# JSC Georgian Railway

# Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2026

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*Condensed consolidated interim statement of Financial Position as of 30 June 2026:*

| 000 GEL | Note | 30 June 2026 | 31 December 2025 |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 11 | 2,057,037 | 2,063,326 |
| Other non-current assets | 15 | 57,526 | 53,626 |
| Investments in equity accounted investees | 12 | 78,691 | 75,907 |
| **Non-current assets** | | **2,193,254** | **2,192,859** |
| Inventories | 14 | 42,609 | 40,265 |
| Investment in Government bonds | | - | 16,187 |
| Tax assets | | - | 5,236 |
| Prepayments | | 4,119 | 2,869 |
| Other current assets | 17 | 108,778 | 113,719 |
| Trade and other receivables | 13 | 71,889 | 28,018 |
| Term deposit | 16 | - | 21,872 |
| Cash and cash equivalents | 16 | 341,767 | 266,255 |
| **Total Current assets** | | **569,162** | **494,421** |
| **Total assets** | | **2,762,416** | **2,687,280** |
| **Equity** | | | |
| Share capital | 18 | 1,055,912 | 1,055,686 |
| Non-cash owner contribution reserve | 18 | 100,602 | 100,602 |
| Retained earnings | | 37,264 | (66,678) |
| **Total equity** | | **1,193,778** | **1,089,610** |
| **Liabilities** | | | |
| Loans and borrowings | 19 | 1,320,523 | 1,344,847 |
| Advance received for land transfer | | 46,593 | 46,593 |
| Trade and other payables | 20 | - | 6,791 |
| **Total non-current liabilities** | | **1,367,116** | **1,398,231** |
| Loans and borrowings | 19 | 7,662 | 13,742 |
| Trade payables and advances received | 20 | 162,588 | 161,830 |
| Liabilities to the Government | | 4,712 | 4,712 |
| Provisions | | 8,449 | 8,064 |
| Tax liabilities | | 4,303 | - |
| Other current liabilities | | 13,808 | 11,091 |
| **Total current liabilities** | | **201,522** | **199,439** |
| **Total liabilities** | | **1,568,638** | **1,597,670** |
| **Total equity and liabilities** | | **2,762,416** | **2,687,280** |

These condensed consolidated interim financial statements were approved by Management Board on 7 August 2026 and were signed on its behalf by:

| | |
|---|---|
| Lasha Abashidze | Irakli Titvinidze |
| General Director | Financial Director |



The condensed consolidated interim financial statements is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 8 to 23.

*Condensed consolidated interim statement of Financial Position as of 30 June 2026:*

| 000 GEL | Note | 30 June 2026 | 31 December 2025 |
|---|---|---|---|
| **Assets** | | | |
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| **Total assets** | | **2,762,416** | **2,687,280** |
| **Equity** | | | |
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| **Total equity and liabilities** | | **2,762,416** | **2,687,280** |

These condensed consolidated interim financial statements were approved by Management Board on 7 August 2026 and were signed on its behalf by:

Lasha Abashidze
General Director

Irakli Titvinidze
Financial Director



The condensed consolidated interim financial statements is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 7 to 22.

*Condensed consolidated interim statement of Profit and Loss and other comprehensive income for the six-month periods ended 30 June 2026 and 30 June 2025:*

| | | For the six months ended 30 June | |
|---|---|---|---|
| **’000 GEL** | **Note** | **2026** | **2025** |
| Revenue | 6 | 306,812 | 295,652 |
| Other income | 7 | 45,695 | 1,886 |
| Payroll expenses/Employee benefits expense | | (117,342) | (124,131) |
| Depreciation and amortization expense | | (38,278) | (31,340) |
| Electricity, consumables and maintenance costs | 8 | (35,730) | (33,811) |
| Impairment Gain/(Loss) on trade receivables | | 1,524 | (1,185) |
| Other expenses | 9 | (63,134) | (71,725) |
| **Profit from operating activities** | | **99,547** | **35,346** |
| Finance income | 10 | 11,192 | 12,039 |
| Finance costs | 10 | (29,074) | (29,531) |
| Net foreign exchange (loss)/gain | 10 | 17,973 | 40,419 |
| Share of results of equity accounted investees | 12 | 4,304 | 6,427 |
| **Profit before income tax** | | **103,942** | **64,700** |
| Income tax expense | | - | - |
| **Profit and total comprehensive income for the period** | | **103,942** | **64,700** |



The condensed consolidated interim financial statements is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 8 to 23.

*Condensed consolidated interim statement of Changes in Equity for the six-month period ended 30 June 2026:*

| **’000 GEL** | **Share capital** | **Non-cash owner contribution reserve** | **Accumulated losses** | **Total equity** |
|---|---|---|---|---|
| **Balance at 1 January 2025** | **1,055,121** | **100,602** | **(219,405)** | **936,318** |
| Profit and total comprehensive income for the period | - | - | 64,700 | **64,700** |
| Non-cash contribution from owner | 565 | - | - | **565** |
| **Balance at 30 June 2025** | **1,055,686** | **100,602** | **(154,705)** | **1,001,583** |
| **Balance at 1 January 2026** | **1,055,686** | **100,602** | **(66,678)** | **1,089,610** |
| Profit and total comprehensive income for the period | - | - | 103,942 | **103,942** |
| Non-cash contribution from owner | 226 | - | - | **226** |
| **Balance at 30 June 2026** | **1,055,912** | **100,602** | **37,264** | **1,193,778** |



The condensed consolidated interim financial statements is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 8 to 23.

*Condensed consolidated interim statement of Cash Flows for the six-month periods ended 30 June 2026 and 30 June 2025:*

| | For the six months ended 30 June | |
|---|---|---|
| **'000 GEL** | **2026** | **2025** |
| **Cash flows from operating activities** | | |
| Cash receipts from customers | 309,916 | 306,151 |
| Cash paid to suppliers, employees and tax authorities | (204,271) | (228,598) |
| **Net cash from operating activities** | **105,645** | **77,553** |
| | | |
| **Cash flows from investing activities** | | |
| Acquisition of property, plant and equipment | (58,100) | (70,104) |
| Proceeds from sale of property, plant and equipment | 13,152 | - |
| Interest received | 11,334 | 12,055 |
| Dividends received | 1,520 | - |
| Sale/(purchase) of investment in Government bonds | 15,929 | (7,958) |
| Decrease/(increase) in term deposit | 21,872 | (44,784) |
| **Net cash from / (used in) investing activities** | **5,707** | **(110,791)** |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from borrowings | 484 | 501 |
| Repayment of borrowings | (5,837) | (5,983) |
| Interest paid | (26,899) | (28,042) |
| **Net cash used in financing activities** | **(32,252)** | **(33,524)** |
| | | |
| **Net increase/(decrease) in cash and cash equivalents** | **79,100** | **(66,762)** |
| Cash and cash equivalents at 1 January | 266,255 | 318,300 |
| Effect of exchange rate fluctuations on cash and cash equivalents | (3,767) | (5,653) |
| Effect of movements in ECL on cash and cash equivalents | 179 | (401) |
| **Cash and cash equivalents at 30 June** | **341,767** | **245,484** |



The condensed consolidated interim financial statements is to be read in conjunction with the notes to, and forming part of, the condensed consolidated interim financial statements set out on pages 8 to 23.

# 1. Reporting entity

### (a) Business environment

The Group's operations are primarily located in Georgia. Consequently, the Group is exposed to the economic and financial markets of Georgia, which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Georgia.

The condensed consolidated interim financial statements reflect management's assessment of the impact of the Georgian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

### (b) Organisation and operations

JSC Georgian Railway (the "Company") and its subsidiaries (the "Group") comprise Georgian joint stock and limited liability companies as defined in the Civil Code of Georgia. The Company was established as a state-owned enterprise in December 1998 by the Decree of the President of Georgia # 929 as an entity engaged in the provision of railway transportation services in Georgia. The Company's registration number is 03/4-965.

The Company's registered office is 15 Queen Tamar Avenue, Tbilisi 0112, Georgia.

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.

The ultimate controlling party of the Group is the Government of Georgia. As at 31 December 2021, the Company was wholly owned by JSC Partnership Fund, a wholly state-owned company. On 29 November 2022, following the Decree of the Government of Georgia # 2167, 100% of the Company's shares was transferred to the Government of Georgia.

Related party transactions are disclosed in Note 23

# 2. Basis of accounting

### Statement of compliance

These condensed consolidated interim financial statements of JSC Georgian Railway and its subsidiaries for the six-month period ended 30 June 2026 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all information required for a complete set of annual financial statements and should be read together with the Group's consolidated financial statements for the year ended 31 December 2025.

# 3. Functional and presentation currency

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, except when otherwise indicated.

# 4. Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

***Measurement of fair values***

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 21.

# 5. Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Management Board reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Freight transportation – includes transportation of goods and commodities and related services.*
- *Passenger transportation – includes transportation of passengers.*

There are no inter-segment charges.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before infrastructure costs, which are the cost of maintaining the rail network used by both reportable segments, central overheads, interest and income tax, as included in the internal management reports that are reviewed by the Group's Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. The Group's Management Board does not monitor segment liabilities.

***(i) Information about reportable segments***

For the six months ended 30 June

| | Freight transportation | | Passenger transportation | | Total | |
|---|---|---|---|---|---|---|
| **'000 GEL** | **2026** | **2025** | **2026** | **2025** | **2026** | **2025** |
| External revenues | 278,586 | 274,368 | 24,735 | 17,717 | 303,321 | 292,085 |
| Employee benefit expenses | (55,981) | (58,741) | (10,691) | (10,971) | (66,672) | (69,711) |
| Depreciation and amortization | (11,869) | (8,907) | (4,686) | (4,895) | (16,555) | (13,802) |
| Electricity, consumables and maintenance costs | (23,967) | (21,115) | (3,964) | (3,673) | (27,931) | (24,789) |
| Other expenses | (41,165) | (17,896) | (6,933) | (2,567) | (48,098) | (20,463) |
| **Reportable segment profit/(loss) before infrastructure costs, net impairment, interest cost and income tax** | **145,604** | **167,709** | **(1,539)** | **(4,389)** | **144,065** | **163,320** |
| Reportable segment assets | 324,017 | 244,871 | 80,741 | 80,565 | 404,758 | 401,526 |
| Capital expenditure and other additions to non-current assets | 86,582 | 18,505 | 652 | 236 | 87,234 | 18,741 |

### *(ii) Reconciliations of reportable segment revenues, profit or loss and assets*

| | For the six months ended 30 June | |
|---|---|---|
| **'000 GEL** | **2026** | **2025** |
| **Revenues** | | |
| Total revenue for reportable segments | 303,321 | 292,085 |
| Other revenue | 3,491 | 3,567 |
| **Consolidated revenue** | **306,812** | **295,652** |
| | | |
| **Profit** | | |
| Total profit for reportable segments before infrastructure costs, net impairment, interest cost and income tax | 144,065 | 163,320 |
| Employee benefits expense – infrastructure and headquarters | (50,670) | (54,420) |
| Depreciation expenses – infrastructure and headquarters | (21,723) | (17,538) |
| Other net unallocated income/(expenses) | 32,270 | (26,662) |
| **Consolidated profit before income tax** | **103,942** | **64,700** |
| | | |
| Total assets for reportable segments | 404,758 | 401,526 |
| Property, plant and equipment - infrastructure and headquarters | 1,691,804 | 1,703,951 |
| Other non-current assets - infrastructure and headquarters | 47,105 | 47,039 |
| Investments in equity accounted investees - infrastructure and headquarters | 78,691 | 75,907 |
| Inventories - infrastructure and headquarters | 15,567 | 16,598 |
| Investments in Government bonds - infrastructure and headquarters | - | 16,187 |
| Current tax assets/(Liabilities) - infrastructure and headquarters | - | (5,157) |
| Prepayments - infrastructure and headquarters | 2,057 | 1,365 |
| Other current assets - infrastructure and headquarters | 108,778 | 113,719 |
| Term deposit - infrastructure and headquarters | - | 21,872 |
| Cash and cash equivalents | 341,767 | 266,255 |
| Trade and other receivables | 71,889 | 28,018 |
| **Consolidated total assets** | **2,762,416** | **2,687,280** |

### *(iii) Geographical information*

Approximately 98% of the Group's revenue is generated in Georgia with the remainder generated in CIS countries. The non-current assets of the Group are located in Georgia.

# 6. Revenue

The Group's operations and main revenue streams are those described in the last annual consolidated financial statements.

| | For the six months ended | |
|---|---|---|
| **'000 GEL** | **2026** | **2025** |
| Freight traffic | 174,706 | 168,471 |
| Freight handling | 40,405 | 45,971 |
| Logistic services | 54,044 | 52,889 |
| Passenger traffic | 13,228 | 13,448 |
| Freight car cross-border charge | 9,430 | 7,038 |
| Rent of wagons and other rental income | 2,153 | 2,182 |
| Grant Revenue | 11,507 | 4,269 |
| Other | 1,339 | 1,384 |
| | **306,812** | **295,652** |

Railroad transportation in Georgia is a natural monopoly, however, the prices are not subject to government regulation. According to clause 64 of the Railway Code of Georgia, which came into force on 1 July 2005, the Government of Georgia allowed the Group to set the prices for all services provided, including freight transportation, freight transportation-related additional services and passenger transportation.

Tariffs for freight transportation are based on the International Rail Transit Tariff. The Group is a co-signatory of the Tariff Agreement together with CIS countries, Latvia, Lithuania and Estonia. The parties to the Agreement hold annual conferences to determine the tariff policy for the following year: each party declares tariffs denominated in Swiss Francs (CHF) for railway transportation and states the general rules that apply to and modify tariffs. The agreed tariffs indicate the maximum level of tariffs applicable.

### (a) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

**Freight traffic** - Revenue generated by transporting freight from one point to another in return of the consideration determined based on the agreement.

**Logistics services** - Revenue for provision of general freight transportation supervision, document preparation and other related services to external parties.

**Passenger traffic -** Revenue generated by charging individuals for transporting from one place to another through sale of railway tickets.

**Freight car cross-border charge -** Revenue generated, when the Group's wagons cross the Georgian border and enter another country's territory, based on daily charges for wagons, containers and any other services.

**Rent of wagons and other rental income –** Income represents operating lease.

**Other revenue -** Revenue is predominantly comprised of sale of scrap.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

| Revenue Type | Nature and timing of satisfaction of performance obligations, including significant payment terms | Revenue recognition policies |
|---|---|---|
| **Freight traffic, logistic services and passenger traffic** | Freight traffic, logistic services and passenger traffic revenue streams are to be recognized "over time" since transportation is the service, during which customer receives and consumes simultaneously the benefit as the Group performs. The customer benefits from the distance travelled. | Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on estimated time to completion of transportation. |
| **Freight car cross-border charge** | Freight car cross-border charge stream is to be recognized "over time" since it is the service, during which customer receives and consumes simultaneously the benefit as the Group performs. | Revenue for such services is recognised over time. |
| **Other revenue** | Other revenue is recognised at the point in time when sale has been commenced and control over the goods was transferred. | Revenue is recognised at a point in time when the goods have been accepted by customers at the Group`s warehouse. |

# 7. Other income

| | For the six months ended | |
|---|---|---|
| **’000 GEL** | **2026** | **2025** |
| Gain from sale of fixed assets | 39,579 | 688 |
| Insurance compensation income | 4,422 | - |
| Penalties | 453 | 273 |
| Other | 1,241 | 925 |
| | **45,695** | **1,886** |

# 8. Electricity, consumables and maintenance costs

| | For the six months ended | |
|---|---|---|
| **’000 GEL** | **2026** | **2025** |
| Electricity | 19,182 | 18,976 |
| Materials | 8,183 | 7,924 |
| Repair and maintenance | 5,051 | 3,498 |
| Fuel | 3,314 | 3,413 |
| | **35,730** | **33,811** |

# 9. Other expenses

| | For the six months ended | |
|---|---|---|
| **'000 GEL** | **2026** | **2025** |
| Logistic services | 21,629 | 27,074 |
| Taxes, other than on income | 9,054 | 14,236 |
| Freight car cross-border charge | 13,965 | 10,723 |
| Security | 7,468 | 7,397 |
| Law provisions | - | 4,209 |
| Other | 11,018 | 8,086 |
| | **63,134** | **71,725** |

# 10. Finance income and finance costs

| | For the six months ended | |
|---|---|---|
| **'000 GEL** | **2026** | **2025** |
| **Recognised in profit or loss** | | |
| Interest income under the effective interest method | 11,061 | 12,039 |
| Impairment gain on other financial assets | 131 | - |
| **Finance income** | **11,192** | **12,039** |
| | | |
| Interest expense on financial liabilities measured at amortised cost * | (29,074) | (29,130) |
| Impairment loss on other financial assets | - | (401) |
| **Finance costs** | **(29,074)** | **(29,531)** |
| | | |
| Net foreign exchange gain | 17,973 | 40,419 |
| **Net finance income recognised in profit or loss** | **91** | **22,927** |

* No borrowing costs were capitalized in 2025 and 2026.

# 11. Property, plant and equipment

### (a) Construction in progress

By the end of 2010, the Group started two large capital projects:

- The Main Line Modernisation; and
- Tbilisi Bypass Project.

The Group commenced the initiation of the above projects in September 2010 and November 2010, respectively. The Group issued unsecured bonds in 2010 to partly finance the projects above. During 2012, the Group redeemed the bonds issued in 2010 by issuing new bonds for general corporate and liquidity management purposes. The bonds were further refinanced in 2021 (Note 19).

**(b) Capital commitment**

As at 30 June 2026, the Group had entered into contracts for the construction or purchase of property, plant and equipment of GEL 285,216 thousand (31 December 2025: GEL 340,318 thousand) mainly relating to the Main Line Modernization project of GEL 15,472 thousand (31 December 2025: GEL 25,180 thousand) and Tbilisi Bypass project of GEL 266,245 thousand (31 December 2025: GEL 278,341 thousand).

Management does not expect that the future cessation of the construction agreement with the counterparty, responsible for the Tbilisi Bypass project completion, will result in the payment of the above amount.

# 12. Investments in equity accounted investees

## (a) Investment in associate

On 1 February 2024, Gardabani TPP shares (21.716%) were transferred to the Group as settlement of 'Other receivable' balance which originated as a result of derecognition of loan issued to JSC Development Fund of Georgia (thereafter "DFG", former JSC Partnership Fund) on 29 November 2022.

On 18 January 2023 the Company entered into a conditional agreement with DFG, under which the purchase price for 21.716% of Gardabani TPP shares was established as EUR 19,135 thousand. Additionally, parties agreed that in case Option 2 of original agreement is materialized, purchase price of Gardabani TPP shares will be settled as follows:

- Receivables from DFG will be settled via delivery of 21.716% shares of Gardabani TPP to the same counterparty.
- A payment of EUR 1,492 thousand will be made to DFG within 5 days after the transfer of 21.716% of Gardabani TPP shares to the Company.

DFG failed to sell its 100% indirect shareholding of Gardabani TPP in 2023, hence, pursuant to conditional agreement with DFG, the Company recognised receivable from DFG at its fair value. As at 31 December 2023 the Group estimated the fair value of the investment in Gardabani TPP by discounting future cash flows expected from the operations of the thermal power plant, owned by Gardabani TPP, by discount rate of 15.07% (in GEL), and adjusting the total business value by minority and liquidity discounts of 22.1% to derive the value of 21.716% investment. The valuation is included in Level 3 measurement. The movement in the financial asset at FVTPL represents GEL 530 thousand in 2023.

During 2024 the Group transferred an additional amount of EUR 1,492 thousand (GEL 4,343 thousand) to JSC "Development Fund of Georgia" to supplement the total purchase amount of the equity interest, which amounted to EUR 19,135 thousand (GEL 56,850 thousand equivalent).

## (b) Investment in joint venture

In November 2023, the Group, together with JSC "National Company Kazakhstan Temir Zholy", a legal entity incorporated under the laws of the Republic of Kazakhstan, and Azerbaijan Railways CJSC, a legal entity incorporated under the laws of the Republic of Azerbaijan, established Middle Corridor Multimodal Ltd., a private company registered in Astana, Republic of Kazakhstan. The joint venture was established to coordinate multimodal container transportation between China and Europe through the Trans-Caspian International Transport Route. During 2024, the Group made an additional capital contribution of USD 150 thousand, equivalent to GEL 462 thousand, to the joint venture.

On 18 November 2025, China Railway Container Transport Co., Ltd. ("CRCT"), a subsidiary of China State Railway Group Co., Ltd., signed a share subscription agreement to join Middle Corridor Multimodal Ltd. as its fourth shareholder. Following completion of the necessary legal and registration procedures in February 2026, CRCT was admitted as a shareholder and made a cash contribution of USD 454 thousand to the share capital of the joint venture, increasing its total share capital to USD 1,816 thousand.

Following completion of the transaction, the ownership interests of the four shareholders were equalised at 25% each. Consequently, the Group's ownership interest in Middle Corridor Multimodal Ltd. was diluted from 33.33% to 25%. The Group did not dispose of any part of its investment and did not receive any consideration in connection with the dilution.

Under the amended contractual arrangements, decisions concerning the relevant activities of Middle Corridor Multimodal Ltd. continue to require the unanimous consent of the shareholders. Accordingly, the Group retained joint control, and the investment continues to be classified as a joint venture and accounted for using the equity method.

The financial effect of the dilution was not material to these condensed consolidated interim financial statements.

The table below summarizes the movements in the carrying amount of the Group's investments in associates and joint ventures:

| | 2026 | | 2025 | |
|---|---|---|---|---|
| **'000 GEL** | **Associates** | **Joint Ventures** | **Associates** | **Joint Ventures** |
| **Carrying amount at 1 January** | **75,184** | **723** | **73,118** | **489** |
| Acquisition of associates and joint ventures | - | - | | - |
| Additional investments | - | - | - | 761 |
| Dividends paid | (1,520) | | (9,843) | |
| Share of results of associates and joint ventures | 4,090 | 214 | 11,909 | (527) |
| **Carrying amount at 31 December 2025 and 30 June 2026** | **77,754** | **937** | **75,184** | **723** |

## 13. Trade and other receivables

| **'000 GEL** | **30 June 2026** | **31 December 2025** |
|---|---|---|
| Trade receivables | 260,740 | 218,409 |
| Impairment allowance on trade receivables | (189,058) | (190,600) |
| | **71,682** | **27,809** |
| Other receivables | 207 | 209 |
| | **71,889** | **28,018** |

The Group's exposure to credit and currency risks related to trade and other receivables are disclosed in Note 21.

## 14. Inventories

| **'000 GEL** | **30 June 2026** | **31 December 2025** |
|---|---|---|
| Spare parts | 25,967 | 24,182 |
| Raw materials | 6,742 | 6,860 |
| Fuel | 2,084 | 1,722 |
| Rails | 2,588 | 3,072 |
| Other | 6,713 | 5,934 |
| | **44,094** | **41,770** |
| Write-down for inventory obsolescence | (1,485) | (1,505) |
| | **42,609** | **40,265** |

## 15. Other non-current assets

| **'000 GEL** | **30 June 2026** | **31 December 2025** |
|---|---|---|
| Construction materials | 35,731 | 29,955 |
| Intangible assets | 8,072 | 9,141 |
| Prepayments for non-current assets | 13,723 | 14,530 |
| | **57,526** | **53,626** |

## 16. Cash and cash equivalents

| **’000 GEL** | **30 June 2026** | **31 December 2025** |
|---|---|---|
| Current accounts in banks | 98,242 | 66,185 |
| Call deposits* | 244,256 | 200,946 |
| Petty cash | 33 | 21 |
| Provision for cash and cash equivalents | (764) | (897) |
| **Cash and cash equivalents in the consolidated statement of financial position and in the consolidated statement of cash flows** | **341,767** | **266,255** |

*Call deposits represent term deposits with banks with maturities greater than six months from the acquisition date but for which the Group has the unilateral right to withdraw the deposits within a few days of providing notification without incurring penalties or significant loss of interest. Consequently, these term deposits have been classified in accordance with their nature which is that of a call deposit. These deposits are primarily held to be used for cash management purposes.

## 17. Other current assets

| **’000 GEL** | **30 June 2026** | **31 December 2025** |
|---|---|---|
| Receivable related to Tbilisi Bypass project | 108,778 | 113,719 |
| | **108,778** | **113,719** |

Tbilisi Bypass project was suspended as of 30 June 2026 and 2025. Initially, the related balance was recorded as prepayments for non-current assets. However, following the suspension, management anticipates the recovery of this balance through cash settlement. According to the terms outlined in the agreement with the counterparty, should the project be officially suspended by the buyer, the construction service provider is obligated to return the prepayment to the seller.

Although the project had not been officially cancelled as of 30 June 2026 and 31 December 2025, management expects formal cancellation to occur during 2026. In light of this expectation and the anticipated cash recovery, the amount is classified as a financial asset as at 30 June 2026 and 31 December 2025.

## 18. Equity and liabilities to the Government

### (a) Share capital

| *Number of shares* | **Ordinary shares** | |
|---|---|---|
| | **30 June 2026** | **31 December 2025** |
| In issue at 1 January | 1,055,686,884 | **1,055,121,284** |
| New shares issued | 226,000 | 564,600 |
| **In issue at 30 June fully paid** | **1,055,912,000** | **1,055,685,884** |
| **Authorised shares - par value** | **1** | **1** |

All ordinary shares rank equally with regard to the Group’s residual assets.

### (b) Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Group.

# 19. Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 21.

| **'000 GEL** | **30 June 2026** | **31 December 2025** |
|---|---|---|
| ***Non-current liabilities*** | | |
| Unsecured bonds | 1,320,523 | 1,344,847 |
| | **1,320,523** | **1,344,847** |
| ***Current liabilities*** | | |
| Secured borrowing | 5,783 | 11,669 |
| Current portion of unsecured bonds | 1,879 | 2,073 |
| | **7,662** | **13,742** |
| | **1,328,185** | **1,358,589** |

## (a) Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings were as follows:

| | | | | **30 June 2026** | | **31 December 2025** | |
|---|---|---|---|---|---|---|---|
| **'000 GEL** | **Currency** | **Nominal interest rate** | **Year of maturity** | **Face value** | **Carrying amount** | **Face value** | **Carrying amount** |
| Unsecured bonds | USD | 4.00% | 2028 | 1,322,650 | 1,322,402 | 1,347,550 | 1,346,920 |
| Secured loan | USD | SOFR +1.25%+ 0.42826% | 2026 | 5,761 | 5,783 | 11,739 | 11,669 |
| **Total interest-bearing liabilities** | | | | **1,328,411** | **1,328,185** | **1,359,289** | **1,358,589** |

The secured loan was obtained for the sole purpose of the acquisition of passenger trains.

The secured loan is collateralized by the underlying passenger trains, with a carrying amount of GEL 42,477 thousand as at 30 June 2026 (31 December 2025: GEL 43,882 thousand).

In July 2012, the Group carried out the issuance, placement and registration (listing) of unsecured bonds of USD 500 million on the London Stock Exchange with an interest rate of 7.75% due in 2022.

Part of the above bonds were used for an early redemption of the unsecured bonds of USD 250 million issued by the Group in 2010.

In September 2021 the Group has successfully issued USD 500 million worth of green bonds on the London Stock Exchange due 2028 with an interest rate of 4%. The proceeds from the issuance were used for redemption of the USD 500 million unsecured bonds.

As a result of early redemption, the green bonds were considered as a new financial instrument and accounted for at amortized cost using the effective interest rate method. The Group incurred directly attributable transaction expenses of GEL 8,999 thousand in connection with the issue of the green bonds, including, amongst other, legal counsel fees, rating agency expenses, listing expenses, etc. These expenses are accounted for as transaction costs. They are included in the calculation of the effective interest rate of the green bonds and are deferred over 7 years. Part of the transaction costs were deducted directly from the proceeds from green bonds and are presented netted off with the proceeds from bonds in the consolidated statement of cash flows.

# 20. Trade and other payables

| ’000 GEL | 30 June 2026 | 31 December 2025 |
|---|---|---|
| **Current** | | |
| Payables for non-current assets | 73,526 | 86,182 |
| Trade payables | 67,373 | 56,071 |
| Advances received from customers | 21,689 | 19,577 |
| **Total financial liabilities** | **162,588** | **161,830** |
| | | |
| **Non-current** | | |
| Payables for non-current assets | - | 6,791 |
| | - | **6,791** |

The Group’s exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 21.

# 21. Fair values and financial risk management

The Group has determined fair values of financial assets and liabilities using valuation techniques disclosed in the last annual consolidated financial statements.

Management’s estimate of the fair value of the unsecured bonds yielded a range of values from a fair value approximately equal to the carrying amount to a fair value approximately 5% higher than the carrying amount.

The carrying values of other financial assets and liabilities of the Group are a reasonable approximation of their fair values.

The Group’s financial risk management objectives and policies are consistent with those disclosed in the last annual consolidated financial statements.

***Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers, loans receivable and cash and cash equivalents. Credit risk is consistent with those disclosed in the last annual consolidated financial statements and the Group has not faced a significant financial loss during the six months period ended 30 June 2026.

***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of six months, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters or global pandemic.

**Exposure to liquidity risk**

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**30 June 2026**

| **’000 GEL** | **Carrying amount** | **Contractual cash flows** | **0-6 months** | **6-12 months** | **1-2 years** | **2-5 years** |
|---|---|---|---|---|---|---|
| Secured borrowing | 5,783 | 5,949 | 5,949 | - | - | - |
| Unsecured bonds | 1,322,402 | 1,428,462 | 26,453 | 26,453 | 1,375,556 | - |
| Trade and other payables | 140,899 | 141,850 | 99,825 | 42,025 | - | - |
| | 1,469,084 | 1,576,261 | 132,227 | 68,478 | 1,375,556 | - |

**31 December 2025**

| **’000 GEL** | **Carrying amount** | **Contractual cash flows** | **0-6 months** | **6-12 months** | **1-2 Years** | **2-5 years** |
|---|---|---|---|---|---|---|
| Secured loan | 11,669 | 12,492 | 6,246 | 6,246 | - | - |
| Unsecured bonds | 1,346,920 | 1,482,305 | 26,951 | 26,951 | 53,902 | 1,374,501 |
| Trade payables | 149,044 | 151,570 | 107,668 | 36,585 | 7,317 | - |
| | **1,507,633** | **1,646,367** | **140,865** | **69,782** | **61,219** | **1,374,501** |

*Based on the agreement signed between the Group and the construction company responsible for the Modernization Project, there is a specified percentage of each milestone payment to be withheld (retention fee), to protect the Group from the contractor failing to adequately complete its obligations under the contract. Such retention fee is due to pay within two years after the completion of the project.

***Market risk***

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group does not apply hedge accounting in order to manage volatility in profit or loss.

**Currency risk**

The Group is exposed to currency risk to the extent that there is a mismatch between currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group entities. The functional currencies of Group entities are the Georgian Lari (GEL). The currencies in which these transactions are primarily denominated and settled are U.S. Dollars (USD) and Swiss Francs (CHF).

Borrowings and related interest are denominated in currencies that match the cash flows generated by the underlying operations of the Group. This provides an economic hedge without a need to enter into derivatives contracts.

**Exposure to currency risk**

The Group's exposure to foreign currency risk was as follows:

| '000 GEL | USD - denominated 30 June 2026 | CHF – denominated 30 June 2026 | USD - denominated 31 December 2025 | CHF – denominated 31 December 2025 |
|---|---|---|---|---|
| Cash and cash equivalents | 172,411 | 348 | 165,002 | 132 |
| Term deposit | | | 21,872 | - |
| Trade receivables | 10,650 | | 11,297 | 10 |
| Receivable related to Tbilisi Bypass project (Note 17) | - | 108,778 | - | 113,719 |
| Secured borrowing | (5,783) | - | (11,669) | - |
| Unsecured bonds | (1,322,402) | - | (1,346,920) | - |
| Trade and other payables (Note 20) | (42,712) | (72,869) | (33,245) | (95,737) |
| **Net exposure** | **(1,187,836)** | **36,257** | **(1,193,663)** | **18,124** |

The following significant exchange rates applied during the period:

| in GEL | Average Rate | | Reporting date spot rate | |
|---|---|---|---|---|
| | **30 June 2026** | **30 June 2025** | **30 June 2026** | **30 June 2025** |
| USD 1 | 2.6868 | 2.7776 | 2.6453 | 2.6951 |
| CHF 1 | 3.4180 | 3.2246 | 3.2711 | 3.4197 |

***Interest rate risk***

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

## 22. Subsidiaries and equity-accounted investees

| Subsidiary | Country of incorporation | Principal activities | 2026 Ownership/ voting | 2025 Ownership/ voting |
|---|---|---|---|---|
| GR Property Management LLC | Georgia | Property management and development | 100% | 100% |
| GR Logistics and Terminals LLC | Georgia | Container transportation and terminal services | 100% | 100% |
| Georgian Railway Construction JSC | Georgia | Construction and other projects | 100% | 100% |
| Georgia Transit LLC | Georgia | Transportation services | 100% | 100% |
| GR Transit Line LLC | Georgia | Transportation services | 100% | 100% |
| GR Trans Shipment LLC | Georgia | Transportation services | 100% | 100% |
| GR Transit LLC | Georgia | Transportation services | 100% | 100% |
| **Associate** | | | | |
| Gardabani TPP | Georgia | Thermal Power Plant | 21.716% | 21.716% |
| **Equity-accounted investees** | | | | |
| Middle Corridor Multimodal LLC | Kazakhstan | Transportation services | 25% | 33.33% |

# 23. Related parties

### (a) Transactions with key management personnel

#### *(i) Key management remuneration*

Key management received the following remuneration during the period, which is included in employee benefits expenses:

| | For the six months ended 30 June | |
|---|---|---|
| **'000 GEL** | **2026** | **2025** |
| Salaries and bonuses | **655** | **675** |

### (b) Other related party transactions

#### *(i) Transactions with the Government*

The Group transacts in its daily operations with a number of entities that are either controlled, jointly controlled or under significant influence of the Government of Georgia. The Group has opted to apply the exemption in IAS 24 *Related Party Disclosures* that allows the presentation of reduced related party disclosures regarding transactions with government-related entities.

The Group's other related party transactions are disclosed below.

#### *(ii) Revenue, purchases and expenses*

The Group purchases security services from a state agency, which amounted to GEL 1,245 thousand for six months ended 30 June 2026 (30 June 2025: GEL 2,100 thousand). The Group usually does not have significant balances for these purchases.
Management estimates that the aggregate amounts of other income and expenses and the related balances with other Government-related entities are not significant.

# 24. Changes in accounting policies

A number of new standards are effective for annual periods beginning after 1 January 2026, however, the Group has not adopted the new or amended standards in preparing these consolidated financial statements.

The significant accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's last annual consolidated financial statements.