

Financial and non-financial highlights

Revenue

Q1 2021

127,866

+5% from Q1 2020
+2% from Q4 2020

Results from operating activities

Q1 2021

38,234

+2% from Q1 2020
+5% from Q4 2020

EBITDA

Q1 2021

57,584

-1% from Q1 2020
+24% from Q4 2020

EBITDA margin

Q1 2021

45.0%

-3 points from Q1 2020
+8 points from Q4 2020

Net debt to EBITDA

31 Mar 2021

6.54

5.94 as at 31-Mar-2020
6.35 as at 31-Dec-2020

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1. Profit or Loss Statement

Profit and loss statement

3 month period ended 31 March

GEL '000	3M 2021	3M 2020	y-o-y % change	y-o-y Abs. change
Revenue	127,866	122,024	4.8%	5,842
Other income	2,265	3,382	-33.0%	-1,118
Impairment loss on trade receivables	-2,004	-359	458.4%	-1,645
Employee benefits expense	-40,537	-40,230	0.8%	-307
Depreciation and amortization	-17,346	-20,379	-14.9%	3,033
Electricity, consumables and maintenance costs	-10,594	-11,533	-8.1%	939
Other expenses	-21,416	-15,527	37.9%	-5,889
Result from operating activities	38,234	37,378	2.3%	856
Net finance income/loss	-92,443	-219,748	-57.9%	127,305
Profit before income tax	-54,209	-182,370	-70.3%	128,161
Income tax expense(benefit)	-172	-221	-22.4%	50
Profit and total comprehensive income	-54,381	-182,591	-70.2%	128,210
EBITDA	57,584	58,116	-0.9%	-533
EBITDA margin	45.03%	47.63%	NA	-2.6%

1.1 Revenue

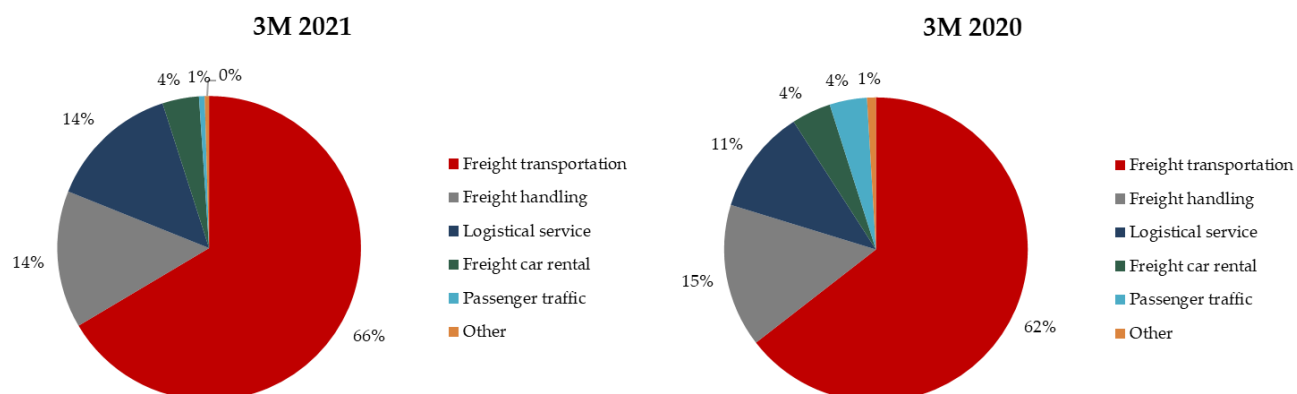
Revenue breakdown

3 month period ended 31 March

In GEL '000

GEL '000	3M 2021	3M 2020	% Change	% Change at constant currency	Abs. Change
Freight transportation*	84,187	75,946	10.9%	-2.1%	8,241
Freight handling*	18,485	17,938	3.0%	-9.0%	547
Logistical service*	17,690	13,114	34.9%	19.1%	4,576
Rent of wagons and other rental income	1,219	4,195	-70.9%	-74.3%	-2,976
Freight car cross-border charge	4,930	4,944	-0.3%	-11.9%	-14
Passenger traffic	767	4,682	-83.6%	-85.5%	-3,915
Other	588	1,205	-51.2%	-56.9%	-617
Revenue	127,866	122,024	4.8%	-7.5%	5,842
Other income	2,265	3,382	-33.0%	-40.9%	-1,118
Freight transportation	84,187	75,946	10.9%	-2.1%	8,241
Liquid cargoes	38,541	28,041	37.4%	21.4%	10,500
Oil products	38,509	27,825	38.4%	22.2%	10,684
Crude oil	32	216	-85.2%	-87.0%	-184
Dry cargoes	45,646	47,905	-4.7%	-15.9%	-2,259
Ores	7,084	9,492	-25.4%	-34.1%	-2,408
Grain	872	944	-7.7%	-18.5%	-73
Ferrous metals and scrap	2,338	3,848	-39.2%	-46.3%	-1,510
Sugar	5,603	14	40387.6%	35653.8%	5,589
Chemicals and fertilizers	8,965	8,477	5.8%	-6.6%	488
Construction freight	1,354	1,817	-25.5%	-34.2%	-463
Industrial freight	1,549	1,398	10.9%	-2.1%	152
Cement	111	216	-48.5%	-54.6%	-105
Other	17,771	21,700	-18.1%	-27.7%	-3,929
Freight turnover (million ton-km)	839	772	8.7%	NA	67
Revenue / ton-km (in Tetri)	10.03	9.84	2.0%	-10.0%	0.19

The following charts represent revenue breakdown for the three months ended 31 March 2021 and 2020:



Freight transportation revenue

Freight transportation revenue, increased by 11 percent (GEL 8.2 million) during the three months ended 31 March 2021, compared to the same period of the previous year.

	Average rate			Reporting date spot rates			
	3M 2021	3M 2020	% Change	31-Mar-21	31-Dec-20	31-Mar-20	31-Dec-19
USD	3.31	2.93	13.24%	3.41	3.28	3.28	2.87
CHF	3.67	3.02	21.25%	3.62	3.71	3.44	2.95

The Group's transportation revenue depends on several factors, including GEL/USD exchange rate as the Group's tariffs for freight transportation are denominated in USD. Fluctuations in GEL/USD exchange rate also affect the Group's profitability, as significant part of the expenses are denominated in GEL.

Total freight volume transported by the Group during the three months ended 31 March 2021 has increased by 8 percent, compared to the same period of previous year. Transported volumes of liquid cargo have increased by 45 percent; transported volumes of dry cargo have decreased by 7 percent (*see Appendix 1*).

Oil Products

3 Month period ended 31 March

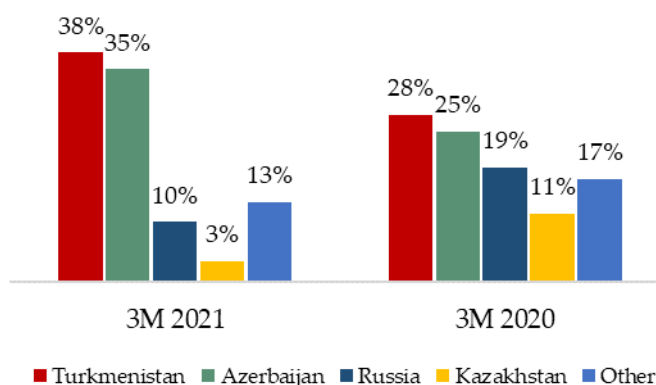
	3M 2021	3M 2020	% Change	% Change at constant currency
Revenue (GEL'000)	38,509	27,825	38.4%	22.2%
Freight volume (ton '000)	1,112.3	762.0	46.0%	NA
Freight turnover (million ton-km)	366.3	229.2	59.8%	NA
Revenue / ton-km (in Tetri)	10.51	12.14	-13.4%	-23.5%

Main directions of cargo

Oil products currently are the main component of liquid cargo (nearly 100 percent of the transportation volume of liquid cargo in 2021). They are mainly transported by rail, as there is practically no competition from pipelines.

Oil products transported by the Group during three months period ended 31 March 2021 mainly originated from Turkmenistan, Azerbaijan, Russia and Kazakhstan with significant changes in transportation direction mix compared to the same period of 2020.

Transportation volume by countries of origin

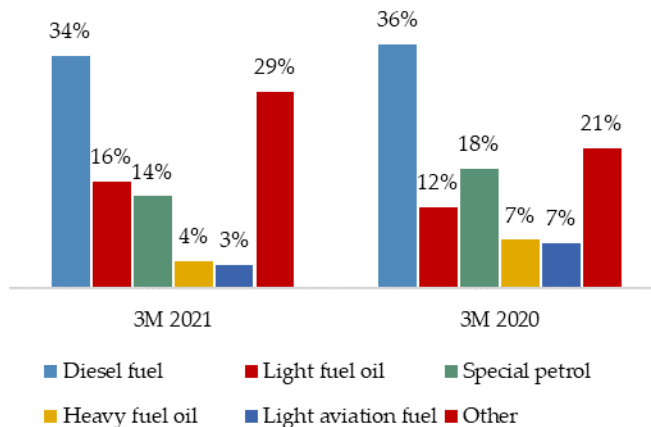


Factors influencing performance

Ton-kilometers – 60 percent increase in transportation turnover was mainly driven by increased transported volume by 46 percent, mainly caused by increased transportation from Turkmenistan and Azerbaijan by 212,000 tons and 203,000 tons, respectively.

Revenue/ton-km (in Tetri) - decrease in average revenue per ton-kilometer during the period under review, compared to the same period of the previous year, was mainly due to changes in product direction mix and product category mix. The share of Russia (which is relatively more profitable direction) decreased, while the share of Turkmenistan (which is relatively less profitable direction) increased. As well as, the share of light aviation fuel (which is relatively more profitable product) has decreased and the share of light fuel oil (which is relatively less profitable product) has increased in total oil products transported by Georgian Railway.

Product Category Mix



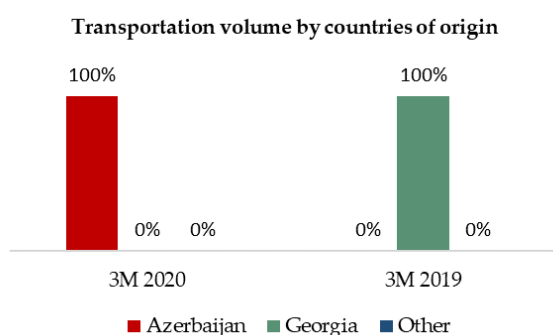
Crude Oil

3 Month period ended 31 March

	3M 2021	3M 2020	% Change	% Change at constant currency
Revenue (GEL'000)	32	216	-85.2%	-87.0%
Freight volume (ton '000)	1.1	5.0	-78.6%	NA
Freight turnover (million ton-km)	0.4	1.8	-76.7%	NA
Revenue / ton-km (in Tetri)	7.52	11.89	-36.8%	-44.2%

Main directions of cargo

Within the three months ended 31 March 2021, the only country of origin was Azerbaijan with approximately 5,000 tons. The only destination country was Turkey with approximately 1,000 tons, while the only destination country was Georgia with approximately 5,000 tons in the same period of 2020.



Factors influencing performance

Ton-kilometers – Transportation turnover decreased by 77 percent due to decreased volumes from Azerbaijan by approximately 4,000 tons in the first three months of 2021.

Revenue/ton-km (in Tetri) – significant decrease in revenue per ton-kilometer was due to decreased average distance and average tariffs on Azerbaijanian direction in the first three months period of 2021, compared to the same period of 2020.

Ores

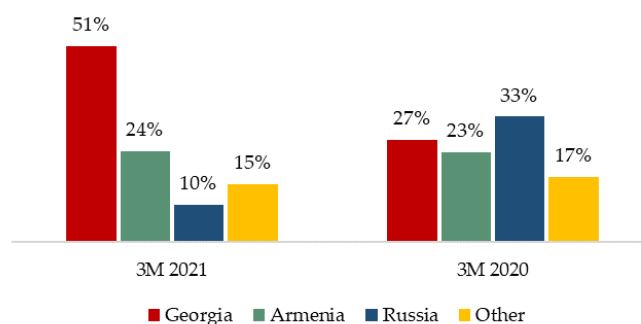
3 Month period ended 31 March

	3M 2021	3M 2020	% Change	% Change at constant currency
Revenue (GEL'000)	7,084	9,492	-25.4%	-34.1%
Freight volume (ton '000)	387.0	463.3	-16.5%	NA
Freight turnover (million ton-km)	61.8	103.9	-40.5%	NA
Revenue / ton-km (in Tetri)	11.46	9.14	25.4%	10.7%

Main directions of cargo

Ore products transported by the Group during three months ended 31 March 2021, mainly originated from Russia, Armenia and Georgia. Main destination countries were Georgia, Bulgaria, Azerbaijan and China.

Transportation volume by countries of origin

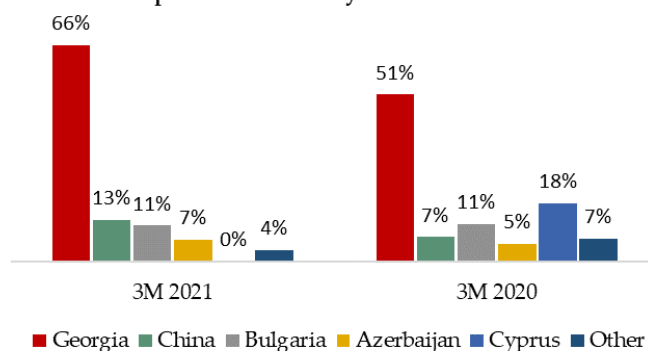


Factors influencing performance

Ton-kilometers – 41 percent decrease in transportation turnover was mainly driven by decreased transportation from Russia by 114,000 tons, in three months period ended 31 March 2021, compared to the same period of 2020.

Revenue/ton-km (in Tetri) – 25 percent increase in average revenue per ton-kilometer was mainly due to change in product direction mix and product category mix. The share of freight volumes to relatively more profitable direction, such Georgia increased, while the share of Cyprus (relatively less profitable direction) decreased. As well as, the share of manganese ores and concentrates (which is relatively more profitable product) increased significantly, while the share of bituminous coal (relatively less profitable product) decreased, in the first three month of 2021, compared to the same period of previous year.

Transportation volume by destination countries



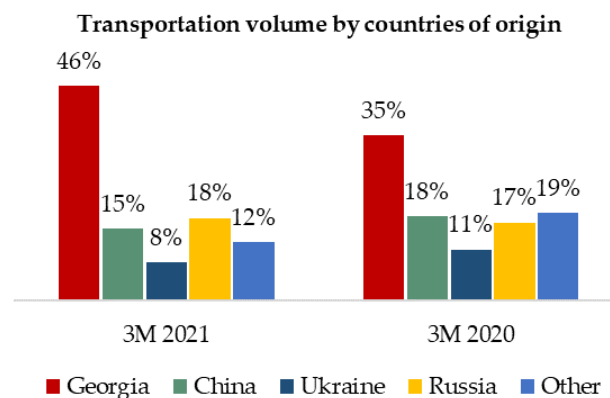
Ferrous metals and scrap

3 Month period ended 31 March

	3M 2021	3M 2020	% Change	% Change at constant currency
Revenue (GEL'000)	2,338	3,848	-39.2%	-46.3%
Freight volume (ton '000)	130.0	160.4	-18.9%	NA
Freight turnover (million ton-km)	28.3	42.0	-32.6%	NA
Revenue / ton-km (in Tetri)	8.25	9.16	-9.9%	-20.4%

Main directions of cargo

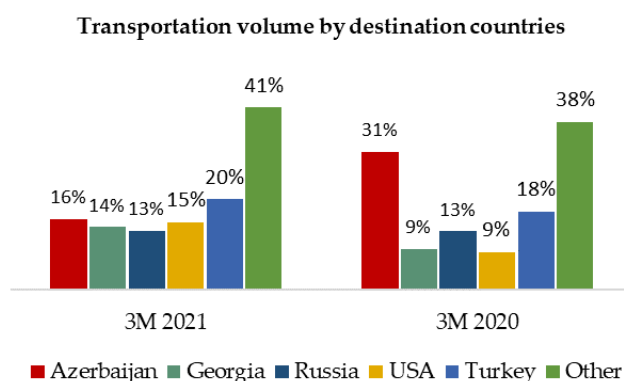
Ferrous metals and scrap transported by the Group during three months ended 31 March 2021, mainly originated from Georgia, China, Russia and Ukraine, while main destination countries were Georgia, Turkey, Azerbaijan, USA and Russia.



Factors influencing performance

Ton-kilometers – 33 percent decrease in transportation turnover was mainly driven by increased transportation to Azerbaijan and Russia by 29,000 tons and 4,000 tons, respectively.

Revenue/ton-km (in Tetri) – decrease in average revenue per ton-kilometer was mainly due to change in product direction mix. The share of freight volumes transported to Russia and Azerbaijan (which are relatively more profitable directions) has decreased, while the share of freight volumes to Georgia and USA (which are relatively less profitable directions) has increased in total ferrous metals and scrap transported by the Group.



Sugar

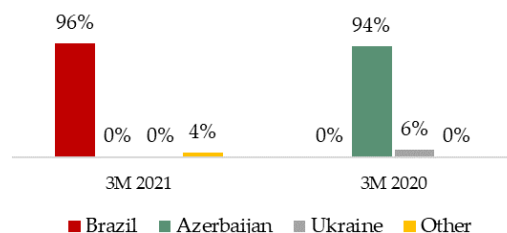
3 Month period ended 31 March

	3M 2021	3M 2020	% Change	% Change at constant currency
Revenue (GEL'000)	5,603	14	40387.6%	35653.8%
Freight volume (ton '000)	105.2	1.1	9512.2%	NA
Freight turnover (million ton-km)	40.1	0.1	49592.8%	NA
Revenue / ton-km (in Tetri)	13.97	17.15	-18.5%	-28.1%

Main directions of cargo

Product direction mix has significantly changed during three months ended 31 March 2021 with Brazil being main origin country, with the share of 96 percent, compared to Azerbaijan being main origin country in the same period of the previous year with the share of 94 percent in total Sugar transported by the Group. The main destination country was Azerbaijan in the three-month period ended 31 March of 2021, while Georgia was main country of destination in the same period of the previous year.

Transportation volume by countries of origin

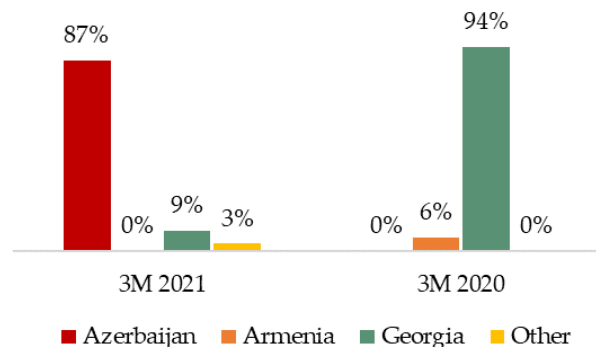


Factors influencing performance

Ton-kilometers – significant increase in freight turnover during the period under review, compared to the same period of the previous year, was mainly driven by increased transportation from Brazil by 101,000 tons transported in three months ended 31 March 2021.

Revenue/ton-km (in Tetri) – decrease in average revenue per ton-kilometer was mainly caused product direction mix. Average distance increased significantly in the first three months of 2021, compared to the same period of previous year.

Transportation volume by destination countries



Chemicals and fertilizers

3 Month period ended 31 March

	3M 2021	3M 2020	% Change	% Change at constant currency
Revenue (GEL'000)	8,965	8,477	5.8%	-6.6%
Freight volume (ton '000)	338.3	364.2	-7.1%	NA
Freight turnover (million ton-km)	111.7	119.9	-6.8%	NA
Revenue / ton-km (in Tetri)	8.02	7.07	13.5%	0.2%

Main directions of cargo

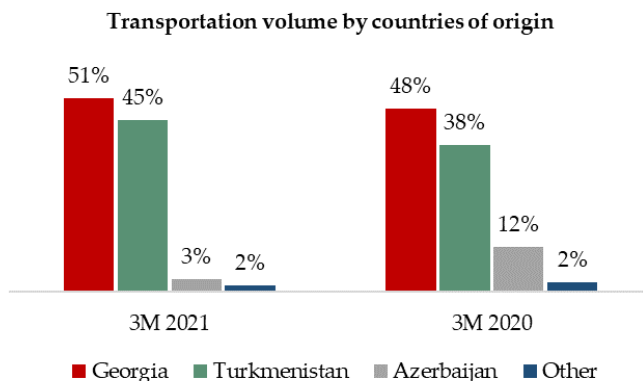
Chemicals and fertilizers transported by the Group during three months ended 31 March 2021, mainly originated from Georgia, Turkmenistan and Azerbaijan (171,000 tons, 151,000 tons and 11,000 tons, respectively).

Factors influencing performance

Ton-kilometers – 7 percent decrease in freight turnover during the period under review, compared to the same period of the previous

year, was mainly driven by decreased volumes from Azerbaijan and Turkmenistan by 31,000 tons and by 3,000 tons, respectively.

Revenue/ton-km (in Tetri) – increase in average revenue per ton-kilometer was caused by change in product direction mix. The share of Turkmenistan (which is relatively more profitable direction) has decreased, while the share of Azerbaijan (relatively less profitable direction) has decreased, in the first three months of 2021, compared to the same period of 2020.



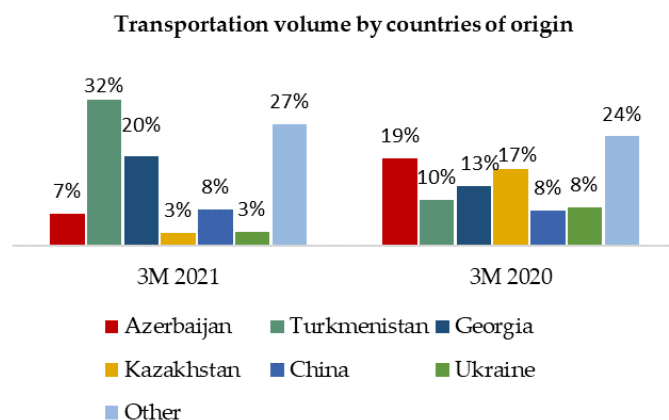
Other products

3 Month period ended 31 March

	3M 2021	3M 2020	% Change	% Change at constant currency
Revenue (GEL'000)	17,771	21,700	-18.1%	-27.7%
Freight volume (ton '000)	579.2	673.6	-14.0%	NA
Freight turnover (million ton-km)	173.6	214.5	-19.0%	NA
Revenue / ton-km (in Tetri)	10.23	10.12	1.2%	-10.7%

Main directions of cargo

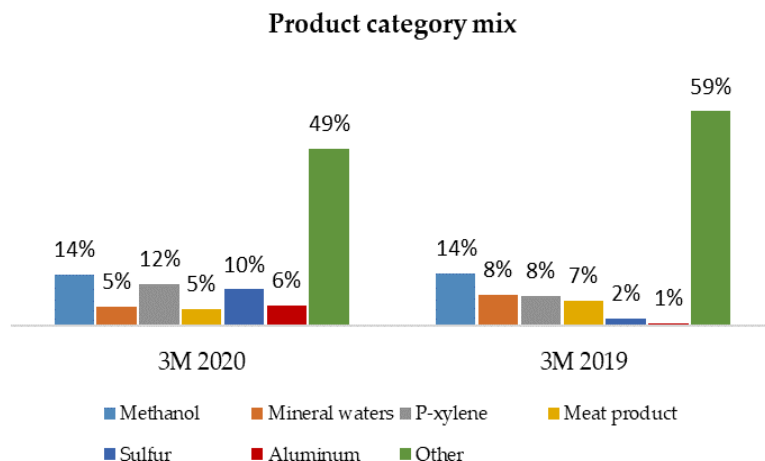
Freight from other products category in three months ended 31 March 2021 was mainly originated from Turkmenistan, Georgia, China and Azerbaijan (187,000 tons, 115,000 tons, 46,000 tons and 40,000 tons, respectively), while the main destination countries were Russia, Georgia, Azerbaijan and Turkey (98,000 tons, 66,000 tons, 59,000 tons and 53,000 tons, respectively).



Factors influencing performance

Ton-kilometers – 19 percent decrease in transportation turnover was mainly driven by increased volumes from Kazakhstan Azerbaijan and Ukraine by 97,000 tons, 90,000 tons and 39,000 tons, respectively.

Revenue/ton-km (in Tetri) – increase in average revenue per ton-kilometer was mainly driven by product category mix. The share of natural mineral waters and petroleum resins (relatively more profitable products) has increased, while the share of unalloyed aluminum and p-xylene (relatively less profitable products) has decreased in total volumes transported.



Freight handling

The increase in revenue from freight handling by 3 percent (GEL 0.5 million) during the three months ended 31 March 2021, compared to the same period of 2020, was mainly caused by increased station services by 13% in the first three months of 2021, compared to the same period of 2020.

Logistical services

The Group's revenue from logistic services was GEL 17.7 million for the three months ended 31 March 2021, as compared to GEL 13.1 million for the corresponding period in 2020, reflecting an increase of 34.9% (or GEL 4.6 million). This increase in revenue from logistic services was primarily due to an increase in revenue from oil product transportation of the Company's subsidiary, which provides transportation of oil products and crude oil. The increase was partially offset by decreased revenues from another of the Company's subsidiary.

Freight car cross-border charge

The Group's revenue from freight car cross-border charges was GEL 4.9 million for the three months ended 31 March 2021, as compared to GEL 4.9 million, reflecting a decrease of 0.3% (or GEL 0.0 million), primarily due to a decrease in the usage of semi-wagons.

Rent of wagons and other rental income

The Group's revenue from rent of wagons and other rental income was GEL 1.2 million for the three months ended 31 March 2021, as compared to GEL 4.2 million for the corresponding period in 2020, reflecting a decrease of 70.9% (or GEL 3.0 million). This decrease was primarily due to the expiration of certain contracts.

Passenger transportation

3 month period ended 31 March

	3M 2021	3M 2020	% Change	In '000 GEL Abs. change
Revenue	767	4,682	-83.63%	-3,915
Number of passengers	53	553	-90.34%	-500

Revenue from passenger transportation has decreased by 84 percent during the three months ended 31 March 2021, compared to the same period of the previous year and the number of passengers has decreased by 90 percent for the same comparable periods.

The Passenger SBU were materially adversely impacted from the second half of March 2020, as well as in the first two months of 2021, by the impact of the COVID-19 pandemic. In line with Government regulations, 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. This led the Company to significant decrease in passenger revenue, as well as in number of passengers, in the first quarter of 2021, compared to the same period of 2020.

Other revenue

The Group's other revenue (which primarily comprises revenue from renting out spaces in buildings owned by the Group, sales of scrap and repair services for third parties) was GEL 0.6 million for the three months ended 31 March 2021, as compared to GEL 1.2 million for the corresponding period in 2020, reflecting a decrease of 51.2% (or GEL 0.6 million). This decrease in other revenue was primarily due to decreased revenue from sale of certain materials (other than scrap metals).

1.2 Other income

In order to better illustrate the operational profitability of the Group, other income is split into two categories: continuing operations (such as income from services of heavy equipment, penalties on creditors and debtors, etc.) and non-continuing operations (such as gain or loss from sale of fixed assets and other items which are not expected to reoccur in the following periods).

The Group's other income was GEL 2.3 million for the three months ended 31 March 2021, as compared to GEL 3.4 million for the corresponding period in 2020, reflecting a decrease of 32.4% (or GEL 1.1 million), primarily due to provision reversals in the three months ended 31 March 2020.

1.3 Operating expenses

Total operating expenses for the three months ended 31 March 2021 increased approximately by GEL 3.9 million, compared to the same period of the previous year. The increase was mainly caused by increase in logistical expenses.

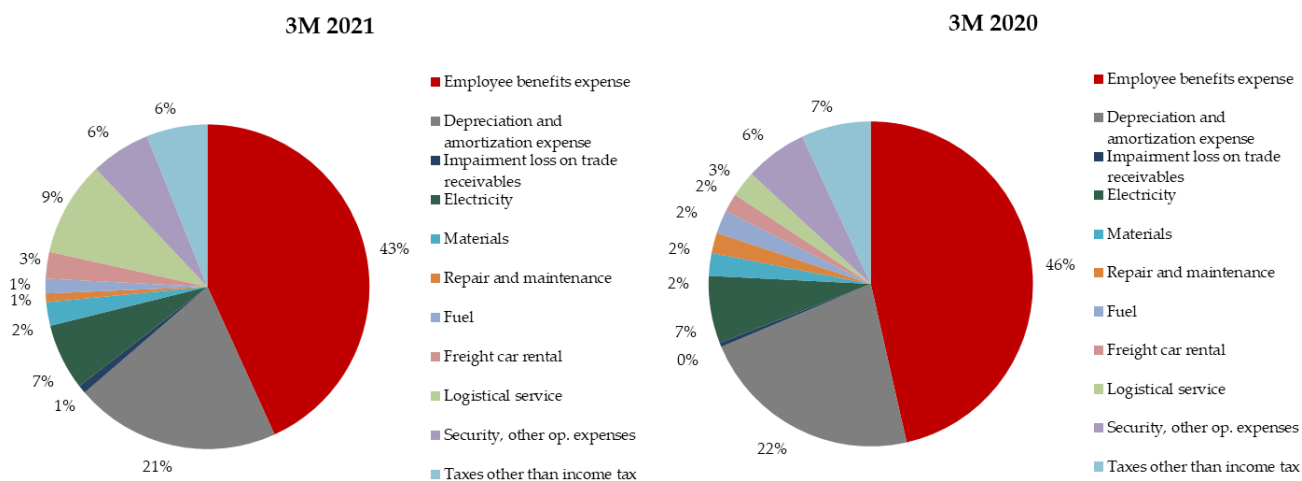
Operating expenses

3 month period ended 31 March

In GEL '000

	3M 2021	3M 2020	% Change	Abs. change
Employee benefits expense	40,537	40,230	0.8%	307
Depreciation and amortization expense	17,346	20,379	-14.9%	-3,033
Impairment loss on trade receivables	2,004	359	458.4%	1,645
Electricity	6,207	5,808	6.9%	399
Materials	2,208	1,961	12.6%	247
Repair and maintenance	807	1,750	-53.9%	-944
Fuel	1,372	2,014	-31.9%	-642
Freight car rental	2,488	1,585	57.0%	903
Logistical service	8,897	3,146	182.8%	5,751
Security, other op. expenses	4,311	4,784	-9.9%	-473
Taxes other than income tax	5,720	6,012	-4.9%	-292
Total	91,897	88,029	4.4%	3,868

The following charts represent the cost structure for the three months ended 31 March 2021 and 2020:

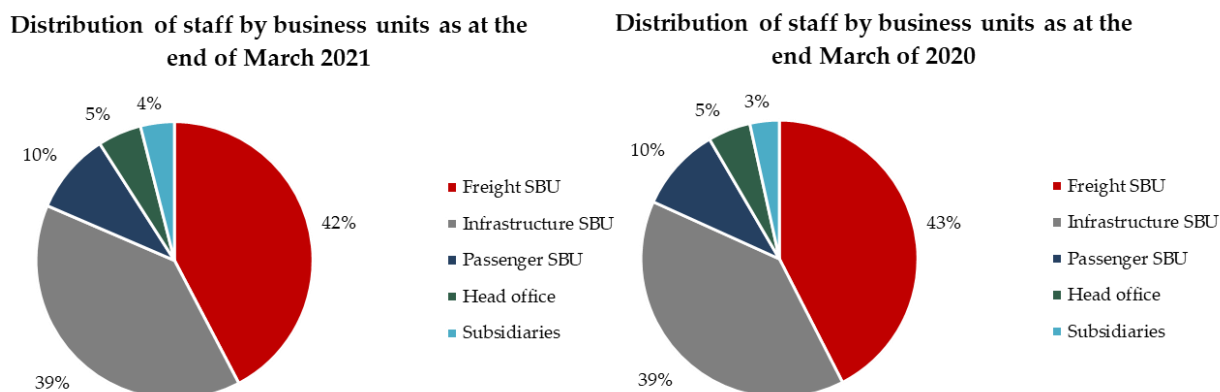


Employee benefits expense

Employee benefits expenses during the three months ended 31 March 2021, compared to the same period of the previous year, increased about 1 percent (by GEL 0.3 million). This increase in employee benefits expense was primarily due to one-off costs related to retirement of some employees.

Number of employees (excluding subsidiaries) by the end of March 2021 was equal to 12,373 and by the end of March 2020 was 12,635.

Following charts show the headcount by strategic business units and head office of the Company:



Depreciation and amortisation expense

The Group's depreciation and amortisation expense was GEL 17.3 million for the three months ended 31 March 2021, as compared to GEL 20.4 million for the corresponding period in 2020, reflecting a decrease of 14.9% (or GEL 3.0 million). This decrease was primarily due to a decrease in capital expenses in the three months ended 31 March 2021, as compared to the corresponding period in 2020, which was, in turn, due to a decrease in capital expenditures in relation to the Modernisation Project in that period, primarily due to Government-imposed COVID-19 restrictions, which required works to be temporarily halted. As of April 2021, the works in relation to the Modernisation Project have recommenced. The decrease in depreciation and amortisation expense in the three months ended 31 March 2021 was also partially due to certain assets having come to the end of their lives during that period.

Materials, repair and maintenance expenses

The Group's materials, repair and maintenance expenses are influenced by its rolling stock equipment balance and subsequent utilization level. During the three months ended 31 March 2021 transportation turnover increased compared to the same period of the previous year, consequently, material, repair and maintenance expenses decreased by 19 percent (GEL 0.7 million). The decrease was mainly due to the reduced need for repair work in relation to rolling stock and other facilities, as a result of decreased passenger transportation

Electricity expenses

Electricity expenses

3 month period ended 31 March

In GEL '000

	3M 2021	3M 2020	% Change	Abs. change
Electricity expenses of traction	4,857	4,621	5.1%	236
Utility expenses	1,351	1,187	13.8%	164
Total	6,207	5,808	6.9%	399

There was a 7 percent increase in electricity expenses of traction during the three months ended 31 March 2021, compared to the same period of 2020, accordingly gross ton-kilometers have increased by about 5 percent. This change was mainly driven by increased volumes in the first quarter of 2021 compared to the same period of 2020.

In September 2011, the Company entered into an agreement for the purchase and sale of electricity with JSC EnergoPro Georgia (“EnergoPro Georgia”), which fixed tariffs for electricity for ten years (the “Electricity Agreement”), securing a price for more than 90% of the Company’s needs for electricity on traction, the rest of the electricity is procured on open market.

The Electricity Agreement is due to expire in September 2021, however, as of July 2021, the Company will have to purchase electricity on the open market.

Purchased electricity and weighted average tariff

3 Month period ended 31 March

	3M 2021			3M 2020		
	GWh	Gross ton-km (million)	Weighted av. tariff (GEL)	GWh	Gross ton-km (million)	Weighted av. tariff (GEL)
January	9.9	479.6	0.155	13.2	543.7	0.131
February	9.3	452.0	0.155	11.1	434.1	0.130
March	12.1	585.1	0.156	11.1	468.9	0.130
Total	31.2	1,516.7	0.155	35.5	1,446.7	0.130

Note: The table above includes only electricity consumed of traction

Logistical service expenses

Logistics services expenses increased by 182.8 percent (or GEL 0.6 million) in the three months ended 31 March 2021, as compared to the corresponding period in 2020, to GEL 8.9 million, as compared to GEL 3.1 million in the three months ended 31 March 2020, primarily due to an increase in the expenses of Company’s subsidiary, which provides crude oil and oil products transportation services. This was partially offset by the decreased expenses of another subsidiary, which provides container transportation.

Taxes other than income tax

Taxes other than income tax

3 Month period ended 31 March

In GEL '000

	3M 2021	3M 2020	% Change	Abs. change
Property tax	2,758	3,024	-8.8%	-267
Land tax	2,923	2,968	-1.5%	-45
Other taxes*	39	20	96.7%	19
Total	5,720	6,012	-4.9%	-292

*Other taxes also include all subsidiaries' taxes (other than income tax).

In the three months ended 31 March 2021, compared to the same period of 2020, property tax has decreased by 9 percent (GEL 0.3 million), which was mainly caused by depreciation of property, plant and equipment.

1.4 Finance income and cost

Finance income and cost

3 month period ended 31 March

In GEL '000

	3M 2021	3M 2020	% Change	Abs. change
Interest income	4,802	3,862	24.3%	940
Impairment loss on issued loans	-9	-19	-52.6%	10
Impairment gain/loss on cash in bank	-147	-55	167.3%	-92
Unwinding of discount	-418	-268	56.1%	-150
Interest expense	-32,720	-30,084	8.8%	-2,637
FX gain/loss	-63,951	-193,184	-66.9%	129,233
Net finance income/loss	-92,443	-219,748	-57.9%	127,304

In the three months ended 31 March 2021 the Group showed GEL 92.4 million net finance loss, compared to GEL 219.7 million in the same period of 2020. The difference of GEL 127.3 million was mainly due to the fluctuation of GEL against foreign currencies.

GEL/USD exchange rate fluctuation has significant effect on net finance income/cost. Due to GEL depreciation against USD by 4 percent as at 31 March 2021 compared to 31 December 2020 (GEL/USD exchange rate 3.41 versus 3.28), the Group experienced net foreign exchange loss of GEL 64.0 million.

Higher interest expense during the three months ended 31 March 2021, compared to the same period of 2020, was mainly due to depreciation of GEL against USD.

Higher interest income by GEL 0.9 million in the three months ended 31 March 2021 compared to the same period of 2020, was mainly due to the higher average cash balances and higher interest rates.

1.5 Income tax expense/benefit

In May 2016, the Parliament of Georgia adopted amendments to the Tax Code of Georgia. The new tax code is effective from 1 January 2017. According to the new tax code, previously active profit tax regulation was changed to so-called “tax on distributed profits” model. Apparently, there was no significant change in income tax expenses in the first three months of 2021, compared to the same period of 2020.

2. Balance Sheet

Balance sheet

3 Month period ended 31 March

In GEL '000

	31-Mar-21	31-Dec-20	% Change	Abs. change
TOTAL ASSETS	2,338,948	2,347,764	-0.4%	-8,816
<i>Changes are mainly due to:</i>				
Property, plant and equipment	1,818,710	1,829,561	-0.6%	-10,851
Loan receivable (LT)	0	30,336	-100.0%	-30,336
Trade and other receivables	30,321	23,579	28.6%	6,742
Cash and cash equivalents	319,065	322,986	-1.2%	-3,921
TOTAL LIABILITIES	2,034,043	1,988,478	2.3%	45,566
<i>Changes are mainly due to:</i>				
Loans and borrowings (LT)	1,773,868	1,702,980	4.2%	70,888
Payables for non-current assets	49,977	53,535	-6.6%	-3,558
Trade and other payables (ST)	83,759	82,331	1.7%	1,428

Significant changes in assets

Property, plant and equipment - GEL 10.9 million decrease in property, plant and equipment in the first three months of 2021, compared to 31 December 2020, was mainly due to the lower works mostly under the Modernization Project and lower costs on infrastructural projects.

Loan receivable - In September 2020, the counterparty company used its contractual option to extend the principal repayment of the loan obtained from the Group till March 2022 and in 2021 the loan receivable was reclassified from non-current asset to current asset.

Trade and other receivables - GEL 6.7 million increase in trade and other receivables, in the three months ended 31 March 2021, compared to the period ended 31 December 2020, was mainly due to GEL appreciation against USD.

Cash and cash equivalents - GEL 3.9 million decrease in the three months ended 31 March 2021, was mainly caused by depreciation of GEL against foreign currencies. (See heading 3 "Cash Flow Statement").

Significant changes in liabilities

Loans and borrowings (LT) – During first three months of 2021, the increase of GEL 70.9 million in long-term borrowings was mainly due to depreciation of GEL against USD as at 31 March of 2021, compared to 31 December of 2020.

Trade and other payables (ST) – GEL 1.4 million increase, during the first quarter of 2021, was mainly due to increased settlements with suppliers and advances received.

3. Cash Flow Statement

Cash flow statement

3 Month period ended 31 March

In GEL '000

	3M 2021	3M 2020
Cash flows from operating activities		
Cash receipts from customers	116,823	115,126
Cash paid to suppliers and employees	-63,358	-58,749
Cash flows from operations before income taxes paid	53,465	56,377
Income tax paid	-	-
Net cash from operating activities	53,465	56,377
Cash flows from investing activities		
Acquisition of property, plant and equipment	-5,310	-14,392
Proceeds from sale of property, plant and equipment	1,215	2,382
Interest received	4,054	3,283
Refund of the loan	-	-
Net cash used in investing activities	-41	-8,727
Cash flows from financing activities		
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Interest paid	-63,992	-55,637
Net cash from used in financing activities	-63,992	-55,637
Net increase/(decrease) in cash and cash equivalents	-10,568	-7,987
Cash and cash equivalents at 1 January	322,986	257,976
Effect of exchange rate fluctuations on cash and cash equivalents	6,794	22,902
Cash and cash equivalents provision	-147	-55
Cash and cash equivalents at the end of the period	319,065	272,836

Operating activities

Net cash from operating activities decreased by GEL 2.9 million in the three months ended 31 March 2021, compared to the same period of the previous year. The change was driven by increase in cash paid to suppliers and employees by GEL 4.6 million, which was partly offset by the increase in cash receipts from customers by GEL 1.7 million.

Investing activities

Cash used in investing activities has decreased by GEL 8.7 million in the three months ended 31 March 2021, compared to the same period of the previous year. The decrease was mainly due to the decrease in acquisition of property, plant and equipment. This was mainly caused due to lower cash outflows on Modernization Project in first three months' period of 2021, compared to the same period of 2020.

Financing activities

Higher interest paid in the three months ended 31 March 2021, compared to the same period of the previous year, was mostly due to depreciation of GEL against foreign currencies.

Appendix 1

Breakdown of freight transportation in tons

3 Month period ended 31 March

In thousand tons

	3M 2021	3M 2020	% Change	Abs. Change
Liquid cargoes	1,113	767	45.2%	346.4
Oil products	1,112	762	46.0%	350.3
Crude oil	1	5.0	-78.6%	-3.9
Dry cargoes	1,868	2,007	-6.9%	-139.2
Ores	387	463	-16.5%	-76.2
Grain	41	53	-21.6%	-11.4
Ferrous metals and scrap	130	160	-18.9%	-30.4
Sugar	105	1	9512.2%	104.1
Chemicals and fertilizers	338	364	-7.1%	-25.9
Construction freight	204	182	11.9%	21.6
Industrial freight	74	93	-20.3%	-18.9
Cement	9	17	-45.9%	-7.7
Other	579	674	-14.0%	-94.4
Total	2,981	2,774	7.5%	207.2

Appendix 2

Breakdown of freight transportation in ton-kilometers

3 Month period ended 31 March

In million ton-kilometers

	3M 2021	3M 2020	% Change	Abs. Change
Liquid cargoes	367	231	58.7%	136
Oil products	366	229	59.8%	137
Crude oil	0	2	-76.7%	-1
				0
Dry cargoes	472	541	-12.7%	-68
Ores	62	104	-40.5%	-42
Grain	8	9	-17.6%	-2
Ferrous metals and scrap	28	42	-32.6%	-14
Sugar	40	0	49592.8%	40
Chemicals and fertilizers	112	120	-6.8%	-8
Construction freight	31	31	-1.8%	-1
Industrial freight	16	16	2.1%	0
Cement	2	4	-45.9%	-2
Other	174	214	-19.0%	-41
Total	839	772	8.7%	67

Appendix 3

According to Condition 3 (d) of the “Terms and Conditions of the Notes” (The U.S. \$500,000,000 7.75% Notes due 11 July 2022 issued by Georgian Railway JSC on 5 July 2012), Georgian Railway and/or its subsidiary is entitled to incur financial indebtedness if the ratio of Net Financial Indebtedness of the Issuer and its Subsidiaries as of the date of such Incurrence to the aggregate amount of EBITDA for the most recent annual financial period for which consolidated financial statements have been delivered, does not exceed 3.5 to 1.

Given table sets forth calculation of Net Financial Indebtedness to EBITDA as at 31 March 2021 and according to the above-mentioned Condition 3 (d) of the “Terms and Conditions of the Notes”. However, this calculation is for information only and does not implicate that 31 March 2021 is the Incurrence date (or “the date of determination”) as defined in Condition 3 of the “Terms and Conditions of the Notes”.

Calculations of ratio of Net Financial Indebtedness to EBITDA:

In 000 GEL

Net Financial Indebtedness as at:	31-Mar-21	31-Dec-20
Financial indebtedness	1,817,914	1,777,336
less:		
Available credit facilities	66,118	64,766
Cash	319,065	322,986
Net Financial Indebtedness:	1,432,731	1,389,584
	Twelve-month period ended	Twelve-month period ended
The most recent annual financial period	31-Dec-20	31-Dec-20
Results from operating activities	129,246	129,246
Depreciation add-back	76,156	76,156
Impairment loss on property, plant and equipment add-back	0	0
Impairment loss on trade receivables	13,560	13,560
EBITDA	218,962	218,962
Net Financial Indebtedness/EBITDA	6.54	6.35