2021 1st half-year

AB Lietuvos Geležinkeliai
Interim report

TABLE OF CONTENTS

ABBREVIATIONS:
LTG – AB Lietuvos Geležinkeliai.
LTG Group, Group, LTG Corporate Group – AB Lietuvos Geležinkeliai and its subsidiaries
LTG Cargo – AB LTG Cargo
LTG Link – UAB LTG Link
LTG Infra – AB LTG Infra
VLRD – UAB Vilniaus Lokomotyvų Remonto Depas
GTC – UAB Geležinkelio Tiesimo Centras
RBS – UAB Rail Baltica Statyba
GOV – the Government of the Republic of Lithuania
EU – the European Union
SOE – a State-owned enterprise

The annual and interim reports and financial statements are publicly available on the Company's website https://www.litrail.lt/.

CEO FOREWORD

Dear Employees, Partners, Customers,

We are living in unsettled times with railway challenges thick on the ground – we are still bearing the brunt of the Covid-19 pandemic, and we are also facing geopolitical unrest affecting our operations. Nevertheless, the entire LTG Group continues making bold moves towards the goals set and considers challenges as new opportunities.

LTG people have learned to work in a time of constant change, so the global challenges of the virus have not knocked them off track – with the help of teleworking tools, we continue to deliver more convenient solutions for travellers and businesses. We've learned to apply smart health protection solutions at workplaces that can't be transferred to Microsoft Teams screens. I am glad that we ended the first half of 2021 with a large number of vaccinations, thus reducing the risk posed by the virus.

We are constantly discovering new opportunities to streamline our operations and offer better services. In April, our Group companies LTG Cargo and VLRD joined forces – from now on, all our commercial services related to freight transportation and maintenance of rolling stock will be provided under one roof.

The freight business remains highly volatile. On the one hand, the global freight supply chain, which has been disrupted by pandemics and other causes, is finding salvation by rail, with more and more freight moving from China to Europe by rail. LTG Cargo took advantage of this opportunity and increased the volume of freight from Asia several times. On the other hand, the effects of geopolitical tensions with Belarus and sanctions on that country do not allow us to breathe a sigh of relief.

We are convinced that the diversification path set out in our strategy is the right one. Of course, it will not be easy and fast, there will be no quick counterweight to Belarusian freight volumes. However, our businesses in Poland and Ukraine are starting operations and will increasingly contribute to the overall freight volumes transported in the future.

The Group's passenger transportation company LTG Link suffered perhaps the worst shock during the pandemic. But during the first six months of this year, the situation has improved every day – passengers are already returning to our trains by giving major preference to the Seaside Express routes. I hope that after the pandemic, travelling habits will change and more and more people will choose the green kilometres by comfortable and environmentally friendly trains.

LTG Infra estimates show that fewer freight and passenger trains ran on the railways in the first half of the year, but all major infrastructure modernization projects are moving forward – we are actively building noise barriers for communities in various cities, implementing a number of asset protection measures and educating road users to stay safe.

And most importantly, we are confidently developing two of the most important projects in the Group: electrification of the Vilnius-Klaipėda section and Rail Baltica. The first project will soon move from the design stage to the construction stage – at every meter of the power line, the Lithuanian railway network will become cleaner, more modern, more competitive and more friendly to people.

Implementation of the Rail Baltica project already gave practical benefits – in July the European gauge reached the Kaunas Intermodal Freight Terminal which from now on is welcoming freight trains from West Europe. There is still a lot of work to be done to further connect Lithuanian-Latvian border, but the Rail Baltica project is no more but a paper draft – it has already created its value as of today not only in terms of transporting freight to businesses, but also ensuring fluent movement of military machinery from West Europe to Lithuania.

So, in summary, I really want to celebrate the achievements of our team. In my opinion, the health of our Group and the entire Lithuanian railway industry is best reflected in the performance of the entire LTG Group – the indicators are more modest than one would like, but all the most important projects are being further developed. Because we are guided by reserved, yet truly optimistic outlook. This year is the European Year of Rail. And instead of a big celebration, we are happy to be able to change, transform, diversify and create a stable and resilient LTG business model that creates the greatest possible value for the whole of Lithuania.

MANTAS BARTUŠKA
CEO
AB Lietuvos Geležinkeliai

(EUR million unless otherwise stated)

BASIC INFORMATION ABOUT THE GROUP AND THE COMPANY

PARENT COMPANY AB LIETUVOS GELEŽINKELIAI

Title	Company address	Registration date, place*	Company code	Phone, email	Website	Core business
Public limited liability company **Lietuvos Geležinkeliai**	Geležinkelio g. 16, Vilnius	24/12/1991	110053842	(+370 5) 269 2038 info@litrail.lt	https://www.litrail.lt/	Effective management of companies within the LTG Group

LTG SUBSIDIARIES

Name	Company address	Registration date, place*	Company code	Phone, email	Website	Share held by LTG, %	Core business
Public limited liability company **LTG Cargo**	Geležinkelio g. 12, Vilnius	28/12/2018	304977594	(+370 5) 202 1515 cargo@litrail.lt	https://cargo.litrail.lt/	100%	Freight transportation by rail Rolling stock repair and maintenance services (starting from 1 April 2021, after VLRD merger with LTG Cargo)
Joint stock company **LTG Link**	Geležinkelio g. 16, Vilnius	28/02/2019	305052228	+370 700 55 111 ltglink@litrail.lt	https://www.litrail.lt/keleiviams/ https://www.traukiniobilietas.lt/	100%	Passenger transportation on domestic and international routes
Public limited liability company **LTG Infra**	Geležinkelio g. 2, Vilnius	01/07/2019	305202934	(+370 5) 269 3353 LGinfrastruktura@litrail.lt	https://ltginfra.lt/	100%	Management, use and disposal of railway infrastructure, implementation of the functions of the manager of public railway infrastructure
Joint stock company **Vilniaus Lokomotyvų Remonto Depas**	Švitrigailos g. 39, Vilnius	21/08/2003	126280418	(+370 5) 269 2035 info@vlrd.lt	https://vlrd.lt/lt/uab/ https://vlrd.lt/	100%	Rolling stock production, repair and maintenance (until 1 April 2021) Real estate management, maintenance and lease (starting from 1 April 2021)
Joint stock company **Geležinkelio Tiesimo Centras**	Trikampio g. 10, Lentvaris, Trakai district,	21/12/2001	181628163	(+370 5) 269 3202 info@gtc.lt	https://gtc.lt/	100%	Construction and repair of railway track infrastructure
Joint stock company under liquidation **Gelsauga**	Prūsų g. 1, Vilnius	11/12/2001	125825125	+370 686 40284	-	100%	Under liquidation
Joint stock company **Saugos Paslaugos**	Prūsų g. 1, Vilnius	10/06/2019	305186992	(+370 5) 269 2448 saugospaslaugos@litrail.lt	-	100%	Installation, maintenance and repair services of physical and electronic security and technical security equipment
Private limited liability company **Rail Baltica Statyba**	Mindaugo g. 12, Vilnius	23/01/2014	303227458	+370 614 18055 rbs@litrail.lt	https://www.rail-baltica.lt/	100%	Implementation of the functions of the shareholder of the Joint Venture of the Baltic States, RB Rail AS coordinating the Rail Baltica project
Public Institution **Geležinkelių Logistikos Parkas**	Švitrigailos g. 39, Vilnius	07/10/2011	302674602	+370 612 02006 logisticspark@logisticspark.lt	https://www.logisticspark.lt/	80%	An enterprise owned by Vilnius City Municipality and LTG responsible for the development and management of Vilnius Public Logistic Hub

(EUR million unless otherwise stated)

LTG'S ASSOCIATES AND SUBSEQUENT COMPANIES

Title	Company address	Registration date, place*	Company code	Phone, email	Website	Share held by LTG / its subsidiary, %	Core business
Joint stock company **voestalpine Railway Systems Lietuva**	Sostinės g. 18, Valčiūnai, Vilniaus raj.	28/07/1995	110709524	(+370 5) 249 3261 office.lietuva@voestalpine.com	https://www.railwaysystems.lt	34% is held by LTG	Manufacture of railway switches
Public institution **Transporto Inovacijų Centras**	Mindaugo g. 12, Vilnius	08/02/2019	305017405	info@mobilitytech.lt	https://mobilitytech.lt	33% is held by LTG	Developing and presenting new technology oriented investment projects to the stakeholders
Public limited liability company **RB Rail AS**	K.Valdemāra iela 8-7, Riga, Republic of Latvia	12/11/2014	40103845025	info@railbaltica.org	https://www.railbaltica.org	LTG's subsidiary RBS controls 33%	Coordination of the implementation of the Rail Baltica project
Association of Lithuanian Railway Undertakings	Mindaugo g. 12, Vilnius	13/11/2018	304949011	+370 616 18841 irena.jankute-balkune@litrail.lt	-	-	Representation of the rights and interests of the Association members-employers in the context of social partnership Members: LTG, LTG Cargo, LTG Link, LTG Infra, VLRD, GTC, RBS
Joint stock company **Lokomotyvai ir Transporto Komponentai**	Šeškinės g. 59A, Vilnius	09/09/2014	303388493	+370 616 46221	-	LTG's subsidiary VLRD holds 25%	No activity
Enterprise with limited civil liability **OOO Rail Lab**	Internacionalnaja str. 36-1, Minsk, Republic of Belarus	26/05/2020	192827267	+375 (29) 312 23 52 v.dervenkov@litrail.lt	-	LTG's subsidiary LTG Cargo holds 99%, GTC – 1%	Manufacture of locomotives and rolling stock, repair and maintenance of vehicles, wholesale of other machinery and equipment
LTG Cargo Polska Sp.zo.o.	Ul. Rondo ONZ 1, floor 12, Warsaw, the Republic of Poland	21/07/2020	386573260	sales@ltgcargo.pl	https://ltgcargo.pl https://cargo.litrail.lt/	LTG's subsidiary LTG Cargo holds 100%	Activities of freight carrier and provision of related services in Poland
Joint stock company **LTG Wagons**	Geležinkelio g. 12, Vilnius	04/11/2020	305651295	+370 618 84991 vladas.ambrozevicius@litrail.lt	https://cargo.litrail.lt/	LTG's subsidiary LTG Cargo holds 100%	Lease of wagons and containers used for freight transportation by rail and provision of related services
LTG Cargo Ukraine LLC	Pushkinska str. 21, office No. 3, Kyiv, Ukraine	09/12/2020	43987945	sales@litrail.lt	https://cargo.eu https://cargo.litrail.lt/	LTG's subsidiary LTG Cargo holds 100%	Activities of freight carrier and provision of related services in Ukraine

* Data on all the above-mentioned legal entities are collected and stored in the Register of Legal Entities RoL, except for the associated company RB Rail AS, which is registered in Latvia, OOO Rail Lab, which is registered in Belarus, LTG Cargo Polska, which is registered in Poland, LTG Cargo Ukraine, which is registered in Ukraine.

(EUR million unless otherwise stated)

LTG'S REPRESENTATIVE OFFICES

Representative office in the Russian Federation	Novo-Ryazanskaya Str. 12, office No. 414, 107228, Moscow
Representative office in the Republic of Belarus	Internatsionalnaya Str. 36-1, office No. 423, 220030 Minsk
Representative office in the People's Republic of China	XiaGuangLi 15, XiaoYun Centre B, office 2307, Chaoyang district, Beijing, 100125
Representative office in the Republic of Kazakhstan	Kunaev Str. 6, office No 310/10,10, Astana
Representative office in Poland	al. Jerozolimskie 65/79, 00-687, Warsaw

MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS

LTG Group's companies are the members of the international organizations listed below.

Community of European Railway and Infrastructure Companies (CER), Platform of Rail Infrastructure Managers in Europe (PRIME), International Union of Railways (UIC), International Rail Transport Committee (CIT), European Union Agency for Railways (ERA), Organization for Co-operation of Railways (OSJD) , Railway Transport Council of CIS and Baltic State (GTT), Association of the European Rail Infrastructure Managers RailNetEurope (RNE), Intergovernmental Organisation for International Carriage by Rail (OTIF), Coordinating Council on Trans-Siberian Transportation (CCTT), Association of Railway Security Managers and Railway/Transport Police Forces (COLPOFER), European Intermodal Association (EIA), Union of European Railway Engineering Associations (UEEIV), International Settlement Centre (BCC), North Sea - Baltic Rail Freight Corridors No.8 (RFC8), Strategic Partnership 1520.

ACTIVITY OF THE GROUP

The principal activity of the LTG Group comprises freight and passenger transportation by rail and management of the public railway infrastructure. The Group earns the major portion of revenue, i.e. more than 80%, from provision of freight transportation services.

The Group carries out special obligations imposed by the State in the activities of management of the public railway infrastructure and passenger transportation. Part of the activities is funded from the state budget. It is a significant contribution to sustainability of the Group's financial flows.

The Group has been investing in modernisation and development of the public railway infrastructure as well as in new rolling stocks. The Group has been implementing such strategic projects of state importance as the Rail Baltica project and railway electrification the funding of which have been mainly ensured by the EU. The main investment directions are eco-friendliness and digitalisation.

Assets of railway transport concentrated within the LTG Group exceeds the amount of EUR 2 billion. The public railway infrastructure (rail tracks, signalling, electricity and communications facilities, structures), railway service facilities (station buildings and other objects) held by the right of ownership and managed by the right of trust by the State of Lithuania, and assets used for their maintenance comprise 2/3 of the assets. Other assets consist of freight and passenger rolling stock, their repair and maintenance bases, assets necessary to serve passengers and freights, information systems and their technical equipment.

8.4 thousand employees work for the Group companies, 1.2 thousand of them work for the parent company AB Lietuvos Geležinkeliai.

PRINCIPAL ACTIVITIES OF LTG GROUP COMPANIES

Freight transportation by rail

LTG Cargo is a licensed railway undertaking engaged in transportation of domestic and international freight.

Starting from 1 April 2021 upon merger of VLRD with LTG Cargo, the locomotive and wagon repair and maintenance services are provided under one brand LTG Tech.

Passenger transportation by rail

LTG Link is a licensed railway undertaking engaged in transportation of passengers on domestic and international routes. The Company is also responsible for transit travel from the Belarusian border to the Kaliningrad region.

Public railway infrastructure management

All public railway infrastructure facilities located in the railway network of the Republic of Lithuania are managed by LTG Infra by the right of trust. LTG infra also executes functions of the public railway infrastructure manager by ensuring efficient functioning and development of the public railway infrastructure as well as providing non-discriminatory access to the public railway infrastructure for all railway undertakings legally operating in Lithuania.

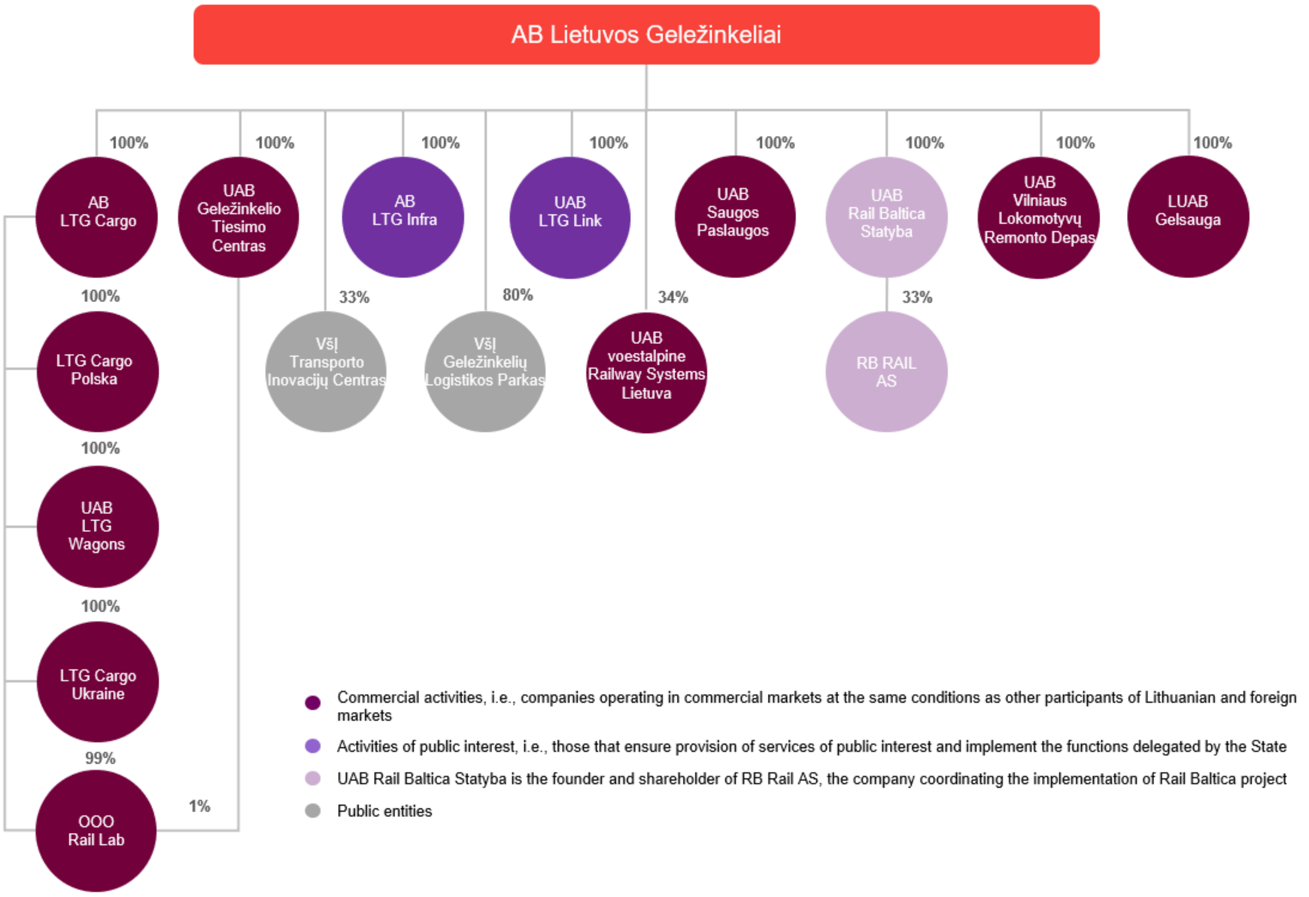
Construction and repair of railway

GTC is a licensed railway company engaged in construction, repair and maintenance of railway track infrastructure, lease of machinery and equipment, provision of engineering design and consulting services.

(EUR million unless otherwise stated)

GROUP STRUCTURE

AB Lietuvos Geležinkeliai is the largest state-owned group of companies engaged in freight and passenger transportation as well as in infrastructure management in the Baltic States. It consists of the parent company AB Lietuvos Geležinkeliai, its eight directly controlled companies, two public entities, one associated company, whose minority shareholder is the parent company AB Lietuvos Geležinkeliai, and five indirectly controlled companies (subsidiaries).



On 14 July 2021, data on AB LTG Cargo as a new shareholder of OOO Rail Lab, to which the shares were transferred on 30 March 2021, registered in the Unified State Register of Legal Entities and Individual Operators of the Republic of Belarus, through conclusion of a business purchase-sale transaction of the main business activity of UAB Vilniaus Lokomotyvų Remonto Depas (rolling stock repair and provision of related services) with AB LTG Cargo.

INFORMATION ABOUT SHARES AS OF 30 JUNE 2021

Company	Amount of the authorised capital, thousand EUR	Number of shares, unit	Par value per share, EUR
Parent Company			
AB Lietuvos Geležinkeliai	1,059,282	3,657,492	289.62
Subsidiaries			
AB LTG Cargo	43,936	208,584	210.64
AB LTG Infra	654,928	654,928	1 000
UAB LTG Link	143,590	156,237	919.05
UAB Vilniaus Lokomotyvų Remonto Depas	19,017	65,663	289.62
UAB Geležinkelio Tiesimo Centras	30,897	109,748	281.53
LUAB Gelsauga	4,191	14,471	289.62
UAB Saugos Paslaugos	454	1,566	289.62
UAB Rail Baltica Statyba	4,161	143,698	28.96

(EUR million unless otherwise stated)

Company	Amount of the authorised capital, thousand EUR	Number of shares, unit	Par value per share, EUR
Associated and subsequent companies			
UAB voestalpine Railway Systems Lietuva	-	25,734	28.96
RB Rail AS	-	650,005	1
UAB Lokomotyvai ir Transporto Komponentai	72	250	289.62
OOO Rail Lab	1, 186 thousand Belarus Rubles	-	-
LTG Cargo Polska Sp.zo.o.	PLN 2,225 thousand	2,225	PLN 1,000
UAB LTG Wagons	150	150	1 000
LTG Cargo Ukraine LLC	UAH 17,027 thousand	-	-

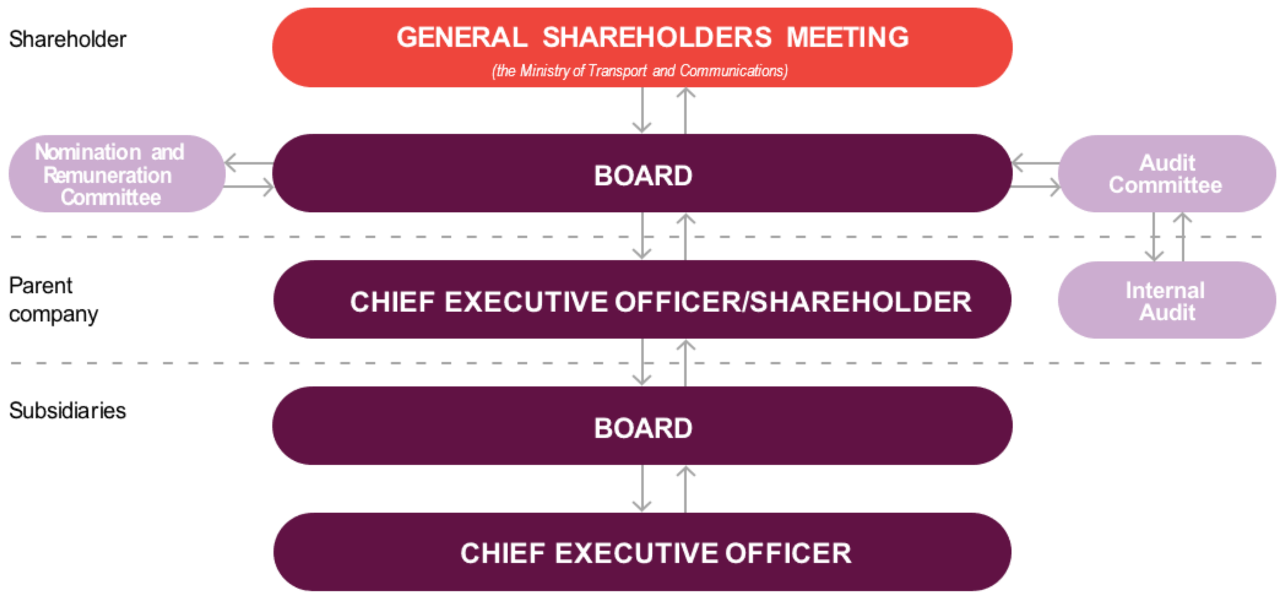
- As of 30 June 2021, the sole shareholder of AB Lietuvos Geležinkeliai was the State of Lithuania whose property and non-property rights are implemented by the Ministry of Transport and Communications of the Republic of Lithuania (100 percent shareholding).
- All shares of the Company and its subsidiaries are of a single class – ordinary registered shares. The shares are non-certified, and they are recorded in personal securities accounts following the procedure established by the legislation. The Company and its subsidiaries did not issue preference shares.
- The Company and its subsidiaries did not acquire their own shares during the reporting period.
- The subsidiaries and the associated company did not acquire their own shares during the reporting period.

CORPORATE GOVERNANCE

The corporate governance of LTG Corporate Group focuses on creation of a long-term value and ensures proper representation of the shareholder, alignment of interests of the stakeholders, refining of interaction among the management bodies and structural units of the Group, implementation of the governance and control functions. Effective and well-balanced corporate governance establishes stable, clear and comprehensible mutual relations, increases attractiveness of the Group to the shareholders, customers, partners, employees, the society, and creates preconditions for growth of value and sustainable development of the Group in a long-term perspective.

The corporate governance is seen as a set of common rules, policies, practices and processes applied within LTG Corporate Group for management and control of the Group companies. The corporate governance of the Group is implemented by LTG in performance of its functions as a parent company.

GROUP'S MANAGEMENT STRUCTURE



Corporate Governance of the Group is organized in accordance with the legislation of the Republic of Lithuania regulating the management of companies, including the state-owned enterprises, EU legal framework, and is based on the good governance practices outlined in the OECD Guidelines on Corporate Governance of State-Owned Enterprises and the OECD Principles of Corporate Governance, documents of the Baltic Institute of Corporate Governance defining the good practices and principles of corporate governance as well as the Corporate Governance Code for the Companies Listed on NASDAQ OMX Vilnius.

THE CORPORATE GOVERNANCE OF THE LTG GROUP IS ORGANIZED ACCORDING TO THE FOLLOWING PRINCIPLES:

- openness and transparency of activities,
- adherence to the regulatory framework and the most advanced international practice of corporate governance,
- meeting the expectations and representing the interests of the shareholders,
- proper implementation of shareholder rights and control,
- clarity and sustainability of goals,
- operational efficiency,
- sustainable development,
- effective and ethical governance.

THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles of Association of the Company are the key document the Company observes in the course of carrying out its business operations.

During the reporting period, the Articles of Association of the Company were amended once. On 10 June 2021 a new version of the Articles of Association of Association of AB Lietuvos Geležinkeliai was registered wherein:

- the rights of the shareholder have been extended, providing the possibility for the shareholder to receive information not only about the Company, but also about its subsidiaries;
- increased responsibilities of the Board were established by giving it supervisory functions;
- a provision was established that the Board of the Company approves consolidated documents (e.g. consolidated business strategy, consolidated objectives, indicators and target values, consolidated budget and business plans) only after these documents are approved by the subsidiaries;
- an obligation was established for the Board of the Company to inform the shareholder within a reasonable time about the approved / amended documents of the Company and consolidated documents (e.g. the Company's and consolidated business strategy, objectives, budget, interim report, etc.);
- the provisions related to the acquisition of own shares, reserve for the acquisition of own shares, issue of convertible bonds have been waived.

The effective version of the Articles of Association of LTG is available at the Company's website https://www.litrail.lt/istatai.

The Articles of Association of LTG are amended under the decision of the general meeting of shareholders by a qualified majority of votes, which shall be at least 2/3 of votes conferred by all shares held by all the shareholders participating in the meeting.

BODIES OF THE COMPANY

The Articles of Association provide for the following bodies of the Company:

- The General Shareholder Meeting;
- The Board;
- The Head of the Company (CEO).

The General Meeting of Shareholders is the supreme body of the Company. The competence of the General Shareholders Meeting, the procedure of its convening as well as resolution-passing is established by the Law on Companies, other legislation and in the Articles of Association of the Company published on the website at https://www.litrail.lt/istatai.

The sole shareholder of LTG is the Republic of Lithuania the rights and obligations whereof are implemented by the Ministry of Transport and Communications, which adopts the main decisions related to implementation of the ownership rights and obligations.

An ordinary share shall confer the following property rights to its holder (shareholder):

- Receive a portion of the company's profit (dividend);
- Receive the company's funds when the capital of the company is reduced with a view to paying out the company's funds to the shareholders;
- Receive shares without payment if the capital is increased out of the company funds with exceptions specified by the Law on Companies;
- Lend to the company in the manner prescribed by laws; however, when borrowing from its shareholders, the company may not pledge its assets to the shareholders. When the company borrows from a shareholder, the interest may not be higher than the average interest rate offered by commercial banks of the locality where the lender has his place of residence or business, which was in effect on the day of conclusion of the loan agreement. In such a case, the company and shareholders shall be prohibited from negotiating a higher interest rate;
- Receive a part of assets of the company in liquidation;
- Other property rights established by other laws of the Republic of Lithuania.

An ordinary share shall confer the following non-property rights to its holder (shareholder):

- Attend general meetings of shareholders;
- Submit to the company in advance the questions related to the issues on the agenda of the general meeting of shareholders;
- Vote at general meetings of shareholders according to voting rights carried by their shares; the shareholder's voting right is not restricted;

- Receive information on the company according to the procedure and terms specified by the Articles of Association;
- Refer to the court with a claim requesting to redress damage incurred on a company resulting from nonfeasance or malfeasance by the manager of the company and members of the board of their duties prescribed by these Articles of Association, the Law on Companies and other laws, as well as in other cases laid down by laws;
- Other non-property rights established by laws of the Republic of Lithuania.

The competence of the General Shareholders Meeting is provided for by the Law on Companies, also in the Articles of Association of LTG, published on the Company's website https://www.litrail.lt/istatai.

Main competences of the general meeting of shareholders are as follows:

- Amend the Articles of Association of the company;
- Elect/remove the board and (or) its members; establish a remuneration for independent board members;
- Elect and remove an auditor or an audit firm for the carrying out of the audit of a set of the annual financial statements and consolidated financial statements, establish conditions for payment for audit services;
- Approve the sets of the annual financial statements and consolidated financial statements;
- Approve the annual management report and the consolidated annual management report;
- Take a decision on profit/loss distribution;
- Take a decision on the allocation of dividends for a period shorter than the financial year;
- Take a decision on increase of the authorized capital;
- Take a decision on reduction of the authorized capital;
- Take a decision on reorganization, conversion, restructuring, liquidation of the company;
- Approve decisions of the Company's board on the investment, disposal or lease, pledge or mortgage of non-current assets the carrying amount, price or sum whereof is equal or exceeds 1/20 of the authorized capital of the Company; suretyship or guarantee for the discharge of obligations of third parties; the acquisition of non-current assets.

The shareholder's expectations

Following the Description of the Procedure for Implementation of Property and Non-Property Rights of the State in State-Owned Enterprises approved by Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012, the authority representing the state shall prepare and submit the letter to the state-owned enterprise regarding the objectives that the state pursues and raised expectations in the state-owned enterprise at least every 4 years.

In this regard, the letter regarding the objectives that the state pursues and raised expectations in the Company was approved by the Order of the Minister of Transport and Communications of 22 June 2020. The letter of expectations of the shareholder is available on the Company's website https://www.litrail.lt/veiklos-strategija.

The Board is a collegial governing body consisting of 7 members as set out by the Company's Articles of Association. The members of the Board are elected by the General Shareholders Meeting for a term of 4 years. The Management Board elects the chairman of the management Board from among its members. More than half of the Board members must be separate from the employment relationship with the Company. The Board member may be elected for an unlimited number of terms of office.

During the reporting period, the Board of the Company consisted of 5 independent members. Independent board members are elected following the Description for Selection of Candidates to the Board of the State-Owned or Municipality-Owned Enterprise and to the Collegial Supervisory or Management Body Elected by the General Meeting of Shareholders of the State-Controlled or Municipality-Controlled Enterprise (the Description for Selection), approved by Resolution No 631 of the Government of the Republic of Lithuania of 17 June 2015. When forming the Board, the provisions of the Description for Selection regarding versatility of competences of the Board members, requirements for compliance with general and special requirements are followed.

According to the Articles of Association of the Company, a person who is not eligible for serving as the Board member according to the legislation shall not be elected as the Board member. Each candidate to the Board member shall inform the General Shareholders Meeting electing him of his title and place of employment, how his other activity is related to the company and other legal entities related to the company.

The Board is accountable to the General Shareholders Meeting. The competence of the Board is in line with the competence of the board provided for by the Law on Companies and other laws, additional competences of the Board are established in the Articles of Association of the Company.

The main functions of the Board:

- Approve the strategy of the LTG Corporate Group, set long-term goals and performance indicators;
- Adopt decisions regarding strategic matters of setting the lines of activities of LTG Corporate Group;
- Adopt decisions regarding conclusion of major transactions;
- Adopt decisions regarding participation in or establishment of other legal entities;
- Is responsible for organisational and systemic development of LTG Group of companies,
- Be responsible for organizational and systemic development of LTG Corporate Group;
- Monitor and control top-priority projects;
- Consider and approve the consolidated and annual, and interim reports the Company;
- Elect/remove the head of the Company.

The term of office of the Board is from 14 12 2016 to 15 04 2021.

Over the reporting period new members of the Board were selected in accordance with the Description for Selection.

Over the reporting period neither member of the Board held any shares of the Group companies.

During the reporting period 4 meetings of the Board were held.

COMPOSITION OF THE BOARD

ROMAS ŠVEDAS

Chairperson of the Board, Independent Board Member
14 December 2016 – 15 April 2021

Education

– Vilnius University, Faculty of Law;
– "Political Democracy", University of Umea (Sweden);
– "Foreign Trade Policy", World Trade Organization (Geneva, Switzerland);
– "Negotiations on International Trade Contracts", International Law Institute (Washington D.C., USA);
– "Board Member Studies", Baltic Institute of Corporate Governance (Vilnius, Riga, Tallinn);
– "Board Chair Studies", Baltic Institute of Corporate Governance (Stockholm).

Main employer, position

Head of MB Romas Švedas ir partneriai, Nemenčinės pl. 10-10, Vilnius, company code 303150481.

Other position held

– Lecturer at the Vilnius University, Institute of International Relations and Political Science, Universiteto g. 3, Vilnius, company code 211950810;
– Member of the Supervisory Board of RB Rail AS, K. Valdemāra Str. 8, Riga, Republic of Latvia, company code 40103845025.

MONIKA RIMKŪNAITĖ – BLOŽĖ

Independent Board Member
14 December 2016 – 15 April 2021

Education

– Master of International Business, Vilnius University,International Business School;
– European Business Management School, University of Wales, Swansea;
– Vilnius University, Bachelor of Finance.

Main employer, position

Expert of Financial Technologies/Banking sector.

Other position held

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ALDITAS SAULIUS

Independent Board Member
26 February 2018 – 15 April 2021

Education

– Joint Vienna Institute, Course in Applied Market Economics;
– - Master of International Business, Vilnius University, International Business School;
– Vilnius University, Master of Physics.

Main employer, position

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Other position held

– Chairman of the Board of UAB Investicijų ir Verslo Garantijos (INVEGA), Konstitucijos pr. 7, Vilnius, company code 110084026;
– Member of the Board and Member of the Audit Committee of VĮ Valstybinių Miškų Urėdija (state forest enterprise), Savanorių pr. 176, Vilnius, company code 132340880;
– Independent Board Member of AB Lietuvos Paštas, J. Jasinskio g. 16, Vilnius, company code 121215587.

ROLANDAS ZUKAS

Independent Board Member
14 December 2016 – 15 April 2021

Education

– "Board Member Studies", Baltic Institute of Corporate Governance;
– ISM, Executive MBA;
– VGTU, Bachelor of Transport Engineering Economics and Management.

Main employer, position

– UAB EPSO, CEO, Gedimino pr. 20, Vilnius, company code 302826889.

Other position held

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MATS HANSON

Independent Board Member
09 August 2019 – 15 April 2021

Education

– University of Umea/Ostersund, Public Administration studies;
– Stockholm School of Economics, Integrated Management, Accounting and Finance studies;
– Integrated Management studies.

Main employer, position

– Current position – Owner and Independent Consultant at the Swedish consultancy firm MBK Advisory;
– Earlier position – Senior Vice President Green Cargo Marketing and Sales.

Other position held

-.

The composition of the Board did not change over the reporting period.

On 20 July 2021 a new Board of LTG was elected by the decision of the Ministry for Transport and Communications, the sole shareholder of LTG. The Board consists of 7 members, 5 of which are independent members: Dalia Andrulionienė, Barnard Guillelmon, Eugenijus Preikša, Kęstutis Šliužas, Aurimas Vilkelis and 2 representatives of the shareholder: Romas Švedas and Agnė Amelija Mikalonė. The terms of office of the Board is 4 years.

COMMITTEES OF THE BOARD

According to the Articles of Association of LTG, seeking for efficient fulfilment of its functions and duties the Board adopts decisions to set up committees which are advisory bodies of the Board for relevant matters falling within the competence of the Board. In accordance with their competence the committees submit their conclusions, opinions and proposals to the Board of LTG, and the Nomination and Remuneration Committee also submits them to the Chief Executive Officer of LTG.

The committee shall consist of no less than 3 members. Committees may consist of Board members and other individuals who are not serving on the Board. Only independent members of the Board may be appointed as Chairmen of Committees.

In case a non-Board member is appointed as a member of a committee, such an individual must comply with the general selection criteria and independence requirements of the members of collegial bodies, elected by the General Meeting established in the legal acts of the Republic of Lithuania.

Committee members shall be appointed and recalled by the Board. Chairpersons of the Committees shall be elected by the committee members. Committees shall be formed, and their members appointed, for a term which does not exceed the term of office of the Board. Committee members shall not be limited in terms of the number of terms of office they can serve on the Committee.

The following committees were set up in the Company during the reporting period:

- Audit Committee;
- Nomination and Remuneration Committee.

If necessary other committees, provided for by legislation of the Republic of Lithuania or in accordance with the ad hoc principle (e.g., for resolution of special matters, preparation, supervision or coordination of strategic projects, etc.) may be set up by a decision of the Board.

AUDIT COMMITTEE, ITS COMPOSITION AND ACTIVITY

On 28 February 2019, by the decision of LTG Board the Audit Committee was set up, which is an advisory body of the Board, and also the operational rules of the committee were approved. During the reporting period, the committee consisted of 3 members, 2 whereof were independent Board members of LTG and 1 was an independent member.

The main functions of the Audit Committee:

- Supervision of the financial reporting and auditing processes of the entire LTG Group of companies;
- Ensuring the compliance with the principles of independence and objectivity of LTG Group auditors and audit firms, providing the Board with information summaries;
- Supervision of the effectiveness of LTG Group's internal control, internal audit systems, and business processes;
- Informing the LTG Board on problematic issues related to the audit of the Group's companies, especially when significant deficiencies in internal control related to financial statements are identified, making recommendations on how to eliminate these deficiencies and improve their prevention systems;
- Informing the LTG Board about the audits performed in the LTG Group by the National Audit Office of the Republic of Lithuania, the Ministry of Transport and Communications of the Republic of Lithuania or other institutions and providing information on the control over the implementation of recommendations made by the said institutions.

None of the members of the Audit Committee had shares of the Group companies.

During the reporting period, 5 meetings of the Audit Committee were held.

COMPOSITION OF THE AUDIT COMMITTEE

ALDITAS SAULIUS

Chairperson of the Audit Committee,
Independent Member of the LTG Board
28 February 2019 – 15 April 2021

Education

– Joint Vienna Institute, Course in Applied Market Economics;
– - Master of International Business, Vilnius University, International Business School;
– Vilnius University, Master of Physics.

Main employer, position

-.

Other position held

– Chairman of the Board of UAB Investicijų ir Verslo Garantijos (INVEGA), Konstitucijos pr. 7, Vilnius, company code 110084026;
– Member of the Board and Member of the Audit Committee of VĮ Valstybinių Miškų Urėdija (state forest enterprise), Savanorių pr. 176, Vilnius, company code 132340880;
– Independent Board Member of AB Lietuvos Paštas, J. Jasinskio g. 16, Vilnius, company code 121215587.

IRENA PETRUŠKEVIČIENĖ

Independent Committee Member
28 February 2019 – 15 April 2021

Education

– Vilnius University, Faculty of Law;
– University of Texas, Centre for International Accounting Development
– DePaulo University, School of Accountancy (Chicago, USA).

Main employer, position

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Other position held

– Chairperson of the Audit Committee, Independent Member of UAB Maxima Grupė, Savanorių pr. 5, Vilnius, company code 301066547;
– European Stability Mechanism (ESM), Member of the Board of Auditors;
– Chairperson of the Audit Committee under the Supervisory Board, Independent Member of UAB Ignitis Grupė, Žvejų g. 14, Vilnius, company code 301844044.

ROLANDAS ZUKAS

Committee Member, Independent Member of LTG Board
22 December 2020 – 15 April 2021

Education

– "Board Member Studies", Baltic Institute of Corporate Governance;
– ISM, Executive MBA;
– VGTU, Bachelor of Transport Engineering Economics and Management.

Main employer, position

– UAB EPSO, CEO, Gedimino pr. 20, Vilnius, company code 302826889.

Other position held

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The composition of the Board did not change over the reporting period.

The term of office of the Audit Committee coincided with the term of office of the LTG Board, i.e. the Audit Committee operated until 15 April 2021.

INTERNAL AUDIT

In order to ensure transparent and efficient operation of the LTG Corporate Group and a proper internal control system, a centralized Internal Audit structural unit has been established in the Company. The internal audit functions as a third line of defence group-wide. The Unit reports directly to the Board, thus ensuring the independence and objectivity of internal audit, thereby facilitating the identification of operational weaknesses and areas for operational efficiency.

The mission of internal audit is to provide independent, objective assurance and consulting, and the function is organized in accordance with the basic principles set out in the International Standards for the Professional Practice of Internal Audit. The unit's staff carries out internal audits and regularly monitors the implementation of the recommendations made and the correction of other internal control weaknesses identified by the external auditors and supervisory authorities.

In H1 2021, the activities of the Internal Audit Unit covered areas that were selected on the basis of a risk assessment and the identification of priority activities and processes to be audited. The findings of the conducted audits are presented to the heads of the responsible units and the top management of the Company, as well as to the Audit Committee and the Board of LTG.

NOMINATION AND REMUNERATION COMMITTEE, ITS COMPOSITION AND ACTIVITY

On 21 April 2020, by the decision of the Board of LTG, the Nomination and Remuneration Committee was set up, which is an advisory body of the Board, and also the operational rules of the committee were approved. During the reporting period the committee consisted of 3 members – all independent members of LTG Board.

The main functions of the Committee:

- to organize and coordinate the selection process of the head of the LTG, to participate in his/her selection;
- to provide an opinion, recommendations, and proposals to the Board on the appointment of the most suitable candidate for the head of the LTG, as well as selection procedures;
- to evaluate, provide an opinion, proposals to the Board on the terms and conditions of the employment contract with the head of the LTG, including remuneration;
- to evaluate candidates for the board member and the head of the LTG subsidiary and to provide an opinion, recommendations, and proposals to the shareholder of such subsidiaries – the head of the parent LTG regarding the election of the most suitable candidate;
- to evaluate, provide an opinion, proposals to the Board on the principles of performance assessment for the head of the LTG and such assessment criteria;
- to evaluate, provide an opinion, proposals to the Board on the LTG remuneration policy.

Neither member of the Nomination and Remuneration Committee held any shares of the Group companies.

During the reporting period 2 meetings of the Nomination and Remuneration Committee took place.

COMPOSITION OF THE NOMINATION AND REMUNERATION COMMITTEE

MONIKA RIMKŪNAITĖ – BLOŽĖ

Chairperson of the Nomination and Remuneration Committee, Independent Member of the LTG Board
21 April 2020 – 15 April 2021

Education

– Master of International Business, Vilnius University,International Business School;
– European Business Management School, University of Wales, Swansea;
– Vilnius University, Bachelor of Finance.

Main employer, position

Expert of Financial Technologies/Banking sector.

Other position held

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ROMAS ŠVEDAS

Committee Member, Chairperson of the LTG Board, Independent Board Member
21 April 2020 – 15 April 2021

Education

– Vilnius University, Faculty of Law;
– “Political Democracy”, University of Umea (Sweden);
– “Foreign Trade Policy”, World Trade Organization (Geneva, Switzerland);
– “Negotiations on International Trade Contracts”, International Law Institute (Washington D.C., USA);
– “Board Member Studies”, Baltic Institute of Corporate Governance (Vilnius, Riga, Tallinn);
– “Board Chair Studies”, Baltic Institute of Corporate Governance (Stockholm).

Main employer, position

Head of MB Romas Švedas ir partneriai, Nemenčinės pl. 10-10, Vilnius, company code 303150481.

Other position held

– Lecturer at the Vilnius University, Institute of International Relations and Political Science, Universiteto g. 3, Vilnius, company code 211950810;
– Member of the Supervisory Board of RB Rail AS, K. Valdemāra Str. 8, Riga, Republic of Latvia, company code 40103845025

MATS HANSON

Committee Member, Independent LTG Board Member
From 22 December 2020 to 15 April 2021

Education

– University of Umea/Ostersund, Public Administration studies;
– Stockholm School of Economics, Integrated Management, Accounting and Finance studies;
– Integrated Management studies.

Main employer, position

– Current position – Owner and Independent Consultant at the Swedish consultancy firm MBK Advisory;
– Earlier position – Senior Vice President Green Cargo Marketing and Sales.

Other position held

-.

The composition of the Board did not change over the reporting period.

The term of office of the Nomination and Remuneration Committee coincided with the term of office of the LTG Board, i.e. the Nomination and Remuneration Committee operated until 15 April 2021.

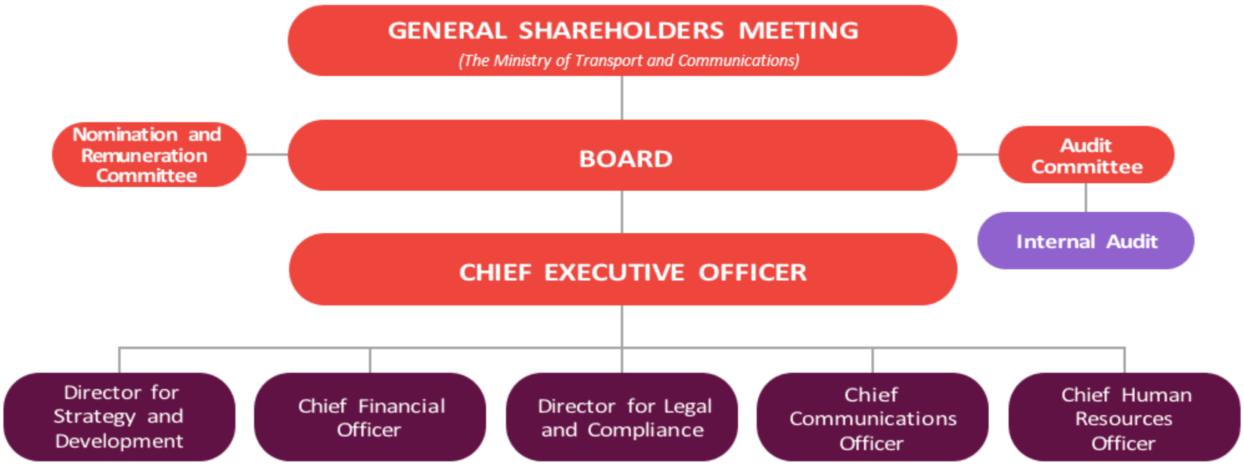
(EUR million unless otherwise stated)

The Chief Executive Officer (CEO) is a one-person management body of the Company who organises and manages daily operation of the Company in accordance with his/her powers. Obligations and competences of the CEO are defined in the Law on Companies, the Articles of Association of the Company available at the Company's website https://www.litrail.lt/istatai. Based on the Law on Companies, the CEO is elected for a 5-year term of office by the Board of the Company, to which he/she is accountable. The same person may be appointed as the CEO for no more than 2 consecutive terms of office. The first 5-year term of office of the LTG's Chief Executive Officer began on 1 January 2018.

The essential functions and competences of the CEO:

- organization of the LTG's business activities, achievement of performance results and implementation of the set goals,
- Responsible for the preparation of consolidated documents of LTG Group, the annual financial statements and the interim financial statements of the Company;
- Implements the rights and duties of the shareholder in respect of the subsidiaries of LTG.

Corporate Governance and Organisational Structure



Executives of the Company

MANTAS BARTUŠKA*	CEO	Appointed on 16 December 2016
ADAMAS ILKEVIČIUS	Director for Strategy and Development	Appointed on 29 January 2018
ANDREJ KOSIAKOV	Chief Financial Officer	Appointed on 02 October 2017
ODETA TRUČINSKAITĖ-ŠIUŠIENĖ	Director for Legal and Compliance	Appointed on 28 August 2017
IRENA JANKUTĖ-BALKŪNĖ	Chief Human Resources Officer	Appointed on 10 July 2017
MANTAS DUBAUSKAS	Chief Communications Officer	Appointed on 08 February 2017

* The CEO of LTG Mantas Bartuška also acts as a member of the Board of AB Klaipėdos Nafta (Burių g. 19, Klaipėda, company code 110648893).

Management of Interests

At the end of the reporting period, members of the Board, the CEO and the Company's managers have submitted declarations on private interests, which can be found on the website of the Chief Official Ethics Commission at the Register of private interests of the Chief Official Ethics Commission. There were no conflicts of interest between the members of the Board, the CEO and the Company's managers during the reporting period.

Information on Remuneration of Board Members, Committee Members, and the Company's CEO

Remuneration of the Board Members and the Committee Members is based on the time dedicated to the respective activities of the Board and the Committees as fixed in the civil contracts entered into with the Members.

The remuneration of Independent Board Members is set in accordance with the description of the procedure for determining the remuneration of the members of the boards and members of the committees of the public limited liability companies with their share owner being the Ministry of Transport and Communications and state-owned enterprises under the regulation of the Ministry of Transport and Communications approved by Order No 3-420 of 20 August 2018 of the Minister of Transport and Communications RoL.

The Board Member's annual remuneration including all taxes paid for the actual activities as the Board Member cannot exceed 1/4 of the total annual remuneration (the annual amount consisting of the fixed and variable components, annual bonus and salary related taxes) of the General Manager of a respective Company, in case of the **Chairperson of the Board** - 1/3 of the total annual remuneration (the annual amount consisting of the fixed and variable components, annual bonus and salary related taxes) of the General Manager of the respective Company. The **Committee Member's** annual remuneration including all taxes paid for the actual activities as the Committee Member cannot exceed 1/15 of the total annual remuneration (the annual amount consisting of the fixed and variable components, annual bonus and salary related taxes) of the General Manager of the respective Company, in case of the **Chairperson of the Committee** – 4/45 of the total annual remuneration (the annual amount consisting of the fixed and variable components, annual bonus and salary related taxes) of the General Manager of the respective Company.

The remuneration for the activities of the Board Member, as well as the Committee Member, is subject to reduction if the members are absent from the meetings, withdraw from the issues due to conflicts of interests, fail to express their opinion with regard to the issues on the agenda, do not vote on them, fail to carry out the activities of the member, dedicate for them less amount of time than indicated in the agreements entered into with them or carry out such activities improperly.

No remuneration is paid to LTG Board Members as well as committee members delegated by the shareholder, i.e. the Ministry of Transport and Communications, for their activities at the Board and committee.

The components of the **Company's Chief Executive Officer's** remuneration:
1. Basic monthly salary. The monthly base salary fixed in the employment contract with the Company's CEO amounted to EUR 9,770 as at the end of the reporting period. During the reporting period, the monthly basic salary of the CEO of the Company increased by 5.0 percent from EUR 9,305 to EUR 9,770.
2. Annual incentives. The annual variable remuneration (annual incentive) directly related to achievement of annual goals and dependent on actual achievement of the established annual indicators **might be** paid to the Company's Chief Executive Officer next to the basic monthly salary. Each year, the Board of the Company approves the structure of annual goals of the Group, threshold values for their achievement and benchmarks, and after the end of year the Board of the Company approves the results of achievement of these goals and the annual incentive pay opportunity.

The maximum amount of annual incentive pay cannot exceed 30 percent of the fixed annual base salary. The maximum amount of monthly incentive, i.e. 1/12 of the annual incentive pay, cannot exceed EUR 2,931. In April 2021, a monthly portion (1/12) of the annual incentive to the Company's CEO for achievement of the goals of the year 2020 amounted to EUR 2,419.

STRATEGY

At the end of 2020, the Board of the Company approved the updated **LTG growth strategy for 2030.** When revising the long-term strategy of the Group companies, much attention was given to the **development of green course**, efficient use of energy and natural resources, implementation of initiatives that will allow reducing the impact on the environment and climate change. Another important area is **strengthening of organizational culture** by contributing to the wellbeing of employees and enabling them to contribute to changes in the organization. When creating the organizational culture of highest results, the LTG Group ensures that its employees receive an adequate and competitive remuneration, considering the functions performed by them and added value to the Company as well as annual performance results. **Business development** is yet one more priority area, which is intended at the external revenue growth at the Group in the long term, increasing the attractiveness of railways and strengthening of logistics supply chains.

Taking into account the geopolitical issues of the first half of 2021, when the sanctions imposed on Belarus by the European Union also affected the railway operations, the LTG Group continues to focus on implementation of **operational efficiency** and **diversification** solutions. Although the effect of sanctions on Belarus will be significant, the Group has always identified the level of risk of geopolitical changes as the highest and already implemented risk management measures: in 2020 **subsidiaries of AB LTG Cargo were established in Poland and Ukraine**, and the Company continued to actively develop intermodal transportation operations. In addition, as the volume of transportation decreases, the Group's ongoing projects to **streamline business processes, modernize the business accounting system (ERP), create operational control centres** and other projects will ensure the possibility to optimise the costs incurred in the short term.

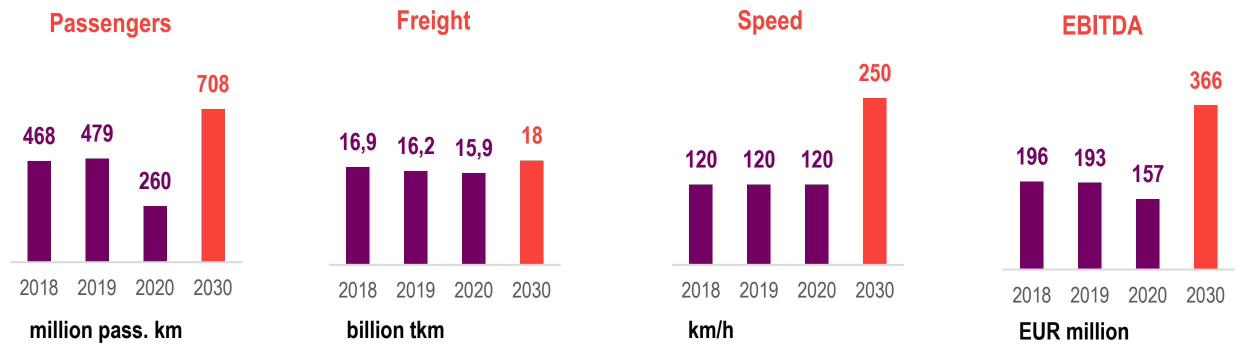
MISSION, VISIONS, VALUES AND STRATEGIC FOCUS

STRATEGIC DIRECTIONS OF ACTIVITIES

1. **Creating value to the shareholder and the people** – to increase EBITDA, establish its presence in the regional market, promote the growth of industry and increase the competitiveness of Lithuania as the centre of the European transit and logistics.
2. **Leading freight carrier** – to increase freight flows, ensure competitiveness against other railway undertakings, potential "newcomers" to the market and road transport companies.
3. **First choice for travellers** – to improve the opinion of residents about the passenger transportation by rail and become the first choice for passengers appreciated for high-level services, operational efficiency and governance.
4. **Safe and adequate infrastructure** – to become the top-level manager of railway infrastructure, ensuring safe connections and adequate freight and passenger transportation capacities.
5. **Development of new business** – to increase capacities and operate abroad seeking for a larger competitiveness in the market.
6. **Operational excellence and corporate governance** – to ensure financial stability by carrying out the activities in accordance with the highest corporate standards and optimising the use of assets.
7. **Respectful and environment-conscious organisation, caring about the society and each other** – to apply the "Safety above all" principle, become one of the most attractive employers in Lithuania, to develop a respectful and transparent business culture and to ensure the adaptation of railway services according to universal design principles.

(EUR million unless otherwise stated)

GOALS AND PRIORITIES SET OUT IN GROUP STRATEGY 2030



For passengers	For business	Infrastructure	Efficiency
First choice for passengers and double number of passengers	A logistics service provider that meets the customers' needs in the region best	Reliable and safe, speed up to 250 km/h	Double value of the Group

MEASURES TO IMPLEMENT THE STRATEGY

The long-term of LTG Group and short-term strategic goals and tasks set-out herein determined the development of a strategic transformation portfolio that includes programs aimed at operational efficiency, passenger / freight transportation, business development, digitalisation, financial stability and corporate governance aspects.

LTG'S TRANSFORMATION PORTFOLIO AND ITS IMPLEMENTATION

In order to ensure successful strategic changes of the LTG Group in business processes with the use of state-of-the-art IT tools allowing to automate business processes, improve efficiency and reliability of information, the **LTG Group has developed 11 transformation portfolio programs and has developed strategic projects to achieve these changes**.

At the moment LTG transformation portfolio comprises **58 projects**. The majority of them (43 projects) are being implemented, the remaining ones are in the planning stage.

5 projects were completed during H1 2021, they resulted in establishing **LTG Cargo's subsidiaries** in Poland and Ukraine, development of **management models for rolling stock fleets**, completion of **modernization of procurement functional operations**. Also, 3 new projects were initiated, which will help to produce a strategy for the development of sidings, transfer LTG Link repair, parking, maintenance activities and purchase passenger electric trains and form all the necessary infrastructure.

Due to the constantly changing environment, new challenges and opportunities, the list of projects is not exhaustive. Currently, **the transformation project management community consists of 46 project managers and about 400 team members working on the implementation of these project results**.

Since the formation of Transformation portfolio, 39 projects have been implemented.

64% of the planned transformation portfolio project outcomes have been delivered.

MOST SIGNIFICANT EVENTS IN H1 2021

JANUARY

- **11 January.** At the end of 2020 LTG Group's freight transportation company AB LTG Cargo, in the context of implementing international expansion strategy and in pursuit of diversification established a company in Ukraine – LTG Cargo Ukraine. At the beginning of the year, the management team of LTG Cargo Ukraine was formed.

- **19 January.** LTG Board approved the merger of the Group company UAB Vilniaus Lokomotyvų Remonto Depas to AB LTG Cargo. This has been done in order to concentrate operational competences, strengthen the activity of the freight carrier of strategic importance and create bigger value to LTG Group.

FEBRUARY

- **22 February.** Belarus and Russia signed an agreement to redirect exports of Belarusian petroleum products from Klaipėda port, as used for that so far, to Russian ports in the Gulf of Finland. Loading volumes in 2021-2023 amount to 10 million tons approximately.

- **22 February**. The LTG Group strives for zero tolerance for corruption and implements measures to increase transparency. Last year, special attention was paid to reconciling public and private interests, while in 2021 it is planned to focus on the regulation of gifts received and provided by employees and the implementation of its provisions. On January 6, the Methodology for Accepting and Giving Gifts was approved, which stipulates what gifts employees can accept or give, which ones are prohibited to accept or give, and discusses the provisions for gift registration, etc.

- **24 February.** AB LTG Infra, the manager of the Lithuanian railway infrastructure, announced the construction of new noise reduction panels in the most noisy places of seven cities this year, implementing the program "Installation of Noise Reduction Measures in Railways". The total value of the noise reduction program is EUR 24 million, of which as much as 85% will be financed by the EU Structural Funds. The remaining 15% will be financed by AB LTG Infra and municipalities.

MARCH

- **1 March.** Former LTG head office at Mindaugo g. 12 Vilnius was transferred to Turto Bankas. LTG Group is relocating closer to the Vilnius Railway Station neighbourhood, whereas Turto Bankas plans that the 11,000-square-meter building at Mindaugo street, a panoramic symbol of the capital city will be transformed into a building serving an important public function.

- **4 March.** Vilnius City Municipality together with AB Lietuvos Geležinkeliai announced an international architecture tender for the renewal of the Vilnius Railway Station territory.

- **8 March.** Information Technology Center LTG Digital signed a EUR 2.95 million contract with cloud computing experts Crayon. The Norwegian IT company will assist in building the technological foundations for various LTG Group businesses in moving to a more secure and reliable environment.

- **19 March.** The Ministry of Transport and Communications of the Republic of Lithuania announced the international selection of independent candidates for the position of the members of the Board of AB Lietuvos Geležinkeliai for the new four-year term of the Board.

APRIL

- **1 April.** VLRD became part of LTG Cargo from now on to operate as one company. Rolling stock repair and modernization services provided under the new brand of LTG Tech. The new and easy-to-remember identity is part LTG Group's renewal to mark a new stage in aiming to build stronger positions through competing for rolling stock maintenance contracts in Central and Eastern Europe.

- **13 April.** AB Lietuvos Geležinkeliai corporate Group creates value not only for the Group itself, but also for Lithuania as a whole. The suppliers' contribution to the successful development of the LTG Group's operations is significant, so the Group has approved the Supplier's Code of Business Conduct, the purpose of which is to clarify the requirements that suppliers must always comply with when cooperating with the Group.

- **19 April.** LTG Infra launched a special website www.elektrifikavimas.lt that makes publicly available all information on the progress of the Vilnius-Klaipėda electrification project, the work being done and Q&A about electrification and its benefits.

- **21 April.** LTG announced of its aim to issue green bonds. The LTG Board approved the initiation of the bond issue preparation process. A large part of the investments aimed at raising funds are related to the green deal - electrification project and procurement of electric rolling stock. The specific size of the issuance is not currently approved, but the size considered optimal in the market is from EUR 300 million.

MAY

- **17 May.** In order to relinquish non-railway related functions, after recognizing UAB Ekskomisarų Biuras as the winner of the tender for physical protection, monitoring and response services, the shareholder decided to terminate the activities of the Group's subsidiary UAB Saugos Paslaugos by initiating liquidation proceedings from 2 August 2021.

- **25 May.** The Special Investigation Service (STT) and AB Lietuvos Geležinkeliai have signed an agreement under which they have undertaken to cooperate in the areas of prevention, detection and investigation of corruption and other related criminal offenses.

- **25 May.** LTG employees were provided with trainings "Protection of Whistleblowers in Lithuania – Practical Aspects of Law Enforcement" led by employees of the Internal Investigation Division of the General Prosecutor's Office of the Republic of Lithuania.

JUNE

10 June. Articles of Association of AB Lietuvos Geležinkeliai were amended. The effective version of the Articles of Association of LTG is available at the Company's website https://www.litrail.lt/istatai.

- **11 June.** A "Safe Rails" publicity campaign was launched to draw the attention of pedestrians and drivers to the dangers of crossing the railways. The basics of safe behavior on the railway and the safety situation in Lithuania are also available on the specially created website saugusbegiai.lt.
- **25 June.** The LTG Group assessed the impact of the sanctions on Belarus provided for in the EU Regulation on railway activities.
- **25 June.** The first stage of overhaul of main locomotives used by AB LTG Cargo was completed. LTG Tech, the maintenance division of the Company carried out overhaul of 44 locomotives in less than 2 years. It is estimated that the Group saved EUR 20.5 million by working directly with component manufacturers and with the help of the company's experts.

EVENTS AFTER THE END OF THE REPORTING PERIOD

JULY

- **19 July.** The first train from the Netherlands loaded with containers and semi-trailers, which arrived at the terminal by European standard railway, was met at Kaunas Intermodal Terminal (KIT). Thus, KIT has officially become the most easternmost point of the European railway system which can be reached by the European standard rolling stock.
- **20 July.** A new Board of LTG was elected by the decision of the Ministry for Transport and Communications, the sole shareholder of LTG. The Board consists of 7 members, 5 of which are independent members: Dalia Andrulionienė, Barnard Guillelmon, Eugenijus Preikša, Kęstutis Šliužas, Aurimas Vilkelis and 2 representatives of the shareholder: Romas Švedas and Agnė Amelija Mikalonė. The terms of office of the Board is 4 years.
- **23 July.** By the decision of the sole shareholder of UAB Vilniaus Lokomotyvų Remonto Depas AB Lietuvos Geležinkeliai, it was decided to reorganize UAB Vilniaus Lokomotyvų Remonto Depas to a public limited liability company. The authorised capital and the structure of the management bodies of the Legal Person of the New Form to further operate after the conversion of the Company shall remain unchanged.

AUGUST

- **4 August.** Kęstutis Šliužas has been elected the Chairman of the Board of LTG.
- **9 August.** USA announced of new sanctions on legal entities and private persons in Belarus, including Belarsukalij, a producer of potash fertilizers. Following the entry into force of the sanctions, banks will not be able to make or accept payments if they relate (directly, indirectly and through intermediaries) to Belarusian legal or natural persons newly included in the US sanctions lists. The new sanctions prohibit the entry into new transactions, but provide an opportunity to close the existing deals with the Belarusian producer of potash fertilizers Belaruskalij by 8 December 2021.

INFORMATION ON IMPACT OF CORONAVIRUS (COVID-19) AND GEOPOLITICAL CHANGES ON THE GROUP OF COMPANIES

COVID-19 IMPACT

The ongoing global coronavirus (COVID-19) pandemic also affected the operations and results of the LTG Group companies in the first half of this year. The Group company UAB LTG Link, which carries out the activities of passenger transportation, was mostly affected by the pandemic. In January-June 2021, changing quarantine conditions were in force in Lithuania, movement between cities was controlled during the holidays, and the number of passengers on local trains was limited. International train services have been suspended since mid-March 2020. In the first half of 2021, international transportation was carried out only on transit routes, with the restoration of 6 out of 32 transit train journeys. The company's activities were uninterrupted; however, the need for state support increased. The pandemic also delayed the recovery of demand for certain products, which also had a negative impact on LTG Cargo's freight volumes.

COVID-19 prevention in the Group is ensured by the established Emergency Management Group, which coordinates the implementation of measures and actions in all Group companies. Employees are provided with personal protective equipment, cleaning and disinfection services are organized, the possibility of working remotely and constant communication with employees is ensured. Vaccination of employees against COVID-19 is organized in cooperation with city municipalities.

The Company has taken actions to manage costs as well - Cost optimisation plans were prepared at the Group companies and the Company, which were submitted to the boards of the companies, their implementation was monitored and quick response to the unfolding situation was ensured. According to the Company's Management, the negative circumstances related to the virus do not raise doubts about the business continuity of the Group companies and do not change the Group's long-term business plans and goals.

IMPACT OF SANCTIONS ON BELARUS

At the end of June 2021 EU imposed sectoral sanctions on Belarus. These sanctions affect about 20% of fertilizers volumes exported through Lithuania and apply to new contracts concluded after 25 June 2021.

On 9 August 2021, the USA announced of new sanctions on legal entities and private persons in Belarus, including Belarsukalij, a producer of potash fertilizers. Following the entry into force of the sanctions, banks will not be able to make or accept payments if they relate (directly, indirectly and through intermediaries) to Belarusian legal or natural persons newly included in the US sanctions lists. The new sanctions prohibit the entry into new transactions, but provide an opportunity to close the existing deals with the Belarusian producer of potash fertilizers Belaruskalij by 8 December 2021. It is possible, that Belarusian potash fertilizers will no longer be transported through Lithuania after 8 December 2021.

The impact of the new sanctions on the activities of the LTG Group and its companies – the cargo carrier LTG Cargo and the infrastructure manager LTG Infra, is currently being assessed.

The total amount of freight from Belarus makes up about a third of the total freight flow transported by LTG Cargo, most of which is fertilizers. The Group's revenue from the transportation of these freight volumes amounts to about EUR 100 million per year.

If the Belarusian freight stops running on the country's railway network, the infrastructure manager LTG Infra would also lose a significant part of its revenue due to the collection of decreasing railway infrastructure charges. These charges are used to cover the costs of maintaining railway infrastructure and implementing development projects. The company must continue the implementation of the most important projects, such as repairs of major tracks, bridges and culverts, renewal of traffic management systems, electrification of Vilnius-Klaipeda, construction of Rail Baltica.

If loss relief is not achieved through cost-cutting measures or the suspension of certain projects, state support is expected. According to the provisions of the EU Directive 2021/34 / EU and the Railway Transport Code of the Republic of Lithuania, the state is responsible for balancing the income and expenses of the infrastructure manager.

The LTG Group has always considered the Belarusian cargo transportation business to have an extremely high level of risk and has previously focused on business diversification solutions. Freight carrier LTG Cargo has already established subsidiaries in Poland and Ukraine, and intermodal transportation projects are being intensively developed.

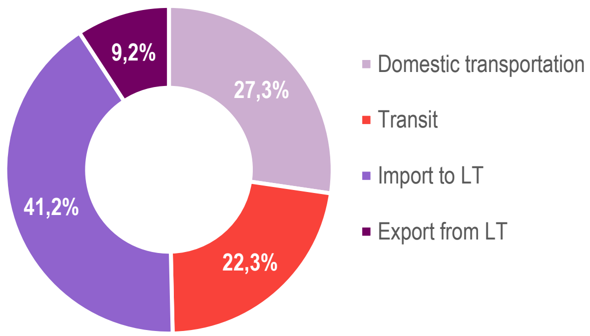
In response to market challenges and assessing potential risks, the Group has initiated a renewal of its long-term strategy.

OVERVIEW OF THE GROUP'S KPIS

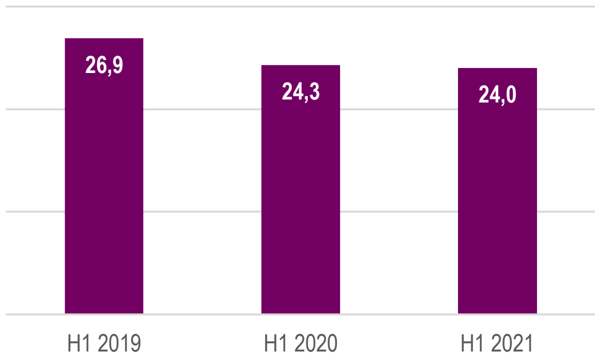
Transportation volumes		2019 H1	2020 H1	2021 H1	2021/2020 Δ, %
Freight turnover	**in billion ton-km**	**7.9**	**7.3**	**7.0**	**(4.1%)**
Average distance travelled per ton	**km**	**295**	**300**	**291**	**(3.0%)**
Freight carried	**in million tons**	**26.9**	**24.3**	**24.0**	**(1.1%)**
Freight transportation segments					
Domestic transportation	in million tons	7.4	6.7	6.5	(1.5%)
International transportation	in million tons	19.5	17.6	17.5	(0.9%)
Transit	in million tons	5.4	4.9	5.4	8.5%
Export from Lithuania	in million tons	2.4	3.0	2.2	(24.8%)
Import to Lithuania	in million tons	11.7	9.7	9.9	1.5%
Passenger turnover	**million passenger-km**	**245.6**	**122.4**	**123.8**	**1.2%**
Average distance travelled by passenger	**km**	**87**	**76**	**75**	**(1.0%)**
Passengers carried	**million passengers**	**2.81**	**1.61**	**1.64**	**1.9%**
Domestic	million passengers	2.34	1.50	1.56	4.3%
International	million passengers	0.47	0.11	0.08	(30.5%)
Train operational volume	**bn tkm gross gross**	**16.0**	**14.4**	**13.8**	**(4.2%)**

FREIGHT TRANSPORTATION BY RAIL

Freight transportation segments in H1 2021, %



Freight volumes (million tons)



With effect from 1 May 2019, the activities of freight transport have been carried out by the Group company AB LTG Cargo.

In H1 2021 the freight flow amounted to 24.0 million tons and was 1.1% lower than during H1 2020.

Railway transportation was continuously dominated by the transportation of "heavy" loads – chemical and mineral fertilizers, oil and its products. These types of loads account for more than half of the total volume of freight transported by rail.

Although more fertilizers and coal were transported during the reporting period, the decrease in transportation was mainly due to a significant decrease in transportation of oil products. The volume of oil products decreased due to lower-than-usual demand caused by the COVID-19 pandemic and the decision of the Belarusian company BNK to stop transporting oil products to the port of Klaipeda.

International transportation, with 72.7 percent total freight transported, recorded a slight 0.9 percent drop compared with H1 2021 and amounted to 17.5 million tons. During the reporting period, the transit cargo flow through the territory of the Republic of Lithuania increased by 8.5 percent. The increase in transit volumes was mainly determined by the growing flow of coal and food products in the direction of the Kaliningrad region.

In H1 2020, the volume of incoming and outgoing cargo via Klaipėda port decreased by 8.1%. This decline was largely due to the fact that Belarusian oil products, which are no longer transported through the port from February 2021, caused a total decrease of 4.7% in the volume of Belarusian cargo transported through the port. Meanwhile, the amount of chemical and mineral fertilizers transported through the port did not decrease in the analysed period, 12.4% more than in the first half of 2020.

The level of risk of geopolitical change due to the events in Belarus has been extremely high recently. Despite these circumstances, the focus is on international development (Poland, Ukraine), diversification of freight flows and development of new services.

The volumes of local cargo transportation, which accounted for 27.3% of the total volume of cargo transportation, decreased insignificantly during the first half of 2021, i.e. by 1.5% and amounted to 6.5 million tons. The decline was driven by a decline in oil transportation, which was partially offset by increased fertilizer transportation.

Container shipments from China continue to grow. In January-June of this year, 52 thousand TEU (unit of measurement, equivalent to a 20-foot container) was transported, which is 5 times more than at the same time last year.

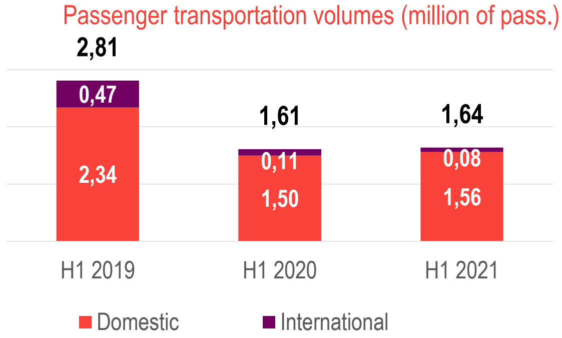
The total volumes of intermodal transportation during the first half of 2021 increased by 75.9 percent to 104 thousand TEU. Demand for these shipments is projected to continue to grow. The Kaunas intermodal terminal opened for commercial traffic and connected to the European gauge railway will have a positive impact on growth. On July 19, 2021, the first train from the Netherlands loaded with containers and semi-trailers was met at Kaunas Intermodal Terminal.

PASSENGER TRANSPORTATION BY RAIL

With effect from 1 September 2019, the activities of passenger transportation have been carried out by the Group company AB LTG Link.

In H1 2021 the total number of railway passengers increased by 1.9 percent compared with H1 2020.

The growth in the number of travellers is limited by the ongoing COVID-19 pandemic and the quarantine conditions in force in January-June this year and the related restrictions.

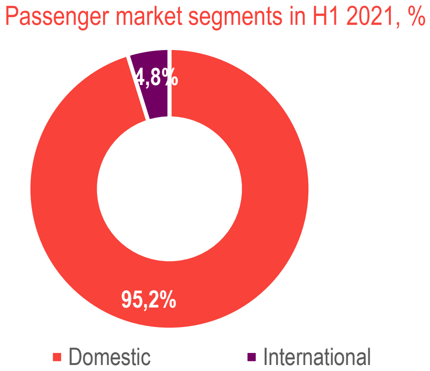


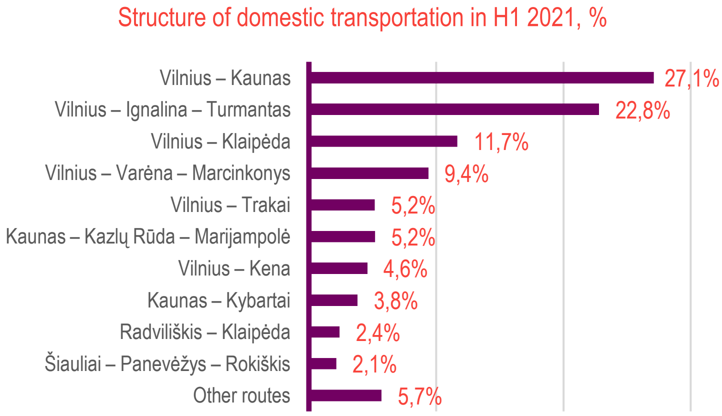
Passenger transportation on domestic routes increased 4.3% compared to the same period last year and accounted for 1.64 million passengers. Moderate growth was affected by milder quarantine conditions than in the second quarter of 2020 and higher number of routes served. The Vilnius- Kaunas route (27.1 percent of total transport on domestic routes) that carried 0.42 million passengers in H1 2021, remains among the most popular routes.

Passenger transportation on international routes accounted for 0.08 million passengers in H1 2021 who travelled by transit trains through the territory of the Republic of Lithuania to and from the Kaliningrad region to Russia. The number of passengers within this segment fell by 30.5 percent compared to H1 2020.

Due to the pandemic of coronavirus (COVID-19), from 16 March 2020, the traffic of international trains was suspended, whereas from 6 April the traffic of transit trains was suspended. International train traffic was not restored at the time of issuing the reports, while last year before the start of quarantine passengers had the opportunity to travel on LTG Link's trains and train units from other countries on international routes – Vilnius-Minsk, Vilnius-Daugavpils, Kaunas-Bialystok, Kiev-Minsk-Vilnius-Riga. In the first half of 2021, international transportation was carried out only on transit routes, with the restoration of 6 out of 32 transit train journeys.

The suspension of international transport has significantly changed the structure of passenger transport. Domestic carriage accounted for 95.2 % in H1 2021, whereas international transport – for 4.8 % of railway passengers. In the previous periods before the COVID-19 pandemic, the share of domestic transport on average was about 82%, international – about 18% of the total number of transported passengers.





SERVICES OF THE PUBLIC RAILWAY INFRASTRUCTURE MANAGER

Total length of the railway
3,459.9 km

Of which electrified tracks
317.5

Stations
105

AB LTG Infra started operating on 8 December 2019. The main activities cover management, use and disposal of the railway infrastructure and performance of the functions of the public infrastructure manager.

The functions of the public railway infrastructure manager are set out in the Railway Transport Code of the Republic of Lithuania and other legal acts regulating railway transport activities.

In performing the functions of the public railway infrastructure manager, LTG Infra provides the services within the minimum access package applied for the public railway infrastructure, the services of access to rail service facilities and services provided in rail service facilities, commercial services.

The public railway infrastructure network is used by railway undertakings (carriers) carrying passengers, luggage and goods, as well as repair undertakings entitled to use the public railway infrastructure. Railway undertakings (carriers) is charged for the minimum access package that is necessary for railway undertakings (carriers) if they provide the services of passenger, luggage and/or freight transport on domestic and/or cross-border routes. This charge is also paid by repair undertakings.

The Lithuanian Transport Safety Administration (LTSA) by Order No. 2BE-401 of 11 December 2019 approved the rates of charges that apply to the minimum access package for the duration of the working timetable period 2020–2021. Public Railway Infrastructure Manager by order No. [S-PAJ(LGI)-467 of 11 December 2020 approved the rates of charges that apply to the minimum access package for the duration of the working timetable period 2020–2021 which are available at https://ltginfra.lt/minimaluji-prieigos-paketa-sudarancios-paslaugos. The tariff rates o charges were calculated based on the rules approved by the Government of the Republic of Lithuania by Resolution No 610 of 19 May 2004 on the Rules for the Setting and Publication of Charges for the Minimum Access Package, and for the Calculation and Payment of Calculating the Fee for Allocated but not Used Public Railway Infrastructure Capacities which set the components of the charge for the minimum access package and the procedure for payment and calculation of tariffs comprising this charge, charge for the minimum access package and charge for allocated but not used public railway infrastructure capacities. Based on these rules, as of 9 April 2020, the payable charge for the minimum access packages is calculated, including and advance payment for trains traffic.

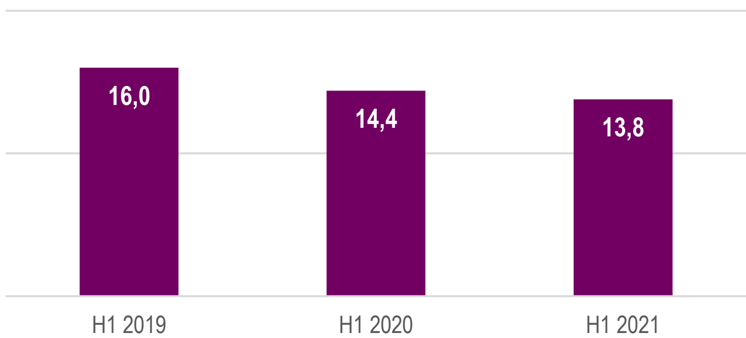
LTG Infra also carries out the activities of an operator of railway service facilities, i.e. manages, uses and disposes of state-owned railway service facilities by the right of trust. The tariff rates of charge for the use of railway service facilities managed by the public railway infrastructure manager, railway tracks available in them and the basic rail-related services supplied in those facilities shall be set by LTG Infra in observance of the Railway Transport Code of the Republic of Lithuania. Services provided in railway service facilities and their rates are available at LTG Infra website.

The activities carried out by LTG Infra are supervised by the railway transport market regulator whose functions, since the start of 2017, have been performed by the Communications Regulatory Authority of the Republic of Lithuania.

LTG Infra holds and maintains the assets with the value of EUR 1.5 billion.

The company implements high-value investment projects, some of which are recognized as economic projects of national significance. The implementation of the Rail Baltica project is moving forward, as well as the project on electrification of the transport Corridor IX B, the projects on construction of second tracks on the transport Corridor IX B are underway, as well as the installation of noise barriers, etc. For more information on ongoing investment projects see Chapter *Investments of the interim report.*

Train operational volume (Bn tkm gross gross)



ANALYSIS OF FINANCIAL AND OPERATIONAL PERFORMANCE

GROUP PERFORMANCE RESULTS

GROUP INCOME

In H1 2021, the Group earned EUR 205.3 million of total income, i.e. EUR 0.8 million or 0.4 percent less compared to H1 2020. Freight transport operations represent a major share of income, i.e. 83.4 percent.

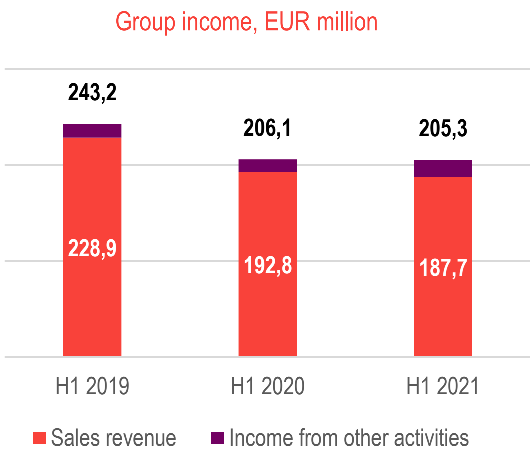
- **Group sales revenue** amounted to EUR 187.7 million, i.e. EUR 5.1 million or 2.6 percent less compared to H1 2020

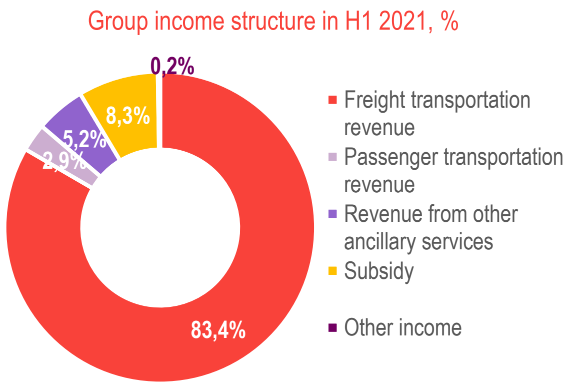
– **Freight transportation revenue**, compared to H1 2020, decreased by EUR 8.6 million or 4.8% and amounted to EUR 171.2 million. During the analysed period, changes in revenue were affected by 4.1% drop in freight turnover and a relatively higher share of cheaper freight in the total flow due to declining transportations of oil and oil products. This revenue segment also included assessment of revenue received from use of railway infrastructure outside the Group companies. These revenues are not significant in the total revenue structure accounting for EUR 0.5 million in H1 2021 (EUR 0.3 million in H1 2020). Details of sales revenue are provided in *Note 21* to the explanatory notes to the Financial Statements.

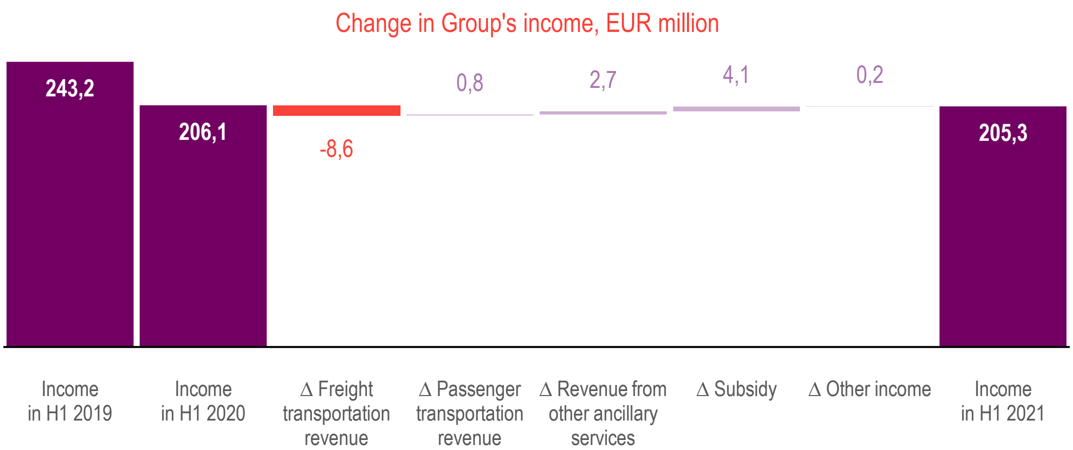
– **Passenger transportation revenue** increased by EUR 0.8 million or 16.3 percent and constituted EUR 5.9 million in H1 2021. The revenue from passenger transport activities accounted for 2.9 percent of generated income in the total revenue structure of the Group. Passenger traffic flows and performance were affected by the ongoing COVID-19 pandemic and quarantine restrictions.

– The Group also provides **other ancillary services**, including maintenance and repair of rolling-stock, the public railway infrastructure facilities, property lease, sale of scrap metal, and other services. These revenues in the total structure of earned revenues amounted to 5.2 percent and during the analysed period due to increased sales of scrap metal increased by EUR 2.7 million or 33.5 percent to EUR 10.6 million.

- **The Group's income from other activities** accounted for EUR 17.6 million, i.e. Increased by EUR 4.3 million or 32.4% compared to H1 2020. A major share of this income, i.e. 97.1%, comprised state grants intended for compensation of losses due to passenger transportation on domestic routes. In H1 2020, to subsidize public passenger transport activities EUR 17.1 million was allocated (in H1 2020 EUR 13.0 million).





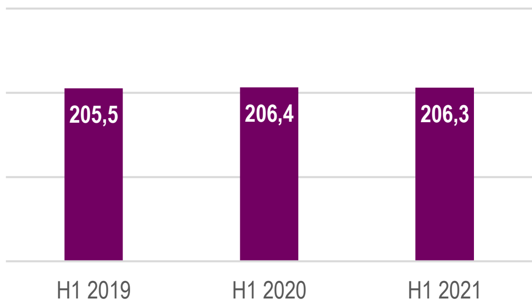


GROUP COSTS

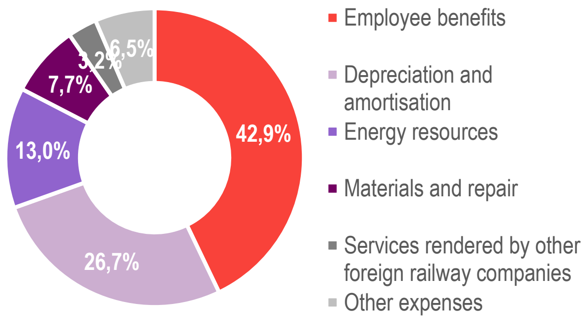
In H1 2021, the costs of the Group related to the core and other activities amounted to EUR 206.3 million. If compared to the respective period in 2021, the costs decreased by EUR 0.1 million or EUR 0.1%. The larger part of the Group's costs comprises personnel expenses (42.9%), depreciation (26.7%) and energy resources (13.20%).

- In H1 2021, **expenses of employee benefits** amounted to EUR 88.5 million and, if compared to H1 2020, increased by EUR 1.6 million or 1.8%. The increase was conditioned by the annual salary review (in April) which led to an increase in average remuneration at Group companies (see Chapter *Employees* of the Report). Also in the analysed period, cumulative severance pay was formed for the dismissed employees of UAB Saugos Paslaugos.
- In H1 2021 **depreciation expenses** amounted to EUR 55.0 million and, if compared to H1 2020, decreased by EUR 0.3 million or 0.6% reflecting the investment volumes for the renewal of assets made in the previous periods. The larger part of the Group's investment projects are long-term, their implementation period before the assets are put into operation exceeds one year.
- In H1 2020, **expenses for energy resources** (fuel, electricity) amounted to EUR 26.9 million and, if compared to H1 2020, decreased by 0.6 million or 2.1%. The changes were caused by a decrease in freight and passenger turnover and lower fuel prices.
- In H1 2021, **expenses of materials, repair and technical maintenance** amounted to EUR 16.0 million and, if compared to H1 2020, increased by EUR 2.6 million or 19.3%. During the analysed period, more repairs and maintenance of railway infrastructure were performed by the external contractors.
- In H1 2021, **expenses for services rendered by other foreign railway companies** amounted to EUR 6.5 million and, if compared to H1 2020, decreased by EUR 0.4.million or 5.6%. The expenses reflect the volume of international transport and locomotive work in border sections.
- In H1 2021, **other expenses** amounted to EUR 13.4 million and, if compared to H1 2020, decreased by EUR 3.0 million or 18.2%. During the analysed period, the costs of write down of inventories and spare parts used in repairs, vehicle rental decreased.

Group costs, EUR million



Group costs structure in H1 2021, %

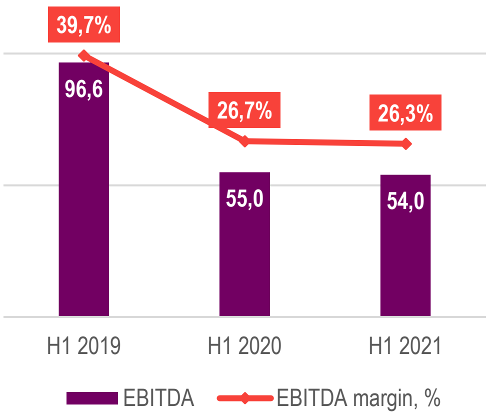


Change in Group's costs, EUR million

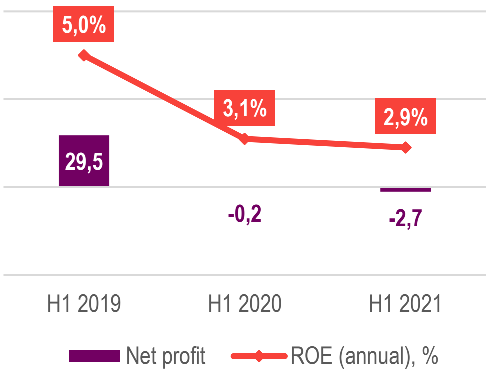
GROUP PERFORMANCE RESULTS

The Group's EBITDA in the first half of 2021, compared to the corresponding period of 2020, decreased insignificantly, i.e. by 1.7 percent and amounted to EUR 54.0 million, the incurred loss amounted to EUR 2.7 million. Worsened Group's results resulted from the reduction of the Group's revenue by 0.4%. Change in Group costs was insignificant. Group's concentrated assets and their maintenance lead to a quite significant portion of fixed costs.

Group EBITDA, EUR million



Goup net profit, EUR million



CHANGES IN THE STATEMENT OF FINANCIAL POSITION

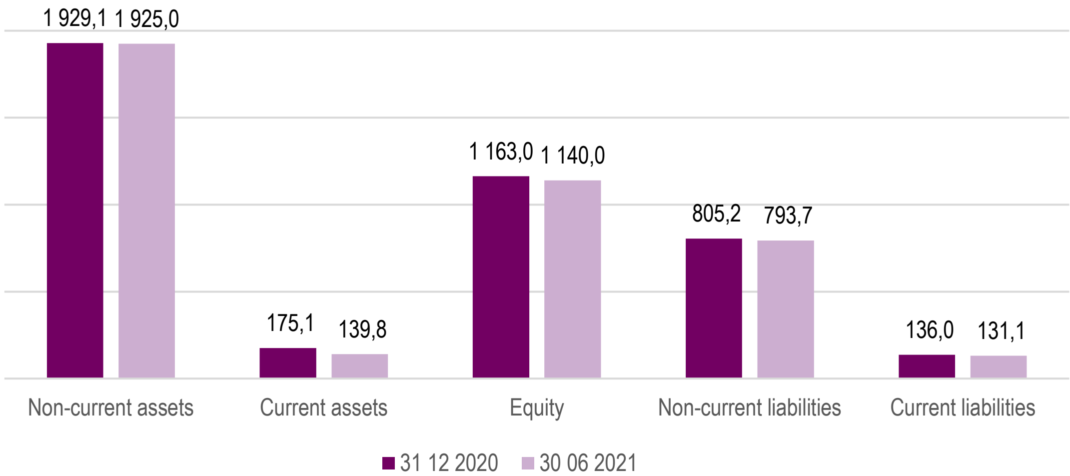
As at 30 June 2021, Group's assets amounted to EUR 2 064.8 million and, if compared to 31 12 2020, decreased by 1.9%. Non-current assets, which accounted for 93.2% of total asset structure, decreased by 0.2% down to EUR 1 929.1 million.

As at 30 06 2021, current assets amounted to EUR 139.8 million and, if compared to 31 12 2020, decreased by 20.2%. Changes in current assets resulted from the decrease of the Group's cash balance accounting for EUR 17.3 million at the end of the period. Meanwhile, receivables increased by 43.9 percent to EUR 50.5 million. The increase was largely due to a subsidy receivable from the state budget to compensate for losses in passenger transport activities, which during the reporting period amounted to EUR 17.1 million.

During the reporting period, the authorised share capital remained unchanged and amounted to EUR 1,059.3 million. There was a decrease in equity – by 2.0%, which amounted to EUR 1,140.0 million as at 30 June 2020. The changes were caused by a decrease in the Group's result for the reporting period and dividends paid to the shareholder from the distributable profit of Y2020.

During the period, financial debt (including financial/operating leases) decreased by 6.9% and amounted to EUR 193.0 million. The decrease in financial debt was caused by the repayment of long-term loans, no new loans were taken out during the reporting period.

Changes in the main items of the statement of financial position, EUR million



Main Financial Indicators*

		Group			Company**		
		2019 H1	2020 H1	2021 H1	2019 H1	2020 H1	2021 H1
Sales revenue	EUR million	228.9	192.8	187.7	208.6	46.4	48.3
Income from other activities	EUR million	14.3	13.3	17.6	14.1	0.1	0.4
Total income	EUR million	243.2	206.1	205.3	222.7	46.5	48.7
Costs	EUR million	205.5	206.4	206.3	189.7	51.8	51.9
EBITDA	EUR million	96.6	55.0	54.0	81.2	(0.7)	0.7
Adjusted EBITDA	EUR million	96.7	56.1	53.5	-	-	-
EBITDA margin	%	39.7%	26.7%	26.3%	36.4%	(1,5%)	1.5%
Adjusted EBITDA margin	%	39.8%	27.2%	26.1%	-	-	-
EBIT	EUR million	37.7	(0.3)	(0.9)	33.1	(5.2)	(3.2)
EBIT margin	%	15.5%	(0.2%)	(0.5%)	14.9%	(11.3%)	(6.7%)
Net profit	EUR million	29.5	(0.2)	(2.7)	27.1	3.7	(0.3)
Net profit margin	%	12.1%	(0.1%)	(1.3%)	12.1%	8.0%	(0.6%)

		31/12/2019	31/12/2020	30/06/2021	31/12/2019	31/12/2020	30/06/2021
Non-current assets	EUR million	1,825.4	1,929.1	1,925.0	1,108.3	1,086.1	1,087.2
Current assets	EUR million	231.1	175.1	139.8	110.7	79.1	58.3
Total assets	EUR million	2,056.5	2,104.2	2,064.8	1,219.0	1,165.2	1,145.5
Equity	EUR million	1,167.1	1,163.0	1,140.0	1,135.5	1,114.8	1,100.7
Financial debt	EUR million	185.1	207.3	193.0	39.2	8.4	12.6
Net debt	EUR million	79.9	137.8	175.7	(11.3)	(12.2)	9.7

Return on equity (ROE)	%	5.0%	3.1%	2.9%	3.5%	1.5%	1.2%
Return on assets (ROA)	%	2.8%	1.8%	1.7%	2.4%	1.5%	1.1%
Return on investment (ROI)	%	3.0%	1.9%	1.8%	2.6%	1.5%	1.2%
Financial debt / EBITDA	times	1.0	1.3	1.2	0.3	13.3	6.2
Financial debt / Equity (D/E)	times	0.2	0.2	0.2	0.0	0.0	0.0
Net debt / EBITDA	times	0.4	0.9	1.1	(0.1)	(19.2)	4.8
Net debt / Adjusted EBITDA	times	0.4	0.9	1.1	-	-	-
Debt service cover ratio	times	5.3	4.3	4.4	-	-	-
Equity ratio	%	56.8%	55.3%	55.2%	93.2%	95.7%	96.1%
Asset turnover indicator	times	0.2	0.2	0.2	0.3	0.1	0.1
Quick ratio	times	1.5	1.1	0.7	1.9	1.7	1.2
Current ratio	times	1.8	1.3	1.1	2.0	1.9	1.6

* For definitions of the indicators see page 43 of the Report.

** The comparability of the parent Company's financial indicators to those of the respective period in 2019 is highly affected by the strategic restructuring of the LTG Corporate Group in the end of 2019, when cargo transportation, passenger transportation and railway infrastructure activities were transferred to newly established subsidiaries.

DIVIDEND POLICY

The payment of dividends by state-owned enterprises and the amount of profit distributions is governed by Resolution No 20 of the Government of the Republic of Lithuania of 14 January 1997, and the amendments thereto (link).

The allocation and payment of the Company's dividends is governed by the LTG Group's Dividend Policy, which has been drafted in accordance with the provisions of the Resolution of the Government of the Republic of Lithuania.

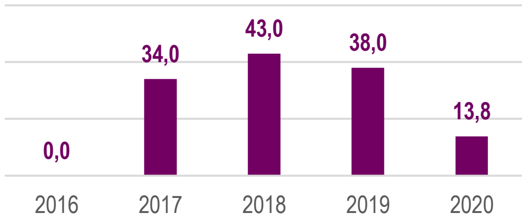
Allocation of dividends for the financial year or a shorter period than the financial year is planned taking into consideration the level of return on equity, net profit earned, financial ability to pay dividends, implementation of economic projects of state importance, as well as other conditions and circumstances set in the Dividend Policy.

Dividend payment ratio calculated on the Company's retained earnings depends on the Return on Equity (ROE) ratio at the end of the reporting period.

Company ROE indicator (%)	Dividend share of distributable profit (%)
≤ 1	≥ 85
> 1 and ≤ 3	≥ 80
> 3 and ≤ 5	≥ 75
> 5 and ≤ 10	≥ 70
> 10 and ≤ 15	≥ 65
> 15	≥ 60

The Board of the Company may propose a higher share of profit to be distributed for dividends taking into account the implementation of financial plans, significant financial ratios (net profit, EBITDA, financial debt to EBITDA ratio, financial debt to equity ratio) at the end of the reporting period, if the payment of such higher share of profit would not have a negative effect on the implementation of the Company's long-term strategy.

LTG allocated dividends, EUR million



The Board of the Company may propose a lower profit share to be allocated for dividends or no allocation at all, if at least one of the following conditions is met:

- The Company incurred a net loss for the reporting period;
- The Company's performance as monitored by institutional creditors at the end of the reporting period for which dividends are proposed would not be in line with contractual values or the size of the indicators would adversely affect the credit rating;
- The Company carries out or participates in carrying out an economic project recognized as of state importance by resolutions of the Government of the Republic of Lithuania or the Seimas of the Republic of Lithuania, or a particularly important project that has an impact on the long-term strategy implemented by the LTG Group;
- The Company's equity after payment of dividends would become less than the amount of authorized capital, compulsory reserve, revaluation reserve and reserve for acquiring own shares of the LTG Group entity;
- The Company is insolvent or would become such after the payment of dividends.

AB LTG Infra, performing the functions of public railway infrastructure manager, pays dividends calculated in accordance with the procedure laid down in this Policy to the extent compatible with the requirements of the Railway Transport Code of the Republic of Lithuania regarding the payment of the dividends of this company (link).

Order No. 3-265 of the Minister of Transport and Communications of the Republic of Lithuania of 7 May 2021 "On Approval of the Consolidated Financial Statements of AB Lietuvos Geležinkeliai for 2020, Consolidated Financial Statements of AB Lietuvos Geležinkeliai for 2020 and Profit (Loss) Distribution" approved the financial statements of AB Lietuvos Geležinkeliai for 2020 and distributed the profit (loss) for 2020. EUR 13.8 million of the Company's distributable profit for 2020 was allocated for dividends.

Dividends from the profit for distribution for 2020 as allocated by the parent company to UAB Vilniaus Lokomotyvų Remonto Depas amounted to EUR 1.0 million, and those allocated by the associated company UAB voestalpine Railway Systems Lietuva – to EUR 0.7 million.

GROUP FUNDING

As at 30 June 2021, the loan portfolio of the LTG Group to credit institutions amounted to EUR 188.0 million. Long-term loans are used to finance the acquisition of rolling-stock and investment projects related to public railway infrastructure, the largest being the electrification of Corridor IX B.

As of 30 June 2021, the weighted average interest rate for the loan portfolio of the Group amounted to 1.2 percent. The longest debt repayment period reached 11 years, and the last deadline for the repayment is year 2032.

The parent company AB Lietuvos Geležinkeliai did not have any debt obligations to external credit institutions as at 30 June 2021, but has guarantee agreements with the European Investment and Nordic Investment Banks for the obligations of the Group companies to creditors.

On 8 December 2019 all loans concluded between the Company and the Nordic Investment Bank were transferred to AB LTG Infra by re-signing loan agreements. On 30 June 2020, all of the Company's loans from the European Investment Bank were transferred to AB LTG Cargo.

During H1 2021, the LTG Group repaid EUR 13.9 million of loans and paid EUR 1.3 million of interest. No new loans were taken out.

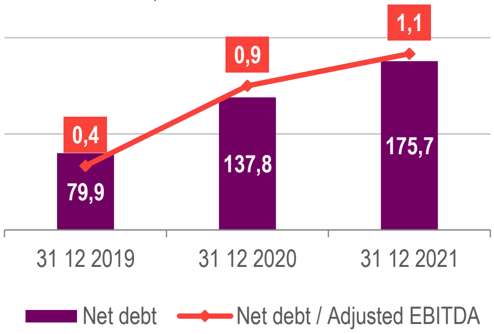
As at 30 June 2021, the Group's net debt amounted to EUR 157.7 million. Compared to 31 December 2020, the ratio increased by 27.5% or EUR 37.9 million. The increase in net debt was due to the decrease in the Group's cash and cash equivalents.

As at 30 June 2021, the Group's financial debt to equity (D/E) ratio amounted to 0.2. The debt level of the Group remains low.

During the reporting period, the indicators monitored by institutional creditors were met.

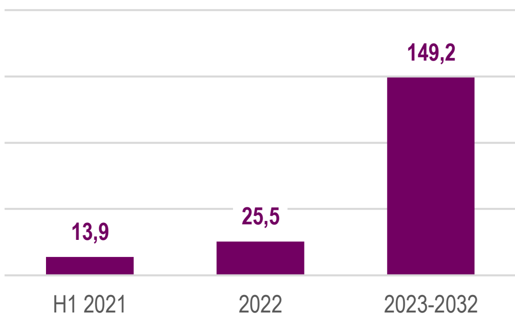
LTG Group, seeking to ensure financing efficiency and to manage liquidity risk, has ensured the possibility to borrow from each other through cash-pool. The parent company AB Lietuvos Geležinkeliai has entered into one Group's cash-pool agreement with a commercial bank and, accordingly, all LTG group companies have concluded borrowing arrangements. The signed arrangements between Group companies are effective until 31 December 2021. The arrangement conditions comply with usual market conditions.

Group net debt, EUR million



Ratios observed by the Group's institutional creditors	Measure-ment unit	H1 2021	Establi-shed value
Net debt / Adjusted EBITDA	times	1.1	< 4.0
Equity ratio	%	55.2%	≥ 35%
Debt servicing ratio	times	4.4	≥ 2

Repayment of Group loans, EUR million



SPECIAL OBLIGATIONS

Special obligations are the functions that a state-owned enterprise would not undertake to perform on a commercial basis (or would perform them at a higher price than specified) and which a SOE is entrusted to perform under the State's decision.

The current list of special obligations performed by SOEs and their subsidiaries was approved by Order No. 4-193 of the Minister of Economy and Innovation of the Republic of Lithuania of 16 March 2021 (link).

Special obligations of LTG Corporate Group:

1. Public passenger transport services by rail – LTG Link, a company fulfilling a special obligation.
2. Maintenance, modernization and development of public railway infrastructure and provision of minimum access package services – LTG Infra, a company fulfilling a special obligation.

More detailed information on the special obligations performed by the Group companies is published on the websites of the Company, UAB LTG Link and AB LTG Infra and in the Y2020 annual reports.

(EUR million unless otherwise stated)

PERFORMANCE OF THE MAIN GROUP COMPANIES

AB LTG Cargo

Composition of the Board	Position	Appointed on	Main Employer, Position
Mantas Bartuška	The Chairperson of the Board	29/11/2019	CEO of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.
Egidijus Lazauskas	Board Member	21/12/2018	CEO of AB LTG Cargo, Geležinkelio g. 12, Vilnius, company code 304977594.
Lukas Danielevičius	Board Member	21/12/2018	Head of Strategy and Development of AB LTG Cargo, Geležinkelio g. 12, Vilnius, company code 304977594.
Brigita Valenčienė	Board Member	29/11/2019	Head of HR Business Partners of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.
Rokas Janutėnas	Board Member	29/11/2019	Head of Strategy and Operational Efficiency of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.

CEO – Egidijus Lazauskas, appointed on 01 May 2019.

Core business:

- Domestic and international freight transportation services.
- Transportation of semi-trailers by rail.
- Rental services of commercial wagons and containers in Lithuania and abroad.
- Loading and warehousing.
- Services related to the forwarding of freight as well as the services related to the carriage of freight, including by road, sea and air transport.
- Customs brokerage services.
- Domestic and cross-border work and coordination of locomotives and locomotive crews.
- Locomotive and wagon repair and maintenance services (starting from 1 April 2021).

LTG Cargo subsidiaries:

- LTG Cargo Polska Sp.zo.o. (shareholding of 100%);
- LTG Cargo Ukraine LLC (shareholding of 100%);
- UAB LTG Wagons(shareholding of 100%);
- OOO Rail Lab (99% shares held).

Indicators, million EUR	2020 H1	2021 H1
Sales revenue	181.8	176.7
Costs	175.0	172.7
EBITDA	18.6	16.3
EBITDA margin, %	10.2%	9.2%
Net profit/losses	6.1	2.3
	31/12/2020	30/06/2021
Assets	286.9	294.1
Equity	74.5	76.3
Financial debt	149.1	170.4
Net debt	127.8	169.2
Net debt / EBITDA	2.9	4.1
Return on equity ,%	24.5%	17.8%
Equity/total assets, %	26.2%	26.0%

The Company started operating on 01 May 2019.

On 30 March 2021, UAB Vilniaus Lokomotyvų Remonto Depas and AB LTG Cargo concluded a business urchase-sale transaction of the main business activity of UAB Vilniaus Lolomotyvų Remonto Depas (rolling stock repair and provision of related services) whereupon starting from 1 April 2021 VLRD transferred to AB LTG Cargo and LTG Cargo took over rolling stock repair business, including provision of services related to repair of rolling stock. These activities are now being carried out under the new brand LTG Tech.

The annual and interim reports and financial statements of UAB LTG Cargo are publicly available on the website https://cargo.litrail.lt/.

(EUR million unless otherwise stated)

UAB LTG Link

Composition of the Board	Position	Appointed on	Main Employer, Position
Mantas Bartuška	The Chairperson of the Board	29/11/2019	CEO of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.
Linas Baužys	Board Member	25/02/2019	CEO of UAB LTG Link, Geležinkelio g. 16, Vilnius, 305052228.
Daiva Pivoriūnienė	Board Member	29/11/2019	Head of Asset Management Services of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.
Dovilė Aleksandravičienė	Board Member	25/03/2019	Head of Business Development and Marketing of UAB LTG Link, Geležinkelio g. 16, Vilnius, 305052228.
Mantas Dubauskas	Board Member	29/11/2019	Chief Communications Officer of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.

CEO – Linas Baužys, appointed on 28 February 2019.

Core business:

- Passenger transportation on domestic and international routes.
- Carriage of mail and luggage, bicycles and animals in the territory of Lithuania and abroad.
- Organization of charter routes.
- Rental and sale of rolling stock.
- Advertising services.
- Services at stations (luggage storage, carriage of parcels, sale of goods and services, travel ticket processing).
- Services at train (sale of travel tickets, sale of food and beverages).

Indicators, million EUR	2020 H1	2021 H1
Total income	19.6	23.7
Costs	23.7	26.0
EBITDA	1.5	4.1
EBITDA margin, %	7.7%	17.3%
Net profit/losses	(3.4)	(1.9)
	31/12/2020	30/06/2021
Assets	155.2	154.8
Equity	143.7	141.8
Financial debt	1.0	2.0
Net debt	(16.4)	1.8
Net debt / EBITDA	(1.4)	0.1
Return on equity ,%	(0.1%)	0.9%
Equity/total assets, %	92.6%	91.6%

The Company started operating on 01 September 2019.

The annual and interim reports and financial statements of UAB LTG Link are publicly available on the website https://www.litrail.lt/keleiviams/.

AB LTG Infra

Composition of the Board	Position	Appointed on	Main Employer, Position
Andrej Kosiakov	The Chairperson of the Board	27/11/2019	CFO of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.
Ilona Daugėlaitė	Board Member	20/11/2019	Head of Corporate Development of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.
Irena Jankutė-Balkūnė	Board Member	19/06/2019	Chief Human Resources Officer of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.
Karolis Sankovski	Board Member	19/06/2019	CEO of AB LTG Infra, Geležinkelio g. 2, Vilnius, company code 305202934.
Arenijus Jackus	Board Member	10/06/2019	Director of Rail Baltica Coordination Department of AB LTG Infra, Geležinkelio g. 2, Vilnius, company code 305202934.

(EUR million unless otherwise stated)

CEO – Karolis Sankovski, appointed on 01 July 2019.

Core business:

- Management of the state-owned public railway infrastructure and railway service equipment.
- Provision of a minimum package of access services to the public railway infrastructure, provision of access to and services in railway service facilities, provision of commercial services.
- Organization of rail traffic.
- Upgrade, maintenance and development of public railway infrastructure.

Indicators, million EUR	2020 H1	2021 H1
Sales revenue	100.5	97.5
Costs	97.5	95.7
EBITDA	37.6	36.7
EBITDA margin, %	37.4%	37.6%
Net profit/losses	1.5	1.2
	31/12/2020	30/06/2021
Assets	1,548,6	1,532,2
Equity	679,8	675,1
Financial debt	179,6	170,3
Net debt	175,0	162.7
Net debt / EBITDA	1.7	1.6
Return on equity ,%	4.1%	4.0%
Equity/total assets, %	43.9%	44.1%

The Company started operating on 08 December 2019.

The annual and interim reports and financial statements of AB LTG Infra are publicly available on the website https://ltginfra.lt/.

UAB Geležinkelio Tiesimo Centras

The Board	Position	Appointed on	Main Employer, Position
Linas Baužys	The Chairperson of the Board	13/12/2017	CEO of UAB LTG Link, Geležinkelio g. 16, Vilnius, company code 305052228.
Rokas Janutėnas	Board Member	13/12/2017	Head of Strategy and Operational Efficiency of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.
Sigitas Kubilis	Board Member	13/12/2017	Director of the Investment Planning and Control of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.
Brigita Valenčienė	Board Member	29/11/2019	Head of HR Business Partners of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.
Vaidotas Dirmeikis	Board Member	29/11/2019	Head of Treasury and Finances of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.

CEO – Vytautas Radzevičius, appointed on 12 April 2019.

Core business:

- Construction, repair of railway track.
- Maintenance of railways and structures.
- Repair, reconstruction, construction of other engineering structures.
- Rent of tamping machines, mechanisms and equipment.
- Installation of engineering systems within the transport and communications infrastructure.
- Design, consulting.

Subsidiary of UAB Geležinkelio Tiesimo Centras:

- OOO Rail Lab (1% shares held).

Indicators, million EUR	2020 H1	2021 H1
Sales revenue	12.8	7.8
Costs	15.1	10.4
EBITDA	(0.7)	(1.2)
EBITDA margin, %	(5,1%)	(15,7%)
Net profit/losses	(1.9)	(2.4)
	31/12/2020	30/06/2021
Assets	39.8	41.3
Equity	30.5	28.1
Financial debt	0.8	4.1
Net debt	(0.9)	3.7
Net debt / EBITDA	(0.4)	1.9
Return on equity ,%	(1.4%)	(3.2%)
Equity/total assets, %	76.7%	68.0%

The annual and interim reports and financial statements of UAB Geležinkelio Tiesimo Centras are publicly available on the website https://gtc.lt/.

(EUR million unless otherwise stated)

UAB Vilniaus Lokomotyvų Remonto Depas

The Board	Position	Appointed on	Main Employer, Position
Egidijus Lazauskas	Board Member The Chairperson of the Board	25/03/2019 29/11/2019	CEO of AB LTG Cargo, Geležinkelio g. 12, Vilnius, company code 304977594.
Agnė Grambaitė	Board Member	29/11/2019	Head of Planing and Management Accounting of AB Lietuvos Geležinkeliai Geležinkelio g. 16, Vilnius, 110053842.
Lukas Danielevičius	Board Member	25/03/2019	Head of Strategy and Development of AB LTG Cargo, Geležinkelio g. 12, Vilnius, company code 304977594.
Rokas Janutėnas	Board Member	13/12/2017	Head of Strategy and Operational Efficiency of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.
Greta Kernagienė	Board Member	29/11/2019	HR Business Partner ofAB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.

CEO – Albertas Bajorinas, appointed on 05 April 2017.

On 1 April 2021 VLRD merged with LTG Cargo to further provide services under the new brand LTG Tech.

Core business until 1 April 2021:

- Manufacture and of new locomotives, railcars and track machinery.
- Overhaul and routine repairs, maintenance of rolling stock.
- Repair and manufacture of freight wagons.
- Repair of nodes, containers and units.

Core business after 1 April 2021:

- Commercial activities related to real estate management, maintenance and rental.

Subsidiary of UAB Vilniaus Lokomotyvų Remonto Depas.:

- UAB Lokomotyvai ir Transporto Komponentai (does not operate, controlled share – 25%).

Indicators, million EUR	2020 H1	2021 H1
Sales revenue	32.7	14.4
Costs	33.3	16.6
EBITDA	0.5	(1.4)
EBITDA margin, %	1.7%	(9.9%)
Net profit/losses	(0.7)	(2.6)
	31/12/2020	30/06/2021
Assets	48.7	20.2
Equity	21.9	18.8
Financial debt	13.2	-
Net debt	12.8	-
Net debt / EBITDA	3.1	-
Return on equity ,%	3.8%	-
Equity/total assets, %	44.9%	93.2%

The annual and interim reports and financial statements of UAB Vilniaus Lokomotyvų Remonto Depas are publicly available on the website https://vlrd.lt/lt/uab/.

UAB Saugos Paslaugos

CEO – Daiva Pivoriūnienė, appointed on 10 June 2019.

Core business:

- Provision of security services by physical and technical means.
- Maintenance and repair services of technical security devices - installation, maintenance and repair services of fire extinguishing systems, fire alarm systems, access control systems, video surveillance systems, security alarm systems.

By the decision of the sole shareholder in May 2021, it was decided to terminate the activities of the subsidiary UAB Saugos Paslaugos, initiating liquidation proceedings as of 2 August 2021.

Indicators, million EUR	2020 H1	2021 H1
Sales revenue	3.04	2.71
Costs	3.28	3.69
EBITDA	(0.21)	(0.95)
EBITDA margin, %	(6.9%)	(35.1%)
Net profit/losses	(0.24)	(0.98)
	31/12/2020	30/06/2021
Assets	1.34	1.35
Equity	0.18	(0.34)
Financial debt	0.02	0.26
Net debt	(0.05)	0.00
Equity/total assets, %	13.7%	(25.5%)

The Company started operating on 01 August 2019.

(EUR million unless otherwise stated)

UAB Rail Baltica Statyba

The Board	Position	Appointed on	Main Employer, Position
Karolis Sankovski	The Chairperson of the Board	13/12/2017	CEO of AB LTG Infra, Geležinkelio g. 2, Vilnius, company code 305202934.
Odeta Tručinskaitė-Šiušienė	Board Member	13/12/2017	Director of Legal and Compliance of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.
Arenijus Jackus	Board Member	13/12/2017	Head of Rail Baltica Coordination of AB LTG Infra, Geležinkelio g. 2, Vilnius, company code 305202934.

CEO – Karolis Sankovski, appointed on 01 June 2017.

UAB Rail Baltica Statyba was established to participate in the implementation process of the Rail Baltica project and in the management of the joint venture RB Rail AS established by the three Baltic States.

Core business – management of RB Rail AS shares, implementation of the rights and obligations granted thereunder.

Due to the nature of the activities performed, profitability and return indicators are not calculated.

Subsidiary of UAB Rail Baltica Statyba:

- RB Rail AS (33.33% shares held).

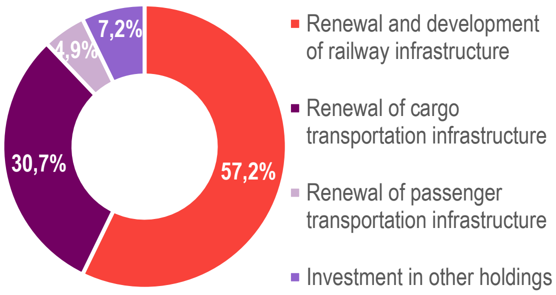
Indicators, million EUR	2020 H1	2021 H1
Sales revenue	0.01	0.02
Costs	0.04	0.04
EBITDA	(0.03)	(0.02)
Net profit/losses	(0.22)	(0.02)
	31/12/2020	30/06/2021
Assets	2.39	2.37
Equity	2.37	2.35
Financial debt	-	-
Net debt	(0.07)	(0.05)
Equity/total assets, %	99.1%	99.2%

The annual and interim reports and financial statements of UAB Rail Baltica Statyba are publicly available on the website https://www.rail-baltica.lt/.

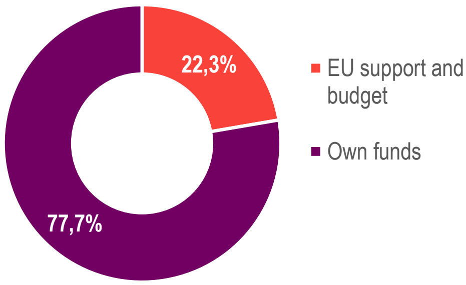
INVESTMENTS

LTG Group's investments constituted EUR 65.1 million in H1 2021. 77.7 percent of investments were funded with own funds of the companies within LTG Group. The EU support and State budget funds of EUR 14.5 million were utilized over the reporting period. Investments were mainly dedicated to upgrade and expand the railway infrastructure (57.2 percent).

Group investment structure in H1 2021, %



Group investment funding structure in H1 2021, %



Group's investments (works completed and advances paid), EUR million	2019 H1	2020 H1	2021 H1
Renewal and development of railway infrastructure	24.0	108.9	37.2
Renewal of cargo transportation infrastructure	7.6	19.5	20.0
Renewal of passenger transportation infrastructure	0.9	1.5	3.2
Other investments (IT, etc.)	1.3	1.5	4.7
Total	**33.8**	**131.3**	**65.1**

INVESTMENTS INTO ASSET RENEWAL

LTG Corporate Group, to ensure smooth and safe continuity of principal activities, is investing into the renewal of non-current assets:

1. Projects/programmes of the renewal of public railway infrastructure are being implemented:

- Major Railway Tracks Upgrade Program. In 2021, EUR 37.1 million was allocated for the implementation of this program. During the first half of 2021, contracts were signed and works were carried out at 5 objects, and procurement contracts were announced at 4 more objects;
- Renewal of railway bridges. After the completion of works, safe train traffic will be ensured. The largest projects are the reconstruction project of the longest (200 m) Jonava railway bridge in the Vilnius-Klaipėda corridor and the reconstruction project of the Lyduvėnai bridge. During the first half of 2021, contract works were carried out at these facilities;
- Upgrade of GSM-R core network. In January 2021 the agreement on the modernization and maintenance of GSM-R core was signed, the design works are in progress. New equipment installed in the entire railway network will ensure the communication necessary for safe railway traffic;
- Other infrastructure renewal works: renewal of railway level crossings, culverts, ramps and other objects.

2. Overhaul programs for the railway rolling stock. In H1 2021, works for the value of EUR 20.3 million were performed:

- 1,264 freight wagons were repaired;
- repair of 49 freight locomotives (of which 11 Siemens locomotives were overhauled and thus 44 Siemens locomotive overhaul program was implemented);
- 22 passenger rolling stock were repaired.

MAIN ONGOING DEVELOPMENT AND MODERNISATION PROJECTS

Development of railway infrastructure

1. The largest infrastructure project Rail Baltica is further continued to connect the Baltic States with the dominant European-gauge railway network in the EU countries. The scope of the project in the territory of Lithuania is ~ EUR 3 billion. Project progress over H1 2021:

- All contracting works have been completed on the *Kaunas-Palemonas section*, further proceeded by the project documentation. The public intermodal freight terminal (KIT) installed in Palemonas in July 2021 was connected to the European gauge, enabling freight to be transported by rail from the terminal to Western and Central European countries;
- *In Kaunas-LT/LV state border section:*

– the procedures of land acquisition for the needs of society that are necessary to construct access roads have been completed: 1,580 land deeds were registered on behalf of the State;

– technical design of the railway line is ongoing and planned to be finished by the end of 2021;
– qualified suppliers selected by dynamic procurement for the construction of section's railway beds and civil engineering works;
– procurement of works on the bridge over Neris near Jonava is in progress. This will be the longest bridge in the Baltic States of the total 1.5 km length;
– a tender for the construction of one of the four connecting roads was announced The initiation of procurement of other works is planned for the second half of 2021 and later.

- The *plan of development of engineering infrastructure of communications at Rail Baltica railway line Kaunas-Vilnius* is being prepared, assessment of environmental impact is being made;
- drafting of the *special plan to increase the speed on Kaunas-PL/LT border section* is in progress.

2. In order to increase the competitiveness of the Lithuanian transport sector and significantly reduce air pollution, the railway electrification program is further continued:

- In the first half of 2021, geological surveys, topographic works (these works were completed in the Kaišiadorys-Radviliškis railway section) were carried out, data digitization was prepared, project proposals were prepared, land redemption procedures were performed (all 4 contracts were signed), as well as technical supervision contract signed. Electrification of Vilnius junction and of railway line from Kaišiadorys to Klaipėda (Draugystė station) (366 km) will allow carrying freight and passengers on route Vilnius-Šiauliai-Klaipėda using an eco-friendly and effective electric traction;
- The planning of the development of catenary network in other lines was started, prioritising Kaunas-Kybartai section.

3. Seeking to eliminate the bottle-necks that are mostly restricting train traffic, projects on the increase of infrastructure capacities are being implemented:

- construction of second tracks:

– intensive works are being carried out to install the second track on the *Livintai-Gaižiūnai railway section*. It is planned to build 10.8 km of new track and reconstruct 10.7 km existing track. Project deadline is in 2022;
– the technical project for the construction of the second track on the *Plungė-Šateikiai railway section* is being coordinated, and preparatory works have been started. Within the scope of the project, it is planned to reconstruct and build about 21.9 km of railway. Project deadline is in 2023.

- Seeking to double maximum train throughput capacity on Radviliškis-Pagėgiai section *installation of blocking posts* is being implemented. Design, laying of cables, supply of equipment have been completed, the project is planned to be completed at the beginning of 2021;
- the technical project for *Radviliškis Railway Station Yard III Upgrading* is in the final coordination stage. The completion of the project will provide for a possibility to have longer freight trains (71 conditional wagons) at Radviliškis station, for the increase in the rolling-stock exploitation efficiency and for the line load reduction. The planned project value is EUR 3.9 million.

4. Investments are being made into railway stations to increase their attractiveness to the public:

- the *reconstruction project of Vilnius railway station* is in progress. It will increase the attractiveness of the Vilnius station to passengers; in addition, the station is being adapted for commercial purposes;
- a contracting works agreement of *linking of Plungė railway station and bus station* has been signed. The intention is to create a common transport node which will provide for a more convenient passenger transportation by various modes of transport;
- public procurement for the development of *Stations information system* is in the process. Implementation of modern passenger information system and equipment in 50 stations is planned;
- In order to make train journeys easily accessible to passengers with disabilities, preparations are being made for a *Barrier-free route for people with disabilities in the station area*. By 2024, all station accesses will be renovated, ramps installed, paths repaired, warning tapes and other measures will be installed.

5. A project of modernization of infrastructure diagnostics is in progress. A currently produced self-propelled diagnostic rolling stock will be put in operation in 2021, it will perform the inspection of the railway condition, will provide for early detection of potential breakdowns, for more effective planning and organization repairs.

6. In order to be an environmentally friendly company, the LTG Group of companies in the first half of 2021 implemented projects focused on meeting the needs of society – noise reduction and safety:

- to reduce railway noise for the population, the project of *Installation of noise absorbing barriers* is being implemented: The contract works at the Lentvaris facility have been completed, the contract works at the Kaišiadorys, Mažeikiai Radviliškis, Šiauliai, Giruliai and Kretinga facilities are being continued, a contract has been signed and a construction permit document is being coordinated at the Klaipėda facility. In total, 9 noise absorbing barriers for EUR 24 million are planned to be installed in 7 municipalities;
- increase of safety level at the intersections of railways and roads:

– 10 top-priority railway level crossings are being modernised on Vilnius-Klaipėda railway corridor: In 2020, a contract for the construction of one crossing was signed. Qualification evaluation of suppliers in the procurement of modernization of other 9 crossings is being completed. Upon completion of the project, the technical safety measures set in the Standard of the International Union of Railways will be implemented;
– technical projects are prepared during the implementation of the project on *Installation of Rail to Road Intersections of Different Levels at Lentvaris-Vievis (38+855 km) and Kyviškės-Valčiūnai (18+419 km) Crossings*. Upon completion of the project, traffic safety problems will be eliminated from 2 railway level crossings, in which both train and car traffic is dense;

– in order to control all station systems and see the traffic situation in real time, the *project of modernization of the power switch and signal interlocking in Vilnius, Kirtimai, Valčiūnai, Jašiūnai, Kyviškės, Naujoji Vilnia stations (NEVA)* was initiated. Thanks to this project, traffic safety will be increased, as well as it will be possible to prepare train routes more quickly.

- negotiations have started with suppliers on the *Station Management and Yard Modernization (SVIM) project.* The implementation of this project will increase the efficiency of station operations by creating a new business model and implementing the most suitable station management tool.

Development of freight transportation activities

1. To reduce dependency on traditional types of freight, LTG Group has initiated the business expansion in terms of freight transportation service development in Poland: The subsidiary company LTG Cargo Polska has been established in Poland, and European gauge locomotives have been acquired. In Ukraine, LTG Cargo Ukraine was established.

2. Evaluating the development perspectives of freight transportation by rail and intentions of the State to promote freight transportation by the greener transport, new projects to develop intermodal freight transportation have been launched:

- the project of *Acquisition of Technological Equipment for Transportation of Semi-trailers* has been commenced: purchasing procedures are currently in progress. Implementation of the project will enable the Company to provide new services within the network of the broad-gauge railway - i.e. to transport semi-trailers by trains;
- to prepare for transportation of intermodal freights on European gauge (in connection with the Kaunas intermodal terminal), *2 European gauge locomotives* have been put in operation.

3. With the renewal of the existing railway fleet, the purchase of new hopper wagons and platform wagons was initiated.

4. Along with the electrification of infrastructure it is planned to purchase freight locomotives: preparation work took place, it is intended to announce a public procurement by the end of 2021. Exploitation of the new locomotives is planned to be started in 2024.

5. Having assessed the challenges in the market of freight wagons, LTG has initiated the project of Installation of Production Line of Freight Wagons, after the implementation whereof the production of some type of wagons will take place in Lithuania. Works initiated in 2020 were carried out into H1 2021. Procurement of components. The production of new wagons is planned for the end of 2021.

6. To increase the efficiency of asset utilization, the LTG Tech production base optimization project was launched. Procurement procedures for design services are currently underway.

Development of passenger transportation activities

1. The implementation of the Ticketing System (Smart Ticketing) is in progress: deployment contract has been signed as well as the procurement of ticket machine lease has been initiated. Having implemented the new ticket sale system, train passengers will be able to buy tickets on an up-to-date mobile app, new website or ticket machines located at stations. The ticketing system will be adapted to passengers with disabilities, seniors, families with young children. This system will increase attractiveness of passenger rail transport and, also will allow decreasing costs of LTG Link.

2. Initiation of procurement of new passenger trains. LTG Link plans to purchase the most environmentally friendly electric trains instead of the old diesel trains, some of which would be equipped with batteries, which would ensure ecological transportation of passengers on non-electrified sections. Trains will be adapted to the needs of the disabled. During the reporting period, public procurement procedures were carried out, and the signing of a contract at the value of approx. EUR 200 million is planned for the beginning of 2022. The first new trains are expected to run in 2024-2025.

Development of Information Technologies

To achieve operating efficiency and safety, the LTG Corporate Group focuses on the IT systems used. During the reporting period, the Group continued with the ERP (finance and management accounting system) modernization project: the procurement of *Renewal Equipment of Data Transfer Network* is ongoing, new IT systems are being implemented which are transforming the Group into a modern company, which growths together with the new digital technologies.

GTC development

1. The *Technical Renewal Project* was continued during the reporting period. After the implementation of the project, high-quality railway repair services will be provided.

2. The project of *Installation of security systems in GTC Lentvaris and Šilėnai maintenance facilities* has been implemented. This project increases the level of employee and asset safety by implementing technical measures and optimizing the company's costs used to ensure physical protection.

3. During the reporting period, a project for the *Acquisition of engineering systems equipment* was launched. The aim of this project is to increase the range of services provided.

(EUR million unless otherwise stated)

EMPLOYEES

The number of employees in the LTG Group amounted to 8,392 as of 30 June 2021. Compared to the data as at 31 December 2020, the number of employees decreased by 607, or 6.7%. The most significant change in number of employees took place in the Group companies UAB Vilniaus Lokomotyvų Remonto Depas, AB LTG Cargo and UAB Saugos Paslaugos. As of 1 April 2021, a new division was established in AB LTG Cargo, to which VLRD employees were transferred after the merger. Meanwhile, in order to relinquish functions not related to railway activities and after the decision was made to discontinue the activities of UAB Saugos Paslaugos, dismissal procedures for the employees of this company were initiated.

NUMBER OF THE GROUP EMPLOYEES AND AVERAGE SALARY

Group companies	31/12/2019		31/12/2020		30/06/2021	
	Actual number of employees as of the end of the period	Average salary, EUR	Actual number of employees as of the end of the period	Average salary, EUR	Actual number of employees as of the end of the period	Average salary, EUR
AB Lietuvos Geležinkeliai	1,152	1,616	1,197	2,311	1,157	2,413
AB LTG Group of companies	2,355	1,640	2,261	1,728	2,938	1,735
UAB LTG Link	710	1,571	675	1,661	654	1,720
AB LTG Infra	3,159	1,492	3,178	1,548	3,113	1,600
UAB Vilniaus Lokomotyvų Remonto Depas	940	1,478	935	1,500	1	650
UAB Geležinkelio Tiesimo Centras	461	1,532	373	1,669	369	1,782
UAB Saugos Paslaugos	387	1,056	373	1,230	156	1,264
LUAB Gelsauga	22	1,053	3	2,342		
UAB Rail Baltica Statyba	4	2,657	4	2,931	4	3,047
Total	**9,190**		**8,999**		**8,392**	

As at 30 June 2021, the number of the Company's employees was 1,157. Compared to the data as at 31 December 2020, the number of employees decreased by 40, or 3.3%.

The average monthly salary, compared to 2020, changed from EUR 2,311 to EUR 2,413. The change in AMS was mainly influenced by the salary review held in April in the entire LTG Group.

The total remuneration fund amounted to EUR 16.8 million. In addition, in April 2020, the annual incentives for performance in the amount of EUR 1.9 million were paid to the Company's employees as well as to the employees of other companies of the LTG Group.

NUMBER OF LTG EMPLOYEES AND AVERAGE SALARY

Employee groups by position	31/12/2019		31/12/2020		30/06/2021	
	Actual number of employees as of the end of the period	Average salary, EUR	Actual number of employees as of the end of the period	Average salary, EUR	Actual number of employees as of the end of the period	Average salary, EUR
CEO of LTG Holding*	1	9,305	1	9,305	1	9,770
Executive Board of LTG Holding*	5	7,239	5	7,239	5	7,239
Top-level managers	11	5,832	13	6,241	14	6,438
Senior executives and specialists in exceptional fields	58	3,907	64	4,217	70	4,258
Middle-level managers and individual experts	258	2,722	335	3,030	312	3,063
Team leaders and experienced specialists	486	1,804	541	1,976	532	2,033
Specialists and experienced operational/service staff	187	1,520	140	1,527	144	1,608
Operational/service staff, qualified workers	146	1,198	98	1,274	79	1,325
Total	**1,152**	**1,616**	**1,197**	**2,311**	**1,157**	**2,413**

* fixed remuneration as at the end of the period is provided.

As at 30 June 2021, the fixed monthly salary of the Company's CEO amounted to EUR 9,770, and the average actual salary, including the annual motivation bonus for performance results, amounted to EUR 11,915.

As at 30 June 2021, the fixed monthly salary of top-level managers as stated in their labour contracts, amounted to EUR 7,239, and the average actual salary of these function groups, including the annual bonus for performance results, amounted to EUR 9,179.

INFORMATION ON COMPLIANCE WITH THE TRANSPARENCY GUIDELINES

The companies of the group follow the requirements of the Guidelines for Ensuring Transparency of State-Owned Enterprises approved by Resolution No. 1052 of 14 July 2010 of the Government of the Republic of Lithuania by disclosing the required information in annual and interim reports and by ensuring the disclosure of the information on their websites.

Structured information on the compliance with the guidelines on transparency is presented in the Y2020 annual report of the Group and the Company that is available at the website of the Company http://www.litrail.lt.

INFORMATION ON EXTERNAL AUDIT

Audit of the financial statements of the Company and of the Group companies is conducted in accordance with International Standards on Auditing.

The public procurement tender for the audit of the consolidated and financial statements of the Company and separate subsidiaries, prepared in accordance with International Financial Reporting Standards, as adopted by the EU, for the year 2020–2022, was won by KPMG Baltics, UAB. The candidacy of auditors was confirmed by the LTG Audit Committee, it was approved by the Board of LTG and the confirmation of the shareholder was obtained. The contract for audit services was signed on 23 June 2020.

Information on the fee for the audit conducted in 2020 is presented in the Y2020 annual report of the Group and the Company that is available at the website of the Company http://www.litrail.lt.

DEFINITIONS

Total income	Revenue + Income from other activities excluding income from financial activities
Sales revenue	Revenue, excluding Income from other activities and Income financing activities
Costs	Costs, excluding the Corporate income tax and Expenses for financing activities
Financial debt	Interest-bearing financial debt, including financial/operating lease
Net debt	Interest-bearing financial debt, including financial/operating lease – Investments in cash and cash equivalents
Return on equity (ROE)	Net profit (loss) of the last 12 months / Average assets for the reporting period
Return on assets (ROA)	Net profit (loss) of the last 12 months / Average assets for the reporting period
Return on investment (ROI)	Net profit (loss) of the last 12 months / (Average assets for the reporting period – Average current liabilities for the reporting period)
EBIT	Profit (loss) before corporate income tax – Result from financing and investing activities
EBITDA	Profit (loss) before corporate income tax – Result from financing and investing activities + Depreciation and amortization
Adjusted EBITDA	Profit (loss) before corporate income tax + Interest expenses – Interest income + Depreciation and amortisation + Increase (decrease) in the value of non-current assets, inventories and investments + Increase (decrease) in the value of amounts receivable and contract assets + Expenses for provisions not related to ordinary activities
EBIT margin*	EBIT / Sales revenue
EBITDA margin*	EBITDA / Sales revenue
Adjusted EBITDA margin*	Adjusted EBITDA / Sales revenue
Net profit margin*	Net profit (loss) / Sales revenue
Equity ratio	Equity at the end of the period / Total assets at the end of the period
Debt service cover ratio	(Net profit (loss) for the last 12 months + Depreciation, amortisation and subsidies expense + Interest expense for the last 12 months (adjusted for non-cash items)) Amortisation of and interest payments on debt due for the last 12 months)
Asset turnover ratio*	Sales revenue for the period of the last 12 months / Total assets at the end of the reporting period
Financial debt / EBITDA	Financial debt / EBITDA of the last 12 months
Net debt / EBITDA	Net debt / EBITDA of the last 12 months
Quick ratio	(Current assets at the end of the reporting period - Inventories at the end of the reporting period) / Current liabilities at the end of the reporting period
Current ratio	Current assets at the end of the reporting period / Current liabilities at the end of the period
Freight turnover (tonne-kilometre)	Freight transport indicator representing the product of a certain quantity of transported cargo (in tons) and the distance transported (in km)
Passenger turnover (passenger-kilometre)	Passenger transport indicator calculated by multiplying the number of passengers carried and the length of distance covered
Train operational volume (Gross-gross tonne-kilometre)	Unit of measurement representing the movement over a distance of one kilometre of one tonne of rail vehicle including the weight of tractive vehicle
Employees	The list-based number of active employees as at the end of the period (excluding the employees on parental leave, military service, long-term incapacity)
Average salary	Average gross salary per employee

*The measurements of LTG Group and UAB LTG Link ratios use total income ratio, considering subsidies granted for passenger transportation services, which are carried under income from other activities.

AB Lietuvos Geležinkeliai

INTERIM FINANCIAL STATEMENTS

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

FOR THE SIX-MONTHS PERIOD ENDED ON 30 JUNE 2021
(UNAUDITED)

(thousand Euro unless otherwise stated)

STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		30/06/2021	31/12/2020	30/06/2021	31/12/2020
NON-CURRENT ASSETS					
Property, plant and equipment	3	1,882,513	1,889,275	37,035	41,292
Land		153,853	153,785	3	-
Buildings and structures		878,007	907,175	24,199	26,468
Machinery and plant		151,952	156,036	5,078	5,371
Vehicles		351,306	347,857	372	427
Other equipment, fittings and tools		77,908	80,903	6,305	6,795
Construction in progress and prepayments		269,487	243,519	1,078	2,231
Right-of-use assets	4	4,925	4,879	9,490	8,150
Intangible assets	5	23,758	21,477	5,234	2,342
Investment property	6	2,718	2,754	7,656	6,492
Financial assets		6,242	6,252	1,025,340	1,025,528
Investments	7	4,748	4,758	901,562	902,416
Loans to affiliated companies	23	-	-	122,283	121,617
Trade and other receivables	9	1,494	1,494	1,495	1,495
Deferred income tax asset		4,822	4,453	2,444	2,260
Total non-current assets		**1,924,978**	**1,929,090**	**1,087,199**	**1,086,064**
CURRENT ASSETS					
Inventories	8	43,027	30,569	12,483	4,388
Non-current assets held for sale	8	1,999	8,146	1,993	1,520
Assets arising from contracts with customers		554	408	-	-
Loans/Cash-pool to affiliated companies	24	160	160	8,723	10,630
Trade and other receivables	9	71,643	59,016	30,373	39,325
Prepayments	10	5,144	7,336	1,803	2,652
Cash and cash equivalents	11	17,261	69,499	2,904	20,596
Total current assets		**139,788**	**175,134**	**58,279**	**79,111**
TOTAL ASSETS		**2,064,766**	**2,104,224**	**1,145,478**	**1,165,175**

The accompanying explanatory notes are an integral part of these financial statements

(thousand Euro unless otherwise stated)

STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	30/06/2021	31/12/2020	30/06/2021	31/12/2020
EQUITY					
Authorized capital	12	1,059,282	1,059,282	1,059,282	1,059,282
Legal reserve	14	33,851	32,987	33,851	32,987
Other reserves	14	7,830	5,235	7,830	5,235
Retained earnings (loss)		39,027	65,473	(287)	17,295
Total equity		**1,139,990**	**1,162,977**	**1,100,676**	**1,114,799**
LIABILITIES					
Non-current liabilities					
Grants	15	582,677	581,384	575	641
Loans and borrowings	16	159,533	173,442	-	-
Lease liabilities	17	3,270	3,549	8,124	6,860
Employee benefits	18	10,076	10,360	722	860
Trade and other payables	19	4,079	2,820	-	-
Provisions		14,470	14,470	-	-
Deferred income tax liabilities		19,627	19,158	-	-
Total non-current liabilities		**793,732**	**805,183**	**9,421**	**8,361**
Current liabilities					
Loans/Cash-pool and borrowings	16,24	28,430	28,492	2,833	-
Lease liabilities	17	1,764	1,803	1,664	1,561
Corporate income tax liabilities		383	5,760	-	-
Employee benefits	18	30,459	33,213	6,113	6,561
Trade and other payables	19	57,470	52,190	24,529	33,622
Liabilities arising from contracts with customers	20	3,617	3,771	-	-
Received prepayments	20	8,222	10,031	242	271
Provisions		699	804	-	-
Total current liabilities		**131,044**	**136,064**	**35,381**	**42,015**
Total liabilities		**924,776**	**941,247**	**44,802**	**50,376**
Total equity and liabilities		**2,064,766**	**2,104,224**	**1,145,478**	**1,165,175**

The accompanying explanatory notes are an integral part of these financial statements

Chief Executive Officer — Mantas Bartuška

Chief Financial Officer — Andrej Kosiakov

Head of Accounting — Odeta Švažienė

(thousand Euro unless otherwise stated)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Group		Company	
		06/2021	06/2020	06/2021	06/2020
Sales	21	187,710	192,767	48,329	46,436
Income from other activities		17,632	13,314	409	91
Total income		**205,342**	**206,081**	**48,738**	**46,527**
Employee benefits		(88,475)	(86,938)	(18,444)	(17,303)
Depreciation and amortisation		(54,990)	(55,301)	(3,928)	(4,533)
Fuel		(23,167)	(23,644)	(290)	(222)
Materials		(7,598)	(7,511)	(21,264)	(21,897)
Services rendered by other foreign railway companies		(6,550)	(6,935)	-	-
Electricity		(3,756)	(3,855)	(183)	(500)
Repairs and maintenance		(8,383)	(5,887)	(1,303)	(1,166)
Increase (decrease) in the value of non-current assets		(78)	-	(88)	-
Write-down of inventories to net realisable value		75	(1,535)	-	(63)
Increase (decrease) in the value of investments		(11)	(211)	(623)	(184)
Increase (decrease) in the value of receivables		165	21	(48)	(10)
Change in provisions		84	175	-	(10)
Other expenses		(13,607)	(14,793)	(5,786)	(5,874)
Profit (loss) from operations		(949)	(333)	(3,219)	(5,235)
Finance income	22	50	86	2,359	8,595
Finance costs	22	(1,569)	(1,841)	(144)	(987)
Share of profit of equity accounted investees		(192)	99	-	-
Profit (loss) before taxation		(2,660)	(1,989)	(1,004)	2,373
Corporate income tax	23	(79)	1,804	717	1,338
Net profit (loss)		**(2,739)**	**(185)**	**(287)**	**3,711**
Other comprehensive income (expenses)		-	-	-	-
Total comprehensive income (expenses)		**(2,739)**	**(185)**	**(287)**	**3,711**

The accompanying explanatory notes are an integral part of these financial statements

(thousand Euro unless otherwise stated)

STATEMENTS OF CHANGES IN EQUITY

Group	Notes	Authorised Share capital	Share Annexes	Legal reserve	Other reserves	Retained earnings (loss)	Total
Balance as at 31 December 2019		**1,059,282**	**-**	**31,020**	**5,863**	**70,966**	**1,167,131**
Net profit (loss)		-	-	-	-	(185)	(185)
Other comprehensive income, after tax		-	-	-	-	-	-
Total comprehensive income (expenses)		*-*	*-*	*-*	*-*	*(185)*	*(185)*
Increase in share capital		-	-	-	-	-	-
Reserves formed		-	-	-	-	-	-
Reserves used		-	-	-	-	-	-
Dividends		-	-	-	-	-	-
Total transactions with owners of the Company		*-*	*-*	*-*	*-*	*-*	*-*
Balance as at 30 June 2020		**1,059,282**	**-**	**31,020**	**5,863**	**70,781**	**1,166,946**
Balance as at 31 December 2020		**1,059,282**	**-**	**32,987**	**5,235**	**65,473**	**1,162,977**
Net profit (loss)		-	-	-	-	(2,739)	(2,739)
Other comprehensive income, after tax		-	-	-	-	-	-
Total comprehensive income (expenses)		*-*	*-*	*-*	*-*	*(2,739)*	*(2,739)*
Unrecognised profit (loss) in the statements of profit or loss and other comprehensive income		-	-	-	-	(6,412)	(6,412)
Increase in share capital		-	-	-	-	-	-
Reserves formed	14	-	-	864	2,595	(3,459)	-
Reserves used		-	-	-	-	-	-
Dividends	13	-	-	-	-	(13,836)	(13,836)
Total transactions with owners of the Company		*-*	*-*	*864*	*2,595*	*(23,707)*	*(20,248)*
Balance as at 30 June 2021		**1,059,282**	**-**	**33,851**	**7,830**	**39,027**	**1,139,990**

The accompanying explanatory notes are an integral part of these financial statements

(thousand Euro unless otherwise stated)

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Company	Notes	Authorised Share capital	Share Annexes	Legal reserve	Other reserves	Retained earnings (loss)	Total
Balance as at 31 December 2019		**1,059,282**	**-**	**31,020**	**5,863**	**39,339**	**1,135,504**
Net profit (loss)		-	-	-	-	3,711	3,711
Other comprehensive income, after tax		-	-	-	-	-	-
Total comprehensive income (expenses)		*-*	*-*	*-*	*-*	*3,711*	*3,711*
Increase in share capital		-	-	-	-	-	-
Reserves formed		-	-	-	-	-	-
Reserves used		-	-	-	-	-	-
Dividends		-	-	-	-	-	-
Total transactions with owners of the Company		*-*	*-*	*-*	*-*	*-*	*-*
Balance as at 30 June 2020		**1,058,282**	**-**	**31,020**	**5,863**	**43,050**	**1,139,215**
Balance as at 31 December 2020		**1,059,282**	**-**	**32,987**	**5,235**	**17,295**	**1,114,799**
Net profit (loss)		-	-	-	-	(287)	(287)
Other comprehensive income, after tax		-	-	-	-	-	-
Total comprehensive income (expenses)		*-*	*-*	*-*	*-*	*(287)*	*(287)*
Increase in share capital		-	-	-	-	-	-
Reserves formed	14	-	-	864	2,595	(3,459)	-
Reserves used		-	-	-	-	-	-
Dividends	13	-	-	-	-	(13,836)	(13,836)
Total transactions with owners of the Company		*-*	*-*	*864*	*2,595*	*(17,295)*	*(13,836)*
Balance as at 30 June 2021		**1,059,282**	**-**	**33,851**	**7,830**	**(287)**	**1,100,676**

The accompanying explanatory notes are an integral part of these financial statements

(thousand Euro unless otherwise stated)

STATEMENTS OF CASH FLOWS

	Notes	Group		Company	
		30/06/2021	30/06/2020	30/06/2021	30/06/2020
Cash flows from operating activities					
Net profit (loss)		**(2,739)**	**(185)**	**(287)**	**3,711**
Adjustment to non-cash items					
Depreciation and amortisation expenses		63,854	64,555	3,994	4,599
(Depreciation) of grants	15	(11,050)	(8,124)	(66)	(66)
(Gain) loss from disposal/write-off of non-current assets		(496)	(106)	(347)	6
Decrease (increase) in the value of non-current assets		78	-	88	-
Write-down of inventories to net realisable value		(75)	1,535	-	63
Decrease (increase) in the value of investments		11	211	623	184
Decrease (increase) in the value of receivables		(165)	(21)	48	10
Change in accrued income/expenses		1,738	105	(5,903)	666
Interest (income) expenses		1,264	1,015	(708)	(238)
Increase (decrease) in provisions		(84)	(175)	-	10
Effect of currency exchange fluctuations		17	47	9	51
Interest on lease liabilities		75	55	109	301
Corporate income tax expenses (income)	23	79	(1,804)	(717)	(1,338)
(Profit) loss of an associated company		192	(99)	-	-
Cash flows from operating activities after adjustment to non-cash items		**52,699**	**57,009**	**(3,157)**	**7,959**
Changes in working capital					
Decrease (increase) in inventories		(5,961)	(9,725)	(7,491)	(402)
Decrease (increase) in trade and other receivables and prepayments		(13,620)	7,685	15,600	(6,418)
Increase (decrease) in current and non-current trade payables and received prepayments		(5,033)	1,170	837	9
Increase (decrease) in employment related liabilities		(2,754)	1,331	(587)	(292)
Increase (decrease) in other non-current and current payables		(16,390)	(838)	145	(4,087)
(Paid) income tax		(5,576)	(481)	-	-
Net cash from operating activities		**3,365**	**56,151**	**5,347**	**3,231**
Cash flows from investing activities					
(Acquisition) disposal of non-current assets and change in advance payments for non-current assets		(38,872)	(135,128)	(2,930)	(6,047)
(Acquisition) disposal of investment		-		(448)	-
Dividends received		680	248	1,636	248
Interest received		-	-	-	642
Loans/Cash-pool granted		-	-	(9,229)	(34,880)
Net cash used in investing activities		**(38,192)**	**(134,880)**	**(10,971)**	**(27,943)**
Cash flows from financing activities					
Loans/Cash-pool received		-	-	2,833	-
Loans (repaid)		(13,909)	(14,437)	-	(7,152)
Grants received (repaid, utilised)		12,388	16,267	-	-
Interest on lease liabilities		(75)	(85)	(109)	(301)
Lease liability payments		(699)	(55)	(956)	(1,462)
Interest (paid)		(1,280)	(801)	-	(675)
Dividends (paid)	13	(13,836)	(1,661)	(13,836)	-
Net cash flows from financing activities		**(17,411)**	**(772)**	**(12,068)**	**(9,590)**
Increase (decrease) in net cash flows		**(52,238)**	**(79,501)**	**(17,692)**	**(40,764)**
Cash and cash equivalents at the beginning of the period		**69,499**	**105,153**	**20,596**	**50,533**
Cash and cash equivalents at the end of the period		**17,261**	**25,652**	**2,904**	**9,769**

The accompanying explanatory notes are an integral part of these financial statements

(thousand Euro unless otherwise stated)

EXPLANATORY NOTES

1. General information

AB Lietuvos Geležinkeliai (hereinafter referred to as Company, LTG) was registered in the Register of Legal Entities of the Republic of Lithuania on 24 December 1991 after the reorganisation of SPAB Lietuvos Geležinkeliai. In its activities the Company follows the Constitution of the Republic of Lithuania, Law on Companies of the Republic of Lithuania, Railway Transport Code of the Republic of Lithuania, and other valid legal acts of the Republic of Lithuania.

The Company is a legal entity independently organising economic, financial, organisational and legal activities. The Company is an authorised capital Company and the Republic of Lithuania acts as a shareholder of the Company. The Company's code 110053842, VAT code LT100538411, legal (registered) address: Geležinkelio g. 16, 02100 Vilnius.

The main activities of the AB Lietuvos Geležinkeliai group of companies (hereinafter referred to as the Group) are freight and passenger transportation by rail, administration of railway network, management, maintenance and development of public railway infrastructure.

The main activities of the Company are management, RSF (Railway Service Facilities) and commercial services.

As at 30 June 2021 and 31 December 2020, the Republic of Lithuania represented by the Ministry of Transport and Communications was the sole shareholder of the Company.

As at 30 June 2021 the authorized capital of the Company comprised 3,657,492 ordinary registered shares at EUR 289,62 nominal value per share. The authorized capital amounted to EUR 1,059,282 thousand. The company did not purchase its own shares.

As at 30 June 2021 the actual number of the Group's and the Company's employees was 8,392 and 1,157 respectively (at 31 December 2020: 8,999 and 1,197 respectively).

The Group comprised the Company (parent company) and its subsidiaries:

Subsidiaries

Company	Company's address	Owned share, %		Main activities
		30/06/2021	31/12/2020	
AB LTG Cargo	Geležinkelio g. 12, Vilnius	100	100	Provision of rail freight transport services
UAB LTG Link	Geležinkelio g. 16, Vilnius	100	100	Provision of rail passenger services
AB LTG Infra	Geležinkelio g. 2, Vilnius	100	100	Public railway infrastructure management and implementation of the functions of manager of the public rail infrastructure
UAB Geležinkelio Tiesimo Centras	Trikampio g. 10, Lentvaris	100	100	Repair and construction of public railway infrastructure tracks
UAB Vilniaus Lokomotyvų Remonto Depas	Švitrigailos g. 39, Vilnius	100	100	Rolling stock repairs, production and maintenance
LUAB Gelsauga	Prūsų g. 1, Vilnius	100	100	Security Services Under liquidation.
UAB Saugos Paslaugos	Prūsų g. 1, Vilnius	100	100	Installation, maintenance and repair services of physical and electronic security and technical security equipment
UAB Rail Baltica Statyba	Mindaugo g. 12, Vilnius	100	100	implementation of the functions of the shareholder of the Joint Venture of the Baltic States RB Rail AS coordinating the Rail Baltica project
VšĮ Geležinkelių Logistikos Parkas	Švitrigailos g. 39, Vilnius	79.61	79.61	Responsible for the development and management of Vilnius Public Logistics Centre Fleet. The Company is not significant thus not material for consolidation

1. General information (continued)

Associated and subsequent companies

Company	Company's address	Owned share, %		Main activities
		30/06/2021	31/12/2020	
voestalpine Railway Systems Lietuva, UAB	Sostinės g. 18, Valčiūnai, Vilniaus raj.	34	34	Manufacture of railway switches
RB Rail AS	K. Valdemāra Str. 8, Riga, Republic of Latvia	33.33	33.33	Implementation of the Rail Baltica project and performing central project coordination. Controlled through UAB Rail Baltica Statyba
VšĮ Transporto Inovacijų Centras	Mindaugo g. 12, Vilnius	33.33	33.33	Developing innovation testing capabilities in transport infrastructure
UAB Lokomotyvai ir Transporto Komponentai	Šeškinės g. 59A, Vilnius	25	25	Provision of rail transport services (inactive). Controlled through UAB Vilniaus Lokomotyvų Remonto Depas
Association of Lithuanian Railway Undertakings	Mindaugo g. 12, Vilnius	-	-	Representation of the rights and interests of the Association members-employers in the context of social partnership
OOO "Rail Lab"	Internacionalnaja str. 36-1, Minsk, Republic of Belarus	100	100	Manufacture of locomotives and rolling stock, repair and maintenance of vehicles, wholesale of other machinery and equipment
LTG Cargo Polska Sp.zo.o.	ul. Rondo ONZ, 12 Piętro, 00-124, Warszawa, Polska	100	100	Freight carrier activities and related services
UAB LTG Wagons	Geležinkelio g. 12, Vilnius	100	100	Lease of wagons and containers used for freight transportation by rail and provision of related services
LTG Cargo Ukraine LLC	Pushkinska str. 21, Kyiv, Ukraine	100	100	Rental, repair, forwarding of rolling stock used in freight transportation by rail, provision of other logistic services

2. Significant accounting policies

The Separate Interim Financial Statements of the Company have been drafted in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) as adopted by the European Union (hereinafter - EU).

These consolidated financial statements have been prepared in accordance with all effective requirements of IFRS as at 30 June 2020 and publicly available at the Company's website https://www.litrail.lt/veiklos-rezultatai.

As of 1 January 2021, no effective IFRS and amendments to IFRS have been applied, which are permitted earlier in the preparation of these consolidated financial statements.

The financial statements are prepared on the historical cost basis.

In these financial statements all amounts are presented in Euro and rounded to the thousand (EUR 000) unless otherwise stated. Taking into consideration that the amounts presented in the financial statements are calculated in thousands Euro the figures in tables may not coincide due to rounding. Such mismatches are considered to be irrelevant in these financial statements.

(thousand Euro unless otherwise stated)

3. Property, plant and equipment

Property, plant and equipment of the Group comprised:

Group	Land	Buildings and structures	Machinery and plant	Vehicles	Other equipment, fittings and tools	Construction in progress and prepayments	Total
Acquisition cost							
31 December 2019	**150,847**	**1,202,957**	**249,386**	**517,290**	**120,485**	**194,985**	**2,435,950**
- acquisitions for the year	2,857	944	1,419	44,620	484	179,563	229,887
- assets sold, written off, disposed	(29)	(49,520)	(7,738)	(3,506)	(7,253)	(174)	(68,220)
- reclassification from/(to) current assets	-	(480)	(1,399)	(2,673)	(1,052)	16,172	10,568
- reclassification(to) intangible assets	-	-	-	-	-	(3,705)	(3,705)
- reclassifications*	110	108,113	15,127	1,169	7,237	(134,452)	(2,696)
31 December 2020	**153,785**	**1,262,014**	**256,795**	**556,900**	**119,901**	**252,389**	**2,601,784**
- acquisitions	78	1,934	2,834	21,825	197	39,765	66,633
- assets sold, written off, disposed	(37)	(1,803)	(6,377)	(3,383)	(1,104)	(3,088)	(15,792)
- reclassification from/(to) current assets	-	(3,061)	2,828	1,824	562	1,061	3,214
- reclassification(to) intangible assets	-	-	-	-	-	(2,069)	(2,069)
- reclassifications*	27	8,010	593	83	850	(9,607)	(44)
30 June 2021	**153,853**	**1,267,094**	**256,673**	**577,249**	**120,406**	**278,451**	**2,653,726**
Accumulated depreciation and impairment losses							
31 December 2019	**-**	**(322,684)**	**(93,276)**	**(176,566)**	**(38,896)**	**(9,247)**	**(640,669)**
- depreciation	-	(66,829)	(16,199)	(35,079)	(8,668)	-	(126,775)
- reversal impairment for the year	-	40	(4)	1	-	377	414
- assets sold, written off, disposed	-	34,525	7,782	1,624	7,384	-	51,315
- reclassification from/(to) current assets	-	60	938	977	1,182	-	3,157
- reclassifications	-	49	-	-	-	-	49
31 December 2020	**-**	**(354,839)**	**(100,759)**	**(209,043)**	**(38,998)**	**(8,870)**	**(712,509)**
- depreciation	-	(34,924)	(7,366)	(16,021)	(3,707)	-	(62,018)
- reversal impairment	-	17	-	-	(16)	(94)	(93)
- assets sold, written off, disposed	-	266	3,215	651	450	-	4,582
- reclassification from/(to) current assets	-	361	193	(1,534)	(227)	-	(1,207)
- reclassifications	-	32	(4)	4	-	-	32
30 June 2021	**-**	**(389,087)**	**(104,721)**	**(225,943)**	**(42,498)**	**(8,964)**	**(771,213)**
Carrying amount							
31 December 2019	**150,847**	**880,273**	**156,110**	**340,724**	**81,589**	**185,738**	**1,795,281**
31 December 2020	**153,785**	**907,175**	**156,036**	**347,857**	**80,903**	**243,519**	**1,889,275**
30 June 2021	**153,853**	**878,007**	**151,952**	**351,306**	**77,908**	**269,487**	**1,882,513**

*The balance of the reclassification of non-current assets was transferred to investment property

(thousand Euro unless otherwise stated)

3. Property, plant and equipment

Property, plant and equipment of the Company comprised:

Company	Land	Buildings and structures	Machinery and plant	Vehicles	Other equipment, fittings and tools	Construction in progress and prepayments	Total
Acquisition cost							
31 December 2019	**-**	**39,244**	**14,644**	**2,930**	**19,414**	**3,150**	**79,382**
- acquisitions for the year	-	2	28	4	96	1,364	1,494
- assets sold, written off, disposed	-	(493)	(1,302)	(1,687)	(3,715)	(1,976)	(9,173)
- transferred to investment property	-	2,106	-	-	-	-	2,106
- reclassifications	-	120	37	-	9	(166)	-
31 December 2020	**-**	**40,979**	**13,407**	**1,247**	**15,804**	**2,372**	**73,809**
- acquisitions	3	1,116	81	160	115	876	2,351
- assets sold, written off, disposed	-	(1,102)	(26)	(470)	(311)	-	(1,909)
- transferred to investment property	-	(2,393)	-	-	-	-	(2,393)
- transferred to tangible assets	-	24	114	-	3	(1,941)	(1,800)
30 June 2021	**3**	**38,624**	**13,576**	**937**	**15,611**	**1,307**	**70,058**
Accumulated depreciation and impairment losses							
31 December 2019	**-**	**(11,238)**	**(7,605)**	**(1,583)**	**(10,902)**	**(141)**	**(31,469)**
- depreciation	-	(2,490)	(1,229)	(185)	(1,813)	-	(5,717)
- reversal impairment for the year	-	-	-	-	3	-	3
- assets sold, written off, disposed	-	51	798	948	3,703	-	5,500
- transferred to investment property	-	(834)	-	-	-	-	(834)
- reclassifications	-	-	-	-	-	-	-
31 December 2020	**-**	**(14,511)**	**(8,036)**	**(820)**	**(9,009)**	**(141)**	**(32,517)**
- depreciation	-	(1,291)	(480)	(44)	(485)	-	(2,300)
- Impairment allowance	-	-	-	-	-	(88)	(88)
- assets sold, written off, disposed	-	383	18	299	188	-	888
- transferred to investment property		994	-	-	-	-	994
- reclassifications	-	-	-	-	-	-	-
30 June 2021	**-**	**(14,425)**	**(8,498)**	**(565)**	**(9,306)**	**(229)**	**(33,023)**
Carrying amount							
31 December 2019	**-**	**28,006**	**7,039**	**1,347**	**8,512**	**3,009**	**47,913**
31 December 2020	**-**	**26,468**	**5,371**	**427**	**6,795**	**2,231**	**41,292**
30 June 2021	**3**	**24,199**	**5,078**	**372**	**6,305**	**1,078**	**37,035**

(thousand Euro unless otherwise stated)

3. Property, plant and equipment (continued)

The depreciation charge of the Group included to the statements of profit or loss and other comprehensive income of the Group amounted to EUR 54,990 thousand (EUR 53,450 thousand as at 30 June 2020). This amount includes EUR 62,694 thousand depreciation expense (EUR 62,311 thousand as at 30 June 2020) which was reduced by EUR 10,544 thousand as grants depreciation expense (EUR 7,779 thousand as at 30 June 2020), which are described in Note15. Capitalized depreciation amounted to EUR 2,186 thousand (EUR 1,082 thousand as at 30 June 2020).

The Group's depreciation charge included to the statements of profit or loss and other comprehensive income amounted to EUR 2,298 thousand (EUR 2,892 thousand as at 30 June 2020). This amount includes EUR 2,300 thousand depreciation expense (EUR 2,894 thousand as at 30 June 2020) which was reduced by EUR 2,000 thousand as grants depreciation expense (EUR 2,000 thousand as at 30 June 2020), which are described in Note15.

On 30 June 2021 the carrying amount of assets under the right of trust accounted for EUR 959,123 thousand (on 31 December 2020 it was EUR 980,406 thousand).

The acquisition of fully depreciated property, plant and equipment of the Group still in use comprised EUR 53,574 thousand (EUR 60,108 thousand as at 31 December 2020) and of the Company – EUR 8,534 thousand (EUR 8,693 thousand as at 31 December 2020). Most of the fully depreciated property, plant and equipment consisted of other equipment, fittings and tools.

The Group and the Company have no collaterals.

4. Right-of-use assets

The Group's right-of-use assets comprised:

	Land	Buildings and structures	Machinery and plant	Vehicles	Other equipment, fittings and tools	Total
Acquisition cost						
31 December 2019	**156**	**289**	**325**	**3,245**	**84**	**4,099**
- acquisitions for the year	-	933	27	1,758	629	3,347
- disposed assets	(156)	-	-	-	-	(156)
31 December 2020	**-**	**1,222**	**352**	**5,003**	**713**	**7,290**
- acquisitions	-	45	-	620	121	786
- disposed assets	-	-	(289)	-	-	(289)
30 June 2021	**-**	**1,267**	**63**	**5,623**	**834**	**7,787**
Accumulated depreciation and impairment losses						
31 December 2019	**(3)**	**(62)**	**(175)**	**(865)**	**(11)**	**(1,116)**
- depreciation	-	(62)	(34)	(1,567)	(94)	(1,757)
- write-back of depreciation of disposed assets	3	-	-	459	-	462
31 December 2020	**-**	**(124)**	**(209)**	**(1,973)**	**(105)**	**(2,411)**
- depreciation	-	(15)	-	(511)	(102)	(628)
- write-back of depreciation of disposed assets	-	-	177	-	-	177
30 June 2021	**-**	**(139)**	**(32)**	**(2,484)**	**(207)**	**(2,862)**
Carrying amount						
31 December 2019	**153**	**227**	**150**	**2,380**	**73**	**2,983**
31 December 2020	**-**	**1,098**	**143**	**3,030**	**608**	**4,879**
30 June 2021	**-**	**1,128**	**31**	**3,139**	**627**	**4,925**

(thousand Euro unless otherwise stated)

4. Right-of-use assets (continued)

The Company's right-of-use assets comprised:

	Buildings and structures	Machinery and plant	Vehicles	Other equipment, fittings and tools	Total
Acquisition cost					
31 December 2019	**390**	**20**	**2,325**	**84**	**2,819**
- acquisitions for the year	16,733	10	1,955	272	18,970
- disposed assets	(11,457)	-	(141)	(10)	(11,608)
- reclassifications	-	-	-	-	-
31 December 2020	**5,666**	**30**	**4,139**	**346**	**10,181**
- acquisitions	5,527	-	912	66	6,505
- disposed assets	(4,605)	-	(115)	-	(4,720)
- reclassifications	-	-	-	-	-
30 June 2021	**6,588**	**30**	**4,936**	**412**	**11,966**
Accumulated depreciation and impairment losses					
31 December 2019	**(81)**	**(1)**	**(681)**	**(11)**	**(774)**
- depreciation	(1,087)	(12)	(1,041)	(49)	(2,189)
- write-back of depreciation of disposed assets	781	-	141	10	932
- reclassifications	-	-	-	-	-
31 December 2020	**(387)**	**(13)**	**(1,581)**	**(50)**	**(2,031)**
- depreciation	(393)	(5)	(619)	(62)	(1,079)
- write-back of depreciation of disposed assets	519	-	115	-	634
- reclassifications	-	-	-	-	-
30 June 2021	**(261)**	**(18)**	**(2,085)**	**(112)**	**(2,476)**
Carrying amount					
31 December 2019	**309**	**19**	**1,644**	**73**	**2,045**
31 December 2020	**5,279**	**17**	**2,558**	**296**	**8,150**
30 June 2021	**6,327**	**12**	**2,851**	**300**	**9,490**

The discount rate applied to the leases in 2021 is 6 months EURIBOR and the market margin is determined by market research, based on current market conditions.

(thousand Euro unless otherwise stated)

5. Intangible assets

Intangible assets of the Group comprised:

	Software	Licenses and similar rights	Other intangible assets	Total
Acquisition cost				
31 December 2019	**31,039**	**2,198**	**932**	**34,169**
- acquisitions	44	949	552	1,545
- sales, disposals, write-offs	(4,986)	(34)	(171)	(5,191)
- transferred from tangible assets	3,775	27	(97)	3,705
31 December 2020	**29,872**	**3,140**	**1,216**	**34,228**
- acquisitions	629	61	1,512	2,202
- sales, disposals, write-offs	(194)	(25)	(532)	(751)
- transferred from tangible assets	269	-	1,800	2,069
30 June 2021	**30,576**	**3,176**	**3,996**	**37,748**
Accumulated amortisation and impairment losses				
31 December 2019	**(12,750)**	**(1,988)**	**(750)**	**(15,488)**
- amortisation	(2,200)	(169)	(84)	(2,453)
- impairment for the year	939	-	-	939
- sales, disposals, write-offs	4,070	24	157	4,251
31 December 2020	**(9,941)**	**(2,133)**	**(677)**	**(12,751)**
- amortisation	(970)	(99)	(91)	(1,160)
- Impairment allowance	-	-	-	-
- sales, disposals, write-offs	(186)	25	82	(79)
30 June 2021	**(11,097)**	**(2,207)**	**(686)**	**(13,990)**
Carrying amount				
31 December 2019	**18,289**	**210**	**182**	**18,681**
31 December 2020	**19,931**	**1,007**	**539**	**21,477**
30 June 2021	**19,479**	**969**	**3,310**	**23,758**

Intangible assets of the Company's comprised:

	Software	Licenses and similar rights	Other intangible assets	Total
Acquisition cost				
31 December 2019	**7,566**	**2,030**	**35**	**9,631**
- acquisitions for the year	25	949	-	974
- sales, disposals, write-offs	(977)	-	-	(977)
31 December 2020	**6,614**	**2,979**	**35**	**9,628**
- acquisitions	444	61	984	1,489
- sales, disposals, write-offs	(7)	(25)	-	(32)
- transferred from tangible assets	-	-	1,800	1,800
30 June 2021	**7,051**	**3,015**	**2,819**	**12,885**
Accumulated amortisation and impairment losses				
31 December 2019	**(5,508)**	**(1,827)**	**(35)**	**(7,370)**
- amortisation	(747)	(146)	-	(893)
- impairment for the year	939	-	-	939
- sales, disposals, write-offs	38	-	-	38
31 December 2020	**(5,278)**	**(1,973)**	**(35)**	**(7,286)**
- amortisation	(299)	(98)	-	(397)
- Impairment allowance	-	-	-	-
- sales, disposals, write-offs	7	25	-	32
30 June 2021	**(5,570)**	**(2,046)**	**(35)**	**(7,651)**
Carrying amount				
31 December 2019	**2,058**	**203**	**-**	**2,261**
31 December 2020	**1,336**	**1,006**	**-**	**2,342**
30 June 2021	**1,481**	**969**	**2,784**	**5,234**

(thousand Euro unless otherwise stated)

5. Intangible assets (continued)

The Group and the Company do not hold any internally generated intangible assets.

In the statement of profit or loss and other comprehensive income the Group's amortisation charge amounted to EUR 654 thousand (EUR 1,028 thousand on 30 June 2020) is included in depreciation and amortization costs. Amounts of EUR 1,160 thousand (EUR 1,373 thousand as at 30 June 2020) included into amortisation expenses which were reduced by amortisation of grants of EUR 506 thousand (EUR 345 thousand as at 30 June 2020), which are described in Note14.

In the statement of profit or loss and other comprehensive income the Company's amortisation charge which on amounted to EUR 333 thousand (EUR 498 thousand on 30 June 2020) is included in depreciation and amortization costs. Amounts of EUR 397 thousand (EUR 562 thousand as at 30 June 2020) included into amortisation expenses which were reduced by amortisation of grants of EUR 64 thousand (EUR 64 thousand as at 30 June 2020), which are described in Note14.

The Group's intangible assets, which were fully amortized but continue to be used, amounted to EUR 6,701 thousand (EUR . 6,966 thousand). The Company's intangible assets, which were fully amortized but continue to be used, amounted to EUR 5,569 thousand (EUR 5,441 thousand as on 31 December 2020). Software accounted for the majority of depreciated assets.

6. Investment property

Investment property of the Group and the Company comprised:

	Group	Company
Acquisition cost		
31 December 2019	**316**	**11,515**
- acquisitions for the year	-	-
- assets sold, written off, disposed	-	(25)
- transferred from tangible assets	2,696	(2,106)
31 December 2020	**3,012**	**9,384**
- acquisitions for the year	-	-
- assets sold, written off, disposed	-	(28)
- transferred from tangible assets	44	2,393
30 June 2021	**3,056**	**11,749**
Accumulated depreciation and impairment losses		
31 December 2019	**(68)**	**(3,231)**
- depreciation	(141)	(504)
- assets sold, written off, disposed	-	9
- transferred from tangible assets	(49)	834
31 December 2020	**(258)**	**(2,892)**
- depreciation	(48)	(218)
- assets sold, written off, disposed	-	11
- transferred from tangible assets	(32)	(994)
31 December 2020	**(338)**	**(4,093)**
Carrying amount		
31 December 2019	**248**	**8,284**
31 December 2020	**2,754**	**6,492**
30 June 2021	**2,718**	**7,656**

Investment property of the Group and the Company comprised leased buildings. The average term of an irrevocable lease is 3 years with the possibility of extension.

A portion of the Group's investment property with an acquisition value of EUR 31 thousand as at 30 June 2021 (31 December 2020: EUR 31 thousand) was fully depreciated but is still used in operations.

A portion of the Company's investment property with an acquisition value of EUR 663 thousand as at 30 June 2021 (31 December 2020: EUR 341 thousand) was fully depreciated but is still used in operations.

(thousand Euro unless otherwise stated)

7. Investments

Company name	Owned share(%)	30/06/2021 Investment value	Accounted impairment	Carrying amount	31/12/2020 Investment value	Accounted impairment	Carrying amount
Shares of subsidiaries							
AB LTG Cargo	100	39,602	-	39,602	39,602	-	39,602
UAB LTG Link	100	142,778	-	142,778	142,778	-	142,778
AB LTG Infra	100	673,668	-	673,668	673,668	-	673,668
UAB Geležinkelio Tiesimo Centras	100	24,752	-	24,752	24,752	-	24,752
UAB Vilniaus Lokomotyvų Remonto Depas	100	15,252	-	15,252	15,252	-	15,252
LUAB Gelsauga	100	2,322	-	2,322	3,002	-	3,002
UAB Saugos Paslaugos	100	902	(902)	-	454	(269)	185
UAB Rail Baltica Statyba	100	4,804	(2,455)	2,349	4,804	(2,465)	2,339
VšĮ Geležinkelių Logistikos Parkas	79.61	460	(405)	55	460	(405)	55
		904,540	(3,762)	900,778	904,772	(3,139)	901,633
Shares of associates							
voestalpine Railway Systems Lietuva, UAB	34	745	-	745	745	-	745
VšĮ Transporto Inovacijų Centras	33.33	116	(79)	37	115	(79)	36
		861	(79)	782	860	(79)	781
Long-term investments							
Brussels Centralised Payment Centre	1.34	2	-	2	2	-	2
		2	-	2	2	-	2
Total		**905,403**	**(3,841)**	**901,562**	**905,634**	**(3,218)**	**902,416**

The change in the value of investments was mainly influenced by the transfer to the Company of assets (at the value of EUR 680 thousand) of UAB Gelsauga which was being liquidated.

In June 2021 the Company adopted a decision on investing EUR 448 thousand in UAB Saugos Paslaugos.

Movement of the Company's investments in related parties and other companies:

	Investment value
Acquisition value as at 31 December 2019	902,690
Increase (+)	224
Decrease (-)	(498)
Acquisition value as at 31 December 2020	902,416
Increase (+)	448
Decrease (-)	(1,302)
Acquisition value as at 30 June 2021	**901,562**

(thousand Euro unless otherwise stated)

8. Inventories and non-current assets held-for-sale

The Group's and the Company's inventories and non-current assets held-for-sale comprised:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Spare parts	17,053	4,189	208	210
Materials of the upper railway part	7,777	4,683	-	-
Materials	4,093	3,180	662	851
Fuel	12,467	4,627	11,455	3,077
Other inventories	1,327	761	115	153
Total raw materials, materials and component parts	42,717	17,440	12,440	**4,291**
Goods for resale	310	13,128	42	97
Total goods held for resale	310	13,128	42	**97**
Non-current assets held for sale	1,999	8,147	1,994	1,520
Total non-current assets held for sale	1,999	8,147	1,994	**1,520**
Total	**45,026**	**38,715**	**14,476**	**5,908**

The carrying amount of the Group's inventories of EUR 50,090 thousand was reduced by EUR 5,064 thousand to the net realizable value as at 30 June 2021 (EUR 44,127 thousand reduced by EUR 5,412 thousand to the net realizable value as at 31 December 2020).

The carrying amount of the Company's inventories of EUR 15,304 thousand was reduced by EUR 828 thousand to the net realizable value as at 30 June 2021 (EUR 6,736 thousand reduced by EUR 828 thousand to the net realizable value as at 31 December 2020).

Change in write down of net realisable value of inventories of the Group and the Company is shown in article of write down to net realisable value expenses in the statements of profit or loss and other comprehensive income.

9. Trade and other receivables

Trade and other receivables of the Group and the Company comprised:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Gross external trade debtors	25,575	28,999	8,168	8,171
Impairment allowance (-)	(3,398)	(3,552)	(102)	(54)
Total external trade debtors	**22,177**	**25,447**	**8,066**	**8,117**
Receivables from related parties	487	-	7,123	13,996
Impairment allowance (-)	-	-	-	-
Total receivable from related parties	**487**	**-**	**7,123**	**13,996**
Receivable VAT	8,194	4,854	962	-
Other amounts receivable from the budget	31,528	14,090	11,176	10,376
Accrued other amounts receivable from related parties	-	-	2,510	6,034
Accrued income	2,605	11,409	5	1
Other receivables	12,527	9,091	6,308	6,578
Impairment allowance (-)	(4,381)	(4,381)	(4,282)	(4,282)
Total other amounts receivable	**50,473**	**35,063**	**16,679**	**18,707**
Total	**73,137**	**60,510**	**31,868**	**40,820**

As at 30 June 2021 trade and other receivables of the Group increased EUR 12,627 thousand (in 2020 trade and other receivables increased EUR 19,091 thousand compared with 2019).

As at 30 June 2021 trade and other amounts receivables of the Company decreased EUR 8,952 thousand (in 2020 they increased 2,656 thousand compared with 2019) since the invoices related to management services were issued and paid.

The Company accrued other amounts receivable from related parties of EUR 2,399 thousand for management services rendered to Group companies (as at 31 December 2020 it was EUR 5,829 thousand).

(thousand Euro unless otherwise stated)

9. Trade and other receivables (continued)

Trade receivables (without receivables from related parties) of the Group and the Company comprised:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Not overdue	21,747	24,980	7,996	8,065
Overdue 0– 60 days	441	434	54	31
Overdue 60– 120 days	109	98	34	12
Overdue 120– 180 days	39	48	17	4
Overdue 180– 360 days	181	273	15	17
Overdue for over 360 days	3,058	3,166	52	42
Impairment (-)	(3,398)	(3,552)	(102)	(54)
Total	**22,177**	**25,447**	**8,066**	**8,117**

As at 30 June 2020 overdue trade debts in the Group decreased EUR 191 thousand compared to Y2021, overdue trade debts in the Company increased EUR 66 thousand, trade debt impairment decreased EUR 154 thousand and increased EUR 48 thousand respectively.

10. Prepayments and assets arising from contracts with customers

Prepayments of the Group and the Company comprised:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Prepayments	1,088	2,839	255	981
Guarantees paid to suppliers	86	-	355	31
Deferred costs	3,970	4,497	1,193	1,640
Total	**5,144**	**7,336**	**1,803**	**2,652**

Assets arising from contracts with customers of the Group and the Company comprised:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Accrued income	276	381	-	-
Paid guarantees to customers	278	27	-	-
Total	**554**	**408**	**-**	**-**

11. Cash and cash equivalents

Cash and cash equivalents of the Group and the Company comprised:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Cash in banks	17,230	69,480	2,904	50,533
Cash in hand	31	19	-	-
Total	**17,261**	**69,499**	**2,904**	**20,596**

As at 30 June 2021 and 31 December 2020 the Group and the Company did not hold any term deposits. Cash was not pledged.

For the sake of higher efficiency in cash management and liquidity assurance within the companies of the Group, on 21 December 2018 a cash-pool agreement with AB Swedbank was signed. The Group and the Company implemented an inter-company borrowing and lending platform (Cash Pool service), which ensures the possibility of mutual borrowing for a maximum period of one year. As at 30 June 2021 the debt of subsidiaries to cash-pool was EUR 8,563 thousand (EUR 10,470 as at 31 December 2020), the Company's debt to AB LTG Infra cash-pool amounted to EUR 2,833 thousand. During H1 2021, the Group's members used cash-pool funds based on their needs, interest of EUR 45 thousand was calculated (EUR 56 thousand as at 31 December 2020) and EUR 3 thousand interest expenses.

As at 30 June 2021, due to bank guarantees issued, the use of cash and cash equivalents of EUR 104 thousand was restricted (EUR 104 thousand as at 31 December 2020).

12. Authorized capital

During the first half of 2021, the Articles of Association of the Company were not amended due to the increase / decrease of the authorized capital. On 10 June 2021 new Articles of Association of the Company were registered on the account of a change in the classification of the principal activity.

(thousand Euro unless otherwise stated)

13. Dividends

Payment of dividends by the State controlled companies is regulated by the Government of the Republic of Lithuania Resolution No. 786 which states what share of profit shall be attributed to pay the dividends depending on the return on equity (ROE). Amount of dividends to be paid varies from 85% to 60% of the total amount of retained earnings depending on the achieved levels of ROE (from 1% to more than 15%). Also, the Resolution regulates cases when the Government of the Republic of Lithuania may set a lower share of profits for distribution, if a company implements or participated in the implementation of an important economic project to the State. In case of the Company, important projects are Rail Baltica and Lithuanian part of the East West Transport Corridor (the infrastructure complex of Klaipėda State Sea Port, roads and railways).

Based on Order No 3-265 of the Minister for Transport and Communications of the Republic of Lithuania of 7 June 2021 it was decided to allocate EUR 13,836 thousand from the Company's distributable profit of 2020. Disbursements were made on 31 May 2021 in amount of EUR 7,000 thousand, and on 21 June 2021 in the amount of EUR 6,836 thousand.

Profit (loss) distribution projects of the Company and its subsidiaries are prepared and only after the decision of the General Meeting of Shareholders approves the set of annual financial statements, the shareholder will distribute the profit (loss) of the Company and its subsidiaries, taking into account internal and external legal acts and other conditions.

14. Reserves

Legal reserve. The legal reserve means a reserve which is required by the provisions of legal acts of the Republic of Lithuania. An annual transfer of 5% of net profit to the legal reserve is compulsory until the reserve reaches 10% of the share capital. The legal reserve cannot be distributed as dividends and is formed to cover future losses. As of 30 June 2021 the legal reserve of the Group and the Company comprised EUR 33,851 thousand.

Other reserves. As at 30 June 2021, the Company's other reserves' balance consisted of reserves for investments of EUR 7,830 thousand.

15. Grants

Movement of grants of the Group and the Company:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Balance at the beginning of the period	581,384	556,015	641	725
Received	12,862	51,395	-	47
Used for reduction of depreciation costs of non-current assets	(11,050)	(16,158)	(66)	(131)
Used for reduction of other expenses	(519)	(1,666)	-	-
Repaid/transferred	-	(8,202)	-	-
Balance at the end of the period	**582,677**	**581,384**	**575**	**641**
Including assets managed under right of trust	**231,460**	**234,685**	**-**	**-**

The Group's grants are mainly related to the financing of investment programs with the assets received under the trust agreement and subsidies to compensate for costs.

16. Loans and borrowings

Borrowings of the Group and the Company comprised:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Non-current loans	159,533	173,442	-	-
Current loans	27,818	27,818	-	-
Interest	612	674	-	-
Total	**187,963**	**201,934**	**-**	**-**

The Company's does not hold any borrowings with credit institutions, since on 8 December 2019 all loans concluded between the Company and the Nordic Investment Bank were transferred to AB LTG Infra and on 30 June 2020, all of the Company's loans from the European Investment Bank were transferred to AB LTG Cargo. On 30 June 2020, after the restructuring of the Company's long-term loans was complete, a guarantee agreement with the European Investment Bank (EIB) and the Nordic Investment Bank (NIB) came into effect, based on which the Company guarantees for the obligations of AB LTG Cargo and AB LTG Infra to EIB.

(thousand Euro unless otherwise stated)

16. Loans and borrowings(continued)

Borrowings of the Group comprised:

	Foreign currency loans	30/06/2021	31/12/2020
Bank EIB - 3, total [2]	EUR	2,273	3,182
Bank EIB - 4, total [1]	EUR	17,333	20,667
Nordic Investment Bank-2, total [5]	EUR	3,778	5,667
Nordic Investment Bank-3, total [3]	EUR	80,903	84,581
Nordic Investment Bank-4, total [4]	EUR	37,826	39,545
Nordic Investment Bank-5, total [6]	EUR	45,238	47,618
Interest	EUR	612	674
Total		**187,963**	**201,934**

During the first half of 2021 the Group repaid EUR 13,909 thousand loan and EUR 1,280 thousand interest.

[1] EIB-4 is the loan for the procurement of new rolling stock. Each tranche was set a separate interest rate. During the first half of 2021 AB LTG Cargo repaid EUR 3,333 thousand loan and EUR 259 thousand interest.

[2] EIB-3 are the loans for the procurement of new rolling stock. During the first half of 2021 AB LTG Cargo repaid EUR 909 thousand loan, paid EUR 34 thousand interest.

[3] Two loan agreements have been signed with the Nordic Investment Bank (NIB-3) for the renovation and development of the railway infrastructure at the total value of EUR 114,000 thousand. Each tranche was set a separate interest rate. During the first half of 2021 AB LTG Infra repaid EUR 3,678 thousand loan and EUR 614 thousand interest.

[4] A loan agreement of EUR 53,300 thousand has been signed with the Nordic Investment Bank (NIB-4). The loan was granted to ensure co-financing of the national part of the public railway infrastructure project Rail Baltica, which is financed by the EU support funds for 2007-2013. During the first year-half 2021 AB LTG Infra repaid EUR 1,719 thousand loan and EUR 249 thousand interest.

[5] A loan of the Nordic Investment Bank (NIB-2) for the renovation and development of the railway infrastructure. During the first half of 2021 AB LTG Infra repaid EUR 1,889 thousand loan and EUR 22 thousand interest.

[6] A loan of the Nordic Investment Bank (NIB-5) for the implementation of investment project and the Rail Baltica project over the period 2014-2020. During the first half of 2021 AB LTG Infra repaid EUR 2,381 thousand loan and paid EUR 102 thousand interest.

17. Lease liabilities

The Company leases buildings and other assets (mainly vehicles and buildings). Building lease agreements are usually concluded for a fixed 36-month period with a possibility to extend them. Vehicle lease agreements are concluded for 36 months without a possibility to extend them. In determining the lease term, management considers all the facts and circumstances that give rise to the economic incentive to exercise the option to extend the contract or not to exercise the option to terminate it. The possibility of extending the contract (or the periods after the possibility of terminating the contract) is provided for in the leases only if it can be reasonably expected that the lease will be extended (or not terminated). Possible future cash payments were not included in the lease liabilities as there is no reason to be certain that the leases will be extended (or not terminated).

Short-term leases of 12 months or less and lease payments for low-value assets are recognized directly as expenses in the statement of profit or loss and other comprehensive income.

Lease liabilities of the Group comprised:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Non-current	3,270	3,549	8,124	6,860
Current	1,764	1,803	1,664	1,561
Total	**5,034**	**5,352**	**9,788**	**8,421**

(thousand Euro unless otherwise stated)

18. Employee benefits

According to the legislative requirements of the Republic of Lithuania, each employee of the Company at the age of retirement is entitled to a one-off payment in the amount of 2-month salary. In addition, under the effective collective agreement, payment of up to 1 month average remuneration is paid to an employee who has served for 25 years or more. Jubilee payments also comprise provisions for pensions and similar liabilities. Under the collective agreement effective at the Company, a payment of EUR 300 is paid to members of trade unions when they reach the ages of 50 and 60 years.

Change in non-current provisions for pensions and similar liabilities is provided in the table below:

	Group	Company
Balance as at 31 December 2019	10,738	1,102
Change(-)	(378)	(242)
Balance as at 31 December 2020	10,360	860
Change(-)	(284)	(138)
Balance as at 31 June 2021	**10,076**	**722**

Main assumptions applied in assessment of the Company's non-current payments for employees are provided in below:

	30/06/2021	31/12/2020
Discount rate,%	0.56	0.40
Staff turnover ratio,%	9.71	8.16
Salary increase rate, %	2.00	2.00

Current employee benefits and liabilities by type:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Vacation pay accruals	13,248	11,963	2,589	2,077
Payable remuneration	7,031	6,979	1,331	1,350
Payable social insurance contributions	3,759	3,604	696	670
Payable personal income tax contributions	2,527	2,408	504	469
Other employment related liabilities	3,894	8,259	993	1,995
Total	**30,459**	**33,213**	**6,113**	**6,561**

Current employee benefits and liabilities mainly decreased due to payments of the incentive reserve. Capitalized remuneration amounted to EUR 265 thousand.

19. Trade and other payables

Trade and other payables of the Group and the Company comprised:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Trade payables	42,809	31,932	7,507	7,270
Trade payables to related parties	1,776	590	9,145	8,500
Cash guarantees received	4,997	5,427	2,427	2,742
Other taxes payable to the budget	2,704	5,408	634	1,189
Accumulated service costs of foreign railways	567	1,373	-	-
Accrued other amounts payable from related parties	-	-	3,846	12,935
Other accrued costs	553	6,751	35	369
Other amounts payable and liabilities	8,143	3,529	935	617
Total	**61,549**	**55,010**	**24,529**	**33,622**

Under other accrued expenses, the Group and the Company accounted for audit service expenses of EUR 115 thousand (2020: EUR 235 thousand) and EUR 20 thousand (2020: EUR 40 thousand), respectively.

In H1 2021 other accrued amounts payable of the Company decreased due to issue of credit invoices for the governance services.

(thousand Euro unless otherwise stated)

20. Received prepayments and liabilities arising from contracts with customers

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Received prepayments, non-current portion	-	-	-	-
Received prepayments, current portion	8,222	10,031	242	271
Total	**8,222**	**10,031**	**242**	**271**

Amounts of the liabilities arising from contracts with customers of the Group and the Company comprised:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Received prepayments, non-current portion	-	-	-	-
Received prepayments, current portion	3,617	3,771	-	-
Total	**3,617**	**3,771**	**-**	**-**

21. Sales

Sales revenue of the Group and the Company comprised:

	Group		Company	
	06/2021	06/2020	06/2021	06/2020
Income from freight transportation and use of the railway infrastructure	171,193	179,740	-	-
Income from passenger, baggage and post	5,924	5,093	-	-
Other auxiliary services, of which:	10,593	7,934	48,329	46,436
Fuel resale	-	-	21,034	21,751
Management services	-	-	22,133	19,127
Other services	10,593	7,934	5,162	5,558
Total	**187,710**	**192,767**	**48,329**	**46,436**

22. Result from financing activities

The result from financing activities of the Group and the Company comprised:

	Group		Company	
	06/2021	06/2020	06/2021	06/2020
Total finance income	**50**	**86**	**2,359**	**8,595**
Interest	-	18	711	657
Currency exchange gain	17	-	9	-
Dividends	-	-	1,636	7,938
Penalties and default interest	33	67	3	-
Other income	-	1	-	-
Total finance costs	**(1,569)**	**(1,841)**	**(144)**	**(987)**
Interest	(1,264)	(1,015)	(3)	(417)
Currency exchange loss	-	(47)	-	(51)
Penalties and default interest	(215)	(169)	(32)	(14)
Other expenses	(90)	(610)	(109)	(505)
Total	**(1,519)**	**(1,755)**	**2,215**	**(7,608)**

In April 2021 the Company received EUR 956 thousand dividends from UAB Vilniaus Lokomotyvų Remonto Depas, in May 2021 EUR 680 thousands dividends from voestalpine Railway Systems Lietuva, UAB.

(thousand Euro unless otherwise stated)

23. Corporate income tax

Corporate income tax of the Group and the Company was calculated at a 15% tax rate.

	Group		Company	
	06/2021	06/2020	06/2021	06/2020
Income tax for the year	383	(118)	-	-
Adjustment to income tax of the previous year	(403)	(569)	(533)	(569)
Deferred tax expenses	99	(1,117)	(184)	(769)
Total corporate income tax expenses (income) recognised in profit or loss	**79**	**(1,804)**	**(717)**	**(1,338)**

24. Related party transactions

The parties are deemed as being related when one of them could control another or could have significant influence on the other party when making financial and operating decisions.

As defined by IAS 24 Related Party Disclosures, the entity is related to a reporting entity if any of the following conditions applies:

- The Lithuanian Government in its capacity as the owner of all shares in AB Lietuvos Geležinkeliai;
- The Companies or enterprises subject to the control of the Lithuanian Government;
- Subsidiaries of the parent company AB Lietuvos Geležinkeliai;
- Affiliated, non-consolidated and associated companies as well as joint ventures of AB Lietuvos Geležinkeliai;
- The members of the management Board and their close relatives.

For entities operating in an environment in which government control is pervasive, many counterparties are also government-related and there-fore are related parties. IAS 24 allows a reporting entity to reduce the level of disclosures about transactions and outstanding balances, including commitments, with:

- a government that has control, joint control or significant influence over the reporting entity; and
- another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

Due to the above-mentioned reasons, the Company does not disclose the transactions with Lithuanian Government and other entities controlled by the Lithuanian Government.

he Company's related party transactions before elimination during H1 2021 and as at 30 June 2021:

	06/2021		30/06/2021	
	Company's purchases	Company's sales	Company's receivables	Company's payables
AB LTG Cargo	4,084	29,240	132,038	7,890
UAB LTG Link	3,070	8,725	1,879	1,075
AB LTG Infra	1,036	14,746	4,127	2,963
UAB Geležinkelio Tiesimo Centras	202	749	60	1
UAB Vilniaus Lokomotyvų Remonto Depas	-	3,665	135	-
UAB Gelsauga	758	106	-	-
UAB Saugos Paslaugos	2,557	181	244	968
UAB Rail Baltica Statyba	-	4	1	-
voestalpine Railway Systems Lietuva, UAB	-	-	-	-
UAB LTG Wagons	-	1	1	-
Total	**11,707**	**57,417**	**138,485**	**12,897**

(thousand Euro unless otherwise stated)

24. Related party transactions (continued)

he Company's related party transactions before elimination during H1 2020 and as at 30 June 2020:

	06/2020		31/12/2020	
	Company's purchases	Company's sales	Company's receivables	Company's payables
AB LTG Cargo	26,143	34,084	129,043	6,936
UAB LTG Link	32	6,157	1,405	273
AB LTG Infra	1,416	17,577	4,951	157
UAB Geležinkelio Tiesimo Centras	44	726	98	14
UAB Vilniaus Lokomotyvų Remonto Depas	-	2,837	10,908	766
UAB Gelsauga	57	89	11	12
UAB Saugos Paslaugos	682	1	2	1,067
UAB Rail Baltica Statyba	-	4	1	-
voestalpine Railway Systems Lietuva, UAB	-	-	-	-
Total	**28,374**	**61,475**	**146,419**	**9,225**

Accrued receivables and payables with related parties were accounted in the statements of financial position of 30 June 2021:

	30/06/2021		31/12/2020	
	Accrued receivables	Accrued payables	Accrued receivables	Accrued payables
AB LTG Cargo	102	2,452	154	8,947
UAB LTG Link	1,403	-	3,092	-
AB LTG Infra	6	1,394	4	3,988
LUAB Gelsauga	-	-	92	-
UAB Saugos Paslaugos	95	-	173	-
UAB Geležinkelio Tiesimo Centras	299	-	437	-
UAB Vilniaus Lokomotyvų Remonto Depas	550	-	2,082	-
LTG Cargo Polska Sp.zo.o.	18		-	-
UAB LTG Wagons	17		-	-
LTG Cargo Ukraine LLC	20		-	-
Total	**2,510**	**3,846**	**6,034**	**12,935**

Accrued payables mainly comprised management services accruals to related parties.

According to the methodology of the LTG Group of companies, all transactions with related parties are carried out under market conditions and in line with the arm's length principle.

The Group's and the Company's loans/Cash-pool to related companies comprised:

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Loans granted to related parties	160	160	122,283	121,617
Long-term receivable	160	160	122,283	121,617
Loans granted to related parties	-	-	160	160
Cash-pool	-	-	8,563	10,470
Short-term receivable	-	-	8,723	10,630
Total, receivable	**160**	**160**	**131,006**	**132,247**
Cash-pool	-	-	2,833	-
Short-term payable	-	-	2,833	-
Total, payable	**-**	**-**	**2,833**	**-**

More details on the borrowing from cashpool are presented in Note 11.

Based on the loan agreement dated 12 March 2019, the loan of EUR 163,862 thousand was granted to AB LTG Cargo in the form of non-current assets: for the acquisition of railway transport rolling stock – wagons, containers and locomotives. The loan matures in 2031. Interest was determined applying variable interest rate linked with 6-month EURIBOR and the market margin estimated by a market survey. On 30 June 2020, the restructuring of the Company's non-current loans was completed. According to a separate agreement with the European Investment Bank (EIB), AB LTG Cargo and the Company, the said loan is subordinate in respect to the EIB loans transferred by AB LTG Cargo, i.e. both loan and interest payments are not possible until the maturity of EIB loans (until 2024). Interest receivable amounted to EUR 1,920 thousand.

(thousand Euro unless otherwise stated)

24. Related party transactions (continued)

Management salary and other benefits. As of June 30, 2021, the number of executives was 6 people, i.e. 1 Chief Executive Officer, 1 Chief Financial Officer, 1 Director of Strategy and Development, 1 Director of Legal and Compliance, Chief Human Resources Officer, 1 Chief Communications Officer.

	30/06/2021	30/06/2020
Management salary	282	275
Incentive payments*	140	135
Number of managers	6	6
Benefits to Board Members	37	24
Number of Board Members	5	6
Benefits to audit committee members	7	3
Number of audit committee members	3	2
Benefits to remuneration committee members	2	-
Number of remuneration committee members	2	-

* Incentive payments are additional payment for performance results and one-off payments.

As at 30 June 2021 and 30 June 2020 the management of the Company was not granted with loans, provided with guarantees or other paid or accrued benefits or disposed assets, except as disclosed above.

25. Subsequent events and other information

In July 2021, the Company made a decision to make additional investments in UAB Saugos Paslaugos.

In July 2021, LUAB Gelsauga settled accounts with the Company, returning the remaining assets to the shareholder after liquidation.

In July 2021, the Company adopted a decision on the transformation of UAB Vilniaus Lokomotyvų Remonto Depas into a public limited liability company.

On 3 August 2021, the legal status of UAB Saugos paslaugos was changed to liquidated.

On 9 August 2021, the USA announced of new sanctions on legal entities and private persons in Belarus, including Belarsukalij, a producer of potash fertilizers. Following the entry into force of the sanctions, banks will not be able to make or accept payments if they relate (directly, indirectly and through intermediaries) to Belarusian legal or natural persons newly included in the US sanctions lists. The new sanctions prohibit the entry into new transactions, but provide an opportunity to close the existing deals with the Belarusian producer of potash fertilizers Belaruskalij by 8 December 2021.