

COMPANY PRESENTATION

FULL YEAR 2021



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- STRATEGIC BUSINESS UNITS AND SUBSIDIARIES
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APPENDIX

**Vertically integrated railroad
company with fully deregulated
freight tariff policy**



**Monopoly railway operator in Georgia, fully
owned by the Government (through state-
owned investment fund Partnership Fund)**

CREDIT HIGHLIGHTS

Strategic asset for the Georgian economy with strong state support

- Systemically important infrastructure operator and partner in national and economic development;
- Critical role in maintaining strong economic relations with partner countries;
- 27% of freight transportation in Georgia (2021), 0.9% of Georgia GDP.

Unique strategic location & strong customer relations

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

Well invested asset base

- 1,411 km railway, over 4,400 units of rolling stock and 580 containers owned;
- GEL 950m invested in Modernization project till April 2022.

Strong margins and solid cash flow generation profile backed by FX-denominated revenue

- One of the highest Adjusted EBITDA among railway companies (41% in 2021);
- Expanding high-margin containerization and logistic services;
- Fully deregulated tariffs policy.

Continuous focus on sustainable development

- The cleanest transportation type, with 97% of GR's railway being electrified;
- Important social function – providing affordable passenger transportation;
- One of the largest employer in Georgia, with over 12k people employed.

S&P Global Ratings

	Credit Rating	Date of assignment / review	Outlook
Long-term Issuer Rating – Foreign Currency	B+	1 March 2022	Positive

- S&P believes that Georgian Railway will continue to demonstrate resilient operating performance and manage its liquidity needs. The agency continues to expect a very high likelihood of extraordinary state support;
- S&P also highlights that based on interim 2021 results, GR's operating performance was resilient in terms of freight turnover and EBITDA generation, even though freight transportation volumes have been relatively volatile historically.

FitchRatings

	Credit Rating	Date of assignment / review	Outlook
Long-term Issuer Rating – Foreign Currency	BB-	20 December 2021	Stable

- The recent rating affirmation reflects Fitch's expectations that GR's link with the government will remain unchanged, with the Group continuing to receive state support on the back of systemically importance and being a key to the state's operations as well as reputation;

OPERATIONAL HIGHLIGHTS

	<i>GEL '000</i>		<i>GEL '000</i>			
	Revenue		Adjusted EBITDA		Net Debt to Adjusted EBITDA	
					31 December 2021	
<u>FY 2021</u>	547,868	+12% from FY 2020	226,576	+4% from FY 2020	5.88	
<u>Q4 2021</u>	138,917	+11% from Q4 2020 +6% from Q3 2021	47,074	+1% from Q4 2020 -7% from Q3 2021	6.35	
					31 December 2020	

	<i>Million tones</i>		<i>Million ton-km</i>		<i>Thousand Passengers</i>	
	Freight Volumes		Freight Turnover		Passenger Traffic	
<u>FY 2021</u>	12.1	+10% from FY 2020	3,291	+14% from FY 2020	816	-13% from FY 2020
<u>Q4 2021</u>	3.1	+4% from Q4 2020 +1% from Q3 2021	836	+10% from Q4 2020 +5% from Q3 2021	217	+202% from Q4 2020 -40% from Q3 2021

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

KEY OPERATING MEASURES

	<i>GEL '000</i>		<i>GEL '000</i>		<i>GEL '000</i>	
	Total freight revenue per ton-km		Passenger revenue per passenger-km		Revenue per average number of employees	
<u>FY 2021</u>	0.11	-2% from FY 2020	0.05	+19% from FY 2020	44.43	+14% from FY 2020
<u>Q4 2021</u>	0.10	-3% from Q4 2020 +5% from Q3 2021	0.05	+14 from Q4 2020 -15% from Q3 2021	11.24	+13% from Q4 2020 +6% from Q3 2021
	<i>GEL '000</i>		<i>In thousand</i>		<i>In thousand</i>	
	Operating expenses per ton-km		Ton-km per average number of Freight SBU employees		Pass-km per average number of Passenger SBU employees	
<u>FY 2021</u>	0.12	-8% from FY 2020	630.86	+16% from FY 2020	233.46	+15% from FY 2020
<u>Q4 2021</u>	0.12	+3% from Q4 2020 -1% from Q3 2021	160.24	+11% from Q4 2020 +5% from Q3 2021	59.42	+245% from Q4 2020 -45% from Q3 2021

INTEGRATED TRANSPORTATION AND LOGISTICS COMPANY

Freight Transportation SBU

- Conducts all the Group's freight operations: freight traffic; freight transportation; freight handling; freight car cross-border charge;
- Provides freight forwarding & logistics services - GR Transit, GR Transit Line, GR Logistics and Terminals, GR Trans Shipment;
- 5,233 employees by the end of 2021.

Passenger Transportation SBU

- Conducts all the Group's passenger operations:
 - Transportation of passengers within Georgia and internationally
 - Routine maintenance repairs;
- 1,172 employees by the end of 2021.

Infrastructure SBU

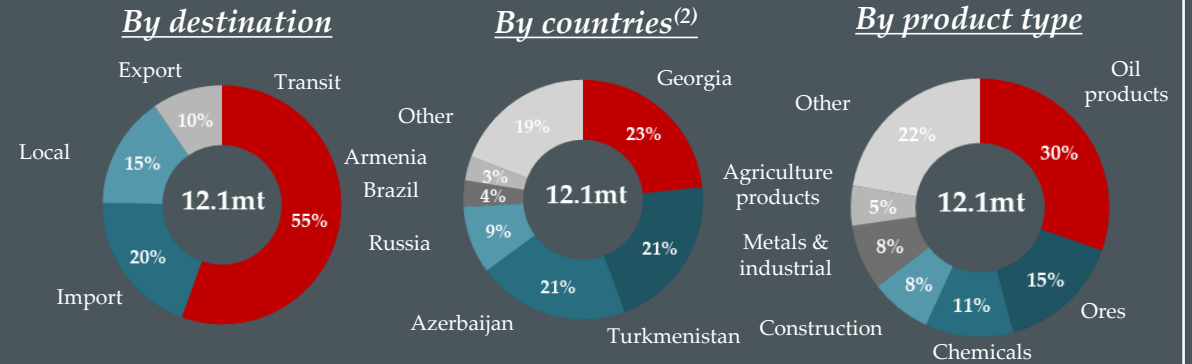
- Operates, maintains and manages the Company's infrastructure assets;
- Cost centre serving freight and passenger activities;
- No service to external customers;
- Implementation of Modernisation Project;
- 4,748 employees by the end of 2021.

FREIGHT TRANSPORTATION SEGMENT OVERVIEW

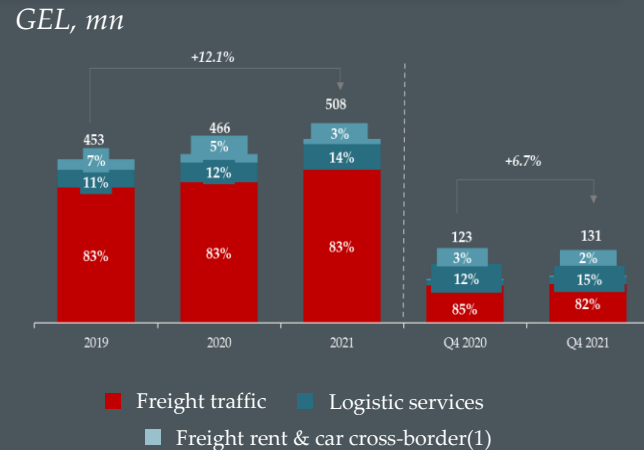
BRIEF OVERVIEW

- Freight Transportation SBU is the Group's key business segment, accounted for 81% of the GR's revenue 2021;
- Conducts all the Group's freight operations: Freight Transportation; Freight Handling; Rent of wagons and other rental income; Freight car cross-border charge;
- Most of the freight is transported from Azerbaijan, Russia and Turkmenistan to Georgia and Black sea ports;
- GR is mainly a transit railway and transports a large portion of its cargo using third-party rolling stock. In 2021, 47% of total cargo was transported by GR wagons;
- This reduces the need to own rolling stock and limits CAPEX requirement to support future growth;
- Number of employees 5,233 by the end of 2021.

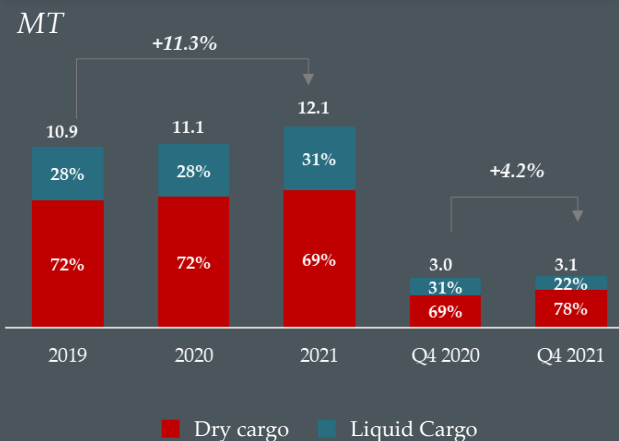
Freight volume structure, for FY 2021



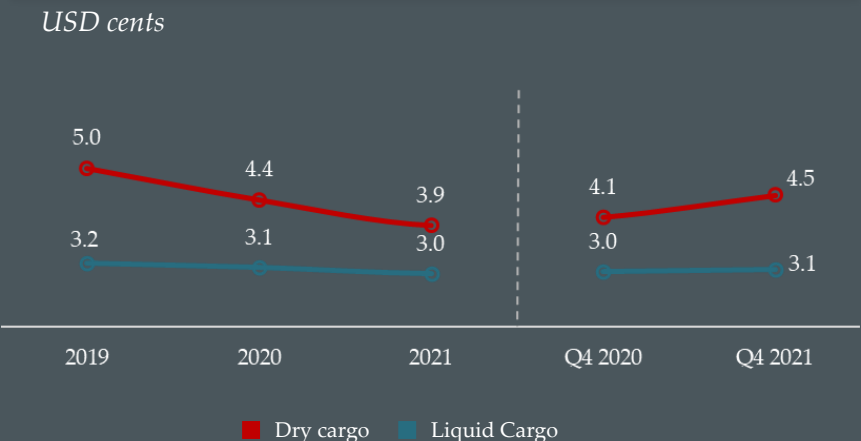
Revenue dynamics



Volume dynamics



Revenue per ton-kilometer



Notes: (1) Includes rent of wagons and other rental income (4.6mn GEL in 2021) and freight car cross-border charge (9.9mn GEL in 2021); (2) Origin countries

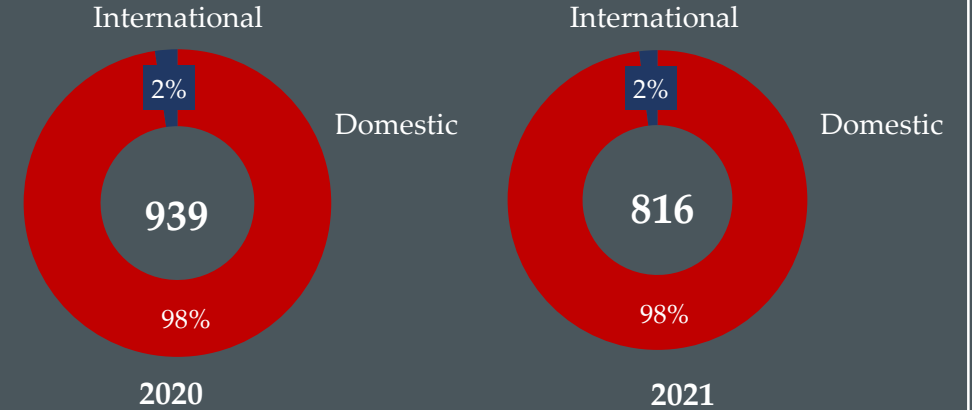
PASSENGER TRANSPORTATION SEGMENT OVERVIEW

BRIEF OVERVIEW

- GR is the national passenger railway of Georgia and has strategically important social function;
- Passenger SBU transports passengers within Georgia and on international routes, connecting Georgia with Azerbaijan and Armenia;
- GR and the Government are expected to enter into a public service contract for compensation of the Passenger SBU with effect from 2022 or 2023;
- Due to Covid-19 pandemic, passenger transportation was canceled several times resulting lower number of passengers and revenues in 2020 and in 2021;
- GR intends to modernize the railroad and electric supply infrastructure between Tbilisi and Batumi (315km), incl. the 64km mountainous Gorge region, after which the speed of the passenger train is expected to increase from 80km/h to 120km/h, and from 50km/h to 80km/h at the crossing area.

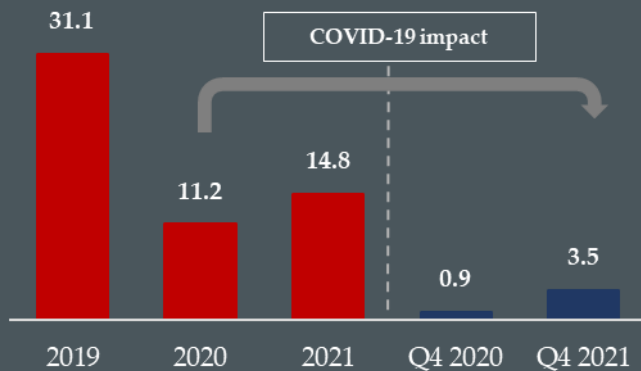
Passengers by type of journey

'000 passengers



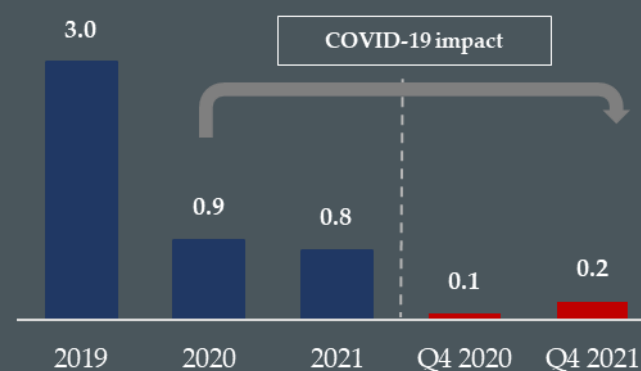
Passenger SBU revenues

GEL, mn



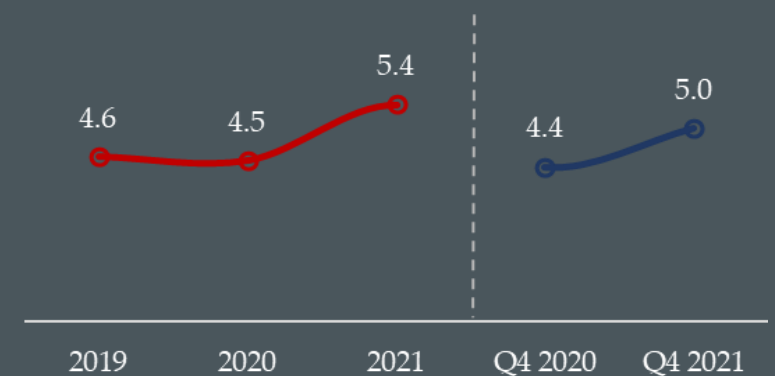
Number of passengers transported

mn



Revenue per passenger-km

Tetri



WELL-INVESTED INFRASTRUCTURE & DIVERSIFIED RAILCAR FLEET

BRIEF OVERVIEW

- Infrastructure SBU operates, maintains and manages GR's principal infrastructure assets, incl. track, embankments, signaling, land, electric power lines etc.;
- GR is 100% owner and monopoly operator of all railway infrastructure in Georgia;
- GR's rail network is connected to Azerbaijani, Armenian and Turkish railways (BTK route). It is also connected with the Russian railways through Abkhazia (unactive at the moment);
- Current railroad capacity: 27 mn tons of cargo annually. It is expected to be extended to 48mt by 2023 (Modernization project);
- GR's growth strategy is focused on the modernization of the existing infrastructure to facilitate freight growth and decrease operating expenses;
- GEL 1,825mn book value of PPE as at 31 December 2021.

Key numbers



1,411km
Network length



97%
Fully electrified



100
Freight stations



296km
Double-Track line length



42
Railroad tunnels



586
Containers



1,349
Railroad bridges



4,645⁽¹⁾
Number of rolling stock



31
Passenger stations

As of 31 December 2021

Rolling stock	
Active locomotives	176
<i>Electric</i>	89
<i>Diesel</i>	62
<i>EMU</i>	25
Active freight railcars	4,469
<i>Box Car</i>	1,105
<i>Cement Hopper</i>	30
<i>Grain Hopper</i>	1,380
<i>Open Top Box Car</i>	496
<i>Other</i>	88
<i>Platform Car</i>	163
<i>Refrigerator Car</i>	79
<i>Tank Car</i>	1,128
Total number of rolling stock	4,645



Notes: (1) Sum of working locomotives and active railcars

FREIGHT FORWARDING & LOGISTICAL SERVICES

BRIEF OVERVIEW

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

GR’s key service subsidiaries

GR Transit and GR Transit Line

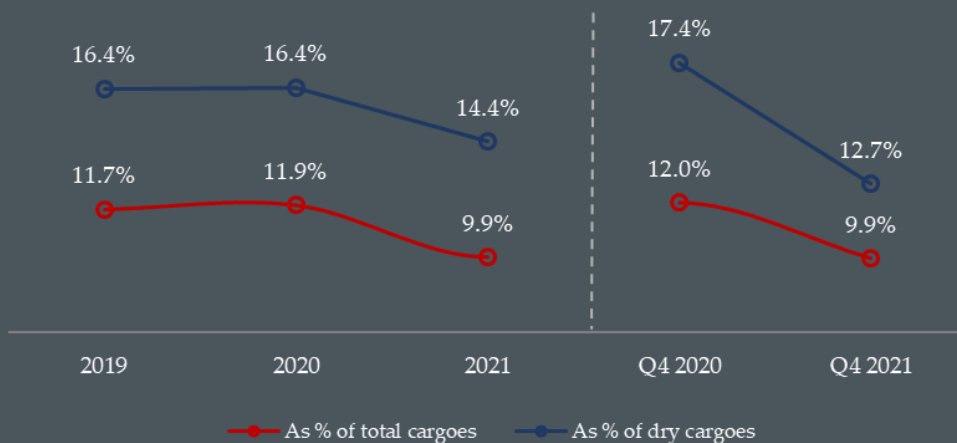
GR Logistics and Terminals

GR Trans-Shipment

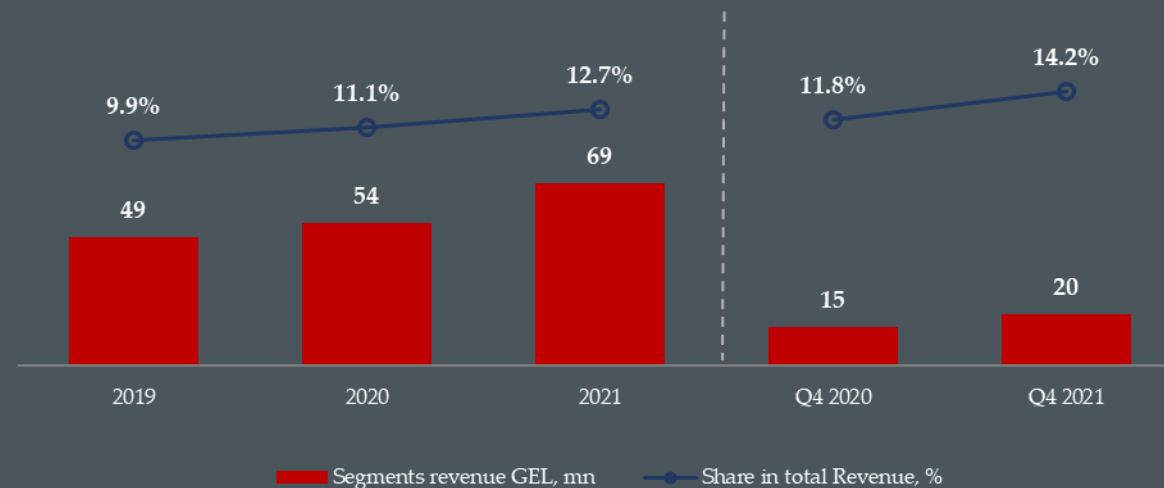
GR Property Management

Share of containerized cargo

As percentage of freight volumes, %



Logistics services revenue evolution



FREIGHT TRANSPORTATION BREAKDOWN

In million tons

	2021	2020	Change
Freight transportation	12.1	11.1	9.6%
Liquid cargoes	3.8	3.0	23.5%
Oil products	3.7	3.0	21.4%
Crude oil	0.1	0.0	1191.3%
Dry cargoes	8.4	8.0	4.4%
Ores	1.9	1.9	-0.2%
Grain	0.2	0.3	-38.5%
Ferrous metals and scrap	0.6	0.5	7.8%
Sugar	0.4	0.3	47.5%
Chemicals and fertilizers	1.3	0.9	42.2%
Construction freight	0.9	0.9	2.6%
Industrial freight	0.4	0.4	13.5%
Cement	0.0	0.0	-24.6%
Other	2.6	2.8	-5.8%

Significant Directions

Crude Oil

From Turkmenistan and Azerbaijan to Turkey and Georgia.

Oil products

From Azerbaijan, Turkmenistan, Russia, Bulgaria to Georgia, Italy, Armenia and Turkey.

Ores

From Georgia, Armenia, Russia and Turkmenistan to Georgia China and Bulgaria.

Grain

From Russia, Ukraine and India to Georgia, Armenia and Azerbaijan.

Ferrous metals and scrap

From Georgia, Russia, Ukraine and China to Turkey, Georgia USA, Russia and Azerbaijan.

Sugar

From Brazil, Mexico and Ukraine to Azerbaijan, Georgia and Armenia.

Chemicals and fertilizers

From Turkmenistan, Georgia, Azerbaijan and Uzbekistan to Brazil, Georgia, Turkey and Switzerland.

Construction Freight

From Georgia, Azerbaijan and Spain to Georgia and Azerbaijan.

Industrial Freight

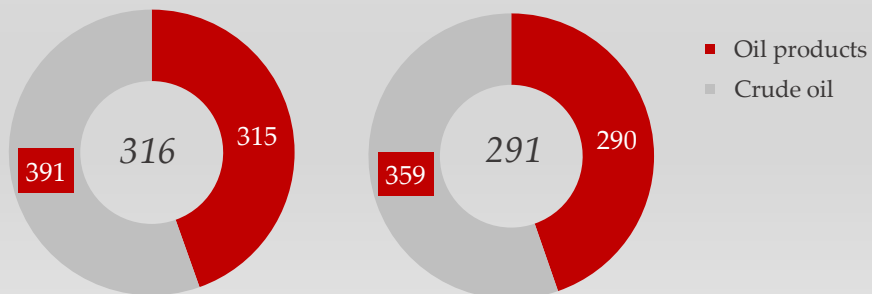
From Azerbaijan, Georgia and Turkey to Georgia, Armenia, Poland and Azerbaijan.

Cement

Domestic transportation.

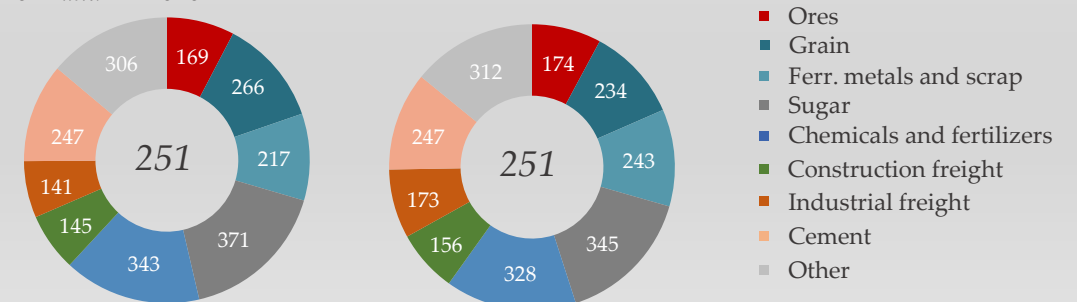
Liquid Cargoes (TKM/Tons)

FY 2021 and FY 2020



Dry Cargoes (TKM/Tons)

FY 2021 and FY 2020



FREIGHT TRANSPORTATION BREAKDOWN

Freight transportation breakdown

<i>In thousand GEL</i>	2021	2020	% Change	% Change at constant currency	Abs. Change
Freight transportation	353,929	316,452	11.8%	8.0%	37,477
Liquid cargoes	150,465	121,466	23.9%	19.6%	28,999
Oil products	149,125	121,227	23.0%	18.8%	27,897
Crude oil	1,340	239	460.9%	441.3%	1,101
Dry cargoes	203,464	194,986	4.3%	0.7%	8,478
Ores	32,467	33,209	-2.2%	-5.6%	-742
Grain	6,538	8,042	-18.7%	-21.5%	-1,503
Ferrous metals and scrap	11,165	11,484	-2.8%	-6.1%	-320
Sugar	12,083	12,059	0.2%	-3.3%	24
Chemicals and fertilizers	33,434	22,860	46.3%	41.2%	10,574
Construction freight	6,234	6,994	-10.9%	-13.9%	-760
Industrial freight	6,071	6,173	-1.7%	-5.0%	-102
Cement	444	620	-28.4%	-30.9%	-176
Other	95,028	93,546	1.6%	-1.9%	1,482

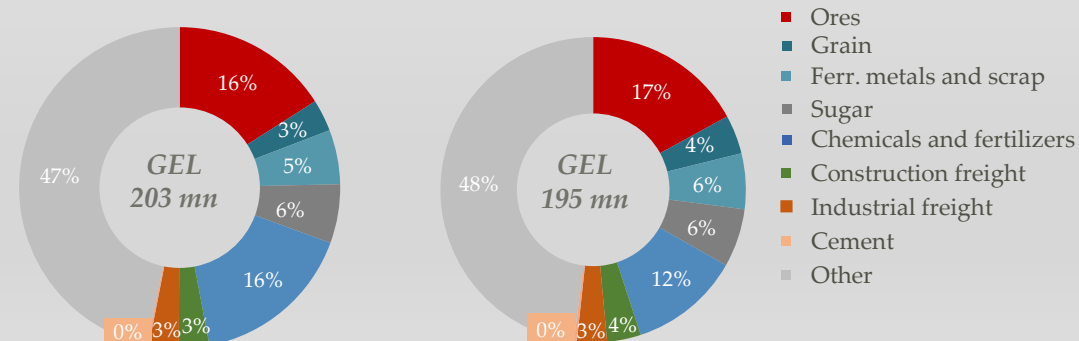
Liquid Cargoes (as % of total)

FY 2021 and FY 2020



Dry Cargoes (as % of total)

FY 2021 and FY 2020



LIQUID CARGO TRANSPORTATION

Crude oil transportation

For the year ended 31 December	2021	2020	% Change	% Change at constant currency
Revenue (GEL '000)	1,340	239	460.9%	441.5%
Freight volume (ton '000)	72	6	1191.3%	NA
Freight turnover (million ton-km)	28	2	1305.9%	NA
Revenue / ton-km (in Tetri)	4.77	11.96	-60.1%	-61.5%

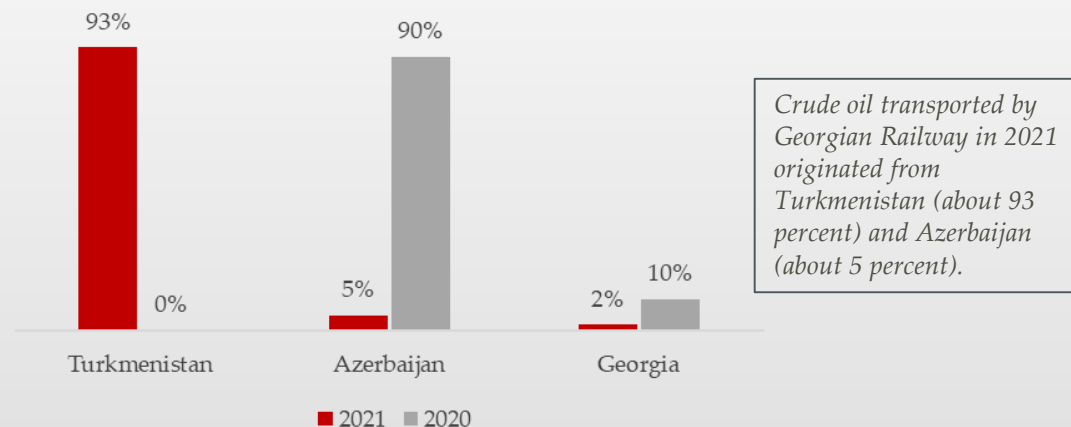
- Transportation turnover increased by 1305.9 percent due to transported volumes from Turkmenistan (approximately 66,700 tons) in the full year period of 2021;
- Significant decrease in revenue per ton-kilometer was due to lower tariffs put on transportation from Turkmenistan, which is main origin country in 2021.

Oil products transportation

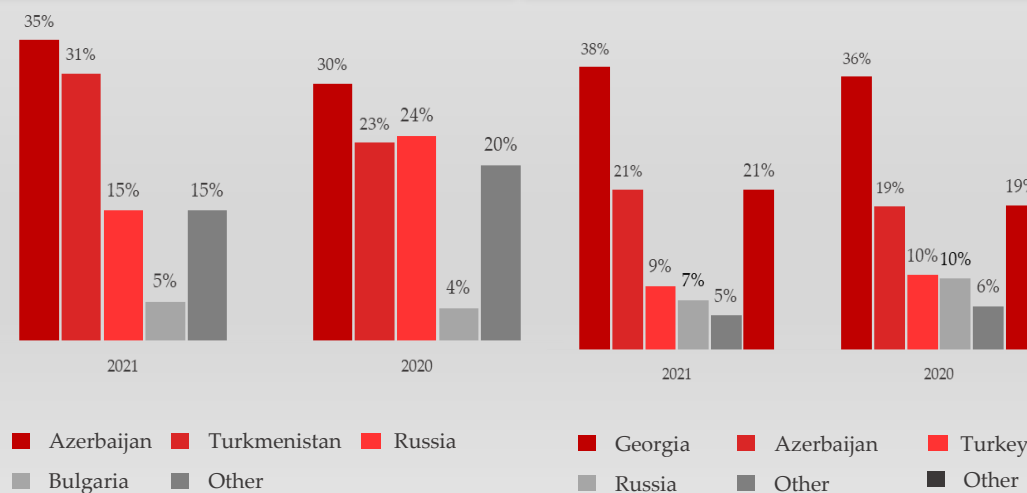
For the year ended 31 December	2021	2020	% Change	% Change at constant currency
Revenue (GEL '000)	149,125	121,227	23.0%	18.8%
Freight volume (ton '000)	3,690	3,040	21.4%	NA
Freight turnover (million ton-km)	1,161	883	31.5%	NA
Revenue / ton-km (in Tetri)	12.84	13.73	-6.4%	-9.7%

- Increased transportation turnover was mainly driven by increased transported volume, mostly attributable to increased transportation from Turkmenistan by about 442,000 tons and from Azerbaijan 377,000 tons;
- Decreased average revenue per ton-kilometer, was mainly due to changes in product direction mix.

Transported volume by countries of origin



Transported volume by countries of origin



DRY CARGO TRANSPORTATION

Dry cargo transportation

For the year ended 31 December	2021	2020	% Change	% Change at constant currency
Revenue (GEL '000)	203,464	194,986	4.3%	0.7%
Freight volume (ton '000)	8,369	8,018	4.4%	NA
Freight turnover (million ton-km)	2,102	2,010	4.6%	NA
Revenue / ton-km (in Tetri)	9.68	9.70	-0.2%	-3.7%

Including significant changes in:

Ores

- Decreased transportation turnover was mainly driven by decreased transportation from Russia and Armenia by approximately by 192,000 tons and 92,000 tons, respectively;
- There were no significant changes in product direction mix and product category mix.

Grain and grain products

- Decrease in transportation turnover was mainly driven by decreased transportation from Russia by 133,000 tons;
- Increase in average revenue per ton-kilometer was mainly due to change in product category mix.

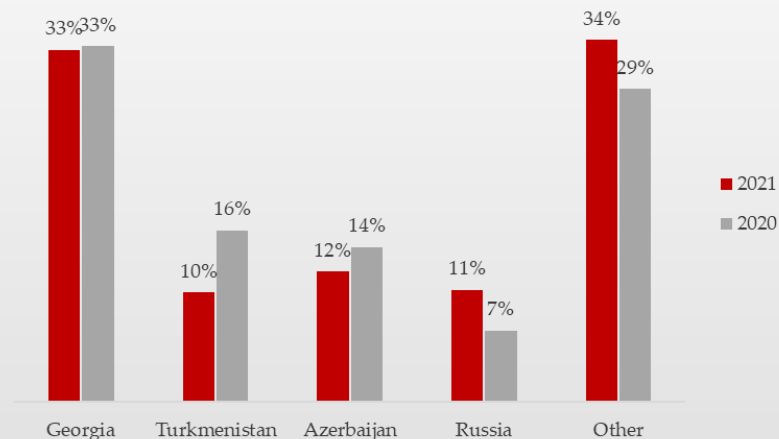
Sugar

- Increase in freight turnover was mainly driven by increased transportation from Brazil and Mexico by 126,000 tons and 30,000 tons, respectively;
- Decrease in average revenue per ton-kilometer was due to a higher increase in average haul, rather than in revenue, which in turn is related to the increased share of volumes transported from/to the countries covering longer distances.

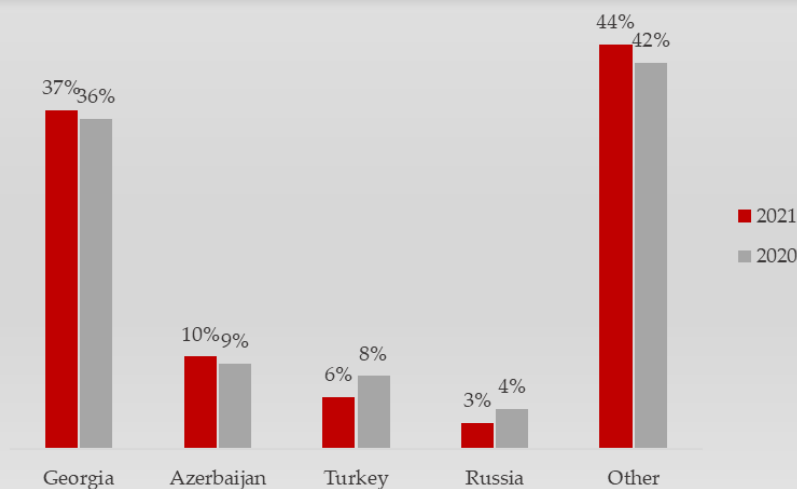
Chemicals and fertilizers

- Increase in freight turnover was mainly driven by increased volumes from Azerbaijan and Turkmenistan by 170,000 tons and by 152,000 tons, respectively;
- Increase in average revenue per ton-kilometer was caused by change in product direction mix and product category mix.

Transported volume by countries of origin



Transported volume by countries of destination



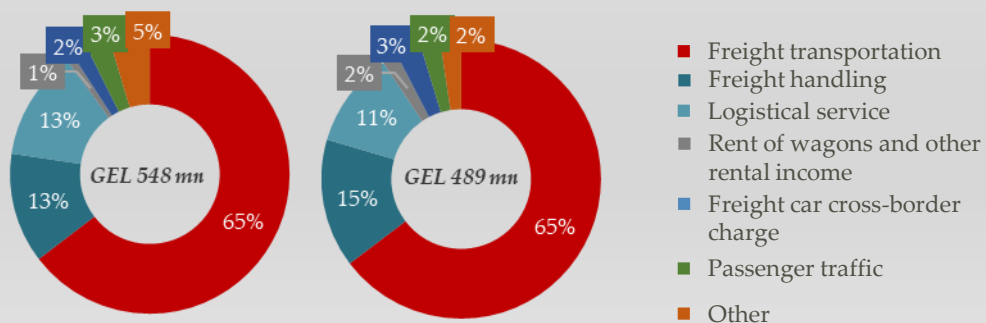
REVENUE BREAKDOWN

Revenue breakdown

<i>In thousand GEL</i>	2021	2020	% Change	Abs. Change
Freight transportation	353,929	316,452	11.8%	37,477
Freight handling	69,865	72,855	-4.1%	-2,990
Logistical service	69,371	54,106	28.2%	15,265
Rent of wagons and other rental income	4,647	8,838	-47.4%	-4,191
Freight car cross-border charge	9,910	14,147	-29.9%	-4,237
Passenger traffic	14,808	11,201	32.2%	3,606
Other	25,337	11,770	115.3%	13,567
Revenue	547,868	489,370	12.0%	58,497
Other income	8,951	12,547	-28.7%	-3,596

Revenue breakdown (as % of total)

FY 2022 and FY 2021



Drivers of Significant Changes

Freight transportation

- Tariffs denominated in USD;
- Upturn in revenue caused by increased volumes by 9.6%;
- Average revenue per ton-km increased by 5.0%.

Freight handling

- Decreased revenue by GEL 3.0 million;
- Decrease caused by fewer revenue from 24-hour services;
- Decrease caused by reduction in contract-related earnings.

Logistical service

- Increased revenue by GEL 15.3 million;
- Rise in revenue due to increased transportation of GR's subsidiary companies, serving crude oil and oil product transportation, as well as serving container transportation.

Rent of wagons and other rental income

- Decreased revenue by GEL 4.2 million;
- The decrease was primarily due to the expiration of some contracts and not extending them due to COVID-19.

Freight car cross-border charge

- Decreased revenue by GEL 4.2 million;
- Downturn was primarily due to decrease in the usage of GR's semi-wagons on foreign railway networks.

Passenger traffic

- Increased revenue by GEL 3.6 million;
- Decreased number of passengers by 0.1 million passengers;
- Increased share of more profitable directions, as well as increased demand on high class tickets.

Other revenue

- Increased revenue by GEL 13.6 million;
- Increase mostly attributable to increased income from the sale of scrap – consisting of GEL 14.9 million in 2021. This was, in turn, due to increased demand on scrap metal.

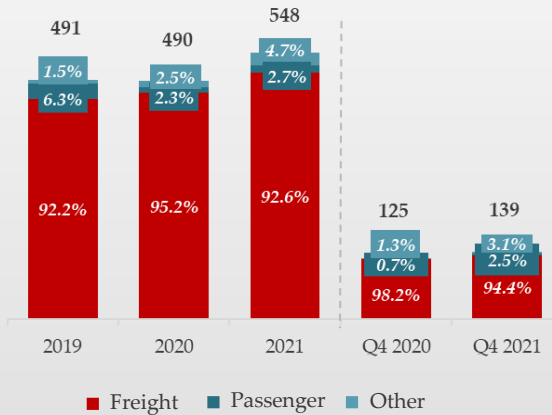
Other income

- Increased revenue from continuing operations by GEL 3.6 million;
- Decreased due to a reduction in revenue from law provisions and additional income due to received services free of charge.

SOLID TRACK RECORD OF REVENUE GENERATION

Revenue breakdown

GEL, mn

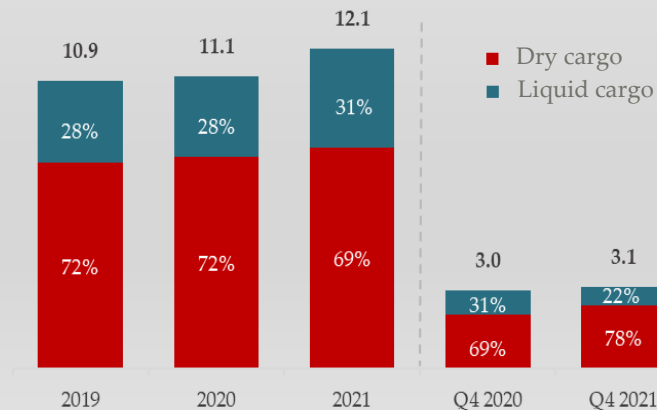


Revenue analysis

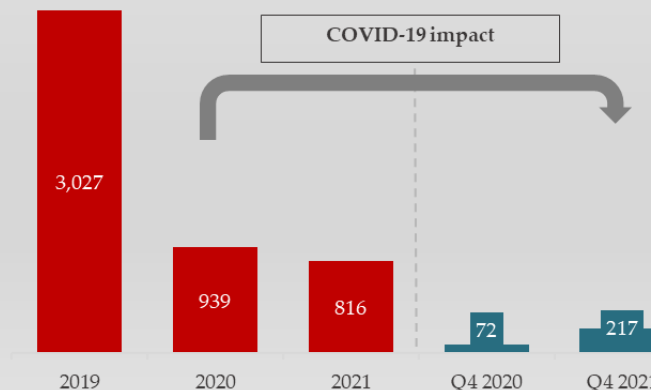
- Total revenue has increased significantly during 2021, reaching GEL 548 mln or +12.0% change on a y/y basis. Freight revenue category increased by 8.9% in 2021. Due to Covid-19 related restrictions mostly in 2020, passenger transportation was ceased from the second half of March 2020 until 15 June 2020 and, subject to certain limited exceptions, from 28 November 2020 until 27 February 2021, as a result passenger transportation revenue has increased by 32%;
- Most part of the Group's revenue is denominated in USD, representing natural hedge against national currency depreciation risk;
- Average revenue per passenger-km from 2020 to 2021 has increased from 4.5 to 5.4 Tetri which can be explained by the increased share of higher-priced seats sold, as new trains with improved services were added for long-distance routes;
- The main bottleneck of the infrastructure is a mountainous region located in the center of Georgia. De-bottlenecking of existing infrastructure and increasing the throughput capacity of the rail line from 27mt to 48mt annually will have a positive impact on the Group's financial performance.

Volume

Mt

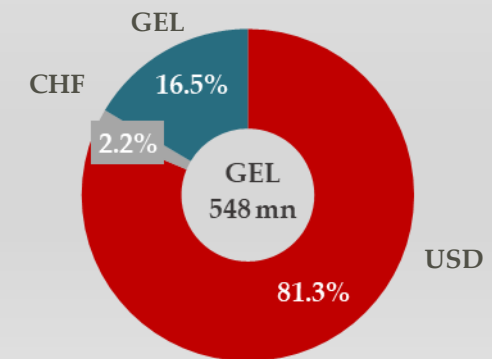


Number of passengers '000



Revenue Split by Currencies

FY 2022

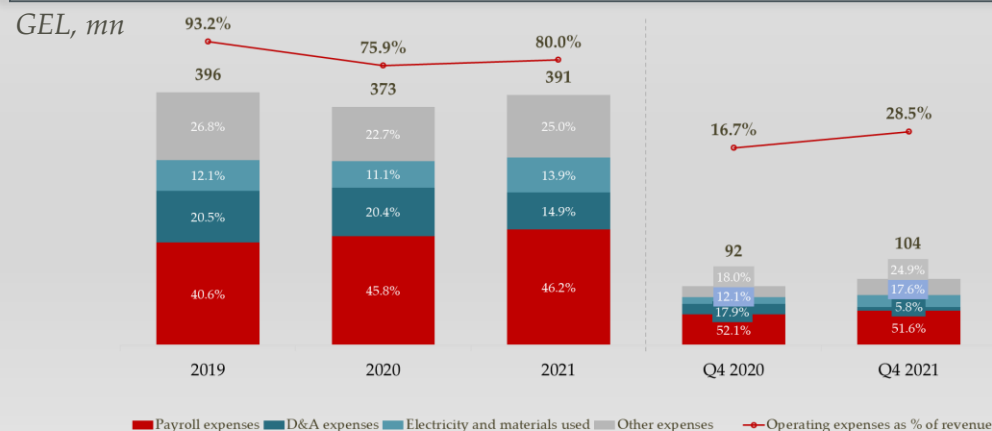


IMPROVING OPERATIONAL EFFICIENCY

Operating costs breakdown

<i>In thousand GEL</i>	2021	2020	% Change	Abs. Change
Employee benefits expense	180,701	170,502	6.0%	10,199
Depreciation and amortization expense	58,397	76,156	-23.3%	-17,758
Impairment loss/gain on trade receivables	2,791	13,560	-79.4%	-10,769
Electricity	30,857	19,519	58.1%	11,338
Materials	12,103	10,306	17.4%	1,797
Repair and maintenance	5,062	5,402	-6.3%	-340
Fuel	6,545	6,184	5.8%	361
Freight car cross-border charge	4,065	3,688	10.2%	377
Logistical service	32,918	21,105	56.0%	11,813
Security and other operating expenses	27,533	22,311	23.4%	5,223
Taxes other than income tax	30,458	23,938	27.2%	6,520
Total	391,431	372,671	5.0%	18,759

Operating cost analysis



Drivers of Significant Changes

EMPLOYEE BENEFITS EXPENSES

- Increased expenses mainly due to increase in salary expenses;
- Number of employees (excluding subsidiaries) by the end 2021 was equal to 11,925.

D&A expenses

- Decreased expenses by GEL 17.8 million;
- Decrease was primarily due to changes in market prices of scrap.

Electricity

- 47.1 percent rise in utility expenses;
- Increased expenses on traction;
- Increase was due to rise in transported volumes by 1.1 million tons (GEL 37.5), as well as increased average tariffs on electricity.

Logistical service

- Increased expenses by GEL 11.8 million;
- Increase was primarily due to increased freight forwarding expenses of GR's subsidiaries in Azerbaijan and Kazakhstan.

Freight car cross-border charge

- Increased expenses by GEL 0.4 million;
- Rise was mostly due to increased usage of various freight wagons, including platform cars, semi-wagons and tank cars.

Impairment loss on trade receivables

- GEL 10.8 million impairment loss on trade receivables in 2021 was caused by increase of gross receivables balance compared to previous period.

Security & other op. expenses

- Increased expenses by GEL 5.2 million;
- Security expenses decreased by GEL 0.2 million;
- GEL 5.4 million increase was mainly due to of the lost litigation with GEL 5.1 million of claim.

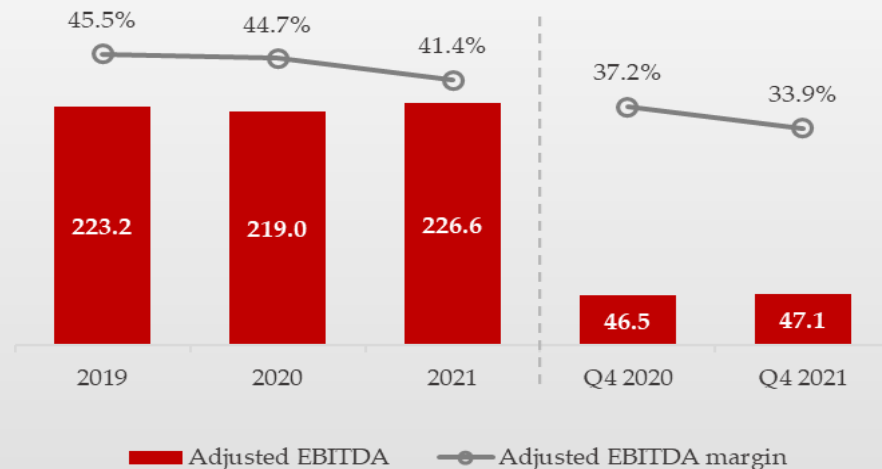
Taxes other than income tax

- Increase by 27.2 percent (GEL 6.5 million), was mainly due to taxes related to penalties on general cash card for closing scrap realization.

SIGNIFICANT HIGHLIGHTS

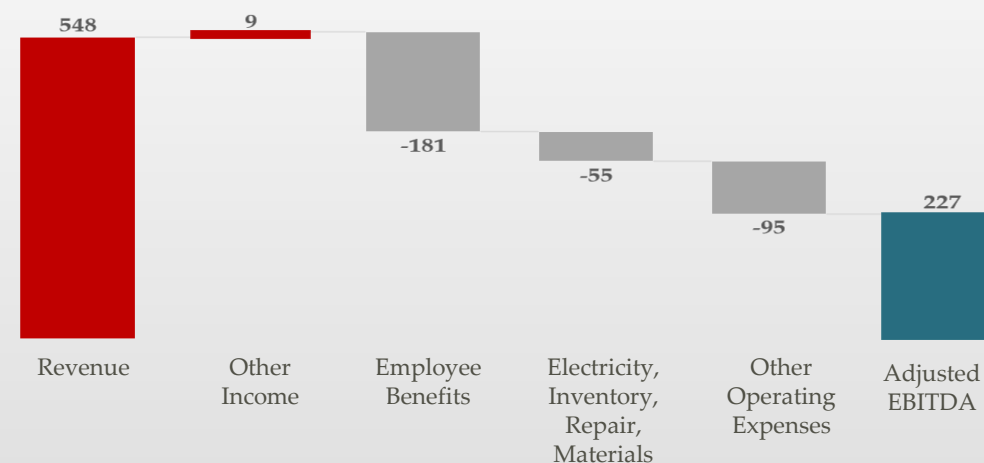
Adjusted EBITDA margin

GEL, mn



Revenue to Adjusted EBITDA bridge

2021FY, GEL mn



Liquidity & Solvency Ratios

Solvency

Net Debt to Adjusted EBITDA	5.88
Debt to Equity	3.89
Debt to Assets	0.71

Liquidity

Current Ratio	1.78
Quick Ratio	1.54
Cash Ratio	1.39

Ratio Calculation

- Net Debt to Adjusted EBITDA** – Net financial indebtedness divided by adjusted EBITDA
- Debt to Equity** – Loans and borrowings divided by total equity
- Debt to Assets** – Loans and borrowing divided by total assets
- Current Ratio** – Current assets divided by current liabilities
- Quick Ratio** – Current assets minus inventories divided by current liabilities
- Cash Ratio** – Cash and cash Equivalents divided by total current liabilities

BALANCE SHEET OVERVIEW

Non-current Assets

<i>In thousand GEL</i>	2021	2020	% Change	Abs. Change
Property, plant and equipment	1,825,474	1,829,561	-0.2%	-4,087
Other non-current assets	162,243	129,467	25.3%	32,776
Total non-current assets	1,987,717	1,959,028	1.5%	28,689

Current Assets

<i>In thousand GEL</i>	2021	2020	% Change	Abs. Change
Inventories	36,937	38,399	-3.8%	-1,462
Trade and other receivables	13,965	23,579	-40.8%	-9,614
Prepayments and other current assets	5,635	1,942	190.2%	3,693
Current tax assets	0	1830	-100%	-1,830
Cash and cash equivalents	212,224	322,986	-34.3%	-110,762
Cash deposit	3,254	0	100%	3,254
Total current assets	212,224	388,736	-30%	-116,721

Drivers of Significant Changes

- **PPE**
 - Decrease by GEL 4.1 million was mainly due to depreciation of the fixed assets.
- **Other non-current assets**
 - GEL 32.8 million increase in other non-current assets was mainly due significant rise in prepayments for non-current assets, as well as due to reclassification of some construction materials from inventory to other non-current assets.
- **Trade and other receivables**
 - GEL 9.6 million decrease was mainly attributable to decreased receivables from partnering railways by GEL 12.3 million in 2021, compared to 2020, which was partially offset by decrease in impairment allowance on trade receivables by GEL 3.8 million.
- **Prepayments and other current assets**
 - GEL 3.7 million increase in prepayments and other current assets were due to increased advances paid to suppliers in 2021, compared to 2020.

BALANCE SHEET continued

Equity

<i>In thousand GEL</i>	2021	2020	% Change	Abs. Change
Charter capital	1,054,805	1,053,936	0.1%	870
Non-cash owner contribution reserve	100,585	100,322	0.3%	262
Retained earnings	-742,261	-794,972	-6.6%	52,711
Total	413,129	359,286	15.0%	53,842

Non-current liabilities

<i>In thousand GEL</i>	2021	2020	% Change	Abs. Change
Loans and borrowings	1,590,817	1,702,980	-6.6%	-112,163
Advance received from the Government	46,594	46,594	0.0%	0
Trade and other payables	56,198	53,535	5.0%	2,663
Total	1,693,609	1,803,109	-6.1%	-109,500

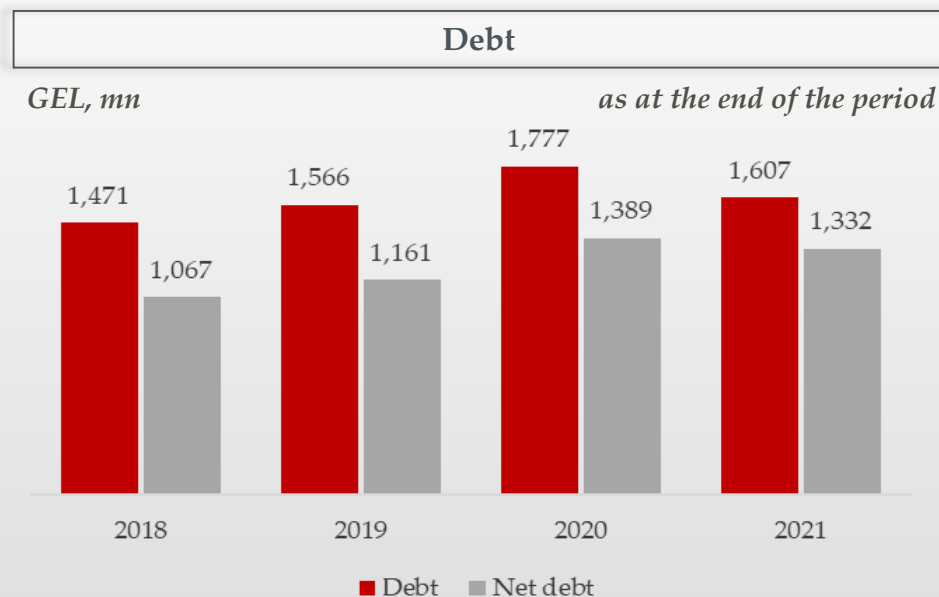
Current liabilities

<i>In thousand GEL</i>	2021	2020	% Change	Abs. Change
Loans and borrowings	16,015	74,356	78.5%	-58,341
Trade and other payables	105,873	82,331	28.6%	23,542
Liabilities to the Government	4,718	4,734	-0.3%	-15
Provisions	14,397	16,551	-13.0%	-2,155
Other current liabilities	8,476	7,397	14.6%	1,079
Current tax liabilities	3,515	0	100.0%	3,515
Total	152,994	185,369	-17.5%	-32,375

Drivers of Significant Changes

- **Equity**
 - There was GEL 53.8 million increase in total equity in 2021, compared to the previous year, mainly due to a change in retained earnings (net income of GEL 52.7 million in 2021).
- **Loans and borrowings (LT)**
 - During 2021, the decrease of GEL 112.2 million in long-term loans and borrowings, was mainly caused by the appreciation of GEL against USD by about 5.5 percent.
- **Loans and borrowings (ST)**
 - Currently, the Group has two debts: Green Eurobonds and a secured loan, obtained for the sole purpose of the acquisition of passenger trains. Decrease in loans and borrowings was mainly due to change in interest payment date on new Green Eurobonds.
- **Trade and other payables (ST)**
 - GEL 23.5 million increase in 2021, compared to 2020 was due to increased payables to suppliers. As well as, increase in advances received from partnering railways.

LEVERAGE AND DEBT POSITION



Net Debt

(in GEL million) *31-Dec-21 Amount*

Cash and bank deposits	
Cash and cash equivalents	212.2
Available credit lines	63.0
Debt	
Total indebtedness	1,606.8
Net debt	1,331.6

Risk Management

Currency risk

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

Interest Risk

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

Liquidity risk

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

Credit risk

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

BORROWINGS OVERVIEW

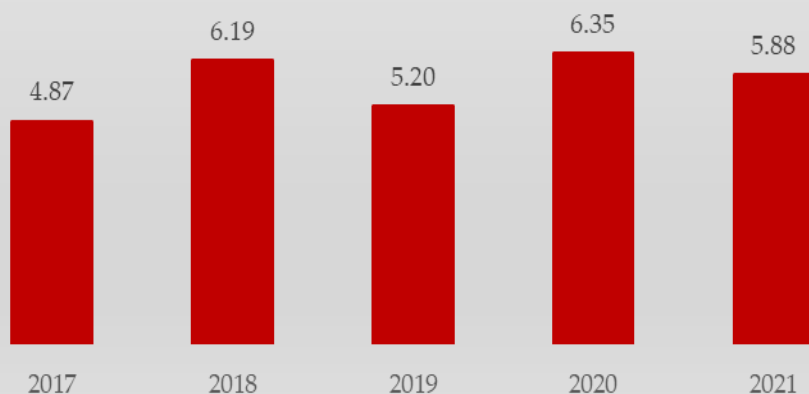
Green Bond

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

Credit Suisse Debt

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

Net Debt/Adjusted EBITDA



Dividends (GEL million)

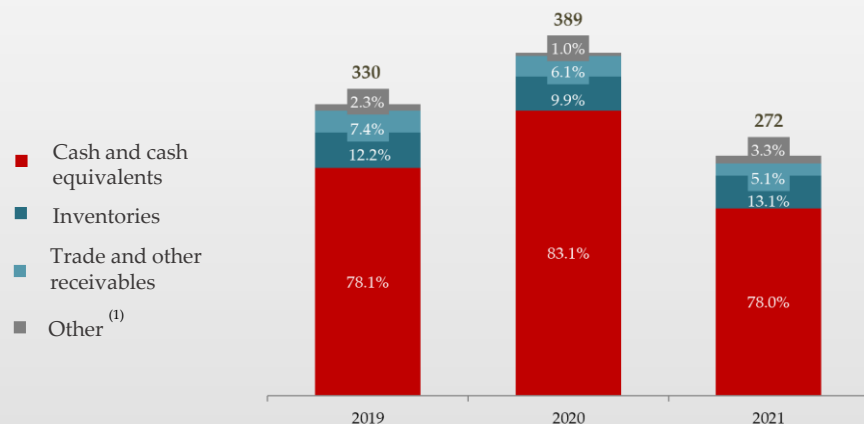


■ Net Income ■ Dividends

WORKING CAPITAL MOVEMENTS

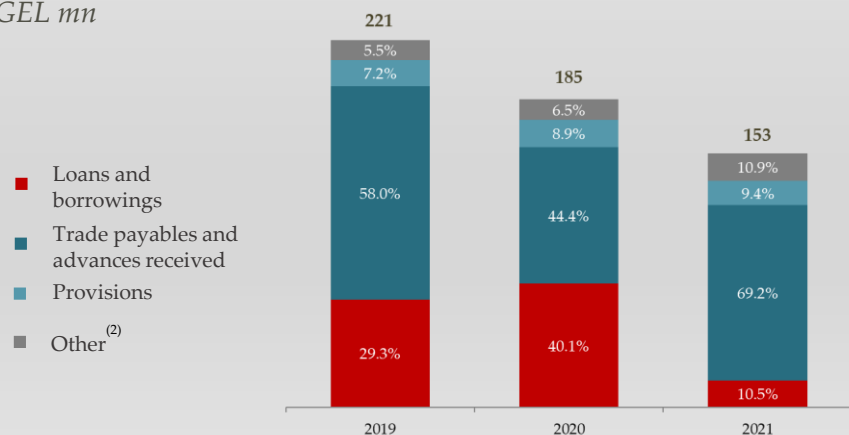
Current Assets

GEL mn



Current Liabilities

GEL mn



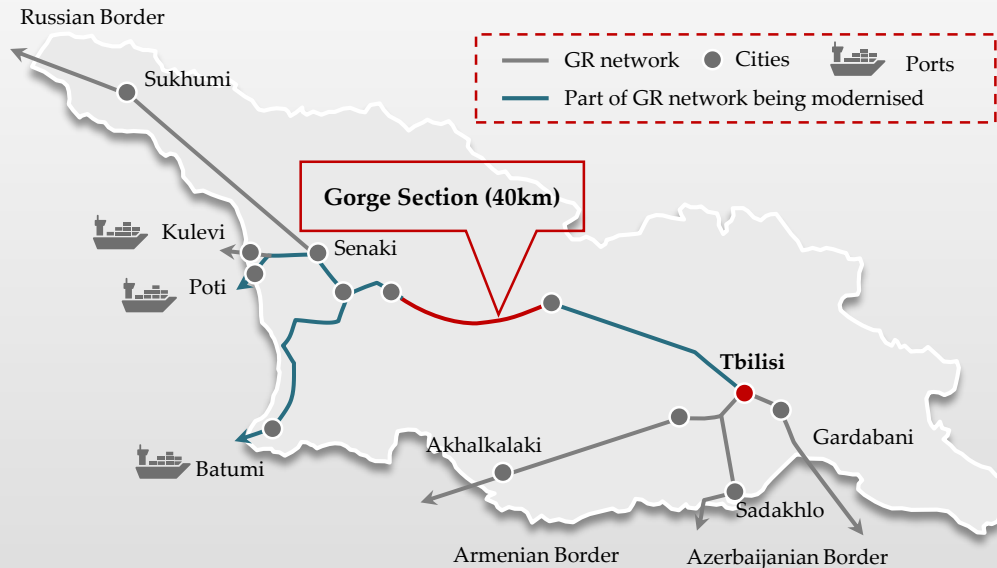
Comments

- Significant balance of cash and cash equivalents is held in order to support existing and future capital expenditures;
- In its liquidity needs the Company can also rely on its available credit lines;
- Trade and other receivables are net of allowance;
- Loans and borrowings consists of current portion of long-term loans and interest payables;
- Trade and other payables mainly includes payments made to contractors and advance receivables from customers;
- Working capital is not affected by seasonality.

Current Ratio	2017	2018	2019	2020	2021
	1.8	0.9	1.4	2.1	1.8

MODERNISATION – ONGOING GREEN PROJECT OF STRATEGIC IMPORTANCE

PROJECT MAP



KEY BENEFITS OF THE PROJECT

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

MODERNISATION PROJECT EVOLUTION



KEY HISTORICAL FINANCIAL HIGHLIGHTS

Income Statement

<i>In thousand GEL</i>	2019	2020	2021
Revenue	491,038	489,370	547,868
Other income	12,751	12,547	8,951
Payroll expenses/Employee benefits expense	-160,561	-170,502	-180,701
Depreciation and amortization expenses	-81,235	-76,156	-58,397
Electricity, consumables and maintenance costs	-47,921	-41,411	-54,567
Impairment loss on trade receivables	-33,729	-13,560	-2,791
Other expenses	-72,128	-71,042	-94,975
Results from operating activities	108,215	129,246	165,388
Finance income	14,849	26,508	23,670
Finance costs	-42,882	-127,983	-220,071
Net foreign exchange loss	-85,249	-191,901	84,224
Net finance costs	-113,282	-293,376	-112,177
Loss before income tax	-5,067	-164,130	53,211
Income tax expense	-519	-514	-500
Loss and total comprehensive loss for the year	-5,586	-164,644	52,711

KEY HISTORICAL FINANCIAL HIGHLIGHTS

Balance Sheet			
In thousand GEL	2019	2020	2021
Non-current Assets			
Property, plant and equipment	1,865,352	1,829,561	1,825,474
Deferred tax Assets	-	-	-
Other non-current assets	117,922	129,467	162,243
Total Non-current Assets	1,983,274	1,959,028	1,987,717
Current Assets			
Inventories	40,224	38,399	36,937
Loans receivable	-	-	-
Current tax assets	6,383	1,830	-
Trade and other receivables	24,337	23,579	13,965
Prepayments and other current assets	1,369	1,942	5,635
Cash and cash equivalents	257,976	322,986	212,224
Term deposit	-	-	3,254
Total Current Assets	330,289	388,736	272,015
Total Assets	2,313,563	2,347,764	2,259,732
Equity			
Share capital	1,053,371	1,053,936	1,054,805
Non-cash owner contribution reserve	100,322	100,322	100,585
Retained earnings	-630,328	-794,972	-742,261
Total Equity	523,365	359,286	413,129
Non-current Liabilities			
Loans and borrowings	1,500,687	1,702,980	1,590,817
Advances received from the Government	46,594	46,594	46,594
Payables for non-current assets	-	53,535	56,197.93888
Deferred tax liability	-	-	-
Total Non-current Liabilities	1,547,280	1,803,109	1,693,609
Current liabilities			
Loans and borrowings	64,944	74,356	16,015
Trade payables and advances received	149,864	82,331	105,873
Liabilities to the owners	4,896	4,734	4,718
Provisions	16,027	16,551	14,397
Other current liabilities	7,186	7,397	11,991
Total current Liabilities	242,918	185,369	152,994
Total Liabilities	1,790,198	1,988,478	1,846,603
Total Equity and Liabilities	2,313,563	2,347,764	2,259,732

Cash Flow Statement			
In thousand GEL	2019	2020	2021
Net cash generated by operating activities	215,236	212,716	247,300
Net cash used in investing activities	-85,663	-37,313	-56,601
Net cash from financing activities	-122,376	-131,610	-285,028
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,197	43,793	-94,329
Cash and cash equivalents at the beginning of period	241,308	257,976	322,986
Effects of exchange rate changes on the balance of cash held in foreign currencies	9,471	21,217	-16,433
Cash and cash equivalents at the end of the period	257,976	322,986	212,224