

JSC GEORGIAN RAILWAY

FIRST 9 MONTHS OF 2022



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APPENDIX

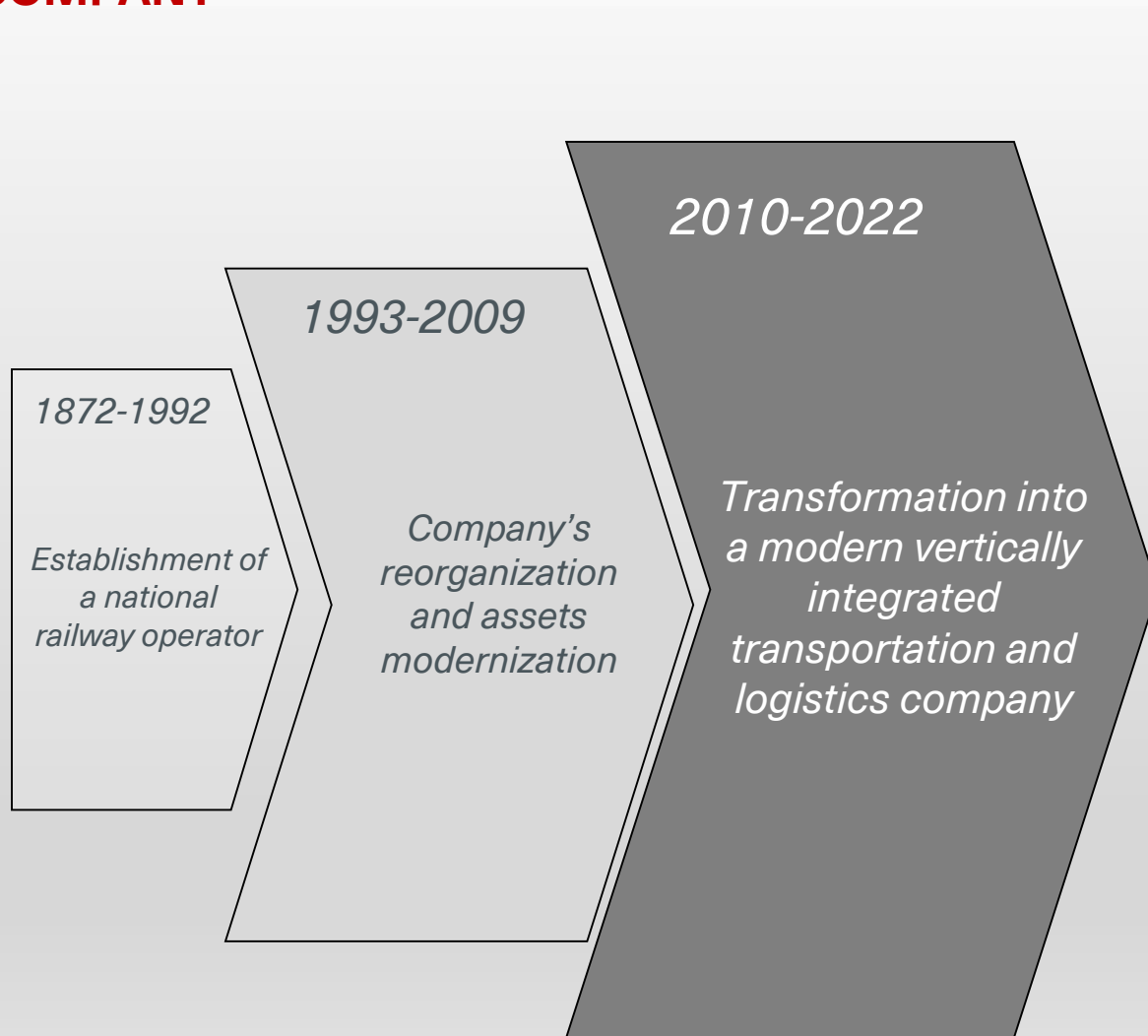
**VERTICALLY INTEGRATED RAILROAD
COMPANY WITH FULLY DEREGULATED
FREIGHT AND PASSENGER TARIFF POLICY**



**MONOPOLY RAILWAY OPERATOR IN GEORGIA,
DIRECTLY OWNED BY THE GOVERNMENT OF
GEORGIA⁽¹⁾**

Note: (1) Before December 2022, the Company was indirectly owned by the Government of Georgia through JSC Partnership Fund. In December 2022, the ownership has changed and is directly under Ministry of Economy and Sustainable Development.

SUCCESSFUL TRANSFORMATION FROM A HERITAGE RAILWAY OPERATOR INTO THE NATIONAL TRANSPORTATION AND LOGISTICS COMPANY



- 1872** Establishment of Georgian Railway
- 2010**
 - Initial credit rating assignment from Fitch ratings and S&P
 - First Eurobond placement on the LSE
- 2013** Georgian Railway enters freight forwarding business
- 2015**
 - Revival of Silk Road and first Chinese train in Georgia
 - Foundation of the Railway Transport College - first railway professional education institution
- 2016-2017** Purchase of 4 new modern high-speed passenger trains from Swiss company Stadler Bussnang
- 2018-2019**
 - First freight on BTK (Baku-Tbilisi-Kars) line
 - Initiating new feeder transportation in Black and Caspian seas to increase container flow in region
- 2021** Issuance of the first Green Eurobond in the transportation sector in Caucasus region
- 2022** Kopitnari station became operational, linking the railway line with Kutaisi Airport

OPERATIONAL HIGHLIGHTS

GEL '000

Revenue

9M 2022

491,155

+20% from 9M 2021

Q3 2022

180,052

+37% from Q3 2021
+6% from Q2 2022

GEL '000

Adjusted EBITDA⁽¹⁾

218,364

+22% from 9M 2021

86,185

+70% from Q3 2021
+6% from Q2 2022

Net Debt to Adjusted EBITDA⁽²⁾

30 September 2022

5.19

30 September 2021

5.71

Million tones

Freight Volumes

FY 2022

14.8

+22% from FY 2021

Q4 2022

3.9

+26% from Q4 2021
-5% from Q3 2022

Million ton-km

Freight Turnover

4,164

+27% from FY 2021

1,059

+27% from Q4 2021
-6% from Q3 2022

Thousand Passengers

Passenger Traffic

1,605

+97% from FY 2021

544

+97% from Q4 2021
-23% from Q3 2022

KEY OPERATING MEASURES

GEL '000

**Total freight revenue
per ton-km**

9M 2022

0.12

-10% from 9M 2021

Q3 2022

0.12

-7% from Q3 2021
+4% from Q2 2022

GEL '000

**Passenger revenue
per passenger-km**

0.06

+0% from 9M 2021

0.06

+0% from Q3 2021
+13% from Q2 2022

GEL '000

**Revenue per average
number of employees**

39.61

+20% from 9M 2021

14.54

+37% from Q3 2021
+6% from Q2 2022

GEL '000

**Operating expenses
per ton-km**

9M 2022

0.11

-9% from 9M 2021

Q3 2022

0.10

-21% from Q3 2021
-2% from Q2 2022

In thousand

**Ton-km per average number of
Freight SBU employees**

593.13

+26% from 9M 2021

214.64

+40% from Q3 2021
+1% from Q2 2022

In thousand

**Pass-km per average number of
Passenger SBU employees**

303.10

+75% from 9M 2021

142.00

+32% from Q3 2021
+42% from Q2 2022

S&P Global Ratings

LONG-TERM ISSUER RATING – FOREIGN CURRENCY

Credit Rating

BB-

Date of assignment / review

December 2022

Outlook

STABLE

- S&P raised long-term issuer credit rating on GR and on its senior unsecured bond to 'BB-' from 'B+';
- S&P believes that Georgian Railway will continue to demonstrate resilient operating performance and manage its liquidity needs, despite the challenging economic environment. The agency continues to expect a very high likelihood of extraordinary state support;
- S&P also highlights that based on first nine months of 2022 results, GR's operating performance was resilient in terms of freight turnover and EBITDA generation;
- Additionally, the agency projects that GR will continue to show robust operating performance in 2023, supported by a material increase in transit freight volumes as international transport routes through Russia and Ukraine remain disrupted.

Fitch Ratings

LONG-TERM ISSUER RATING – FOREIGN CURRENCY

Credit Rating

BB-

Date of assignment / review

03 February 2023

Outlook

POSITIVE

- Fitch revised Georgia's Outlook to Positive from Stable, which had a direct impact on GR's Outlook as it is considered a government-related entity (GRE) according to Fitch's GREs Rating Criteria.
- Fitch expects GR's leverage to gradually improve to 3x in 2022-2026.
- A sustainable improvement in net adjusted debt/EBITDA below 3x during the rating horizon could lead to an upward reassessment of the company's SCP.

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;*
- *Directly owned by the Government of Georgia since December 2022.*

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 and Middle Corridor.*

WELL INVESTED ASSET BASE

- *1,408 km railway, over 3,920 units of rolling stock and 586 containers owned (as at 31 December 2022)**
- *GEL 1.0 billion invested in Modernization project till September 2022.*

STRONG MARGINS AND SOLID CASH FLOW GENERATION PROFILE BACKED BY FX-DENOMINATED REVENUE

- *One of the highest EBITDA among railway companies (44% in first nine month of 2022);*
- *Expanding high-margin containerization and logistic services;*
- *Fully deregulated tariffs policy.*

CONTINUOUS FOCUS ON SUSTAINABLE DEVELOPMENT

- *The cleanest transportation type, with 98% of GR's network being electrified;*
- *Important social function – providing affordable passenger transportation;*
- *One of the largest employer in Georgia, with over 12.4k people employed.*

* Preliminary data

GEORGIAN RAILWAY OVERVIEW



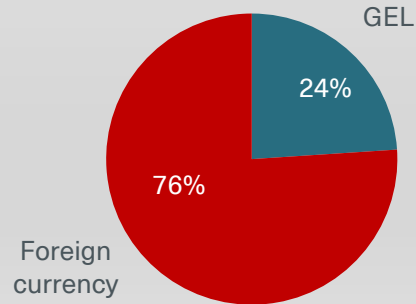
- Monopoly railway operator in Georgia, directly owned by the Government;
- Vertically integrated railroad company with fully deregulated freight and passenger tariff policy;
- 3 strategic business units (SBU): freight, passenger transportation and infrastructure;
- Freight Transportation SBU is GR's key business segment with ca. 76% share in GR's nine month period ended 30 September 2022 revenue. Over 59% of freight volume is transit in 2022;
- Unique strategic location. A key segment of the TRACECA corridor, the shortest route from the Caspian Sea and Central Asia to the Black Sea and the Mediterranean basin;
- Total number of employees: 12,378 people. At 31 December 2022

STRATEGIC LOCATION

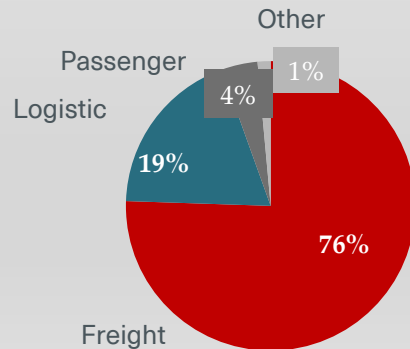


REVENUE BREAKDOWN

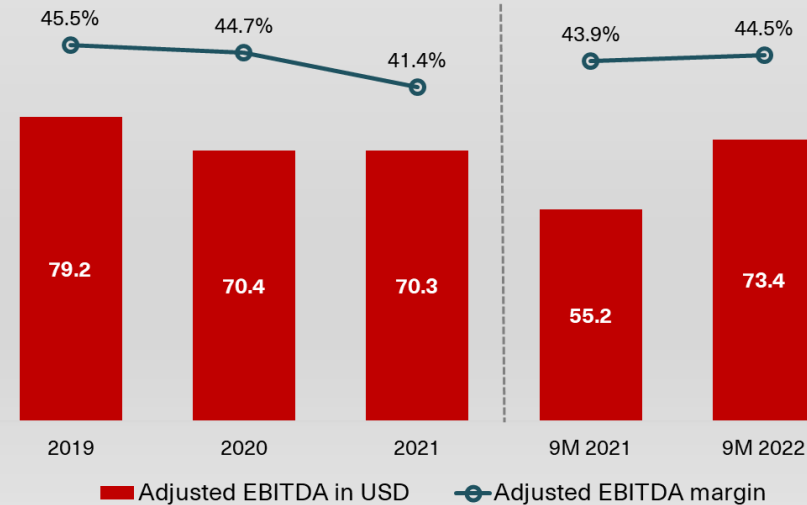
By currency



By business segment



ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN



VERTICALLY INTEGRATED BUSINESS MODEL

WELL-INVESTED ASSET BASE*

As at 31 December, 2022

92 units
of own working locomotives

3,920 units
of own rolling stock

586
containers


DEVELOPED INFRASTRUCTURE*

As at 31 December, 2022

1,408 km
Own rail track length

100
Own and operating
freight stations

30
Passenger
stations


Own repairs &
maintenance facilities

FULL SCOPE OF SERVICES*

As at 31 December, 2022

14.8 Mt
Freight forwarding volume

1.6mn
Passengers

As at 30 September, 2022

19% of revenue
from logistic services

Vertical integration provides resilient and flexible business model



GR's monopoly position



Efficient cost control
all over the value chain



High entry barriers



Operating flexibility



Providing clients with full scope of
freight & transportation services



Flexible tariff regulation

* Preliminary data

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 and repair works;
- Provides freight forwarding & logistics services - GR Transit, GR Transit Line, GR Logistics and Terminals, GR Trans Shipment;
- 5,253 employees as at 31 December, 2022.⁽¹⁾

PASSENGER TRANSPORTATION SBU

- Conducts all the Group's passenger operations:
 - Transportation of passengers within Georgia and internationally
 - Routine maintenance repairs;
- 1,197 employees as at 31 December, 2022.⁽¹⁾

INFRASTRUCTURE SBU

- Operates, maintains and manages the Company's railway network;
- Cost center serving freight and passenger activities;
- No material service to external customers;
- Implementation of Railway Modernisation Project;
- 4,670 employees as at 31 December 2022.⁽¹⁾

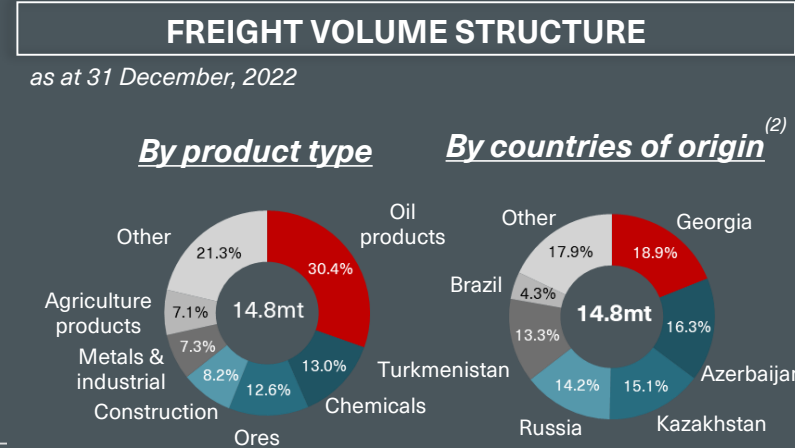
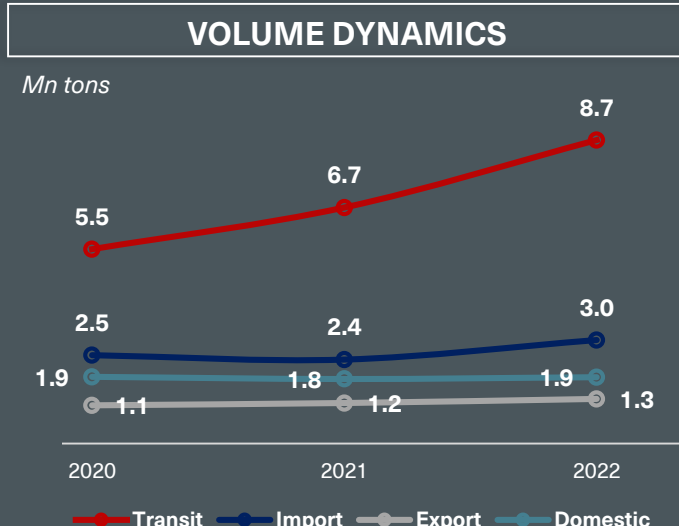
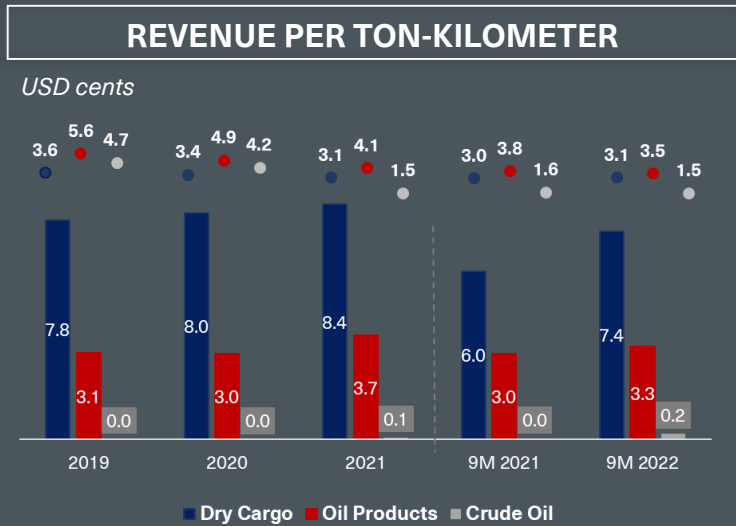
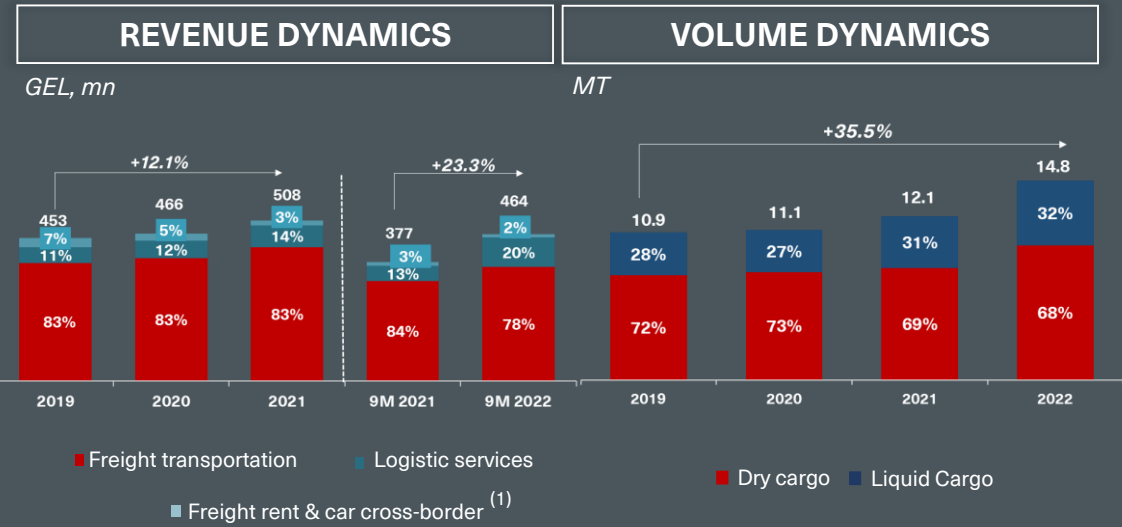


Note: (1) As of 31 December 2022, there were 12,378 employees working for GR, including 1,258 people who work for the head office and its subsidiaries.

FREIGHT TRANSPORTATION SEGMENT OVERVIEW



- Freight Transportation SBU is the Group's key business segment, accounted for 76% of the GR's revenue in the first nine month of 2022;
- 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 Georgia, Turkmenistan and Kazakhstan 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 2022 58 percent 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 5,253 by the end of 2022.



Note: (1) Includes rent of wagons and other rental income (4.4mn GEL in 9M 2022) and freight car cross-border charge (5.6mn GEL in 9M 2022); (2) Transportation volume by countries of origin

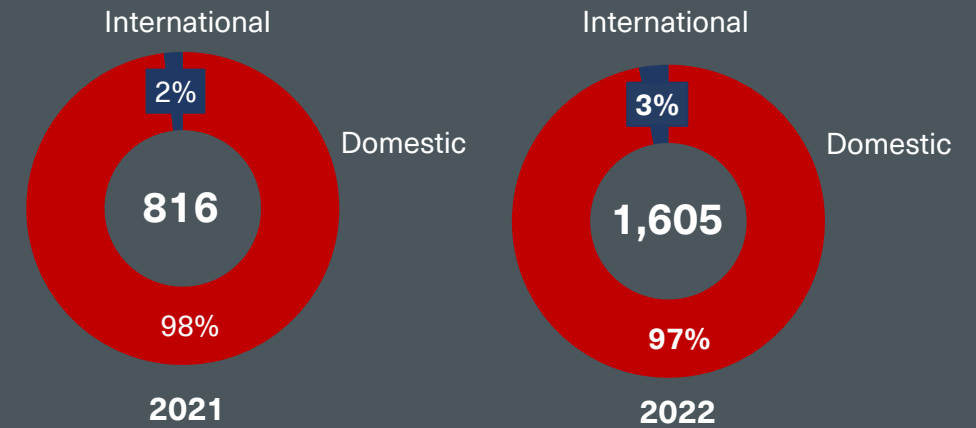
PASSENGER TRANSPORTATION SEGMENT OVERVIEW

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 of Georgia are expected to enter into a public service contract for compensation of the Passenger services;
- Due to Covid-19 pandemic, passenger transportation was terminated 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.

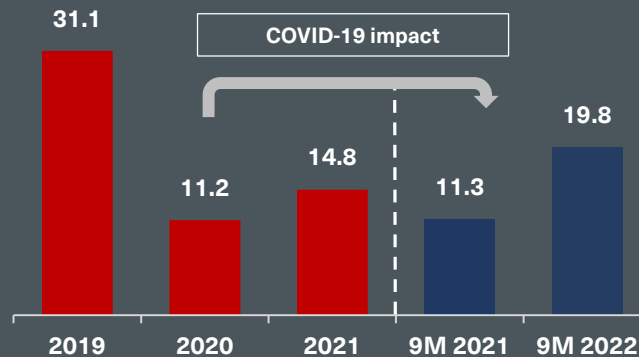
PASSENGERS BY TYPE OF JOURNEY

'000 passengers



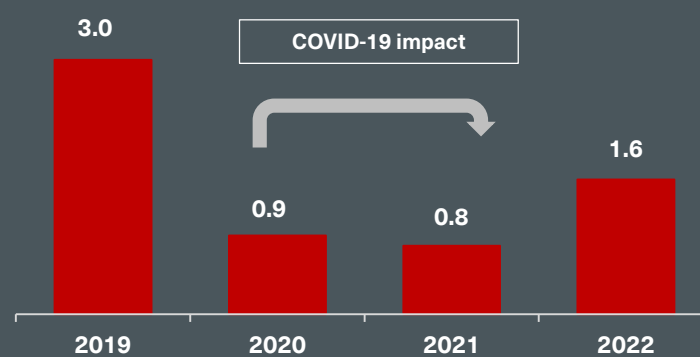
PASSENGER SBU REVENUES

GEL, mn



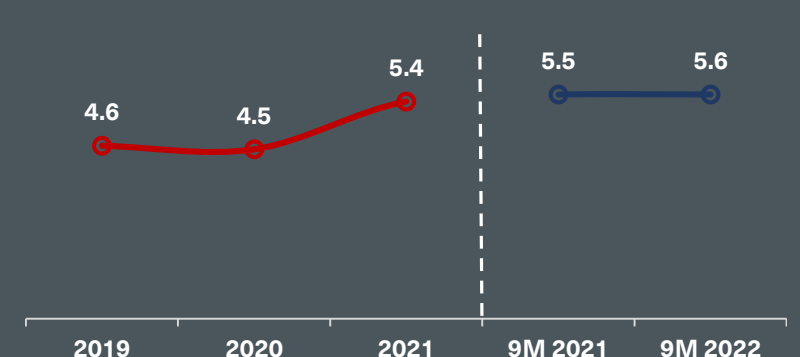
NUMBER OF PASSENGERS TRANSPORTED

mn



REVENUE PER PASSENGER-KM

Tetri












WELL-INVESTED INFRASTRUCTURE & DIVERSIFIED RAILCAR FLEET



- 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 (inactive at the moment).
- Current railroad capacity: 27 mln 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 1,824mn book value of PPE as at 30 September 2022

KEY NUMBERS*

 1,408km Network length	 98% Fully electrified	 100 Freight stations
 293km Double-Track line length	 42 Railroad tunnels	 586 Containers
 1,348 Railroad bridges	 3,920⁽¹⁾ Number of rolling stock	 30 Passenger stations

As of 31 December 2022*

ROLLING STOCK	
Working locomotives	117
<i>Electric</i>	66
<i>Diesel</i>	26
<i>EMU</i>	25
Working freight railcars	3,803
<i>Box Car</i>	1,132
<i>Cement Hopper</i>	30
<i>Grain Hopper</i>	785
<i>Open Top Box Car</i>	412
<i>Other</i>	65
<i>Platform Car</i>	185
<i>Refrigerator Car</i>	53
<i>Tank Car</i>	1,141
Total number of rolling stock	3,920

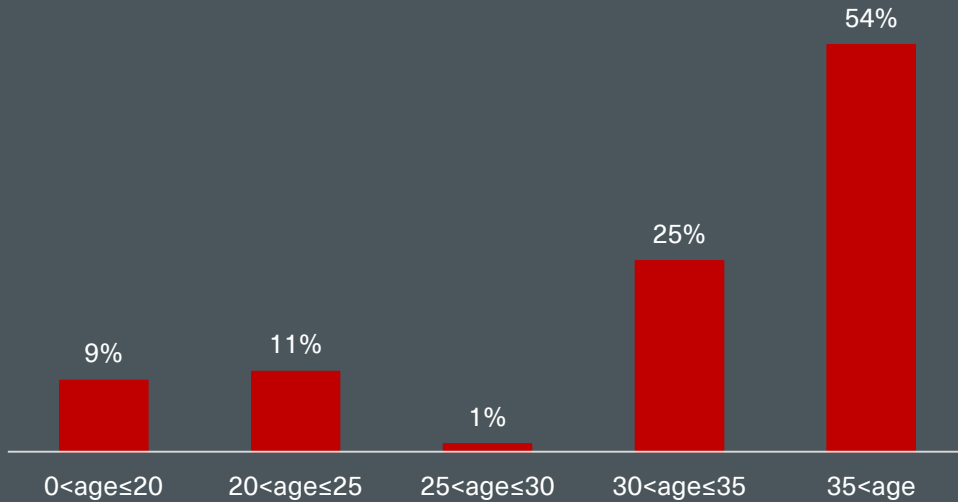


Note: (1) Sum of working locomotives and railcars
* Preliminary data

ROLLING STOCK

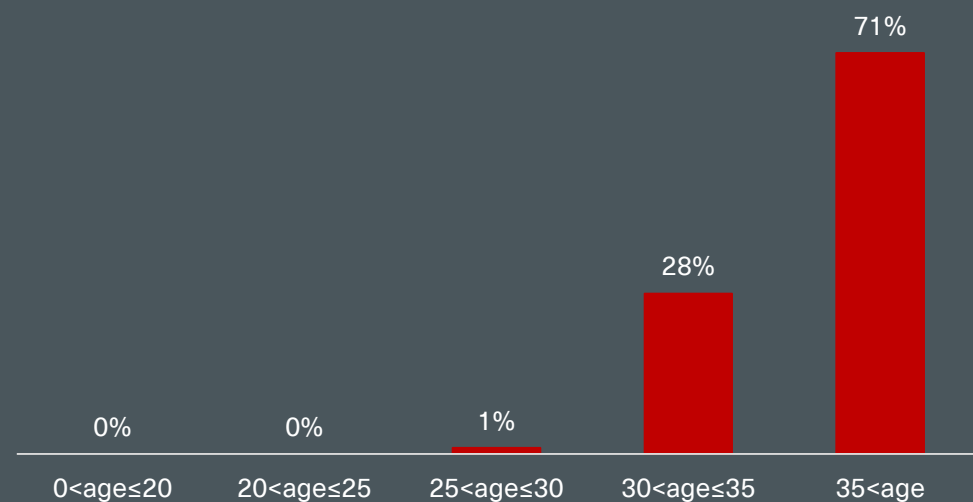
DISTRIBUTION OF WAGON FLEET BY AGES

As of 31 December, 2022*



DISTRIBUTION OF LOCOMOTIVES BY AGES

As of 31 December, 2022*



COMMENT

- Georgian Railway's strategy is to maintain an optimal number of wagons to ensure availability for current and future demand on transportation;

*Preliminary data

INVESTMENT PROGRAMME WITH FOCUS ON MODERNISATION

BRIEF OVERVIEW

- GR's main investments support long run growth potential, through investments in infrastructure;
- GR is mainly a transit railway, the Group transports a large portion of its cargo using third-party rolling stock, thus minimizing its fleet CAPEX requirements;
- Modernization project is the key GR's CAPEX program aiming to increase transportation capacity of the gorge region in central Georgia.

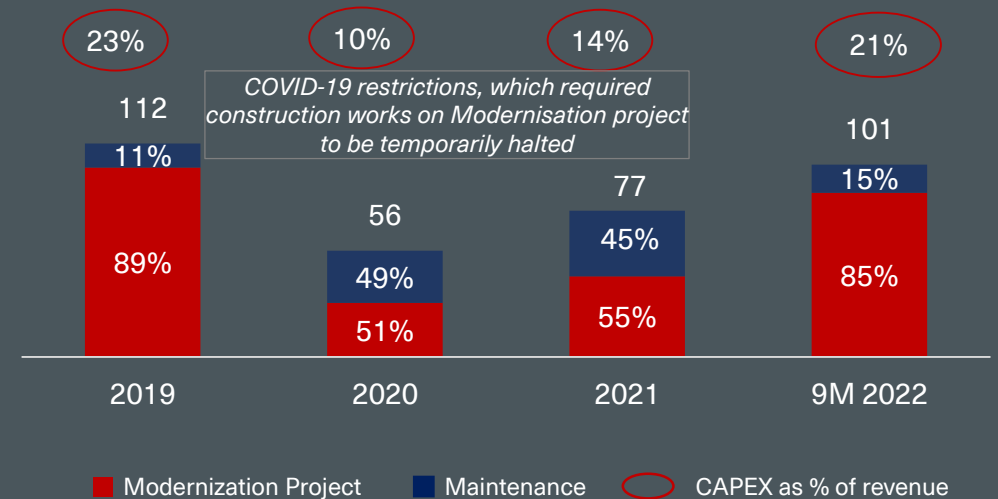
MAJOR ACTIVE CAPEX PROJECTS

MODERNISATION PROJECT

- Over GEL 1.0 billion invested (in 2010-2022 (first 9 month of 2022))
- Key goal: increase transportation capacity from 27mt to 48mt with further expansion to 100mt per annum
- 96% completed as of 2022.
- Expected completion: 2023

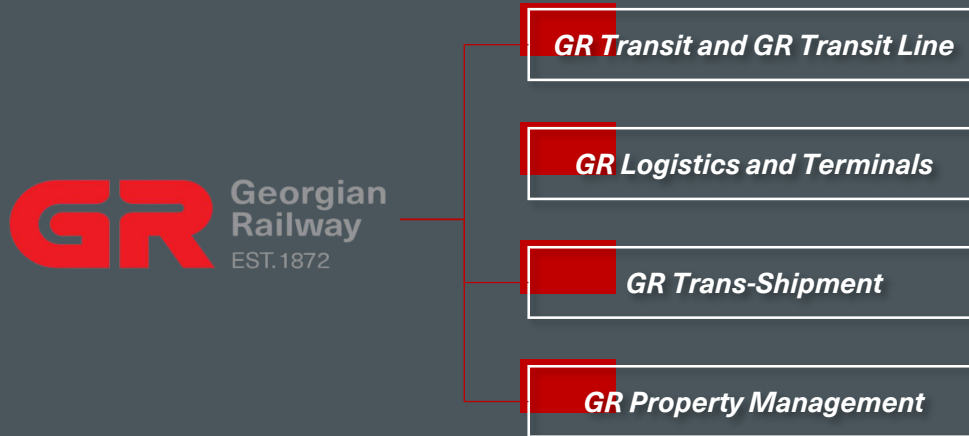
HISTORICAL CAPEX SPLIT

GEL, mn



FREIGHT FORWARDING & LOGISTICS SERVICES

GR'S KEY SERVICE SUBSIDIARIES

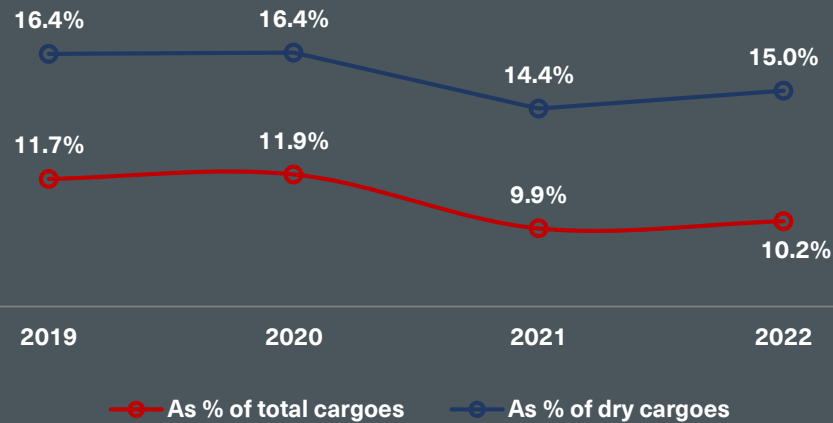


BRIEF OVERVIEW

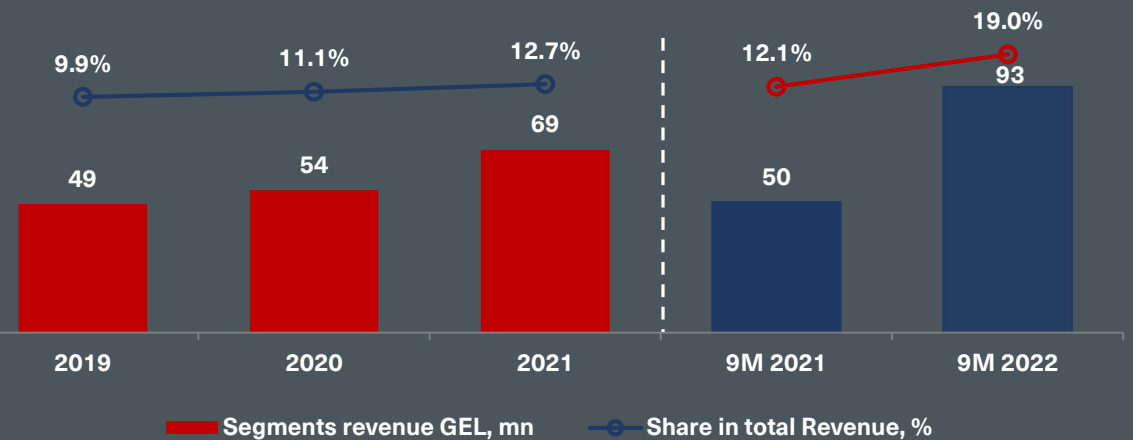
- GR Transit and GR Transit Line – freight forwarders, which serve crude oil and oil products transportation mainly from Azerbaijan, Kazakhstan and Turkmenistan
- GR Logistics and Terminals creates container terminals and other necessary infrastructure to develop presence in container transportation market
- GR Trans-Shipments 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

SHARE OF CONTAINERIZED CARGO

As % of freight volume

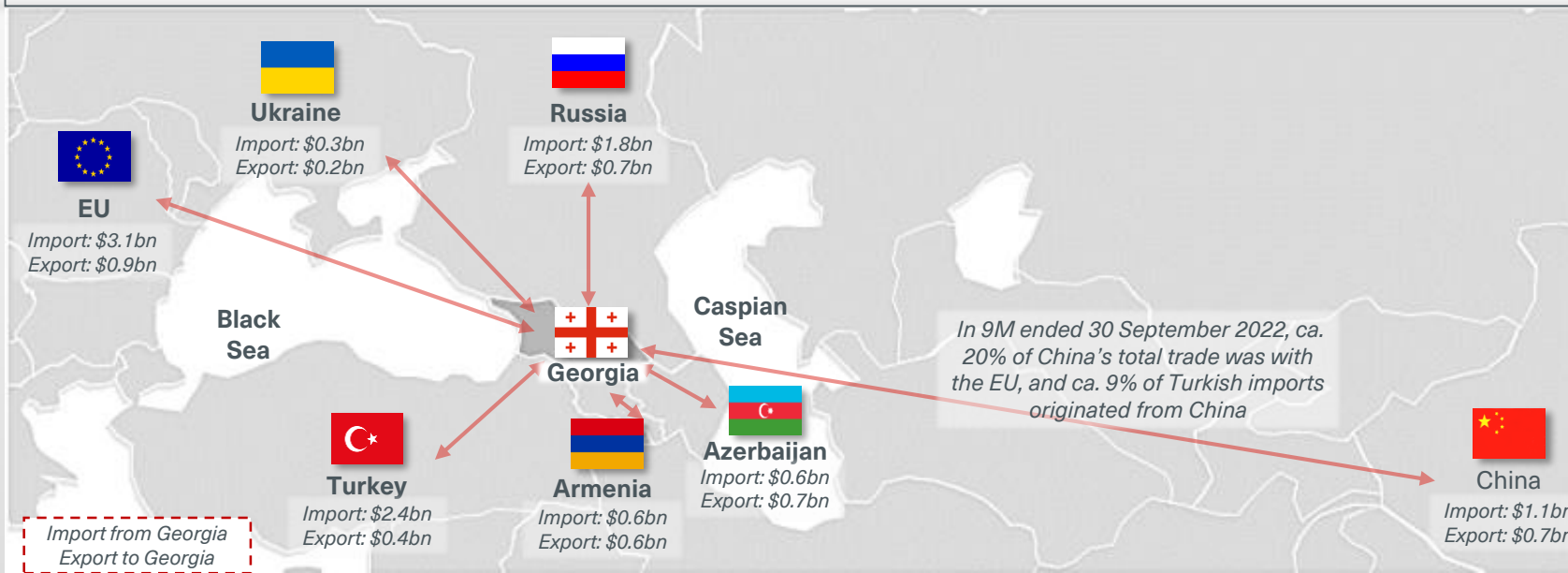


LOGISTICS SERVICES REVENUE EVOLUTION



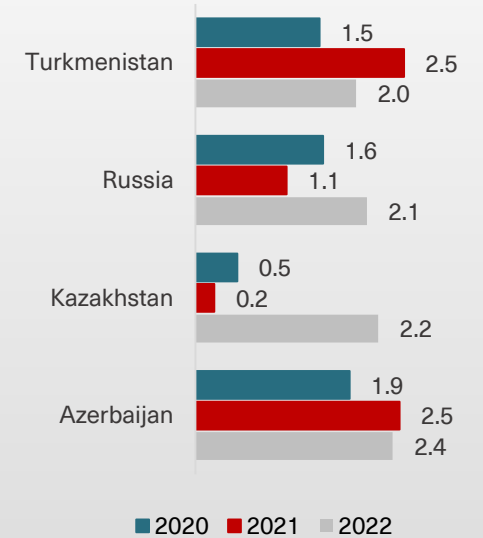
UNIQUE STRATEGIC LOCATION...

Positioned to capitalise on increasing trade flows between Europe, the Caspian Region and Central Asia



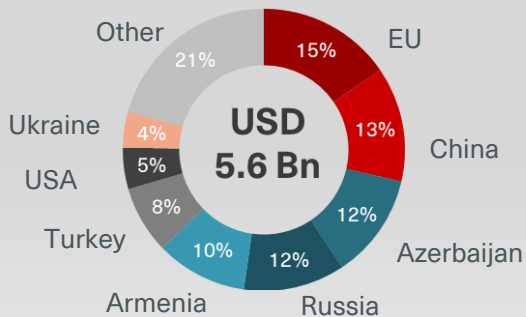
GR'S TRANSPORTATION VOLUME

MT, As at 31 December



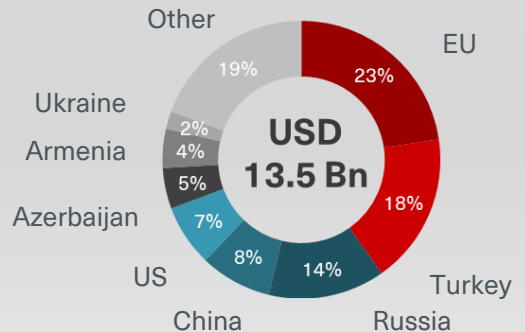
GEORGIA'S TOTAL EXPORT

As at 31 December, 2022⁽²⁾



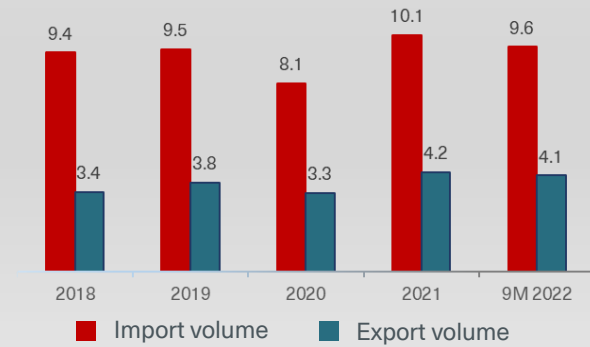
GEORGIA'S TOTAL IMPORT

As at 31 December, 2022⁽²⁾



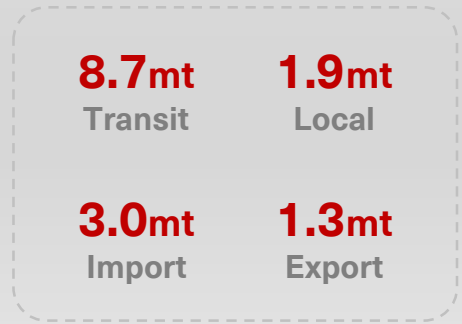
GEORGIA IS A NET IMPORTER

USD, bn



GR'S FREIGHT VOLUME

As at 31 December, 2022



Sources: Geostat.ge (for import and export statistics by countries)* Preliminary data., Company data for GR's transportation and freight volumes
Note: (1) GR's cargo volumes (both import into Georgia and transit) by origination countries. (2) Preliminary data.

...WITH WELL-DEVELOPED INFRASTRUCTURE AND NUMBER OF INTERNATIONAL PROJECTS

1 KULEVI

- Liquid cargo
- Operated by Vitol, SOCAR
- Current capacity of 10mt p.a.
- Expandable to 20mt p.a.

2 POTI

- Liquid and dry cargo
- Free Economic Zone near Poti
- Current capacity of 600k TEU
- Planning to increase capacity with est. investment of USD 300mn

3 BATUMI

- Liquid and dry cargo
- Current capacity of ca. 15mt p.a.
- Expandable to 28mt p.a.

RAIL FERRIES

- Rail ferry connection to Bulgaria, Russia, Ukraine and Turkey
- Rail ferries connecting Azerbaijan ports with Central Asia

4 DEEP-SEA PORT⁽¹⁾

- Construction of a new Anaklia Deep Sea Port for handling large vessels with all required infrastructure
- Alternatively – reconstruction of Poti to make it a deep-sea port

Ports Supporting Infrastructure



Connecting Railways

INTERNATIONAL PROJECTS AND INITIATIVES

9 BTK⁽²⁾ PROJECT

- Connecting Azerbaijan and Turkey with a railway link through Georgia;
- Reconstruction of a 178km long railway in Georgia;
- Started operating in test regime in 2017, expected completion in 2024.

Feeders On Caspian And Black Sea

- Adding additional feeder in Caspian Sea connecting Kazakhstan and Azerbaijan. Operating since 2019, capacity 225 TEU
- Additional feeder connecting Poti port with Ukraine (Odessa). Operating since 2019, capacity 1,200 TEU

5 RUSSIA

- Inactive link through Abkhazian part of Georgian Railway

6 AZERBAIJAN

- Largest GR rail connection, originating or receiving well over half of GR tonnage

7 TURKEY

- Active connection after Baku-Tbilisi-Kars Project
- Currently operating in test regime

8 ARMENIA

- Operated under concession to Russian Railways as South Caucasus Railways (SCR)
- Currently only other active GR rail connection

CHINA-TURKEY ROUTE

- A new route from China to Georgia and through Georgia to Turkey, Europe and the countries of the Mediterranean Basin;
- Increasing importance of BTK line.

Note: (1) Potential project (2) Baku-Tbilisi-Kars railway line

THE GROUP'S STRATEGY

FINANCIAL SUSTAINABILITY

- The company strives for a return on assets of 5% on average;
- Strengthening the core business and developing the supply chain in the transport corridor passing through Georgia;
- Continuous investment in human resources to develop necessary skills of managers and other employees.

STRENGTHENING OF THE FREIGHT TRANSPORTATION BUSINESS

- The redemption of the locomotive factory and improvement of the locomotive park at its base;
- Constant negotiations with neighbouring railways to ensure competitive pricing for the TRACECA;
- Short-term contracts for maintaining operational and price flexibility.

STRENGTHENING OF THE PASSENGER TRANSPORTATION BUSINESS

- Adjusting passenger train timetables to optimize utilization;
- Providing substantial discounts on tickets;
- Easing the accessibility of tickets via different sales channels;
- Launching a marketing campaign to attract potential customers.

DEVELOPMENT THROUGH MODERNIZATION PROJECT

- GR launched the Modernization Project in 2010 and it is due for completion in 2023. Mentioned project will:
- Eliminate the need for extensive capital expenditures for the maintenance of existing tracks;
- Increase transportation speed along the line, offering improved services for freight and passenger customers;
- Further increase transportation safety levels; and
- Reduce operational expenses.

THE GROUP'S STRATEGY continued

DEVELOPMENT OF SUBSIDIARY COMPANIES

- Ensure cargo and revenue growth through improved logistic services;
- Increase the efficiency of non-profile asset management;
- Increasing the awareness of the Company through marketing campaigns.

HEALTH, SAFETY AND ENVIRONMENTAL SUSTAINABILITY

- Every employee and contractor is fully engaged in occupational safety procedures, identifying potential risks and reporting any incidents promptly.
- Monthly inspections are conducted on the workplaces and a monthly incidents report system has been established;
- Waste management goals and objectives;
- Methods for temporary storage of waste;
- Waste transportation rules and waste treatment methods;

EMPLOYEES

- Promotes business education among employees, financing employees' training and education;
- Established bonus and a loyalty system;
- Insurance package that is specifically designed to meet the needs of GR employees.

CONTINUOUS FOCUS ON SUSTAINABLE DEVELOPMENT

E



- ✓ Green transportation with low carbon emissions
- ✓ 98% of the railway is electrified



- ✓ Responsible waste management:
- ✓ All hazardous waste is disposed
- ✓ Iron waste (old rolling stock etc.) is sold out to third parties for recycling



- ✓ Commitment to high ESG standards in new CAPEX projects

S



- ✓ Over 12,300 people employed
- ✓ The largest employer in Georgia, providing employment opportunities all over the country
- ✓ Established HSE(1) policy



- ✓ GEL 5.4mn employees' healthcare and insurance expenses as at 30 September, 2022



- ✓ Own Railway transportation college established in 2015

G



- ✓ Adherence to the best governance standards
- ✓ All BoD members are independent
- ✓ 3 committees established on the BoD

ENVIRONMENTALLY-FRIENDLY TRANSPORTATION MODE

GR' acts with a slogan "Green is our choice"



Railway is one of the most environment-friendly transportation modes. According to International Energy Agency (IEA)¹ achieving the ambitious goals of the Paris Agreement will require a transport modal shift, particularly from road and air transport to rail

Note: (1) <https://www.iea.org/reports/the-future-of-rail>

STRONG SOCIAL IMPACT AND COMMITMENT TO ENSURE SAFE WORKING ENVIRONMENT



GR is the largest employer and taxpayer in Georgia, providing workplaces to more than 12,300 people all over the country



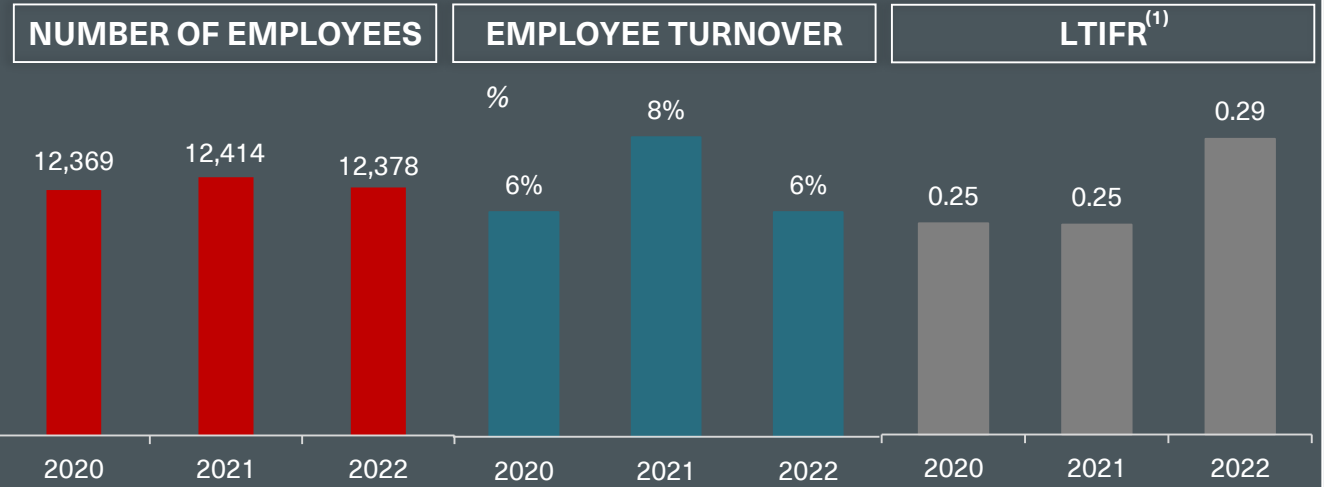
Providing passenger transportation with affordable tariffs is socially important and benefits regional development of the country



Adherence to the best health & safety standards and management systems (ISO certification, SAP and 6 SIGMA programs)

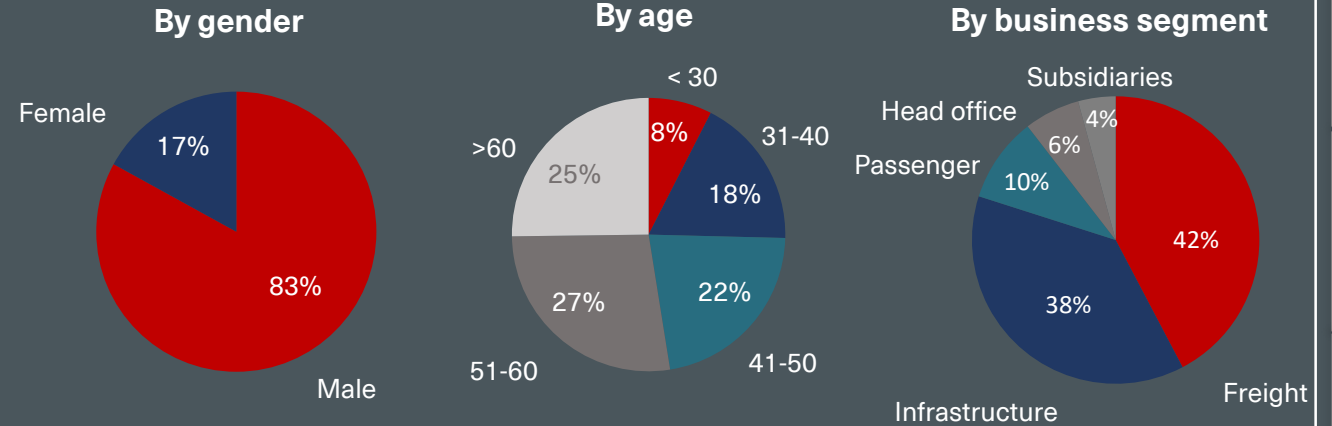


- Established Health & Safety Policy
- Ca. 59% of the Group's employees are member of one or more trade unions⁽²⁾



EMPLOYEE STRUCTURE

As at 31 December, 2022



Note: (1) Lost time injury frequency rate; (2) As at 31 December 2022

COMMITMENT TO ROBUST GOVERNANCE STANDARDS

Supervisory Board

5 members in total, all of them independent and non-executive⁽¹⁾



Indicates independent director

Established Committees

Audit Committee⁽²⁾



Remuneration Committee⁽²⁾



Nomination Committee⁽²⁾



SUPERVISORY BOARD STRUCTURE



Konstantine Guntsadze
Chairman of the Supervisory Board
Independent Member

10

- 2002 – 2003 – Political Union “Akhlebi”, chairman of the New Rights Party
- 2004 – 2008 – Member of the 6th convocation parliament of Georgia
- 2004 – 2008 – Member of the Legal Issues Committee & Faction “Democratic Front” of the 6th convocation parliament of Georgia



David Samkharashvili
Independent Member

2

- From 2014 to 2020 worked as director at Vagonmshenebeli Company



Beka Injia
Independent Member

3

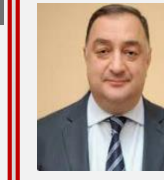
- Secretary General at the Georgian International Arbitration Centre
- Consultant and member of the Supervisory Board of the Partnership Fund



Oleg Bichiashvili
Independent Member

10

- Between 1976 and 1996 worked in various leadership roles in railway and transport, joined Georgian Railway in 2005



Giorgi Muskhelishvili
Independent Member

1

- Over 30 years of experience in various leadership positions

XX – Number of years in supervisory board

– Independent Member

GR – A STRATEGIC ASSET FOR THE GOVERNMENT OF GEORGIA

GRAIL'S STRATEGIC IMPORTANCE FOR THE STATE GOVERNMENT

- GR is a major tax and GDP contributor and one of the largest employers in the Georgian economy. GR's revenue contributes to around 0.9% of Georgia's GDP
- Railway represents around 25% of total transported cargo in Georgia
- Development of transportation is the key strategic goal of the Government – positioning as the transportation hub in the Caucasus, connecting Asia to Europe and Turkey
- The Group has critical role in the sustainable development of the country's economy
- GR plays a critical role in maintaining strong economic relations between Georgia and its partner countries such as Azerbaijan, Armenia, Kazakhstan, Tajikistan, Turkey and Turkmenistan

SOCIALLY IMPORTANT TRANSPORTATION SEGMENT

- GR provides essential passenger transportation services with considerably low tariffs to meet the Government's interest in transportation issues within Georgia
- Keeping affordable transportation tariffs are socially important and benefits regional development of the country



TRACK RECORD OF GOVERNMENT SUPPORT

- Government supports GR with many initiatives such as share capital contributions, property tax exemption on railroads and transmission lines, land and infrastructure contribution, and subsidies
- Examples of Gov. Support: Subsidies on passenger SBU based on EU regulation 1370/2007 effective from 2018; Re-investment of dividend payable in 2015 and 2016 for the passenger station in Batumi

STRATEGIC IMPORTANCE FOR TRACECA

- Transit shipment takes about 59% percent of the Group's freight transportation volume
- Trans-Caucasus corridor represents a viable option to increase resilience and diversity of shipment routes

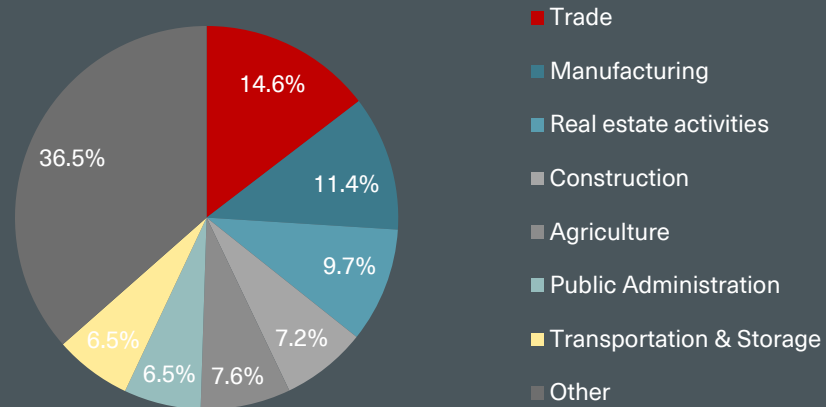
MONOPOLY POSITION

- The Group is the sole Railway operator in Georgia
- GR is directly owned and controlled by the Government of Georgia from December 2022. Before that, 100% shareholder of the Company was Partnership Fund, which in turn is fully owned by the Government.
- GR has deregulated tariff policy and enjoys independence in its tariff setting, making it more flexible

GEORGIA'S OPEN ECONOMY IS DIVERSIFIED MOSTLY DRIVEN BY EXTERNAL INFLOWS

GDP BREAKDOWN BY SECTORS

9M 2022 ⁽¹⁾

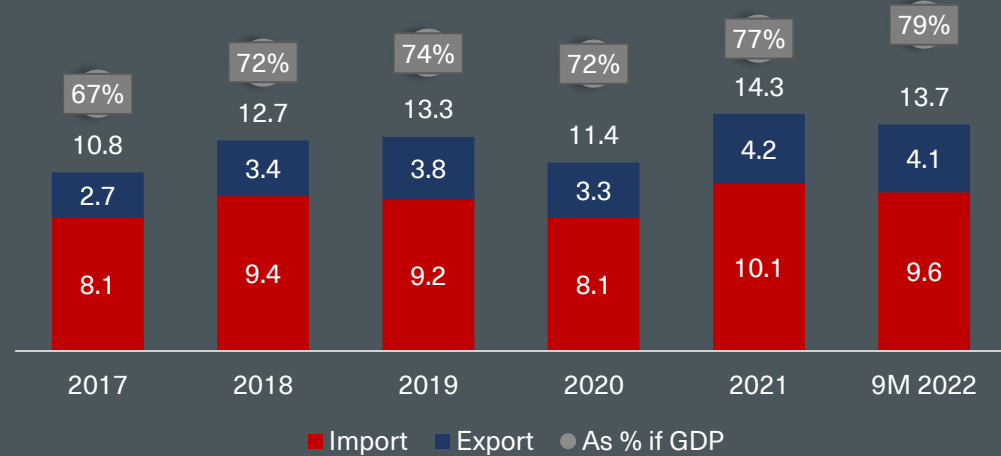


Source: GeoStat

- Georgia's GDP structure is relatively diversified with services accounting for the largest share of the economy
- Exports, tourism, remittance and FDI inflows, accounted for ca. 58% of GDP in 2019 and represent the backbone of the economy. The figure dropped to ca. 40% in 2020 due to a major decrease in tourism inflows as a result of the pandemic but reverted to c. 49% in 2021 in line with eased travel restrictions. In nine months ended 30 September 2022 the figure increased to 69%.
- Remittance inflows, an important driver of the economy, account for significant portion of household income. Over Due to Russia Ukraine war, migration from Russia to Georgia increased significantly. Due to increased migration Russia share in remittance inflow increased from 18 percent (in 2021) to 53 percent (in 2022).

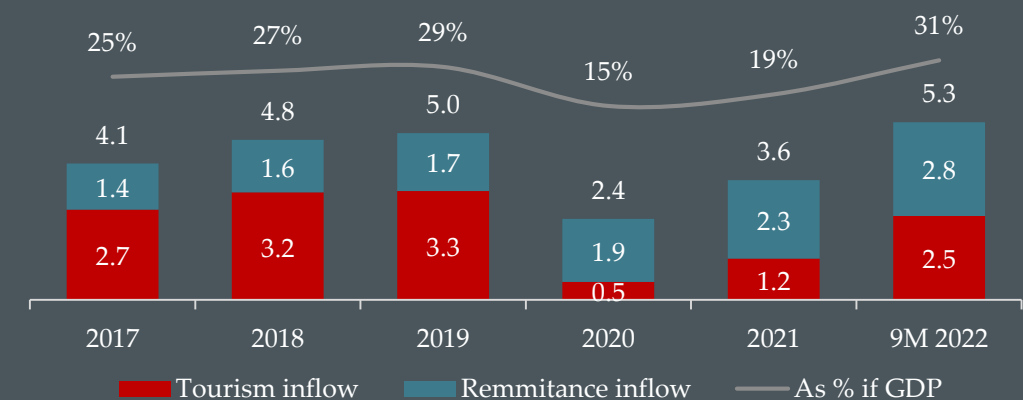
GEORGIA'S EXTERNAL TRADE TURNOVER

USD bn



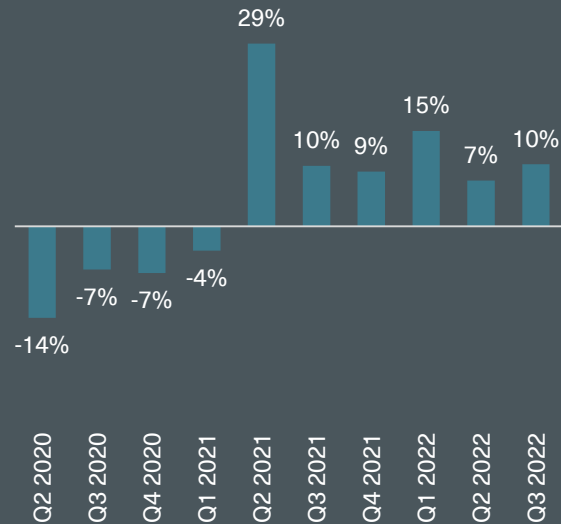
REMITTANCE AND TOURISM INFLOWS

USD bn



RECENT TRENDS: NON-TOURISM ECONOMIC FACTORS HAVE DEMONSTRATED RESILIENCE

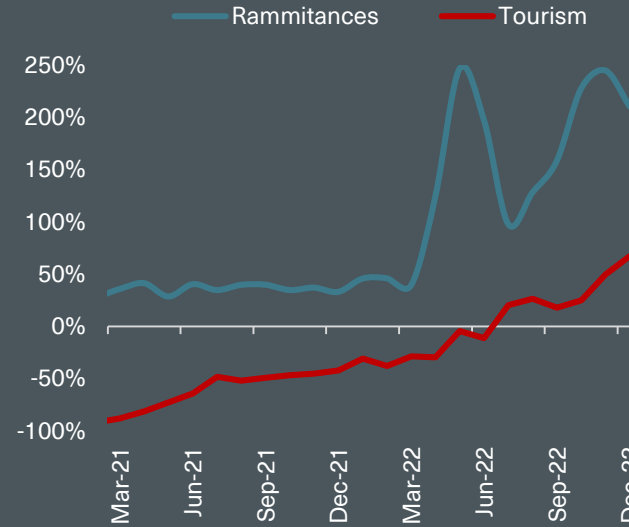
REAL GDP GROWTH (% , YOY)



Source: Geostat

- Georgia's GDP took the biggest hit in Q2 2020 due to the pandemics, with another setback in Q4 as a result of the second wave of the virus. Increased mobility and economic activity, as well as the base effect caused a major jump in the Georgian economy in Q2 2021, country maintains relatively high growth. In 2021 GDP growth was 10.5%. In first nine month of 2022 GDP growth was 10.7%.

INFLOWS (% , CHANGE VS. 2019)



Source: NBG

- Tourism inflows plummeted shortly after the beginning of the pandemic in Q2 2020 with a notable recovery throughout 2021 and the current year. In 2022 tourism inflows returned to the pre-pandemic level.
- Remittance inflows, on the other hand recovered shortly after the major decrease in Spring 2020 and has posted double-digit growths throughout the rest of 2020 as well as 2021 and in 2022 increased 2.5 times compared to 2019.

EXTERNAL TRADE (% , CHANGE VS. 2019)

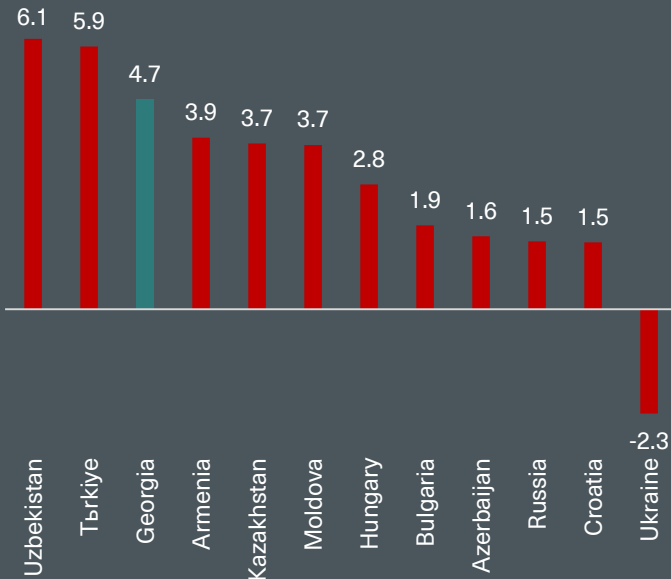


Source: Geostat

- Imports have remained same as 2019 levels in 2021, but in 2022 compared to 2019 import increased 1.5 times.
- Despite the challenging global and regional environment, a major recovery has been observed in Q3 2020. In 2021 the export level was little higher than 2019 and in 2022 it increased 1.5 times compared to 2019.

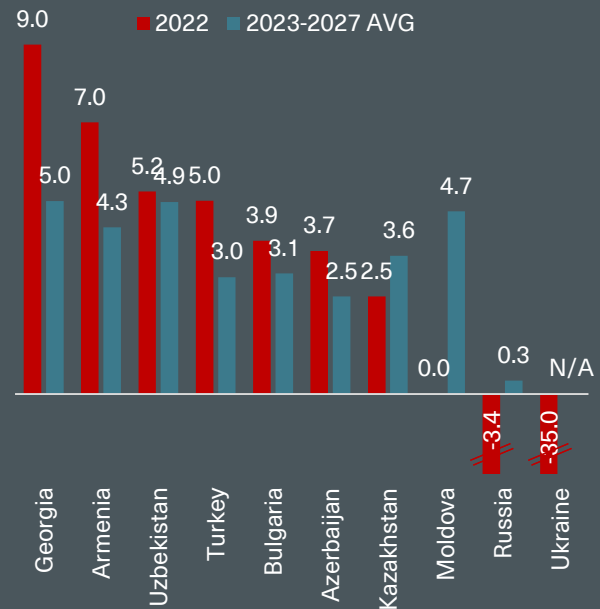
LONG TERM BENCHMARKING: STRONG TRACK RECORD OF GROWTH FOR GEORGIA WITH PRUDENT MACRO POLICIES

GDP growth over 2010-22



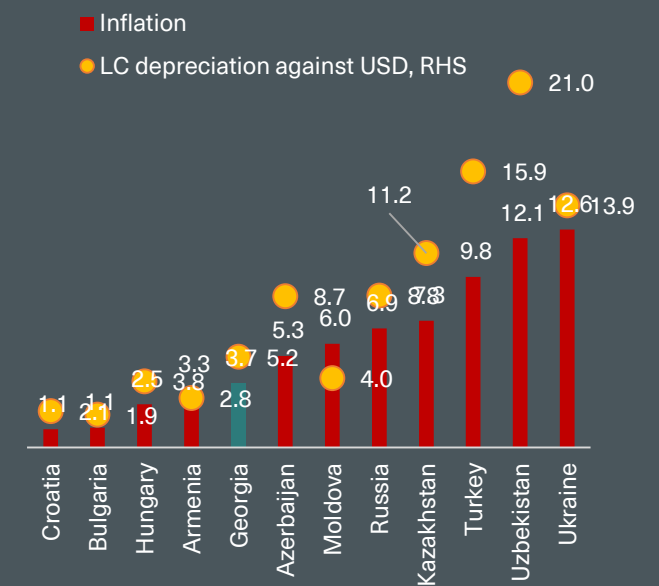
- Georgia's GDP growth averaged 4.7% in the last 12 years – among the highest in the broader region
- Prudent macro policies continued structural reforms and an attractive business environment are major drivers of strong economic growth in the country

GDP growth in 2022 and long term projections



- According to the IMF projections, Georgia's GDP will rebound materially with 2022 GDP growth expected to be 9.0% and is expected to converge to c. 5.0% in the medium term.

Inflation and exchange rate (2010-19 annual avg) ⁽¹⁾

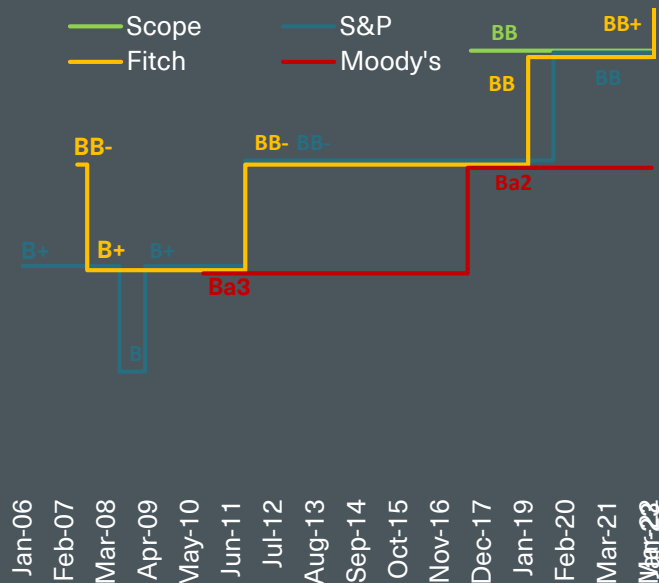


- Over the pre-pandemic ten years, inflation in Georgia averaged 3.7%, close to the Central Bank's target
- Despite challenging regional environment and elevated GEL exchange rate volatility, on average exchange rate depreciation was relatively low compared to regional economies

Sources: IMF; Eurostat
Note: (1) Pre-Pandemic situation

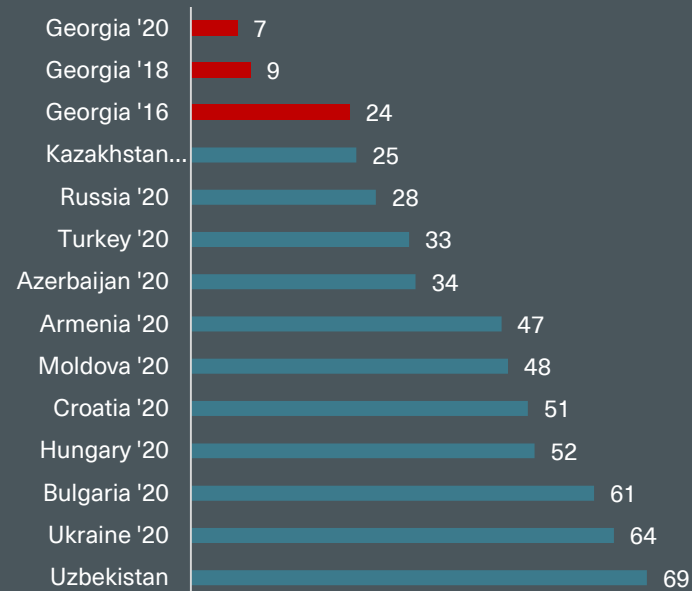
GEORGIA'S LEADING POSITIONS IN INTERNATIONAL RANKING UNDERSCORES COUNTRY'S STRUCTURAL ADVANTAGES

Sovereign ratings for Georgia



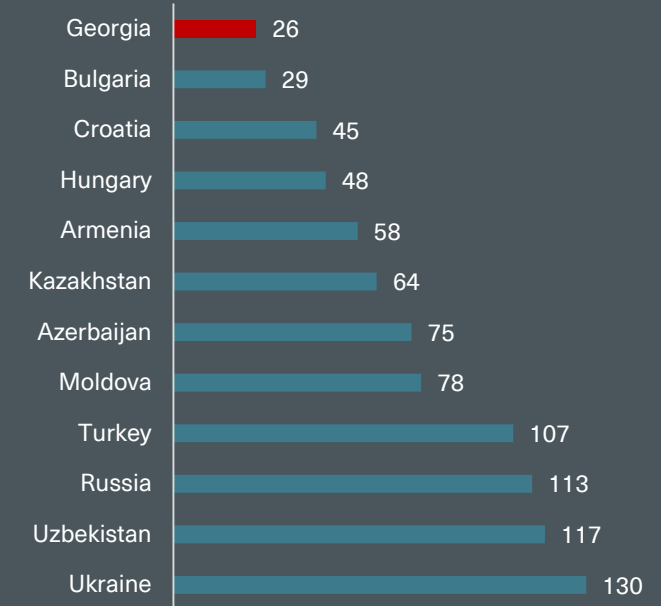
- Moody's, Fitch and S&P all upgraded Georgia's sovereign credit rating over the years
- No rating agency has downgraded the sovereign credit rating in 2020 during the pandemic and the corresponding economic downturn

Ease of Doing Business Index for the region



- Georgia is the leader among regional peers in the Ease of Doing Business Index and ranks 7th, 9th, and 24th for 2020, 2018, and 2016, respectively out of 190 countries
- The positive dynamics of Georgia's position in the global ranking makes Georgia a favorable economy for starting and doing business
- Georgia ranks 45th out of 190 countries on the Ease of Trading across Borders according to the World Bank Doing Business report 2020. Overall, Georgia improved its ranking from 95 in 2007 to 45 in 2020 due to its flexible time and cost required for importing and exporting goods

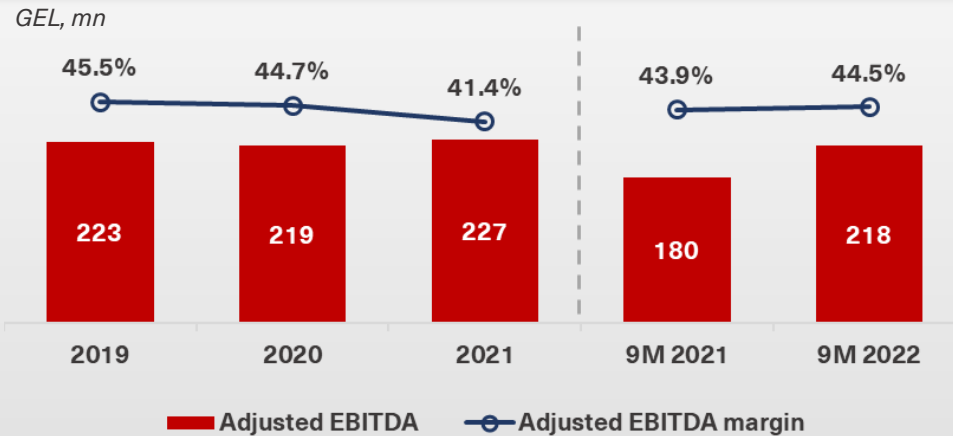
2022 Index of Economic Freedom



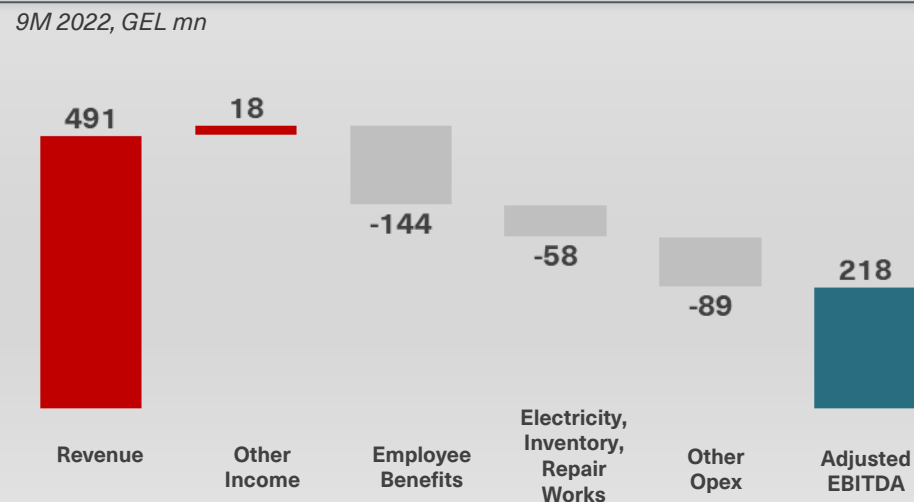
- Georgia's small open economy has been ranked the highest in regional countries in the Index of Economic Freedom. In 2022, Georgia ranks 26th out of 177 countries

BEST-IN-CLASS ADJUSTED EBITDA MARGIN

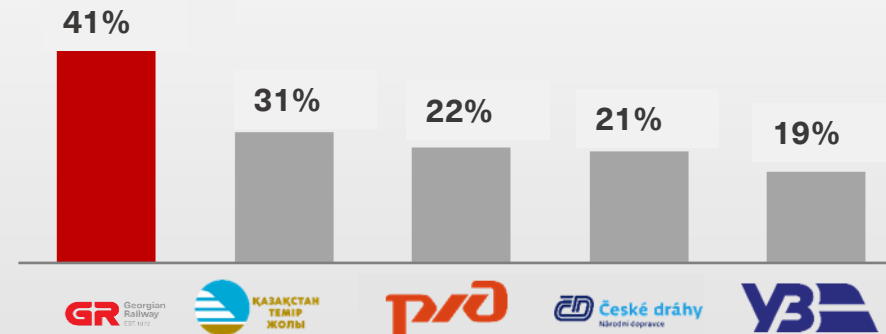
INCREASING ADJUSTED EBITDA MARGIN



REVENUE TO ADJUSTED EBITDA BRIDGE



OUTSTANDING EBITDA MARGIN VS. PEERS ⁽¹⁾

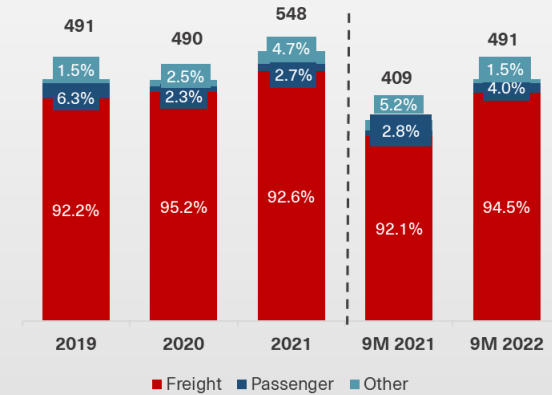


- Significant portion of operating expenses is fixed and denominated in GEL, which led to relatively stable Opex amid increasing total revenue (mostly denominated in USD) resulting increased Adjusted EBITDA margin
- Adjusted EBITDA margin has significantly improved in the recent years and reached 44.5% of revenue in the first nine months of 2022, representing a leading position compared to regional peers

SOLID TRACK RECORD OF REVENUE GENERATION

REVENUE BREAKDOWN

GEL, mn

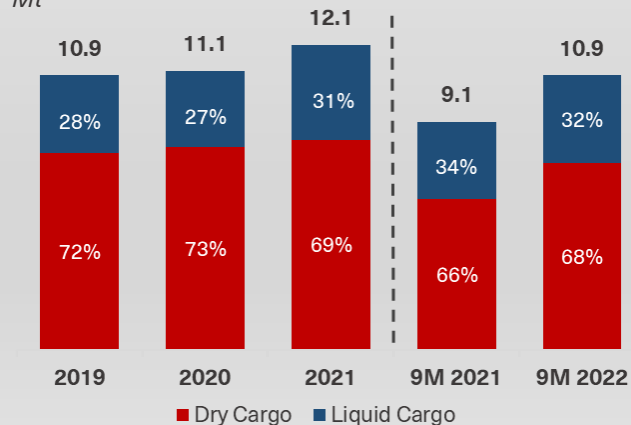


REVENUE ANALYSIS

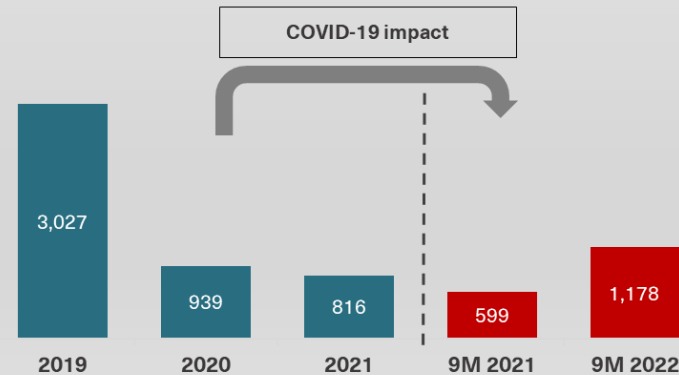
- Total revenue has increased significantly during nine month ended 30 September 2022, reaching GEL 491.1 mln or +20.1% change on a 9M/9M basis. Freight revenue category increased by 11.8% % in First nine month 2022. Due to Covid-19 related restrictions mostly in 2020, passenger transportation was ceased 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. In 9 month period ended 30 September 2022 passenger transportation revenue increased by 75 percent compared to the same period of the previous year.
- Most part of the Group's revenue is denominated in USD, representing natural hedge against national currency depreciation risk
- Average revenue passenger-km from nine month period ended 30 September 2021 to nine months period ended 30 September 2022 5.5 to 5.6 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

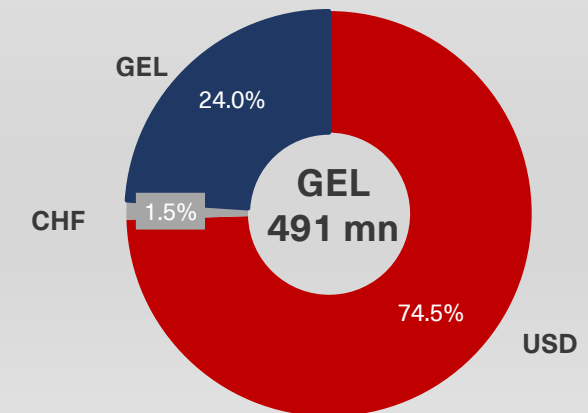


Number of passengers '000



REVENUE SPLIT BY CURRENCIES

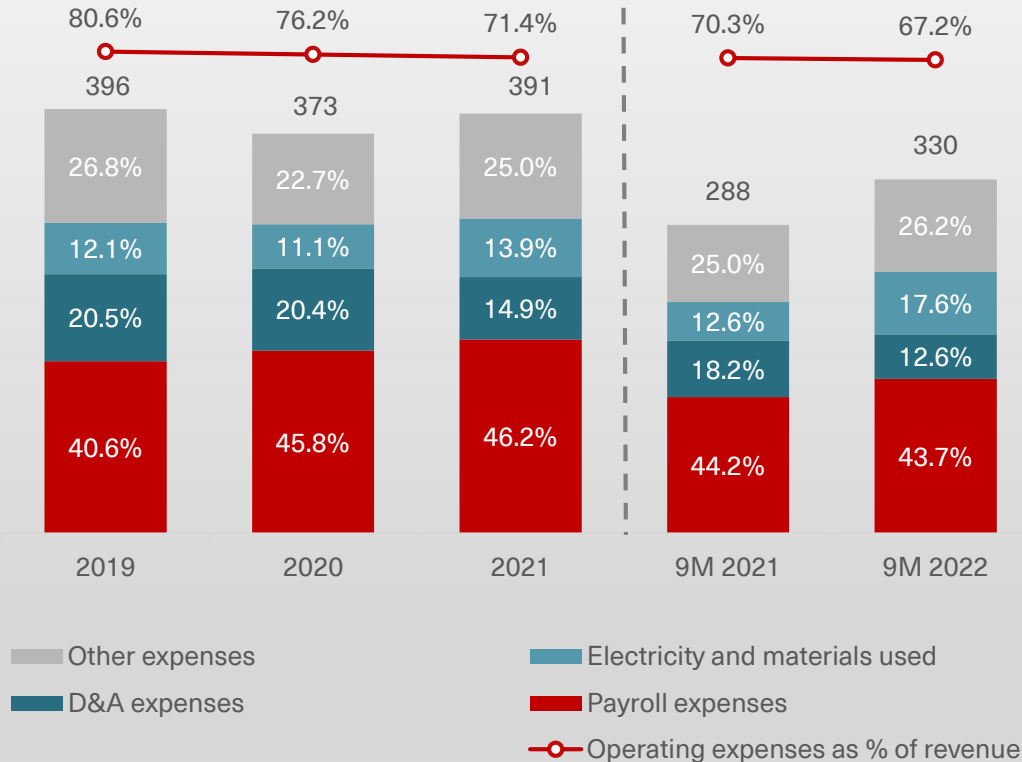
As at 30 September, 2022



IMPROVING OPERATIONAL EFFICIENCY

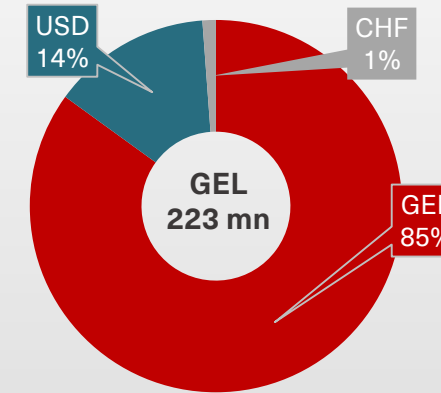
OPERATING COSTS ANALYSIS

GEL, mn



FOREIGN CURRENCY SHARE IN OPERATING COSTS

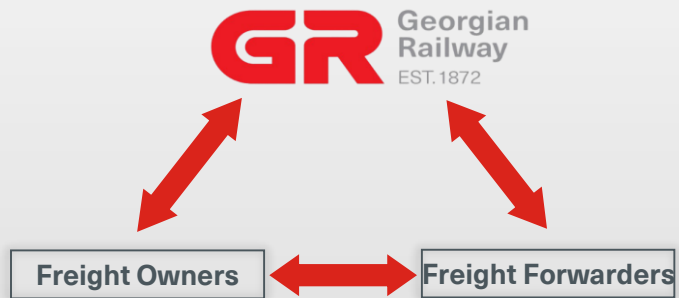
First nine months of 2022



- The Group has improved its operational efficiency during recent years, decreasing OPEX as a % of revenue from 70.1% in first nine months period of 2021 to 67.7% in same period of 2022. The change was mostly due to lower depreciation costs after PPE revaluation.
- In first nine months of 2022, the increase incurred in expenses, such as employee benefits expense by GEL 17.1 mn reaching GEL 144.2 mn.. As of 31 December 2021, the number of employees was 12,414, and as of 31 December 2022, the number of employees was 12,382. Costs related to electricity, inventory and repair work increased by GEL 21.8 mn, and other expenses increased by GEL 14.4 mn in first nine months of 2022.
- These increases were partially offset by decrease in expenses, such as Depreciation and amortization expenses by 10.9 mn.

HIGH QUALITY CUSTOMER PORTFOLIO WITH LIMITED CREDIT RISK

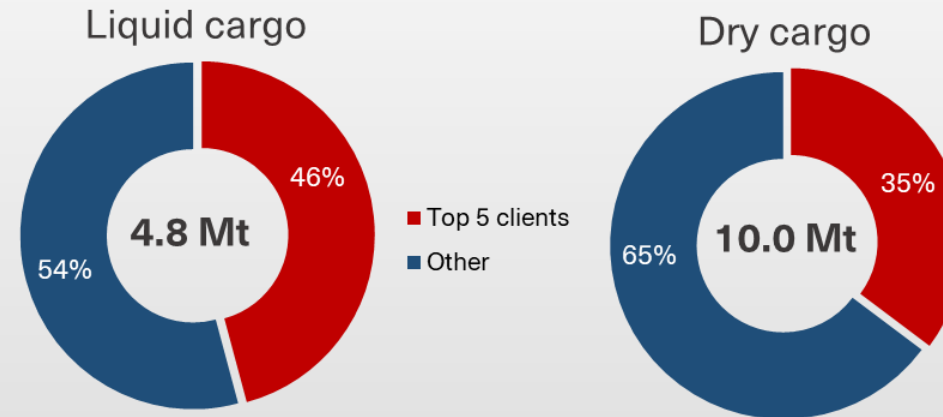
LIMITED CREDIT RISK



- GR does not enter into long-term contracts with customers it serves through freight forwarders
 - Ability to maintain flexible pricing policy and pursue opportunities
- Customers required to pay transportation and station services in advance
 - Services conditional upon full prepayment
 - Eliminates risk of customer default or delay of payment on these services
 - Payments for demurrage do not need to be paid in advance

PRINCIPAL CUSTOMERS BY VOLUME 2022

Tons, mn



- In liquid cargo, the top 5 customers comprised 46 percent of total liquid cargo transported in 2022
- In dry cargo, the top 5 customers comprised 35 percent of total dry cargo transportation in 2022

LONG-TERM RELATIONSHIP WITH FREIGHT OWNERS

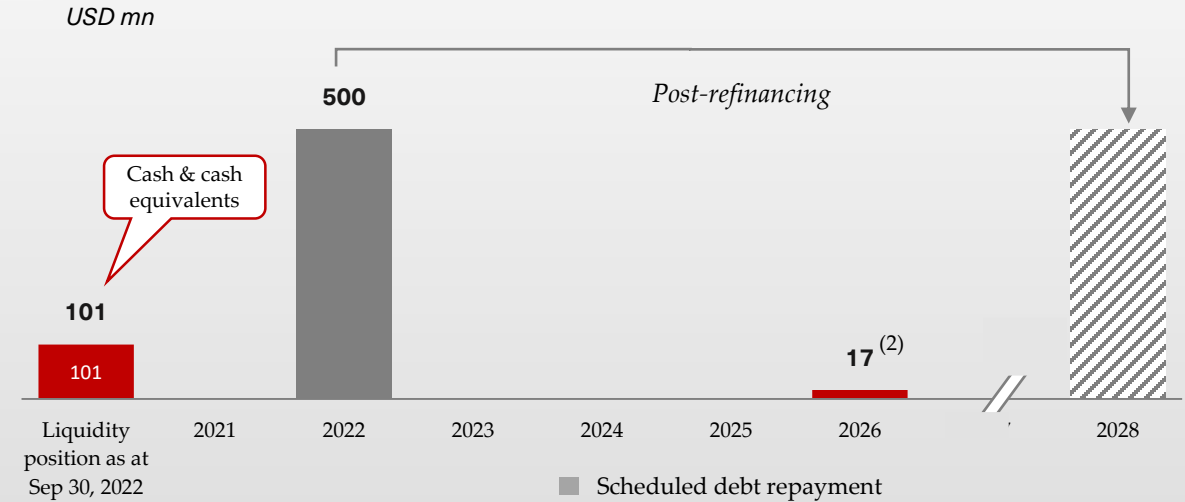
- Freight forwarders administer freight transportation on behalf of the freight owners
 - Freight forwarders have a diversified customer base of freight owners
 - GR's well-established relationships with freight forwarders foster long-term relationships between GR and cargo owners
- Many freight owners are large blue chip companies
- Flexibility of deregulated tariff regime allows adoption of optimal pricing policy to attract and retain key customers

MATURITY PROFILE AND DEBT STRUCTURE

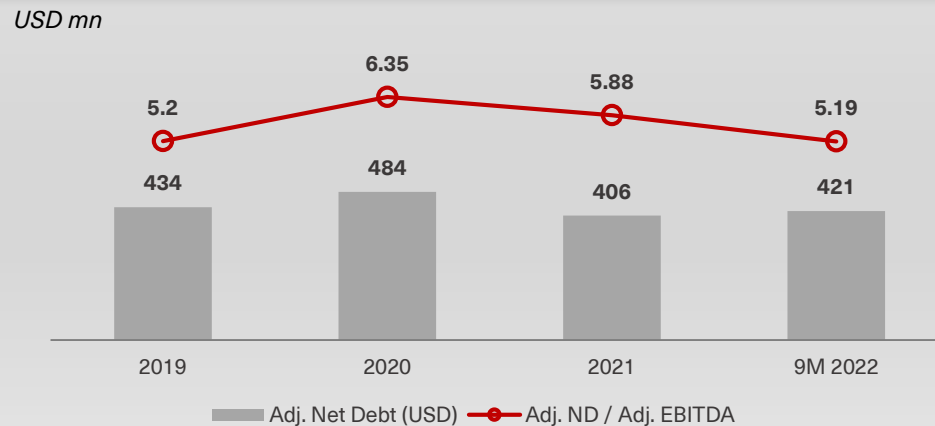
BRIEF OVERVIEW

- GR's debt balances includes USD 500mn Green bond issued in 2021 and USD 17.4mn in principal amount outstanding under secured export credit facility agreement
- Group's current liquidity position includes cash and cash equivalents.

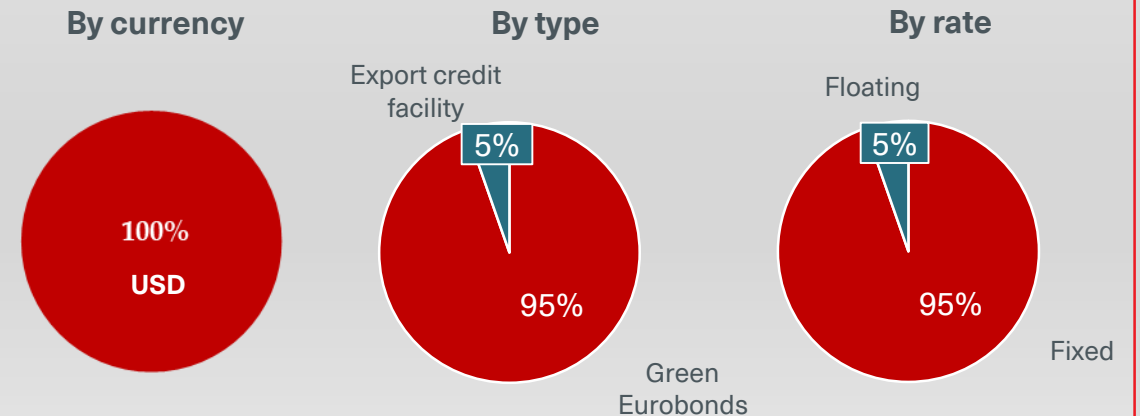
LIQUIDITY POSITION & DEBT MATURITY PROFILE



ADJUSTED NET DEBT / ADJUSTED EBITDA DYNAMICS⁽¹⁾



TOTAL DEBT COMPOSITION



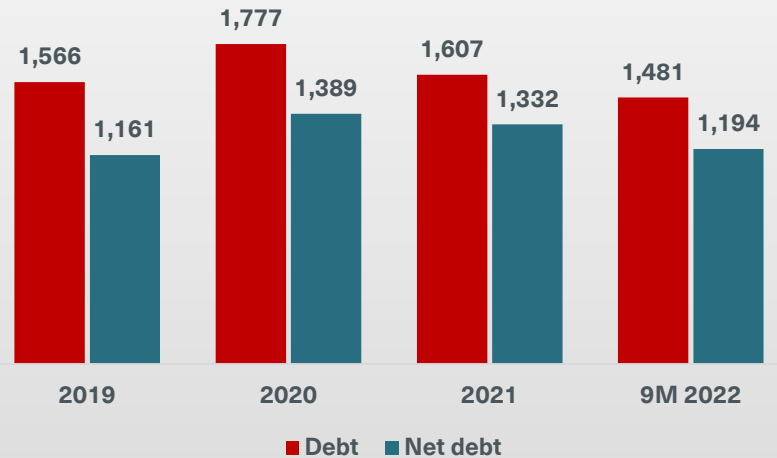
Note: (1) Converted at EoP USD / exchange for 2020, 2021, 2022 of 3.28, 3.10, 2.70 respectively; (2) Export credit facility has equal amortization each year until 2026;

BALANCE SHEET OVERVIEW: LEVERAGE AND DEBT POSITION

DEBT

GEL, mn

as at the end of the period



NET DEBT CALCULATIONS

GEL, mn

30-Sep-22 Amount

Debt:	
Total Indebtedness	1,481.0
Cash and Bank Deposits:	
Cash and Cash Equivalents	286.9
Net Debt	1,194.1

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.

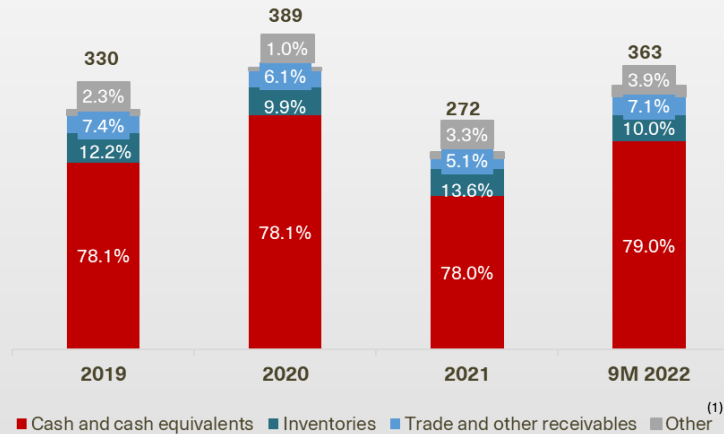
Credit risk

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

WORKING CAPITAL MOVEMENTS

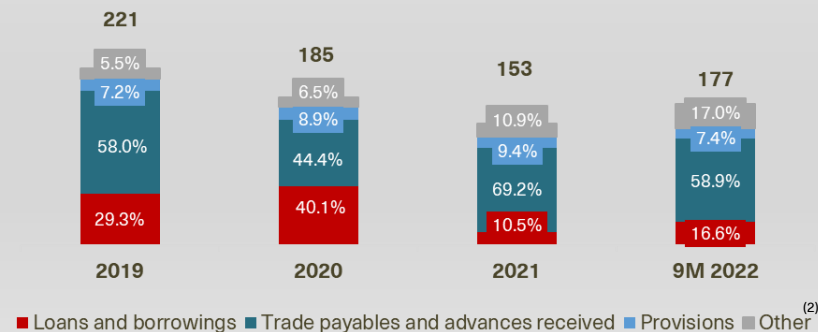
CURRENT ASSETS

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;
- 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	2018	2019	2020	2021	9M 2022
	0.9	1.4	2.1	1.8	2.1

Note: (1) Other current assets mainly includes current tax assets, bank deposits and prepayments and other non current assets; (2) Other current liabilities include liabilities to the Government, other current liabilities and current tax liabilities

TARIFFS POLICY, INDUSTRY AND REGULATIONS

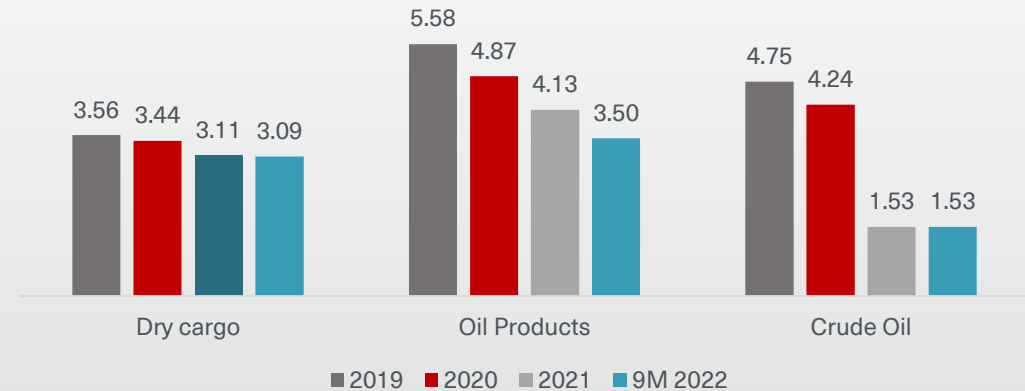
CHANGES IN INDUSTRY AND REGULATORY ENVIRONMENT

- Crude oil transportation redirected to pipelines;
- Decreased crude oil transportation replaced by more profitable oil products and dry cargoes;
- Infrastructure developments in the region and in Georgia to attract and handle expected new cargoes from China;
- Governmental changes in Georgia having no impact on Georgian Railway's regulation and tariff setting policy.

TARIFFS

- Independent tariff setting - the Group has a monopoly on rail transportation within Georgia. However, its tariff policy is not subject to Government regulation. Currently, the railway business is fully deregulated in Georgia and no changes in this regard are foreseeable. The Group sets its tariff policy independently for all services, including tariffs for freight transportation, passenger transportation and related services. The Group can change its tariffs with one month's prior notice to its customers
- Almost all tariffs are set in USD - GR can freely change the tariff currency with one month notice (e.g. switch from CHF to USD in February 2012)

Freight transportation revenue per ton-kilometer in USD (Cents)



Note: Tariffs were transformed from GEL to USD by average annual GEL/USD exchange rate

GEL / USD FOREIGN EXCHANGE RATE



BORROWINGS OVERVIEW

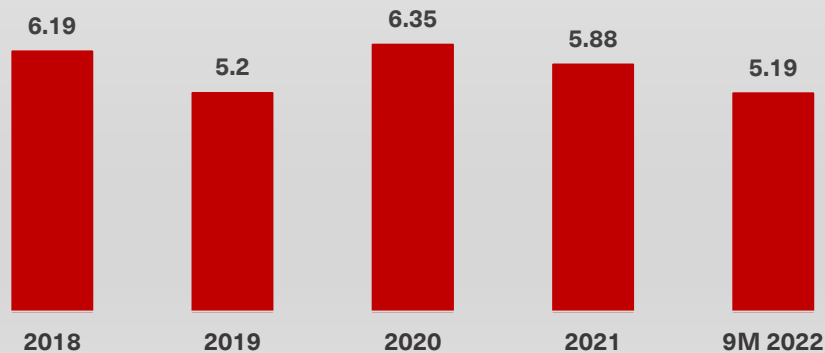
GREEN EUROBOND

▪ 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

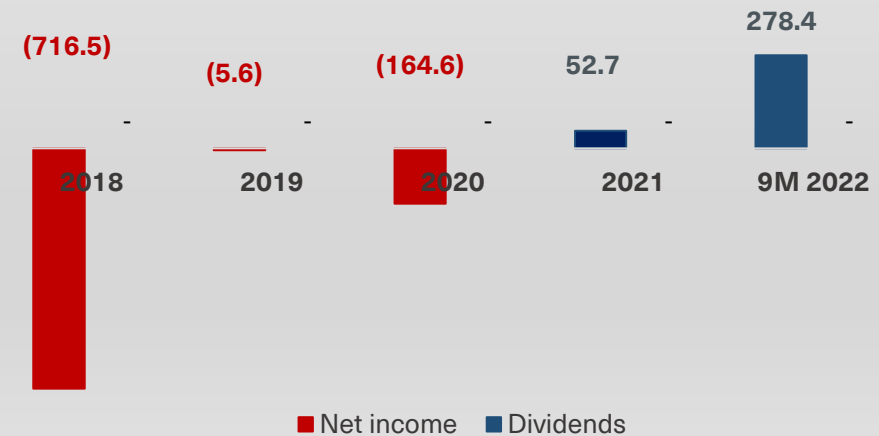
CREDIT SUISSE DEBT

▪ 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
▪ Remaining principal	17.4 mm

NET DEBT/EBITDA



DIVIDENDS (GEL MILLION)





Green Bond Framework is aligned with the ICMA Green Bonds Principles 2018

USE OF PROCEEDS

- Finance and/or refinance, in whole or in part, GR's expenditures relating to the Eligible Green Project Categories as detailed below, which provide distinct environmental benefits
- Eligible projects in line with "Clean transportation" category of the Green Bond Principles:
 - Modernization, maintenance and energy efficiency of existing electrified interurban railway lines
 - Investments into new electrified railway line and extensions
 - Acquisition and maintenance of freight and passenger rolling stock
 - Acquisition, modernization and maintenance of trackside infrastructure
- In the case of refinancing Eligible Projects will be limited to a 3-year look back period from the year of issuance of a Green Bond

PROJECT EVALUATION

- Georgian Railway's Corporate Department, together with the Economic Department will evaluate projects against the eligibility and exclusion criteria on ongoing basis
- Projects that meet the criteria will be eligible for the green bond financing/refinancing
- The Eligible Projects will be tracked using an internal register
- The list of Eligible Projects to be reviewed against the eligibility and exclusionary criteria annually

MANAGEMENT OF PROCEEDS

- GR Economic Department, together with Accounting and Corporate Departments, will track expenditure to eligible projects using an internal register
- GR will strive to allocate total net proceeds to eligible projects within 3 years of issuance of each Green Bond
- Pending full allocation of an amount equivalent to the net proceeds of outstanding Green Bonds, the proceeds will be held in temporary investments such as cash, cash equivalent, other liquid marketable investments in line with Georgian Railway's treasury management policies or used to repay portions of outstanding indebtedness

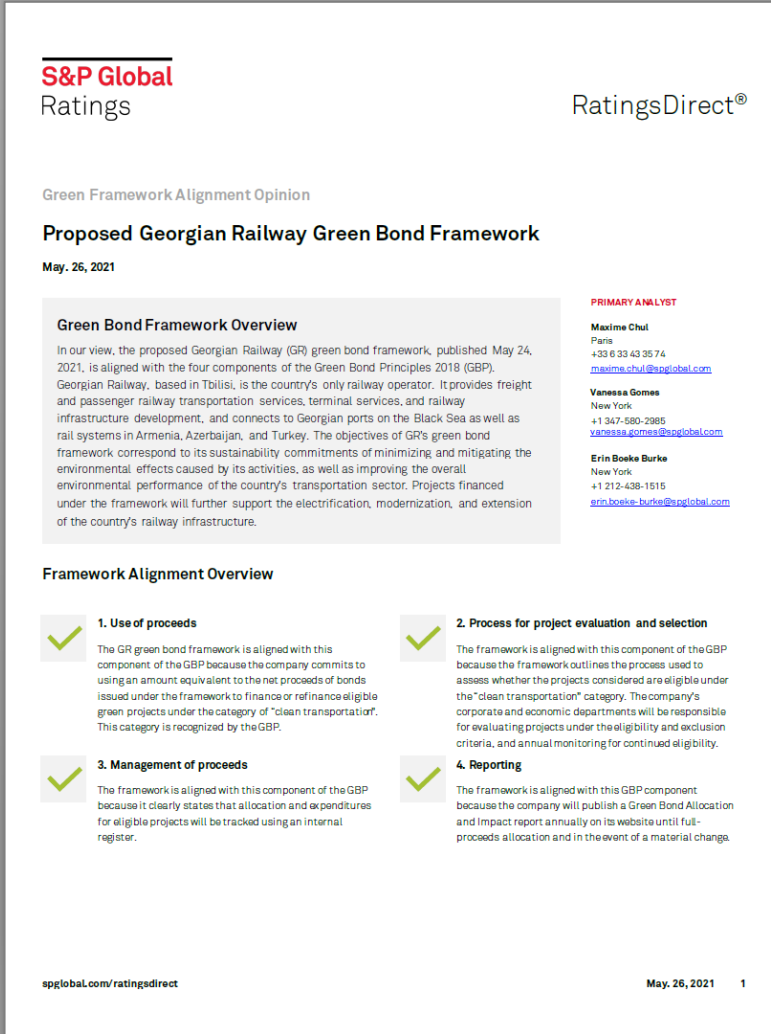
REPORTING

- GR commits to publish an annual Green Bond Allocation and Impact Report on the Group's website, until full allocation of the proceeds, and in the event of any material changes until the maturity date of the bond
- The Allocation and Impact Report will include:
 - Details of Eligible Green Projects and allocations
 - Relevant environmental outcomes/impacts
 - The proportional allocation of proceeds between existing projects (refinancing) and new projects
 - Amount of cash or cash equivalents remaining to be allocated

POSITIVE EXTERNAL REVIEW

KEY HIGHLIGHTS

- ✓ Georgian Railway Green Bond Framework is aligned with the four core components of the Green Bond Principles 2018.
- ✓ The objectives of GR's Green Bond Framework correspond to its sustainability commitments of minimizing and mitigating the environmental effects caused by its activities, as well as improving the overall environmental performance of the country's transportation sector. Project financed under the Framework will further support electrification, modernization, and extension of the country's railway infrastructure
- ✓ The Company commits to using an amount equivalent to net proceeds of bonds issued under the framework to finance or refinance eligible green projects under the category "clean transportation"
- ✓ Corporate and economics departments will be responsible for evaluating projects under the eligibility and exclusion criteria, and annual monitoring for continued eligibility
- ✓ Allocation and expenditures for eligible projects will be tracked using internal register
- ✓ The company will publish Green Bond Allocation and Impact report annually on the website until full proceeds allocation and in the event of material change



S&P Global Ratings RatingsDirect®

Green Framework Alignment Opinion

Proposed Georgian Railway Green Bond Framework

May 26, 2021

Green Bond Framework Overview

In our view, the proposed Georgian Railway (GR) green bond framework, published May 24, 2021, is aligned with the four components of the Green Bond Principles 2018 (GBP). Georgian Railway, based in Tbilisi, is the country's only railway operator. It provides freight and passenger railway transportation services, terminal services, and railway infrastructure development, and connects to Georgian ports on the Black Sea as well as rail systems in Armenia, Azerbaijan, and Turkey. The objectives of GR's green bond framework correspond to its sustainability commitments of minimizing and mitigating the environmental effects caused by its activities, as well as improving the overall environmental performance of the country's transportation sector. Projects financed under the framework will further support the electrification, modernization, and extension of the country's railway infrastructure.

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Framework Alignment Overview

<p>✓ 1. Use of proceeds</p> <p>The GR green bond framework is aligned with this component of the GBP because the company commits to using an amount equivalent to the net proceeds of bonds issued under the framework to finance or refinance eligible green projects under the category of "clean transportation". This category is recognized by the GBP.</p>	<p>✓ 2. Process for project evaluation and selection</p> <p>The framework is aligned with this component of the GBP because the framework outlines the process used to assess whether the projects considered are eligible under the "clean transportation" category. The company's corporate and economic departments will be responsible for evaluating projects under the eligibility and exclusion criteria, and annual monitoring for continued eligibility.</p>
<p>✓ 3. Management of proceeds</p> <p>The framework is aligned with this component of the GBP because it clearly states that allocation and expenditures for eligible projects will be tracked using an internal register.</p>	<p>✓ 4. Reporting</p> <p>The framework is aligned with this GBP component because the company will publish a Green Bond Allocation and Impact report annually on its website until full-proceeds allocation and in the event of a material change.</p>

spglobal.com/ratingdirect May 26, 2021 1

GREEN BOND ALLOCATION AND IMPACT REPORT

PROCEEDS ALLOCATED ON ELIGIBLE GREEN PROJECTS

According to the obligations under the Green Bond Framework GR Corporate and Economic Department evaluated projects based on their alignment with the eligibility criteria. The Company excluded following activities from the green bond's financing: fossil fuel energy; fossil fuel reliant transport; nuclear energy; alcohol; and defense.

Expenditure on eligible projects is tracked using an internal register, to ensure that an amount equivalent to the net proceeds of the green bonds is allocated in accordance with the green bond framework.

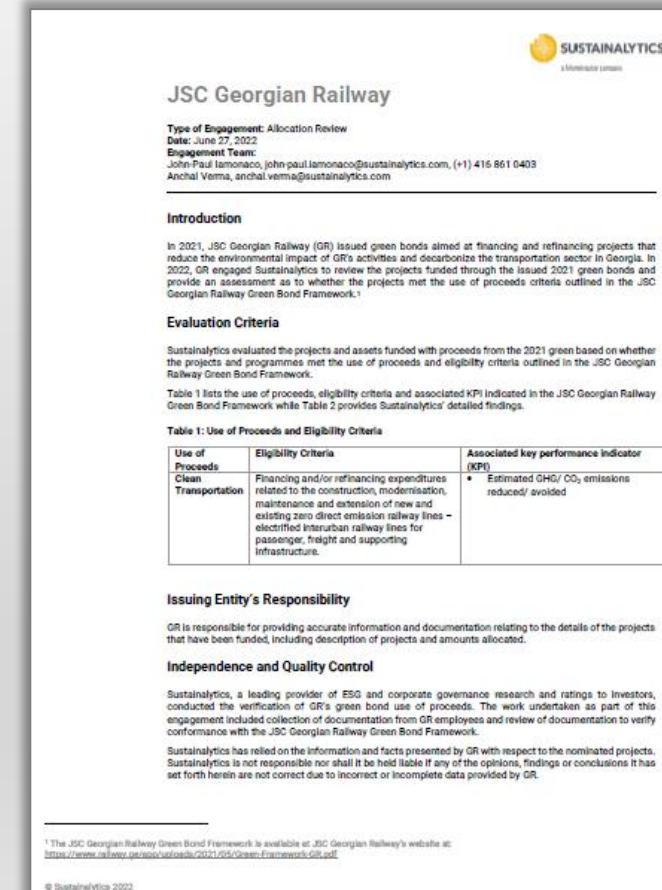
GR publishes an annual Green Bond Allocation and Impact report until full allocation of the net proceeds, or in the event of a material change. This report includes details of the eligible green projects and the amounts allocated to their financing; the proportional allocation of proceeds between refinancing and new projects; and the remaining balance of cash or cash equivalents to be allocated.

According to Green Bond Allocation and Impact report JSC Georgian Railway allocated USD 337.6 million on five different eligible green projects during the last 4 years.

- USD 157.2 million from total USD 337.6 million is allocated on the Modernization Project. The Project is designed to modernize rail infrastructure, increase safety and capacity of the main line
- USD 34.8 million from total USD 337.6 million is allocated on the acquisition and maintenance cost of the Company's wagon and locomotive fleet;
- USD 65.4 million from total USD 337.6 million is allocated on the costs related to freight and passenger stations, logistic terminals and platforms;
- USD 55.0 million from total USD 337.6 million is allocated on the extensions, modernization, maintenance, energy efficiency and electrification of existing electrified railway lines;
- USD 25.2 million from total USD 337.6 million is allocated on the costs related to signaling, centralization and blocking systems.

POSITIVE EXTERNAL REVIEW

JSC Georgian Railway received positive external annual review on its allocated funds and avoided CO2 from a leading independent ESG and corporate governance research, ratings and analytics Company Sustainalytics.



AVOIDED CO2 EMISSIONS

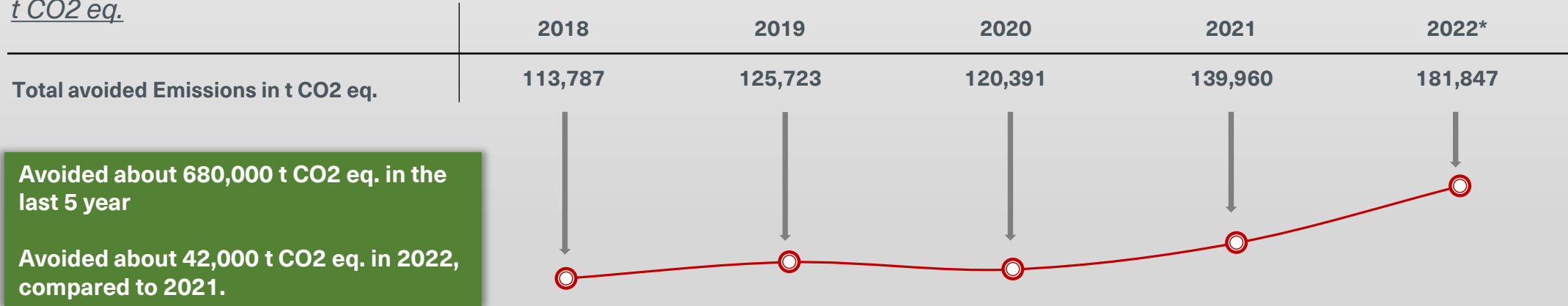
Railway is one of the most environment-friendly transportation modes. According to International Energy Agency (IEA)¹ achieving the ambitious goals of the Paris Agreement will require a transport modal shift, particularly from road and air transport to rail

Georgian Railway owns and operates fully electrified railway network and owns electric locomotives and EMUs for transporting the freight and passengers. GR uses diesel locomotives only for shunting operations and for non-electrified sidings.

ZERO DIRECT EMISSIONS

To estimate the greenhouse gas emissions avoided in Georgia due to the existence of JSC Georgian Railway, company compared the greenhouse gases emitted into the atmosphere by energy consumed as a result of rail transport to the emissions in the absence of railway. Minibuses – for passengers and trailers – for freight was used as an alternative type of transportation.

t CO2 eq.



Avoided about 680,000 t CO2 eq. in the last 5 year

Avoided about 42,000 t CO2 eq. in 2022, compared to 2021.

**The international IPCC 2006 methodology is used to calculate greenhouse gas (CO2, CH4, N2O) emissions from the railway sector².*

DEVELOPMENT IMPACT OF THE ISSUANCE

ANTICIPATED DEVELOPMENT IMPACT

- Georgia's infrastructure is one of the country's highest priorities; railway network is a critical part of Georgia's infrastructure
- GR's ongoing investments aim to improve Georgia's transport and logistics infrastructure by increasing overall mobility and connectivity in the country
- Transaction is expected to:
 - ✓ partially finance infrastructure projects
 - ✓ refinance GR's existing debt to improve its liquidity condition
 - ✓ these resources, along with any cash flow benefits, are expected to be used by GR to finance development outputs
- GR will report progress on its development outputs annually

UN SDG ALIGNMENT



FINANCING ANTICIPATED DEVELOPMENT OUTPUTS

Improve efficiency and speed of freight and passenger trains by:

- Reducing travel time for freight trains in both directions from the Azerbaijani border to the Batumi port
- Improving allowed speed of passenger trains on the mountainous gorge section in Central Georgia to up to 80km/hr
- Increasing annual volume of freight and cargo transported to over 12mt from 11mt in 2020
- Increasing number of railway passengers to over 2mn per year from 0.94mn in 2020

Add onto existing infrastructure to increase volume and capacity by:

- Increasing freight capacity volume to over 40mt annually
- Increasing passenger volume to over 7mn per year
- Lengthening the railway network to over 1,440km

Promote gender diversity and inclusion by:

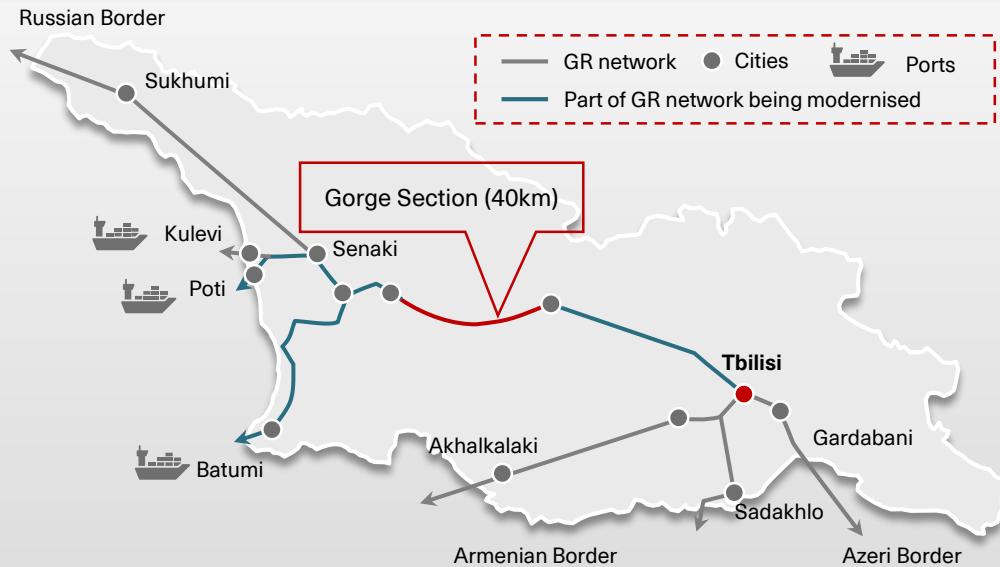
- Piloting programs to promote women and girls' safety
- Allocating at least 10% of jobs in construction to women
- Implementing a new policy against sexual harassment and supporting procedures

Promote employment by:

- Creating over 20 new jobs during the construction of the Modernisation Project

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

In thousand GEL	2019	2020	2021	9M 2021	9M 2022
Revenue	491,038	489,370	547,868	408,951	491,155
Other income	12,751	12,547	8,951	4,963	18,489
Payroll expenses/Employee benefits expense	-160,561	-170,502	-180,701	-127,127	-144,203
Depreciation and amortization expenses	-81,235	-76,156	-58,397	-52,387	-41,448
Electricity, consumables and maintenance costs	-47,921	-41,411	-54,567	-36,262	-58,085
Impairment loss on trade receivables	-33,729	-13,560	-2,791	-897	2,636
Other expenses	-72,128	-71,042	-94,975	-71,022	-88,992
Results from operating activities	108,215	129,246	165,388	126,219	179,552
Finance income	14,849	26,508	107,894	85,803	147,393
Finance costs	-42,882	-127,983	-220,071	-200,772	-48,048
Net foreign exchange loss	-85,249	-191,901	-	-	-
Net finance costs	-113,282	-293,376	-112,177	-114,969	99,345
Profit before income tax	-5,067	-164,130	53,211	11,250	278,897
Income tax expense	-519	-514	-500	-391	-460
Profit and total comprehensive income for the year	-5,586	-164,644	52,711	10,859	278,437

Cash Flow Statement

In thousand GEL	2019	2020	2021	9M 2021	9M 2022
Net cash generated by operating activities	215,236	212,716	247,300	194,358	212,029
Net cash used in investing activities	-85,663	-37,313	-56,601	-10,444	-69,920
Net cash from financing activities	-122,376	-131,610	-285,028	-242,688	-63,199
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,197	43,793	-94,329	-58,774	78,910
Cash and cash equivalents at the beginning of period	241,308	257,976	322,986	322,986	212,224
Effects of exchange rate changes on the balance of cash held in foreign currencies	9,471	21,217	-16,433	-15,979	-3,815
Cash and cash equivalents at the end of the period	257,976	322,986	212,224	248,321	286,876

Balance Sheet

In thousand GEL	2019	2020	2021	9M 2022
Non-current Assets				
Property, plant and equipment	1,865,352	1,829,561	1,825,474	1,824,371
Deferred tax Assets	-	-	-	-
Other non-current assets	117,922	129,467	130,961	142,209
Total Non-current Assets	1,983,274	1,959,028	1,987,717	2,017,287
Current Assets				
Inventories	40,224	38,399	36,937	36,165
Loans receivable	-	-	-	-
Current tax assets	6,383	1,830	-	-
Trade and other receivables	24,337	23,579	13,965	25,921
Prepayments and other current assets	1,369	1,942	5635	10,626
Cash and cash equivalents	257,976	322,986	212,224	286,876
Term deposit	-	-	3254	3,577
Total Current Assets	330,289	388,736	272,015	363,165
Total Assets	2,313,563	2,347,764	2,259,732	2,380,452
Equity				
Charter capital	1,053,371	1,053,936	1,054,805	1,055,031
Non-cash owner contribution reserve	100,322	100,322	100,585	100,601
Retained earnings	-630,328	-794,972	-742,261	-490,180
Total Equity	523,365	359,286	413,129	665,452
Non-current Liabilities				
Loans and borrowings	1,500,687	1,702,980	1,590,817	1,451,687
Advances received from the Government	46,594	46,594	46,594	46,593
Trade and other payables	21,551	53,535	56197.9389	40,137
Deferred tax liability	-	-	-	-
Total Non-current Liabilities	1,568,832	1,803,109	1,693,609	1,538,418
Current liabilities				
Loans and borrowings	64,944	74,356	16,015	29,306
Trade payables and advances received	128,313	82,331	105,873	104,070
Liabilities to the Government	4,896	4,734	4,718	4,712
Provisions	16,027	16,551	14,397	13,140
Other current liabilities	7,186	7,397	11,991	9,811
Total current Liabilities	221,366	185,369	152,994	176,582
Total Liabilities	1,790,198	1,988,478	1,846,603	1,715,000
Total Equity and Liabilities	2,313,563	2,347,764	2,259,732	2,380,452

CONSOLIDATED ACTIVITIES REPORT

Georgia has undertaken to implement certain provisions of Directive 2012/34 (under Association Agreement) of the European Parliament and of the Council of 21 November 2012 establishing a single European rail area (recast) ("Directive 34"). This directive sets up rules applicable to the management of railway infrastructure and rail transport activities of railway undertakings.

To comply with Directive 34, the Group took the first step in 2022 by preparing and publishing independent financial reports for each of the Company's SBUs. This report will be prepared and published annually on the Company's website .

STATEMENTS OF PROFIT OR LOSS	Freight Transportation Unit	Passenger Transportation Unit	Railway Infrastructure Unit	Head Office Unit	WBS Unit	Total GR Group
<i>As at 31 December, 2021</i>						
External Revenue	506,391	15,251	1,290	23,820	1,116	547,868
Other Income	400	1,385	2,487	4,662	18	8,952
Payroll expenses/Employee benefits expense	-85,221	-17,243	-61,759	-13,656	-2,821	-180,702
Depreciation and amortization expenses	-9,563	-11,548	-33,431	-1,428	-2,429	-58,398
Electricity, consumables and maintenance costs	-38,737	-3,371	-9,301	-2,304	-852	-54,566
Impairment Loss(gain) on trade receivables	-2,266	0	-376	-134	-15	-2,791
Other expenses	-51,481	-4,061	-24,575	-13,359	-1,499	-94,975
Revenue from sales to the Units	4,392	0	82,051	0	5,600	92,043
Cost of purchases from the Units	-78,090	-11,845	-658	-1,450	0	-92,043
RESULTS FROM OPERATING ACTIVITIES	245,824	-31,432	-44,273	-3,848	-881	165,389
NET FINANCE INCOME / (COSTS)	1,836	-186	-113,856	26	2	-112,178
PROFIT / (LOSS) BEFORE INCOME TAX	247,660	-31,618	-158,129	-3,822	-879	53,211
Corporate income tax	0	0	0	-500	0	-500
NET PROFIT / (LOSS)	247,660	-31,618	-158,129	-4,322	-879	52,711