



Georgian Railway Group

**International Financial Reporting Standards
Consolidated Financial Statements
for the three-month period ended 31 March 2025**

Contents

Condensed Consolidated Interim Statement of Financial Position	3
Condensed Consolidated Interim Statements of Profit or Loss and Other Comprehensive Income	4
Condensed Consolidated Interim Statements of Changes in Equity	5
Condensed Consolidated Interim Statements of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Statements	7

JSC Georgian Railway
Consolidated Statement of Financial Position as at 31 March 2025

000 GEL	Note	31 March 2025	31 December 2024
Assets			
Property, plant and equipment	10	1,993,191	1,971,748
Other non-current assets	14	45,970	46,537
Investments in equity accounted investees	11	78,174	73,607
Non-current assets		2,117,336	2,091,892
Inventories	13	34,986	39,506
Tax assets		-	2,896
Prepayments		10,701	898
Other current assets		104,252	103,480
Trade and other receivables	12	41,247	27,870
Term deposit		58,680	-
Cash and cash equivalents	15	273,581	318,300
Current assets		523,446	492,950
Total assets		2,640,781	2,584,842
Equity			
Share capital	16	1,055,686	1,055,121
Non-cash owner contribution reserve	16	100,601	100,602
Accumulated losses		(185,049)	(219,405)
Total equity		971,238	936,318
Liabilities			
Borrowings	17	1,391,633	1,411,083
Advance received from the Government		46,593	46,593
Payables for non-current assets	18	35,253	34,992
Non-current liabilities		1,473,479	1,492,668
Borrowings	17	28,433	14,593
Trade and other payables	18	133,990	117,610
Liabilities to the Government		4,712	4,712
Provisions		9,594	9,571
Tax liabilities		5,578	-
Other current liabilities		13,757	9,370
Current liabilities		196,064	155,856
Total liabilities		1,669,543	1,648,524
Total equity and liabilities		2,640,781	2,584,842


JSC Georgian Railway
Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the nine-month periods ended 31 March 2025 and 31 March 2024

'000 GEL	Note	For the three months ended 31 March	
		2025	2024
Revenue	6	151,883	148,876
Other income		320	11,215
Employee benefits expense		(61,231)	(56,593)
Depreciation and amortization expense		(15,647)	(16,356)
Electricity, consumables and maintenance costs	7	(18,388)	(20,862)
Impairment Loss/gain on trade receivables		(650)	(209)
Other expenses	8	(35,091)	(35,174)
Profit from operating activities		21,196	30,897
Finance income	9	5,854	6,333
Finance costs	9	(14,747)	(14,428)
Net foreign exchange (loss)/gain	9	17,486	(6,279)
Share of results of equity accounted investees		4,568	-
Profit before income tax		34,357	16,523
Income tax expense		-	-
Profit and total comprehensive income for the year		34,357	16,523

These condensed consolidated interim financial statements were approved by Management Board on 06 June 2025 and were signed on its behalf by:


 Lasha Abashidze
 General Director




 Irakli Titvinidze
 Financial Director

JSC Georgian Railway
*Consolidated Statement of Changes in Equity for the three-month periods ended
31 March 2025 and 31 March 2024*

'000 GEL	<u>Share capital</u>	<u>Non-cash owner contribution reserve</u>	<u>Accumulated losses</u>	<u>Total equity</u>
Balance at 1 January 2024	1,055,031	100,602	(287,589)	868,044
Profit and total comprehensive income for the year	-	-	68,184	75,383
Non-cash contribution from owner	90	-	-	90
Balance at 31 December 2024	1,055,121	100,602	(219,405)	936,318
Balance at 1 January 2025	1,055,121	100,602	(219,405)	936,318
Profit and total comprehensive income for the year	-	-	34,357	34,357
Non-cash contribution from owner	565	-	-	565
Balance at 31 March 2025	1,055,686	100,602	(185,048)	971,238

JSC Georgian Railway
*Condensed Consolidated Interim Statements of Cash Flows for the nine-month periods ended
31 March 2025 and 31 March 2024*

'000 GEL	For the three months ended 31 March	
	2025	2024
Cash flows from operating activities		
Cash receipts from customers	153,316	150,967
Cash paid to suppliers, employees and tax authorities	(97,712)	(106,318)
Net cash from operating activities	55,604	44,648
Cash flows from investing activities		
Acquisition of property, plant and equipment	(45,283)	(43,805)
Acquisition of associate	-	(4,343)
Interest received	5,789	6,137
Decrease in term deposit	(58,680)	-
Net cash used in investing activities	(98,174)	(42,011)
Cash flows from financing activities		
Repayment of borrowings	-	-
Interest paid	-	-
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents	(42,570)	2,637
Cash and cash equivalents at 1 January	318,300	283,547
Effect of exchange rate fluctuations on cash and cash equivalents	(2,252)	245
Effect of movements in ECL on cash and cash equivalents	104	196
Cash and cash equivalents at 31 March	273,581	286,626

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 21

2. Basis of accounting

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Standards, as issued by the International Accounting Standards Board (IFRS Standards).

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 19.

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 three months ended 31 March

	Freight transportation		Passenger transportation		Total	
'000 GEL	2025	2024	2025	2024	2025	2024
External revenues	141,333	139,571	8,747	7,608	150,080	147,179
Depreciation and amortization	(2,512)	(3,724)	(2,447)	(2,822)	(4,959)	(6,546)

'000 GEL	Freight transportation		Passenger transportation		Total	
	2025	2024	2025	2024	2025	2024
Reportable segment profit/(loss) before infrastructure costs, net impairment, interest cost and income tax	89,315	89,587	(2,184)	(4,096)	87,131	85,491
Capital expenditure and other additions to non-current assets	4,551	3,748	367	137	4,918	3,885
	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24
Reportable segment assets	250,072	184,687	82,935	90,619	333,007	275,603

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

'000 GEL	For the three months ended 31 March	
	2025	2024
Revenues		
Total revenue for reportable segments	150,080	147,179
Other revenue	1,803	5,080
Consolidated revenue	151,883	152,259
Profit		
Total profit for reportable segments before infrastructure costs, net impairment, interest cost and income tax	87,131	85,491
Employee benefits expense – infrastructure and headquarters	(26,771)	(24,537)
Depreciation expenses – infrastructure and headquarters	(10,687)	(9,810)
Net finance costs	8,593	(15,706)
Other net unallocated expenses	(23,909)	(21,100)
Consolidated profit before income tax	34,357	14,338

(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.

'000 GEL	For the three months ended	
	2025	2024
Freight traffic	84,739	82,322
Freight handling	23,440	19,774
Logistic services	30,043	33,604
Passenger traffic	5,747	7,608
Freight car cross-border charge	3,177	3,647
Rent of wagons and other rental income	972	1,285
Grant Revenue	3,000	-
Other	765	636
	151,883	148,876

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.

Performance obligations and revenue recognition policies are those described in the last annual consolidated financial statements.

(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	Freight traffic, logistic services and passenger traffic revenue streams are to be recognized "over time" since	Revenue is recognised over time as the services are

and passenger traffic	transportation is the service, during which customer receives and consumes simultaneously the benefit as the Group performs. The customer benefits from the distance travelled.	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. Electricity, consumables and maintenance costs

	For the three months ended	
	2025	2024
'000 GEL		
Electricity	10,559	10,853
Materials	4,204	3,214
Repair and maintenance	1,851	1,873
Fuel	1,774	4,922
	18,388	20,862

8. Other expenses

	For the three months ended	
	2025	2024
'000 GEL		
Logistic services	15,783	20,837
Property and land tax	7,304	6,109
Freight car cross-border charge	4,884	2,412
Security	3,722	2,834
Other	3,398	2,982
	35,091	35,174

9. Finance income and finance costs

	For the three months ended	
	2025	2024
'000 GEL		
Recognised in profit or loss		
Interest income under the effective interest method	5,750	6,137
Impairment (loss)/gain on other financial assets	104	196
Finance income	5,854	6,333
Interest expense on financial liabilities measured at amortised cost *	(14,746)	(14,428)
Finance costs	(14,746)	(14,428)
Net foreign exchange loss	(17,485)	(7,611)
Net finance costs recognised in profit or loss	8,593	(15,706)

* No borrowing costs were capitalized in 2024 and 2025.

10. Property, plant and equipment

(a) Acquisitions and disposals

During the three months ended 31 March 2025, the Group acquired property plant and equipment with a cost, of GEL 38,375 thousand (three months ended 31 March 2024: GEL 37,904 thousand).

No assets were disposed during of the three months ended 31 March 2025 (three months ended 31 March 2024: GEL 419 thousand).

(b) 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 (see Note 17).

Main Line Modernization project is expected to be mostly finalised in 2025.

(c) Capital commitment

As at 31 March 2025, the Group had entered into contracts for the construction or purchase of property, plant and equipment of GEL 303,830 thousand (31 December 2024: GEL 330,012 thousand) mainly relating to the Main Line Modernization project of GEL 35,185 thousand (31 December 2024: GEL 48,901 thousand) and Tbilisi Bypass project of GEL 256,072 thousand (31 December 2024: GEL 253,280 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.

11. 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

During 2023 the Group, alongside with - JSC "National Company Kazakhstan Temir Zholy", a legal entity registered in accordance with the laws of the Republic of Kazakhstan and Closed JSC "Azerbaijan Railways", a legal entity registered in accordance with the legislation of the Republic of Azerbaijan, established "Middle Corridor Multimodal LLC", a private company. The Group invested additional amount of USD 150 thousand (GEL 462 thousand) in the joint venture during 2024.

12. Trade and other receivables

'000 GEL	31 March 2025	31 December 2024
Trade receivables	231,257	217,569
Impairment allowance on trade receivables	(190,312)	(189,996)
	40,944	27,573
Other receivables	302	297
	41,246	27,870

The Group's exposure to credit and currency risks related to trade and other receivables are disclosed in Note 19.

13. Inventories

'000 GEL	31 March 2025	31 December 2024
Spare parts	18,097	22,377
Raw materials	12,245	5,971
Fuel	240	2,853
Rails	3,014	3,805
Other	3,277	6,388
	36,873	41,394
Write-down for inventory obsolescence	(1,887)	(1,887)
	34,986	39,507

14. Other non-current assets

'000 GEL	31 March 2025	31 December 2024
Construction materials	30,331	30,361
Intangible assets	10,764	11,302
Prepayments for non-current assets	4,875	4,875
	45,970	46,538

15. Cash and cash equivalents

'000 GEL	31 March 2025	31 December 2024
Current accounts in banks	57,055	75,567
Call deposits	217,633	243,942
Petty cash	28	28
Provision for cash and cash equivalents	(1,135)	(1,238)
Cash and cash equivalents in the consolidated statement of financial position and in the consolidated statement of cash flows	273,581	318,300

*Call deposits represent term deposits with banks with maturities greater than three 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.

The Group's exposure to interest rate risk is disclosed in Note 19.

16. Equity and liabilities to the Government

(a) Share capital

Number of shares

	Ordinary shares	
	31 March 2025	31 December 2024
In issue at 1 January	1,055,121	1,055,031
New shares issued	565	90
In issue at 31 March fully paid	1,055,686	1,055,121
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.

17. 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 19.

'000 GEL	31 March 2025	31 December 2024
<i>Non-current liabilities</i>		
Secured borrowing	11,596	11,625
Unsecured bonds	1,380,037	1,399,458
	1,391,633	1,411,083
<i>Current liabilities</i>		
Secured borrowing	12,620	12,434
Current portion of unsecured bonds	15,813	2,159
	28,433	14,593
	1,420,066	1,425,676

(a) Terms and debt repayment schedule

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

'000 GEL	Currency	Nominal interest rate	Year of maturity	31 March 2025		31 December 2024	
				Face value	Carrying amount	Face value	Carrying amount
Unsecured bonds	USD	4.00%	2028	1,395,850	1,395,850	1,403,400	1,401,617
Secured loan	USD	SOFR +1.68%	2026	24,216	24,216	24,451	24,059
Total interest-bearing liabilities				1,420,066	1,420,066	1,427,851	1,425,676

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 47,775 thousand as at 31 March 2025 (31 March 2024: GEL 58,901 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.

18. Trade and other payables

'000 GEL	31 March 2025	31 December 2024
Current		
Payables for non-current assets	88,729	69,533
Trade payables	33,435	32,043
Advances received from customers	11,826	16,034
	133,990	117,610
Non-current		
Payables for non-current assets	35,253	34,992
	35,253	34,992

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 19.

19. 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 nine months period ended 30 September 2024.

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 three 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.

31 March 2025

'000 GEL	Carrying amount	Contractual cash flows	0-6 months	6-12 months	1-2 years	2-5 years
Secured borrowing	24,216	26,613	6,898	6,898	12,817	-
Unsecured bonds	1,395,850	1,599,876	28,068	28,068	56,136	1,487,604
Trade and other payables	157,417	163,976	122,425	-	34,292	7,259
	1,577,483	1,790,465	157,391	34,966	103,245	1,494,863

31 December 2024

'000 GEL	Carrying amount	Contractual cash flows	0-6 months	6-12 months	1-2 Years	2-5 years
Secured loan	24,059	26,426	6,898	6,711	12,817	-
Unsecured bonds	1,401,617	1,599,876	28,068	28,068	56,136	1,487,604
Trade payables	136,568	141,526	101,576	-	33,292	6,658
	1,562,244	1,767,828	136,542	34,779	102,245	1,494,262

*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 31 March 2025	USD -denominated 31 December 2024
Cash and cash equivalents	191,955	151,705
Trade receivables	16,377	16,610
Secured borrowing	(24,216)	(24,059)
Unsecured bonds	(1,395,850)	(1,401,617)
Trade and other payables	(10,385)	(30,219)
Net exposure	(1,222,119)	(1,287,580)

The following significant exchange rates applied during the year:

in GEL	Average rate		Reporting date spot rate	
	three months ended 31 March 2025	three months ended 31 March 2024	31 March 2025	31 March 2024
USD 1	2.8150	2.6712	2.7673	2.6953

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.

20. Subsidiaries and equity-accounted investees

Subsidiary	Country of incorporation	Principal activities	2025 Ownership/ voting	2024 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	33,33%	33,33%

21. 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:

'000 GEL	For the three months ended 31 March	
	2025	2024
Salaries and bonuses	539	511

(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 1,044 thousand for nine months ended 31 March 2025 (31 March 2024: GEL 929 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.

22. New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1).*
- *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).*
- *Definition of Accounting Estimates (Amendments to IAS 8).*