | - | **26,182** |
| Dividends received from associate entity | - | - | - | 9,843 | - | **9,843** |
| Investment in Government bonds | (15,929) | - | - | - | - | **(15,929)** |
| Decrease in term deposit | (21,872) | - | - | - | - | **(21,872)** |
| **Net cash used in investing activities** | **(175,402)** | **(4,142)** | **(55,929)** | **70,512** | **(4,729)** | **(169,689)** |
| Cash flows from financing activities | | | | | | |
| Repayment of borrowings | - | (11,883) | - | - | - | **(11,883)** |
| Interest paid | - | (1,265) | (54,286) | - | - | **(55,551)** |
| **Net cash used in financing activities** | **-** | **(13,148)** | **(54,286)** | **-** | **-** | **(67,434)** |
| **Net increase/(decrease) in cash and cash equivalents** | **50,648** | **(12,429)** | **(105,193)** | **26,225** | **(4,120)** | **(44,869)** |
| Cash and cash equivalents at 1 January | 318,300 | - | - | - | - | **318,300** |
| Effect of exchange rate fluctuations on cash and cash equivalents | (6,643) | - | - | (831) | - | **(7,474)** |
| Cash Provision | 298 | - | - | - | - | **298** |
| **Cash and cash equivalents Before Redistribution** | **362,603** | **(12,429)** | **(105,193)** | **25,394** | **(4,120)** | **266,255** |
| **Cross funding from Freight Transportation Unit** | **(125,953)** | **12,429** | **105,193** | **4,211** | **4,120** | **-** |
| **Cash and cash equivalents at the end of the period** | **236,649** | **-** | **-** | **29,605** | **-** | **266,255** |

## EXPLANATORY NOTE FOR 2021 ACTIVITIES REPORT

## 1. GENERAL INFORMATION

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

The Group’s principal activity is the operation of a nationwide railway system providing freight and passenger transportation services, freight forwarding services, maintenance and development of railway infrastructure and construction of railway lines within Georgia. As at 31 December 2025 the Company was wholly owned by the Government of Georgia.

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

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

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

## 2. DESCRIPTION OF UNIT’S ACTIVITIES

- **Freight transportation** unit services encompass the transportation of cargo along with GR’s railway network within Georgia. Freight handling services, including railcar marshaling and the delivery of freight to and from customer facilities, are provided at the stations that run commercial freight services. Freight car cross-border charge revenue is generated by allowing foreign railways to use GR’s railcars in transportation process. This unit is the source of the Group’s revenue (79% of the total revenue).

- **Passenger transportation** unit’s primary activity is the transportation of passengers and, to a limited extent, unaccompanied luggage within Georgia and on international routes, connecting Georgia with Azerbaijan and Armenia. Pursuant to Georgia’s obligations to implement certain EU legislation under the Association Agreement, the Government of Georgia compensates the Group for its loss-making passenger transportation business under the EU Social Market Economy principle. Accordingly, the Company and the Government have entered into a public service contract for the compensation of the Passenger SBU losses. This contract defines specific passenger rail routes and sets out the conditions for the agreement of costs for such routes between the Company and the Government or relevant competent authority, as well as the compensation granted to the Company for operating non-profitable passenger routes.

- **Railway infrastructure** unit operates, maintains and manages the Group's principal infrastructure assets, including its track, embankments, signaling, land, electric power lines and other equipment. It is a cost center providing services to the Freight and Passenger Transportation Units. The principal aims of Railway Infrastructure unit are to ensure safety, promote the efficient use of the Group's infrastructure assets and decrease maintenance costs. Unit promotes safety by setting speed and loading standards on lines and at stations. It is also in charge of controlling signaling and blocking systems.

- **WBS unit** provides to the Group different IT services, such as centralized billing and electronic document management system used for document handling for freight transportation; an automated system that monitors and controls rolling stock in real-time; software designed to monitor movements of containers, railcars and trains in stations; electronic ticket sales and accounting system for passenger transportation; and a centralized multi-module software for internal bookkeeping and etc.

- **Head office** unit is supervising of the Group's freight, passenger and infrastructure operations, provides legal, finance, procurement, human resources, investor relations and etc. consultations to all units. Manages the Group's equity, is responsible for consolidation of financial and operational data from the units.

## 3. EXPLANATIONS OF INTERNAL COSTS AND REVENUES:

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

- **Infrastructure charges**

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

- **WBS services**

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

- **Service from using locomotives**

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

## 4. INFORMATION ABOUT SUBSIDIARIES

The company wholly-owns eight subsidiaries from which: GR Logistics and terminals, GR trans-shipment, GR transit and GR transit line serves for freight transportation and their activities results are mentioned in Freight transportation unit's report. The financial information of GR Property management and Georgian railway construction are mentioned in figures of Head office unit and Passenger transportation unit concludes results of Borjomi-Bakuriani railway.

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

## 5. SHAREHOLDERS' EQUITY

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

## 6. RECEIVABLES / PAYABLES OF INTERNAL TRANSACTIONS

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

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

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

## 7. CORPORATE INCOME TAX AND DIVIDENDS

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