UAB LTG Link
Interim report

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ABBREVIATIONS:
LTG – AB Lietuvos Geležinkeliai.
LTG, Group, Group of Companies – AB Lietuvos Geležinkeliai and its subsidiaries
LTG Cargo – AB LTG Cargo
LTG Infra – AB LTG Infra
LTG Link, Company – UAB LTG Link
GOV – the Government of the Republic of Lithuania
EU – the European Union

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

INTERIM REPORT

CEO FOREWORD

Dear all,

Since February, the year 2022 has been marked at every turn by Russia's unjustified aggression against Ukraine. The news immediately raised questions - how can we help Ukraine and how should we proceed? In the midst of the uncertainty created by Russia's aggression, we chose to act. First of all, we offered free train travel in Lithuania to Ukrainian citizens. This initiative was soon followed by many other actions by other companies of the Lithuanian Railways Group and by our own employees, allowing us to stay strong together.
As we looked for ways to help people fleeing the atrocities of war, we also continued our earlier work together. After reaching another public procurement phase for new electric trains at the beginning of the year, and with the initial bids from train manufacturers, we are well on track with the procurement procedures and plan to sign the contract for the new trains for green transport later this year.
In the spring, we introduced the new ticketing system that everyone has been waiting for. The company's website, which meets the needs of today's customers, and the LTG Link mobile app for Android, which is designed for train travellers, create an even better travel experience for passengers and make it even easier and more convenient to plan their journey, buy or change tickets and find all the information they need. We continue to develop the system with more and more user-friendly features, and the mobile version of the app will soon be available to Apple device holders.

This year, we were once again ranked in Europe's largest independent brand study, the *Sustainable Brand Index*™", where we were ranked second in the Transport and Travel segment in Lithuania. This recognition motivates us to work harder to promote sustainable mobility and greener train travel.

With the COVID-19 pandemic in retreat and almost all restrictions on its management lifted, we continue to operate 97% of all domestic train services for the year. Since we started to see the return of passenger flows at the end of last year, in the first half of 2022 we carried 2.1 million passengers on domestic routes - a third more than in 2021 and close to the record levels of 2019 so far.

In June, we welcomed the seaside with the much-loved Seaside Express. For the sixth consecutive season, holidaymakers can travel to seaside resorts on the stunningly popular combined services of modern trains and special buses.

Recognising that rail is the most reliable way to transport people and that it is more important than ever to have an active rail link to the West, we confidently announced at the beginning of the summer that the international route Kaunas - Bialystok will return from 1 July. We are continuing our dialogue with the relevant authorities and carriers from neighbouring countries on new international services to neighbouring capitals, and we expect to connect Vilnius and Warsaw with a new international train route as early as 2022 and 2023.
We continue to develop our LTG Link digitisation projects - we have already launched the second phase of our operations management system, which will help our employees to monitor and perform their tasks much more efficiently and in a way that is most convenient for them, both on a computer and via a mobile app.

We are consistently increasing access to services and promoting sustainable mobility. We continue our cooperation with organisations of people with individual needs, with regular quarterly meetings to discuss the latest developments, consult on the functionalities of the new ticketing system and the technical parameters of the new trains. Together, we are working to ensure that more and more of our services meet the needs of different people every year.

We are developing a brand new loyalty programme to encourage more sustainable travel. We are actively developing a dialogue with the country's major cities and carriers, offering solutions to integrate "one ticket" travel. Making travel more sustainable is a strategic goal for the coming years.

However, the entire market has been affected by supply chain disruptions caused by the pandemic in recent years. The war in Ukraine and the international sanctions imposed on the aggressors have also affected the supply of spare parts for the maintenance of some trains. As a result, we have been forced to review passenger flows on individual sections of the train routes and to temporarily shorten the Šiauliai - Radviliškis - Panevėžys - Rokiškis route to Panevėžys from July.

Although we will not avoid challenges this year due to the war and the changed geopolitical situation, we will continue with all the strategic priorities that are important for the company and its passengers - the fleet renewal programme, the development of the new ticketing system and the digitisation of operations. In the remaining half of the year, we will work on the development of rail links to the West and on solutions to promote sustainable mobility.

So let's stay focused and move forward boldly.

LINAS BAUŽYS
Chief Executive Officer
UAB LTG Link

(thousand Euro unless otherwise stated)

COMPANY PROFILE

Name	UAB LTG Link
Company address	Geležinkelio g. 16, LT-02100 , Vilnius
Legal form	Joint stock company
Date and place of registration	28 02 2019, Register of Legal Entities, RoL
Company code	305052228
Phone No	8 700 55 111
E-mail	info@ltglink.lt
Website	www.ltglink.lt
Core business	Passenger and luggage transportation by rail and provision of related services
Chief Executing Officer of the Company	Linas Baužys
Shareholders	100% shares held by AB Lietuvos Geležinkeliai

THE COMPANY'S BRANCHES, REPRESENTATIVE OFFICES ABROAD

During the analysed period, the Company did not establish branches or representative offices.

BUSINESS ACTIVITIES OF THE COMPANY

Operating model

On 28 February 2019 UAB LG Keleiviams was registered in the Register of Legal Entities, to which the passenger transportation operations of AB Lietuvos Geležinkeliai were transferred as of 01 September 2019. On 21 July 2020, a new company name was also registered - UAB LTG Link.

Core business ans services

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.

The company fulfils the State's special obligations by providing public passenger transport services by rail and/or public combined passenger transport services on local transport routes.

Services of UAB LTG Link:

- Passenger transportation on domestic routes;
- Passenger transportation on international routes;
- Carriage of mail and luggage within the territory of Lithuania and abroad;
- Carriage of bicycles and animals within the territory of Lithuania;
- Organization of charter routes;
- Rental and sale of rolling stock;
- Advertising services;
- services at stations (luggage storage, parcel services, ticketing, and food and beverage offerings);
- services on trains (sale of travel tickets, sale of food and beverages).

Infrastructure

As of 30 June 2022, the residual value of LTG Link vehicles (including rolling stock) was EUR 113.8 million and the residual value of the remaining non-current assets was EUR 8.4 million.

Market

LTG Link's main market is passenger transport in the territory of the Republic of Lithuania and abroad. Passengers are served on 21 domestic and 3 international routes.

Lithuanian market

Historically, passenger transportation by rail has competed with other modes of transport. The main competition to rail passenger transport comes from the use of motor vehicles - in the first half of 2021, road transport accounted for 96.7% of total passenger transport, compared to 2.0% for rail passenger transport. The market share of passenger transport by rail remained low in 2022 - according to the data of the Lithuanian Statistics Department in the first quarter of 2022, the market share of passenger transport by rail was only 1.4%, while the market share of road transport increased to 97.8%.[1]

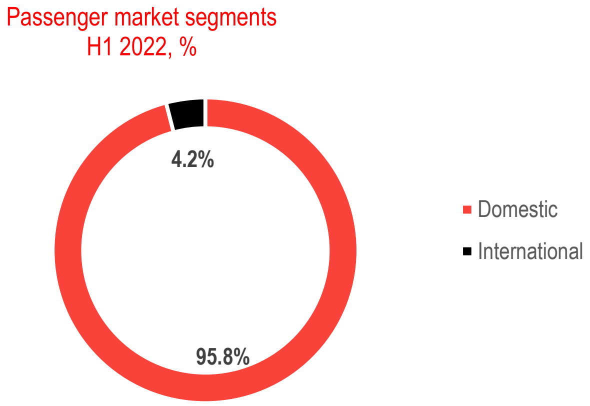
Passengers transported on domestic routes amounted to 2.1 million in H1 2022 accounting for 95.8% total ridership for that period. In H1 2022 not all routes that had been cancelled in 2020 due to COVID-19 pandemic were restored. By the end of June 2022, 6 out of 211 journeys of domestic trains were not reopened. Compared to the first half of 2021, the number of passengers has increased by 35.5%, almost reaching the pre-pandemic level of 2.1 million passengers on domestic services (2.3 million passengers in the first half of 2019).

[1] Data of the Department of Statistics of Lithuania

(thousand Euro unless otherwise stated)

International market

Passengers transported on international routes amounted to 0.1 million in H1 2022 accounting for 4.2% total ridership for that period. In January-June 2022, international carriage consisted of passenger transport by transit trains through the territory of the Republic of Lithuania in connection with the Kaliningrad region. At the end of June 2022, 6 out of 26 international transit services were operating. There were no international passenger services on the trains formed by UAB LTG Link in 2022.



Main customers

Residents of Lithuania and other countries use services rendered by the Company.

The Transport Exemption Law provides for r incentives encouraging socially disadvantaged groups, eligible for purchasing tickets with a discount of 80% and 50%, to travel by train. These activities are subsidized from the State budget, with compensation of lost income, transporting passengers on local transport routes on preferential terms.

In order to attract more customers, the Company is expanding its service offerings to various groups of passengers: families, students, business representatives, active leisure enthusiasts. Trips to the seaside increase in summer. This year, the sixth season of the Seaside Express has started successfully, with joint train services providing convenient and safe access to Lithuanian seaside resorts.

MANAGEMENT OF THE COMPANY

INFORMATION ON THE SHARES AS OF 30 JUNE 2022

Authorized capital, thousand EUR	Number of shares, unit	Par value per share, EUR
143,590	156,237	919,05

The Company is part of AB Lietuvos Geležinkeliai company group the sole shareholder whereof is the parent company AB Lietuvos Geležinkeliai. The shareholder of AB Lietuvos Geležinkeliai is the Ministry of Transport and Communications of the Republic of Lithuania which controls 100% of shares.

All shares of 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.

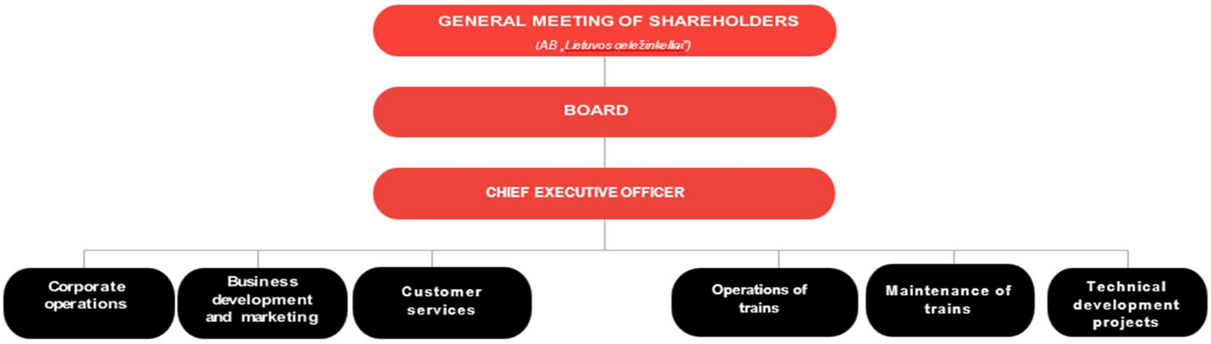
During the reporting period, the Company did not acquire its own shares or shares of other companies of the LTG Group.

CORPORATE GOVERNANCE AND ORGANISATIONAL STRUCTURE

LTG Link is a company of AB Lietuvos Geležinkeliai company group, the sole shareholder whereof is the parent company AB Lietuvos Geležinkeliai. The shareholder of AB Lietuvos Geležinkeliai is the Ministry of Transport and Communications of the Republic of Lithuania which controls 100% of shares.

Aiming at the long-term growth of the value of the AB Lietuvos Geležinkeliai Group, as well as the rational and effective use of the assets, funds and other resources, meeting the expectations and representing the interests of the Shareholder, the Group's business model is focused on streamlining and concentrating core activities in subsidiaries. LTG Link, as part of the AB Lietuvos Geležinkeliai Group, is liable for the implementation of the principal activities and the achievement of the set goals. In order to achieve the set goals and ensure proper management, LTG Link operates independently in its activities, makes the necessary decisions and ensures accountability and responsibility for the performance.

The Company operates in observance of the Law on Companies, the Articles of Association of the Company, decisions of the Company bodies, as well as other legislative acts of the Republic of Lithuania regulating the activities of companies, including state-owned enterprises.



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.

Over the reporting period no amendments were made to the Articles of Association of the Company.

The Articles of Association of LTG Link are available at the Company's website https://www.litrail.lt/594.

The Articles of Association of LTG Link 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;
- Head of the Company (CEO).

General Meeting of Shareholders is the supreme governing body of the Company. The competence of the General Meeting of Shareholders, 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.

The sole shareholder of LTG Link is AB Lietuvos Geležinkeliai which adopts the main decisions related to implementation of property rights and obligations.

The Company has not issued any preference shares. The voting right was not restricted during the reporting period.

Pursuant to the Company's Articles of Association additional competence of the General Shareholder Meeting is to approve the decisions of the LTG Link's Board:

- on investment of the Company-owned property and facilities of importance to ensuring national security, conclusion of purchase or sale, or any other transfer of ownership, pledge or mortgage transactions;
- on the Company's non-current assets the carrying amount of which does not exceed EUR 300 thousand:
  - investing in the subsidiaries of the Company group or third persons, disposal or lease of these assets;
  - pledge or mortgage;
  - suretyship or guarantee for the discharge of obligations of third parties;
  - acquisition of non-current assets;
  - conclusion of other transactions.
- on conclusion of the public service contract on passenger transportation and approval of the essential provisions of this contract;
- on participation in or establishment of other legal entities;
- on launch of new business activities or termination of on-going business activities provided that the respective decision has not been adopted at the time of approval of the Company's strategy.

During the reporting period, the shareholder's property and non-property rights were not restricted, and there were no special rights for the shareholder.

The Board is a collegial governing body consisting of 3 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. The same person may be elected as a member of the Board no more than for two consecutive offices.

The Board reports to the General Meeting of Shareholders of the Company.

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.

Additional functions of the Board:

- approve the business strategy and long-term goals, investment and operational plans, and budget of LTG Link;
- set performance indicators for LTG Link;
- adopt decisions on investment of the Company-owned property and facilities of importance to ensuring national security, conclusion of purchase or sale, or any other transfer of ownership, pledge or mortgage transactions;
- adopt decisions on the Company's non-current assets the carrying amount of which does not exceed EUR 300 thousand:
  - pledge or mortgage;
  - suretyship or guarantee for the discharge of obligations of third parties;
  - acquisition of non-current assets;
  - conclusion of other transaction (assets, works, services).
- adopt decisions on becoming a founding, participating member of other legal entities;
- adopt decisions on launch of new business activities or termination of on-going business activities of LTG Link;
- approve the form of the employment contract of the head of the Company, the conditions of his/her remuneration and incentives;
- approve the total amount of annual incentives for the performance results paid-out to the employees of LTG Link (depending on performance results of the Company);
- consider information on the material operational risks of the Company and approve the plan of risk management measures;
- consider information and reports on the progress of on-going programmes of the Company;
- analyse and evaluate other information provided by the head of LTG Link on the most important issues of the Company's activities.

The term of office of the Board is from 25 February 2019 to 25 February 2023.

The Board of LTG Link was formed in accordance with the legal regulation of the Railway Transport Code of the Republic of Lithuania in force at that time, which stipulated that only employees of a vertically integrated group of companies could be elected as members of the collegial management bodies of the companies set up by AB Lietuvos Geležinkeliai (Article 24^3 (4)). Taking this into account, the Board of, consists of the employees of the LTG Group.

None of the member of the Board holds shares of the Group companies.

During the reporting period 8 meetings of the Board were held.

COMPOSITION OF THE BOARD

MANTAS DUBAUSKAS

Board Member, Chairman of the Board
Member of the Board from 29 11 2019 to 06 01 2022, Chairman of the Board from 06/01/2022.

Education

- Vilnius Gediminas Technical University, Bachelor in Business Management;
- Vytautas Magnus University, Master's degree in Business Management;
- Baltic Management Institute, International Business Management Programme for Executives.

Main employer, position

Chief Communications Officer of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.

Other position held

Member of the Board of the Lithuanian Exhibition and Congress Centre Litexpo, Laisvės pr. 5, 04215, Vilnius, company code 120080713;

Member of the Council of the Lithuanian Business Confederation, Gedimino pr. 2/1 – 28, Vilnius, company code 110063950.

DAIVA PIVORIŪNIENĖ

Member of the Board
Appointed on 29/11/2019

(also held the position of a member of the Board from 25/02/2019 to 25/03/2019)

Education

- Vilnius Gediminas Technical University, Bachelor in Transport Management and Engineering;
- Vilnius University, International Business School, Master in International Business Law;
- Baltic Management Institute, International Executive MBA, Business Administration.

Main employer, position

Director of the Asset Management Services Centre of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.

Other position held

Board Member of VšĮ Geležinkelių Logistikos Parkas,
Švitrigailos g. 39, Vilnius, company code 302674602;

(thousand Euro unless otherwise stated)

CHANGES IN COMPOSITION OF THE BOARD DURING THE REPORTING PERIOD

On 3 January 2022, the Chairman of the Board, Mantas Bartuška, lost his mandate. Mantas Dubauskas was confirmed as Chairman of the Board as of 6 January 2022.

Chief Executive Officer (CEO) is the Company's sole governing body, who, in accordance with his/her powers, organises the day-to-day activities of the Company. The duties and competences of the CEO are defined in the Law on Companies, and the Articles of Association of the Company. The CEO is elected by the Company's Board for a 5-year term office and is accountable to the Board. 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 Link's Chief Executive Officer began on 28 February 2019.

EXECUTIVES OF THE COMPANY

LINAS BAUŽYS	Chief Executive Officer	Appointed on 28 February 2019
GEDIMINAS ŠEČKUS	Head of Corporate Activities	Appointed on 01 April 2019
DOVILĖ ALEKSANDRAVIČIENĖ	Head of Business Development and Marketing	Appointed on 01 September 2019
AURELIJUS BOLDINOVAS	Head of Train Operations	Appointed on 01 September 2019
DARIUS SEBECKIS	Head of Maintenance	Appointed on 08 January 2021
ITA BRAŽINSKIENĖ	Head of Customer Service	Appointed on 01 December 2021
DOMANTAS GRIGAS	Head of Technical Development Projects	Appointed on 01 May 2020

Prior to taking the CEO position at the Company, Linas Baužys had been the head of AB Lietuvos Geležinkeliai Passenger Transportation Directorate since 2017. Linas Baužys also holds the following additional executive positions:

- Member of the Board of the municipal company Susisiekimo Paslaugos (Žolyno g. 15, Vilnius, company code 124644360) (since 10 January 2022).
- Member of the Board of the private limited liability company Busturas (Šarūno g. 2, Šiauliai, company code 144127993) (since 15 November 2021).

Background information:

- Šiauliai University Bachelor in Business Management;
- Klaipėda University Master in Transport Engineering;
- Board Member and Chairperson of the Board Studies, Baltic Institute of Corporate Governance;
- ISM University of Management and Economics, Global Leadership and Strategy Master's Studies.

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 privačių interesų registre. 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 AND THE COMPANY'S CEO

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 8,880 at the end of the reporting period. The monthly basic salary of the CEO of the Company increased by 7 percent from EUR 8,300 to EUR 8,880.
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 2 664. In 2022, a monthly portion **(1/12)** of the annual incentive to the Company's CEO for achievement of the goals of the year 2021 amounted to EUR 1,370.

Those Members who have been delegated by the shareholder – AB Lietuvos Geležinkeliai – are paid no remuneration for their service on the Boards of the subsidiaries.

STRATEGY

The LTG corporate group is planning its activities not only in the short-term but also in the long term perspective. The long-term Strategy is reviewed and updated annually as the external and internal environment changes. At the end of 2021, the LTG Board approved the updated Sustainable Growth Strategy 2040 of AB Lietuvos Geležinkeliai.

In order the strategic strands and goals of the long-term corporate strategy addressed the specific activities carried out by the LTG Group, the long-term strategies of the individual business units of LTG are prepared and updated annually. One of these is the LTG Link long-term strategy 2040, which was approved by the LTG Link Board at the end of 2021. one of these is the **LTG Link long-term strategy 2040**, which was approved by the LTG Link Board at the end of 2021.

MISSION, VISIONS, VALUES AND STRATEGIC FOCUS

MISSION – We connect people and businesses through creating new culture of train travel.

VISION – To become travellers' first choice appreciated for high quality services, efficiency and management of activity.

STRATEGIC DIRECTIONS OF ACTIVITIES:

1. First choice for travellers

Improve people's perception of rail passenger transport, become the preferred choice of passengers, valued for its high level of service, operational efficiency and management, and ensure that rail services are tailored according to the principles of universal design.

2. Operational excellence

Ensure financial stability by improving operational efficiency, optimising the use of assets, increasing staff value creation and efficiency, and managing operating costs.

3. Business Development

Developing core services and products abroad and non-core services and products at stations and on trains to increase competitiveness.

4. Green Deal

Become a benchmark for greenness and sustainability in passenger transport, contributing to the EU's and the Republic of Lithuania's goal of climate neutrality.

5. Comprehensive security

Applying the principle of "safety first", ensuring a high level of road safety, occupational safety and business safety.

6. Strong organisational culture

Develop a respectful and transparent corporate culture, to increase the maturity of the organisation to ensure the successful implementation of the Strategy.

PLANNED AND ON-GOING STRATEGIC PROJECTS:

- Acquisition of electric trains;
- Conclusion and implementation of PSO agreement with an authorised public authority;
- Implementation of a ticketing system;
- Comprehensive customization of services for passengers with individual needs;
- International development initiatives;
- Door-to-door travel solution; ;
- Development of a Passenger Operations Control Centre (OCC);
- Modernisation of the passenger train depot and adaptation to new rolling stock.

KEY PROJECTS IMPLEMENTED IN H1 2022:

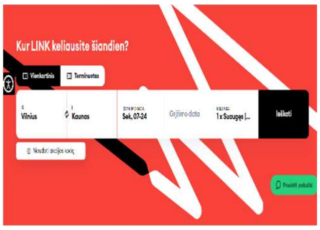
Acquisition of electric trains

- Initial bids from suppliers were received in January.
- LTG experts evaluated the initial bids and prepared questions for negotiations.
- Preliminary negotiations with suppliers on the draft contract and technical specifications took place between March and June.

Conclusion and implementation of PSO agreement

- The essential terms of the draft long-term public service obligation (PSO) contract (a 10-year contract under which the State would contract passenger transport services from the carrier) were negotiated with the Ministry of Transport and Communications and other stakeholders.

Ticketing system



- Testing of the system was completed in January, including with representatives of disabled people's organisations.
- The system was piloted in February.
- The system went live in March.
- Stabilisation of the system in April, comments received from clients and staff.
- First upgrade of the system in May.
- Launch of the system on the Android APP mobile application in June.

Comprehensive customization of services for passengers with individual needs

- Cooperation with disabled people's organisations on the specifications of the new trains to be procured, assessing their individual needs, such as the possibility of selecting a seating position on the train and the provision of assistive devices (lift and ramp) for wheelchair travel.
- Two tests of the ticketing system were carried out in cooperation with representatives of the Lithuanian Union of the Blind and Visually Impaired.

Door-to-door travel solution; ;

- Vilnius city public transport: development of a pilot single ticket product; IT preparations started.
- Kaunas public transport: cooperation on the development of joint products has been requested.

International expansion

- On the basis of a Letter of Intent signed in 2020, LTG Link and the Polish carrier PKP Intercity have been working in joint working groups to coordinate the launch of the Vilnius-Warsaw service: timetable, pricing, rolling stock. The aim of the route is to provide a daily connection between the two capitals, tailored to the needs of the passengers: one change in Lithuania, one ticket and a journey time of less than 9 hours. The connection between the Lithuanian and Polish capitals is expected to be launched in 2022.

- Dialogue with the Ministry of Transport and Communications and the Latvian carrier on the Vilnius-Riga route continues. Alternatives have been developed and consultations are underway on the possibility of organising a one-train-three-carrier (non-stop) connection between Riga and Tallinn.
- Preparations are underway for the renewal of the Kaunas - Bialystok route (starting on 1 July 2022) in cooperation with the Polish carrier Polregio. Trains on this route run at weekends - arriving in Kaunas on Fridays and Saturdays, departing for Bialystok on Saturdays and Sundays. Journey time from 4 hours. 33 min., fare €11 (Kaunas - Bialystok).

Development of a Passenger Operations Control Centre (OCC)

- The operations control function started its operations in specially equipped premises at Vilnius Station.
- System users have been trained to work with the new system according to the new processes.
- The IVU system was launched: operations and resource planning and management functionality and a mobile application.

Installation of a new passenger train depot / Conversion of an existing depot

- The Rail Baltica project design proposals for the new location of the Kaunas GS 1520 mm gauge parking tracks were assessed, and a review of alternative schemes for the parking tracks infrastructure was initiated with stakeholders. Alternatives for the optimal layout of the 1520/1435 mm RSFs, parking tracks for the Vilnius Railway Station have been developed.
- In June, an analysis of alternatives for site repair and maintenance was carried out, and RB Rail AS Lithuanian Branch was approached about the possibility of compensation for the relocation of the LTG Link train access operations from the area of Švitrigailos Street due to the Rail Baltica solutions.

MOST SIGNIFICANT EVENTS IN H1 2022

JANUARY

- LTG Link has reached the next stage in the public procurement of new electric trains, with train manufacturers submitting initial bids.

FEBRUARY

- LTG was awarded the *European Railway Award* for its outstanding achievement in organising the Connecting Europe Express Baltic train linking Vilnius and Tallinn. On this LTG Link train, the Train Maintenance team is testing a remote diagnostics system that allows rapid remote reading of train data.

MARCH

- In response to the military aggression of the Russian Federation in Ukraine and to support Ukrainian citizens who have fled the war, LTG Link has offered free local connections in Lithuania to Ukrainian citizens since 1 March.

- On 30 March, LTG Link introduced a new ticketing system for train passengers. From now on, you can plan your journey, buy tickets and find all the information you need on the new website www.ltglink.lt.

- **APRIL**
- LTG Link was ranked second in the Transport/Travel segment in Lithuania in the *Sustainable Brand Index*™".
- The sale of snacks and beverages on trains has resumed following the lifting of virtually all restrictions on coronavirus prevention.
- On the occasion of the European Day of Independent Living, a best practice seminar on "Accessibility of Public Sector Information for Persons with Disabilities" was held at the Presidential Palace, where LTG Link UAB was invited to share its experience and practical solutions on how to increase the accessibility of services for people with individual needs.

MAY

- Summer season train timetable presented.
- The "LTG Link mobile app for train travellers has been launched. Passengers can store their tickets, view their travel information and receive instant notifications of important changes. The app is now available for download for Android users. The new app is part of the new "LTG Link ticketing system launched earlier.

JUNE

- A sixth season of *Seaside Express* was opened
- At an event organised by the Ministry of Transport and Communications to discuss changes in the public transport sector infrastructure and the adaptation of vehicles for one of the most vulnerable groups in society - people with individual needs and limited mobility - Lietuvos Geležinkeliai was invited to present its initiatives and best practices in increasing the accessibility of its services (including LTG Link).

EVENTS AFTER THE END OF THE REPORTING PERIOD

- There were no substantial events after the end of the reporting period.

INFORMATION ON IMPACT OF GEOPOLITICAL CHANGES ON THE LTG GROUP'S BUSINESS ACTIVITIES

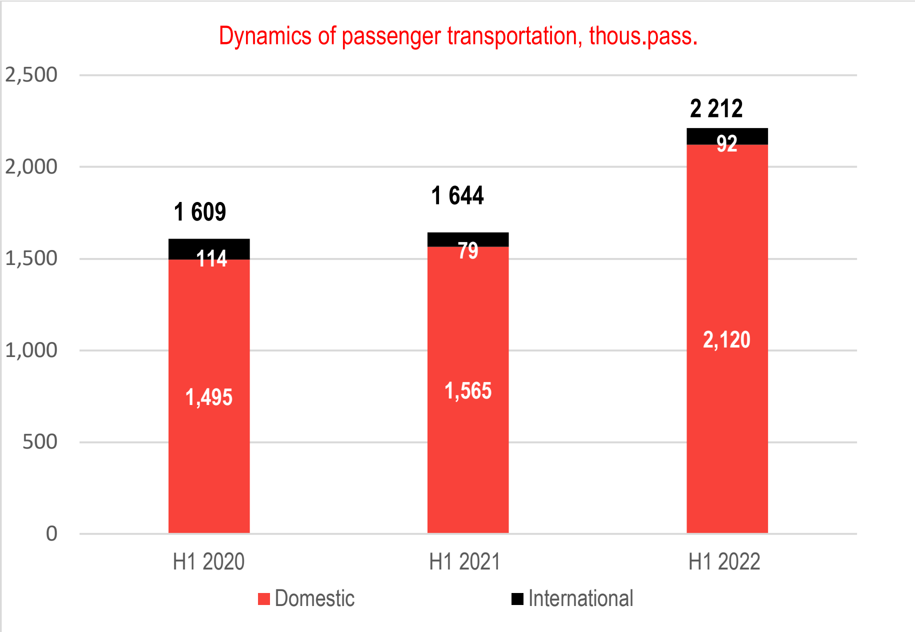
- Geopolitical developments, Russia's military actions in Ukraine from 24 February 2022, and the extensive sanctions imposed on Belarus and Russia by the United States of America and the European Union have not had a significant impact on the LTG Group's activities and results during the reporting period.
- The sanctions imposed on the Russian Federation did not affect passenger transit trains, but did affect the development of international routes: the Kiev-Vilnius-Riga route was not launched in 2022, and the pre-pandemic Vilnius-Minsk route was not resumed.
- The Russian-induced war in Ukraine has disrupted supply chains, in particular for the necessary components and spare parts for the old LTG Link trains, and the Company is currently working on alternative solutions to ensure the proper operation of part of the train fleet.

(thousand Euro unless otherwise stated)

OVERVIEW OF THE KPIS

PASSENGER VOLUMES

LTG Link has been operating passenger services since 1 September 2019. The total number of passengers travelling by rail in the first half of 2022 increased by 34.6% compared to the same period in 2021, reaching 2,212 thousand, but has not yet reached the pre-pandemic level of 2019 (2,811 thousand passengers).



OVERVIEW OF THE KPIS

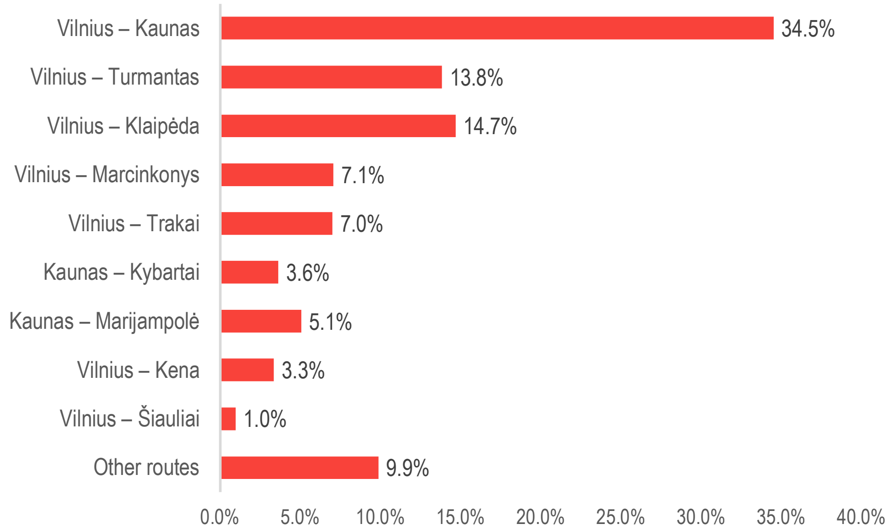
Indicators	Units	2020 H1	2021 H1	2022 H1	vs. H1 2021
Passengers carried	thous.pass.	609/1	644/1	212/2	34.6%
Domestic	thous.pass.	495/1	565/1	120/2	35.5%
International	thous.pass.	114	79	92	16.4%
Passenger turnover	million pass. km	122.4	123.8	195.3	57.8%
Domestic	million pass. km	108.5	105.9	174.4	64.8%
International	million pass. km	13.9	17.9	20.9	16.4%
Average distance travelled by passenger	km	76,1	75.3	88.3	17.2%
Proportion of tickets sold without human intervention	%	33.7	37.5	41.6	10.9%
Punctuality of trains	%	98	98	98	0.0%
Assessment of passenger services acc. to CSAT indicator	%	-	85	88	4.0%

PASSENGER TRANSPORTATION ON DOMESTIC ROUTES

In H1 2022, 2,120,000 passengers travelled on domestic transport routes (1,565,000 in H1 2021), an increase of 35.5% compared to last year. The growth was driven by the Company's marketing campaigns and an increase in the number of routes served compared to 2021, as well as the returning trust of the Lithuanian population in public transport. Following the lifting of restrictions related to the prevention of the COVID-19 pandemic, 205 of the 211 local train services were restored in January-June 2022.

Vilnius - Kaunas remains the most popular route (34.5% of all local journeys) with 0.7 million passengers in January-June 2022.

Structure of domestic transportation in H1 2022. , %



The number of tickets sold on http://www.ltglink.lt through LTG Link's digital sales channels is steadily increasing and reached 41.6% in H1 2022 (37.5% in H1 2021).

PASSENGER TRANSPORTATION ON INTERNATIONAL ROUTES

International carriages in January-June 2022 amounted to 92,000 passengers (79,000 passengers in January-June 2021) who travelled by transit trains through the territory of Lithuania to and from Kaliningrad to Russia. The number of passengers within this segment increased by 16.4 percent compared to 2021. In 2022, the limit on the maximum number of passengers on transit trains with rail transit facilitation documents, introduced in 2020, remained in place.

The coronavirus (COVID-19) pandemic has led to the suspension of Other international train services from 16 March 2020, which has not yet been restored in the first half of 2022. Before the quarantine started, passengers had the opportunity to travel on LTG Link and other national trains on the international routes Vilnius - Minsk, Vilnius - Daugavpils, Kaunas - Bialystok, Kiev - Vilnius - Riga.
At the end of June 2022, out of 26 international train services, only 6 transit train services had been restored, the rest of the international routes had not been restored.

From 1 July 2022, in cooperation with the Polish carrier Polregio, international services to Poland will resume on the route Kaunas - Bialystok - Kaunas.

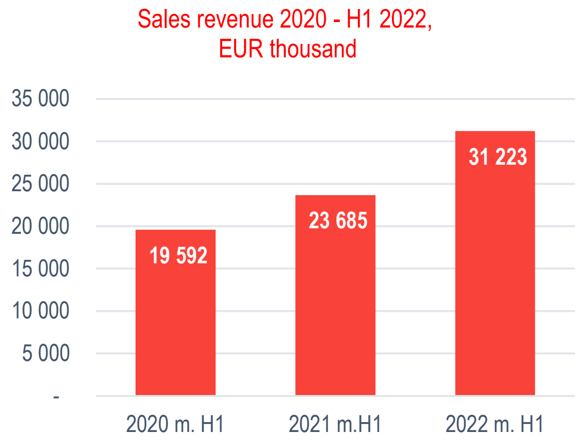
The suspension of international transport has significantly changed the structure of passenger transport. Domestic carriage accounted for 95.8 % in H1 2022, whereas international transport – for 4.2 % of railway passengers. In contrast, in 2019, 83.0% of trains were domestic trains and 17.0% international trains.

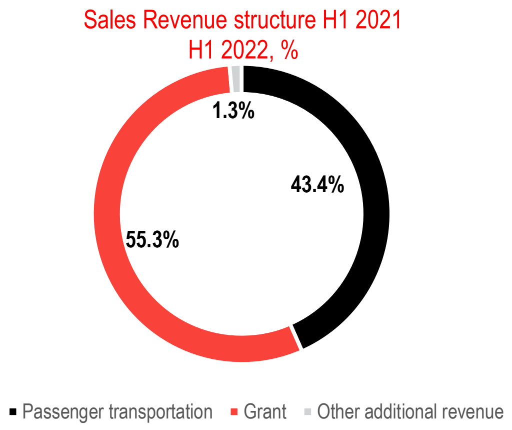
ANALYSIS OF FINANCIAL AND OPERATIONAL PERFORMANCE

PERFORMANCE RESULTS

REVENUE

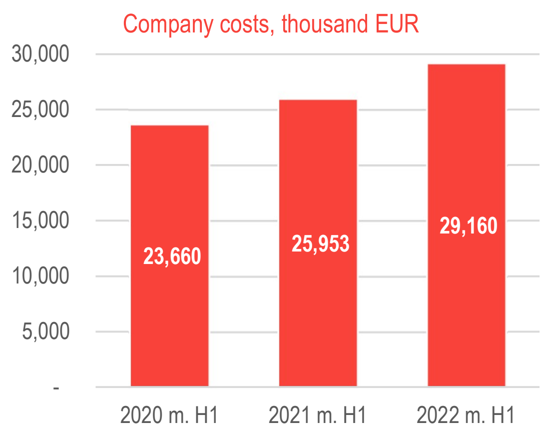
- Passenger transportation revenue accounted for EUR 13.6 million in H1 2022 (EUR 6.3 million in H1'21). In the structure of the Company's revenue it accounted for 43.4% of generated revenue. Revenue generated from passenger transport on domestic routes accounts for 287.7% while revenue from the international routes accounts for 14.7%.
- The Company also provides other auxiliary services such as luggage storage, advertising, property rental and selling food to passengers on trains and at stations. During the analyzed period, the revenue generated from this group of services amounted to EUR 0.3 million (EUR 0.2 million in 2021).
- The subsidy to compensate for losses incurred in the carriage of passengers on local transport routes amounted to EUR 17.3 million (EUR 17.1 million in the first half of 2021). Operating in an environment of significant price increases for electricity and fuel, the Company has implemented operational efficiency measures that have prevented the loss from growing.

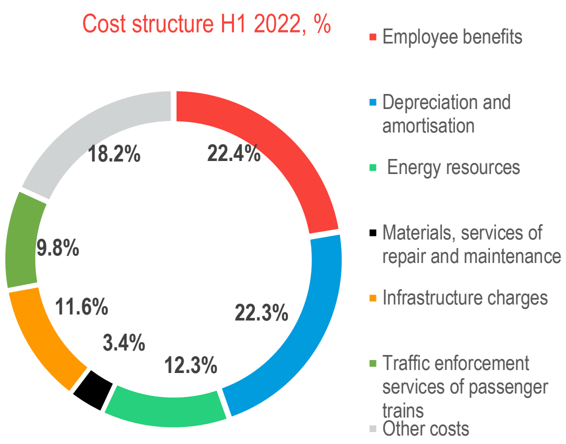




COSTS

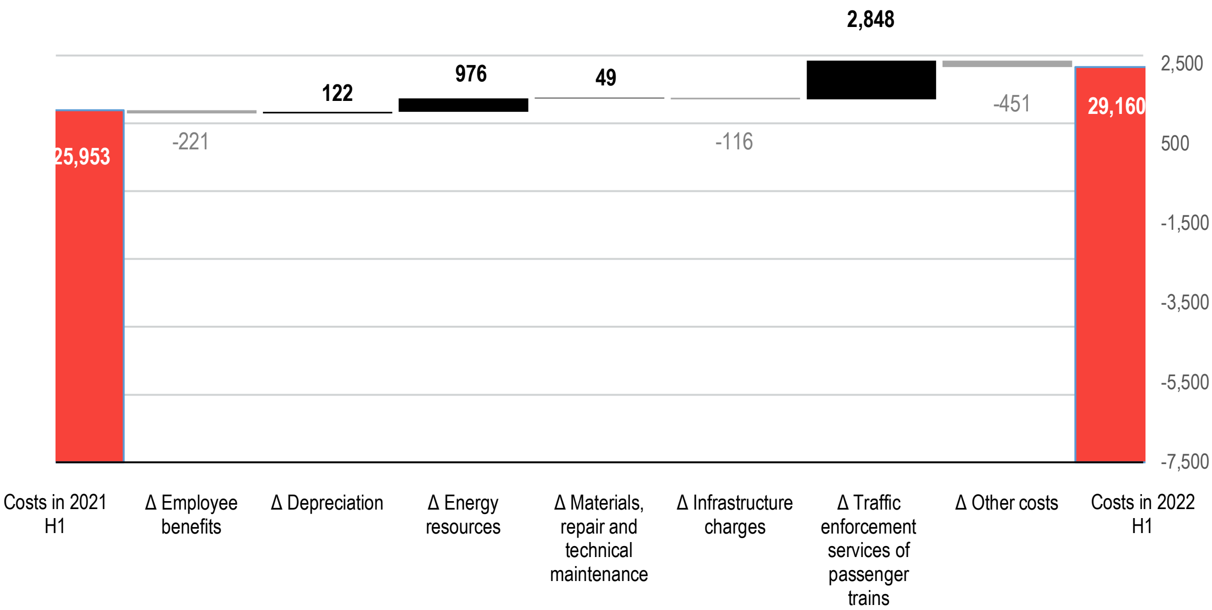
- The Company's costs related to performance of the main and other activities amounted to EUR 29.2 million in H1 2022 (EUR 26.0 million in H1 2021).
- The larger proportion of these costs is constituted by the labour costs (22.4 %), depreciation and amortisation (22.3 %), infrastructure charges (11.6 %). The share of energy sources has risen to 12.3% (10.1% in H1 2021) due to higher electricity and fuel prices.





- In H1 2022, expenses of employee benefits amounted to EUR 6.5 million and, if compared to H1 2021, decreased by EUR 0.2 million due to smaller number of employees.
- In H1 2022, depreciation costs amounted to EUR 6.5 million and, if compared to H1 2021, increased by EUR 0.1 million due to on-going overhaul of passenger rolling stock.
- The costs of energy resources in the first half of 2022 amounted to EUR 3.6 million, an increase of EUR 1.0 million or 37.3% compared to 2021. The changes are due to a 41% increase in the price of diesel and a 2-times increase in the price of electricity.
- In H1 2022, expenses of materials, repair and technical maintenance amounted to EUR 1.0 million and, if compared to H1 2021, remained unchanged.
- The cost of infrastructure charges in the first half of 2022 amounted to EUR 3.4 million, a decrease of EUR 0.1 million compared to 2021 due to a more efficient use of allocated capacity.
- The cost of passenger train services amounted to EUR 2.8 million in H1 2022, compared to no cost in H1 2021. From July 2021, the purchase of locomotive and crew services started.
- Other expenses amounted to EUR 5.3 million in the first half of 2022, a decrease of EUR 0.5 million or 7.8% compared to the first half of 2021, due to a decrease of EUR 0.4 million in the management service fee and EUR 0.1 million in cleaning services..

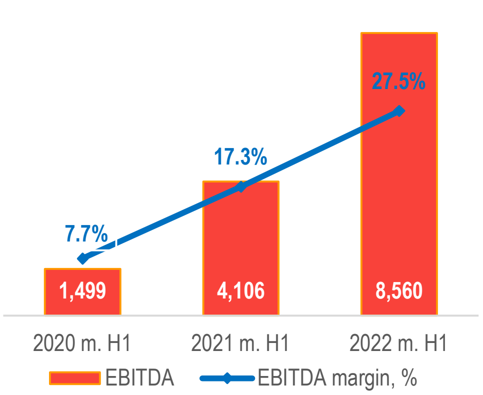
Change in Company costs, thousand EUR



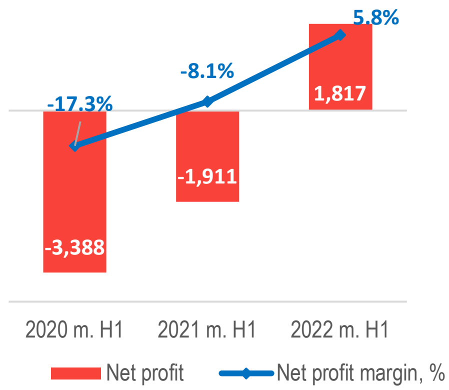
PERFORMANCE RESULTS

- In the first half of 2022, the Company's EBITDA amounted to EUR 8.6 million (first half of 2021 - EUR 4.1 million), and the EBITDA margin amounted to 27.5% (first half of 2021 - 17.3%).
- The company made a net profit of EUR 1.8 million in the first half of 2022, compared to a loss of EUR 1.9 million in the first half of 2021. The net profit (loss) margin was 5.8% (2021: (8.1%)).

Company's EBITDA, thousand EUR



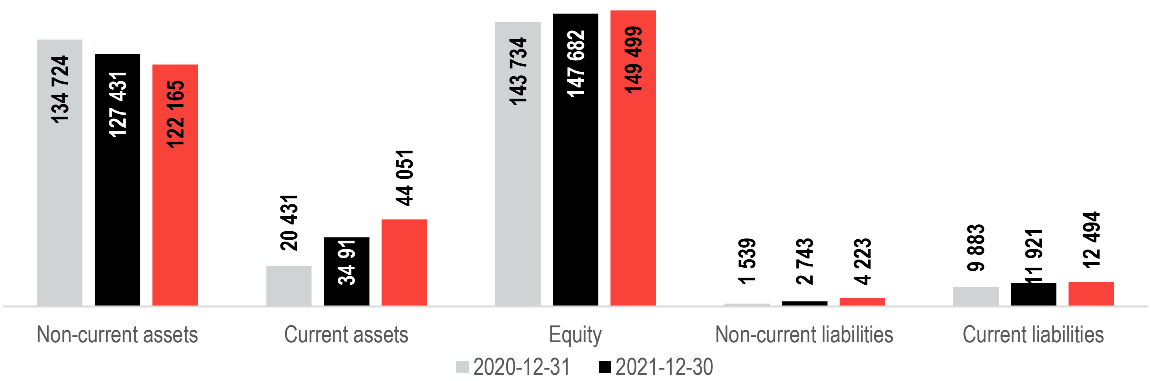
Company's net profit, thousand EUR



CHANGES IN THE BALANCE SHEET

- Non-current assets at 30 June 2022 amounted to EUR 122.2 million. Compared to the 31 December 2021 period, its value decreased by 4.1%. Non-current assets in H1 2022 were reduced by depreciation charges (EUR 6.5 million) and increased by investments (EUR 4.3 million).
- Current assets of EUR 44.1 million as at 30 June 2022 increased by EUR 9.1 million or 26.2% compared to 31 December 2021. The change in current assets was affected by a decrease of EUR 14.6 million in the cash balance, which stood at EUR 14.4 million at the end of the period. Meanwhile, receivables increased by 8.4 times to EUR 23.4 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 17.6 million.
- Equity in the first half of 2022 was boosted by an increase in reserves of EUR 3.8 million and reduced by a decrease in retained earnings of EUR 2.1 million.
- Non-current liabilities increased by EUR 1.5 million due to an increase in lease liabilities, while current liabilities increased by EUR 0.6 million due to an increase in trade and other payables, lease liabilities and employee benefits.

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



(thousand Euro unless otherwise stated)

Main Financial Indicators

	Units	2020 H1	2021 H1	2022 H1
Sales revenue	thousand EUR	6,556	6,560	13,851
Subsidies	thousand EUR	12,972	17,124	17,259
Income from other activities	thousand EUR	64	1	114
Revenue, total	thousand EUR	19,592	23,685	31,224
Costs	thousand EUR	23,660	25,953	29,160
EBITDA	thousand EUR	1,499	4,106	8,560
EBITDA margin	%	7.7%	17.3%	27.5%
EBIT	thousand EUR	(4,068)	(2,268)	2,064
EBIT margin	%	(20.8)%	(9.6)%	6.6%
Net profit	thousand EUR	(3,388)	(1,911)	1,817
Net profit margin	%	(17.3)%	(8.1)%	5.8%
		31/12/2020	31/12/2021	30/06/2022
Non-current assets	thousand EUR	134,724	127,431	122,165
Current assets	thousand EUR	20,431	34,915	44,051
Total assets	thousand EUR	155,155	162,346	166,216
Equity	thousand EUR	143,734	147,682	149,499
Financial debt	thousand EUR	1,017	2,323	4,046
Net debt	thousand EUR	(16,373)	(26,758)	(10,391)

Return on equity (ROE)	%	(0.1)%	2.7%	5.3%
Return on assets (ROA)	%	(0.1)%	2.5%	7.3%
Return on investment (ROI)	%	(0.1)%	2.7%	8.2%
Financial debt / EBITDA	times	0.1	0.1	0.2
Financial debt / Equity (D/E)	%	0.7%	1.6%	2.7%
Net debt / EBITDA	times	(1.4)	(1.5)	(0.5)
Equity ratio	%	92.6%	91.0%	89.9%
Asset turnover indicator	times	0.3	0.4	0.4
Quick ratio	times	2.0	2.7	3.3
Total liquidity ratio	times	2.1	2.9	3.5

(thousand Euro unless otherwise stated)

COMPANY'S FUNDING

The Company had no debt obligations to credit institutions at 30 June 2022.

The Company uses the Group's short-term borrowing account - Cash pool - to balance working capital and ensure liquidity, which enables it to optimise the use of working capital and the cost of short-term borrowing. The Company signs an annual intercompany borrowing agreement. The terms of the agreement are in line with normal market conditions.

DIVIDEND POLICY

The payment of dividends and the amount of profit contributions in state-owned enterprises is regulated by Government Resolution No. 665 of 6 June 2012 "On the Approval of the Description of the Procedure for the Exercise of the State's Proprietary and Non-Proprietary Rights in State-Owned Enterprises", and the amendments to the Resolution (for more information, please refer to the webpage of the Seimas of Lithuania's legislation at https://e-seimas.lrs.lt/portal/legalActEditions/lt/TAD/TAIS.427069). The consolidated version is valid from 28 December 2021.

The allocation and payment of the Company's dividends is governed by the LTG Group's Dividend Policy.

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. The amount of dividends paid depends on the level of retained earnings and the ROE achieved 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.

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.

In 2021 and in the previous year, UAB LTG Link did no pay out any dividends.

INVESTMENTS

LTG LINK investments constituted EUR 4.3 million in H1 2022. All investments (100%) were financed by the company's own funds, almost half of which (47%) were for overhauls of passenger rolling stock.

Investments, thousand EUR	2020 H1	2021 H1	2022 H1
Overhauls of passenger rolling stock	1,483	3,017	2,041

(thousand Euro unless otherwise stated)

Other investment	-	1,467	2, 270
Total	**1, 483**	**4, 484**	**4, 312**

KEY INVESTMENT PROJECTS IN H1 2022:

- The Smart Ticketing project continues: during the reporting period, the new ticketing system was installed, a mobile ticketing app was launched and the purchase of ticket vending machines continued. The system, which has been introduced, allows train passengers to buy tickets on a modern mobile app, on a new website and through ticket vending machines at stations. The ticketing system is adapted to passengers with disabilities, seniors, families with young children. This system increases the attractiveness of the train passenger service and, once all project activities have been implemented, will reduce LTG LINK costs.
- The process of acquisition of new passenger trains is in progress. 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. Procurement procedures were carried out in the first half of 2022. Contract signature is expected in Q4 2022. The first new trains are expected to run in 2026.
- LTG LINK is continuing the implementation of the Operational Control Centre project in order to increase the efficiency of its operational management activities and to ensure operational control.
- The overhaul programme for the passenger rolling stock fleet is underway. During the first half of 2022, 16 passenger rolling stock were repaired.

EMPLOYEES

For the successful implementation of its strategy, to efficiently conduct daily activities, create a competitive advantage and adapt to changing business needs, the Company follows the personnel management principles that are based on the best practices. Focus on employees is a strategic direction, primarily implemented through the development of the corporate culture.

The entire LTG Group strives for a high-performance culture based on the existing LTG values:

As at 30 June 2022, the number of the Company's employees was 595. The number of employees of the Company has not changed compared to 31 December 2021.

The average monthly salary, compared to 2021, changed from EUR 1,726 to EUR 1,784. The most significant contributor to the increase has been the pay review in April.

The total remuneration fund amounted to EUR 6.2 million. In addition, in April 2022, the annual incentives for performance in the amount of EUR 0.4 million were paid to the Company's employees as well as to the employees of other companies of the LTG Group.

(thousand Euro unless otherwise stated)

NUMBER OF EMPLOYEES AND AVERAGE SALARY

Employee groups by position	31/12/2020		31/12/2021		30/06/2022**					
	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		
					Total	Female	Male	Total	Female	Male
CEO*	1	8,200	1	8,200	1	-	1	8,800	-	-
Top-level managers*	4	5,173	5	5,339	6	2	4	5,778	-	-
Senior executives and specialists in exceptional fields	8	3,811	7	3,834	9	4	5	4,150	-	-
Middle-level managers and individual experts	33	2,583	32	2,627	32	13	19	2,689	2,799	2,626
Team leaders and experienced specialists	104	1,824	101	1,857	122	51	71	1,870	1,752	1,952
Specialists and experienced operational/service staff	288	1,840	368	1,638	338	128	210	1,700	1,389	1,889
Operational/service staff, qualified workers	237	1,235	81	1,149	87	44	43	1,117	1,088	1,148
Total	**675**	**1,661**	**595**	**1,729**	**595**	**242**	**353**	**1,784**	**1,549**	**1,945**

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

** In 2021, the Company started publishing salary data by gender. For reasons of confidentiality, the average salary information and the difference in the average salary are not disclosed if there are fewer than 5 employees of the same gender in a job group.

As at 30 June 2022, the fixed monthly salary of the Company's CEO amounted to EUR 8,880, and the average actual salary, including the annual motivation bonus for performance results, amounted to EUR 9,948.

As at 30 June 2022, the fixed monthly salary of top-level managers as stated in their labour contracts, amounted to EUR 5,778, and the average actual salary of these function groups, including the annual bonus for performance results, amounted to EUR 6,075.

INFORMATION ON COMPLIANCE WITH THE TRANSPARENCY GUIDELINES

The Company follows the requirements of the Guidelines for Ensuring Transparency of State-Owned Enterprises approved under GOV Resolution No. 1052 of 14 July 2010 by disclosing the required information in annual and interim reports and on its website https://www.litrail.lt/documents/10279.

Structured information on the compliance with the guidelines on transparency is presented in the Y2021 annual report of the Company that is available at the website of the Company https://www.litrail.lt/594.

DEFINITIONS

Income	Sales revenue +Subsidy+ Income from other activities excluding income from financial activities
Sales revenue	Revenue, excluding income from other activities and financing activities
Subsidies	State subsidy to compensate for losses in passenger transport operations
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
EBIT margin	EBIT / Sales revenue + Subsidy
EBITDA margin	EBITDA / Sales revenue + Subsidy
Net profit margin	Net profit (loss) / sales revenue + Subsidy
Equity ratio	Equity at the end of the period / Total assets at the end of the period
Financial debt / EBITDA	Financial debt / EBITDA for the last 12 months
Financial debt / Equity (D/E)	Financial debt / Equity at end of the reporting period
Net debt / EBITDA	Net debt / EBITDA for the last 12 months
Asset turnover ratio	Sales revenue for the period of the last 12 months + Subsidy/ assets at the end of the reporting period
Quick ratio	(Current assets at the end of the reporting period - Inventory 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
Passenger turnover (passenger-kilometre)	Passenger transport indicator calculated by multiplying the number of passengers carried and the length of distance covered.
Total 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

UAB LTG LINK

Interim financial statements

Prepared in accordance with International Financial Reporting Standards as adopted by the European Union

For the six-month period ended on 30 June 2022 (unaudited)

(all amounts are in EUR thousand unless otherwise stated)

STATEMENT OF FINANCIAL POSITION

	Notes	30/06/2022	31/12/2021
NON-CURRENT ASSETS			
Property, plant and equipment	4	117,064	124,396
Buildings and structures		2,461	2,689
Machinery and plant		282	276
Vehicles		113,811	120,904
Other equipment, fittings and tools		336	357
Construction in progress and prepayments		174	170
Right-of-use assets	5	4,037	2,318
Intangible assets	6	320	104
Investment property		-	-
Financial assets		-	-
Deferred income tax asset		-	283
Other non-current assets		744	330
Total non-current assets		**122,165**	**127,431**
CURRENT ASSETS			
Inventories	7	2,664	2,191
Trade and other receivables	8	23,370	2,772
Prepayments	9	589	591
Cash and cash equivalents	10	14,437	29,081
Non-current assets held-for-sale	11	2,991	280
Total current assets		**44,051**	**34,915**
TOTAL ASSETS		**166,216**	**162,346**

(thousand Euro unless otherwise stated)

STATEMENT OF FINANCIAL POSITION (continued)

	Notes	30/06/2022	31/12/2021
EQUITY			
Authorized capital		143,590	143,590
Legal reserve	12	197	-
Other reserves	12	3,895	144
Retained earnings (loss)		1,817	3,948
Total equity		**149,499**	**147,682**
LIABILITIES			
Non-current liabilities			
Lease liabilities		3,805	2,256
Employee benefits	13	392	487
Deferred income tax liabilities		26	-
Total non-current liabilities		**4,223**	**2,743**
Current liabilities			
Lease liabilities		241	67
Employee benefits	13	2,186	1,979
Trade and other payables	14	8,479	8,372
Received prepayments	15	1,521	1,503
Corporate income tax liabilities		67	-
Total current liabilities		**12,494**	**11,921**
Total liabilities		**16,717**	**14,664**
Total equity and liabilities		**166,216**	**162,346**

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

Chief Executive Officer — Linas Baužys

AB Lietuvos Geležinkeliai
Senior Financial Controller for Accounting, Financial Reporting and Control acting under authorisation No [G(LGKL)-55/2022 of 21 July 2022 — Dainius Jatautas

(all amounts are in EUR thousand unless otherwise stated)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	06/2022	06/2021
Revenue	16	13,851	6,560
Grant	17	17,259	17,124
Other income		114	1
Total income		31,224	23,685
Employee benefits		(6,527)	(6,748)
Depreciation and amortisation	4,5,6	(6,496)	(6,374)
Management service		(3,151)	(3,578)
Infrastructure services		(3,388)	(3,505)
Traffic enforcement services of passenger trains		(2,848)	-
Fuel		(2,394)	(2,158)
Materials		(448)	(513)
Services rendered by other foreign railway companies		(169)	(148)
Electricity		(1,196)	(456)
Repairs and maintenance		(554)	(439)
Other expenses		(1,990)	(2,034)
Profit (loss) from operations		2,063	(2,268)
Finance income	18	141	40
Finance costs	18	(11)	-
Profit (loss) before taxation		2,193	(2,228)
Corporate income tax		(376)	317
Net profit (loss)		**1,817**	**(1,911)**
Other comprehensive income (expenses)		-	-
Total comprehensive income (expenses)		**1,817**	**(1,911)**

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

(all amounts are in EUR thousand unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

	Notes	Authorised capital	Share premium	Legal reserve	Other reserves	Retained earnings (loss)	Total
Balance as at 31 December 2020		**143,590**	**-**	**-**	**-**	**144**	**143,734**
Net profit (loss)		-	-	-	-	(1,911)	(1,911)
Other comprehensive income, after tax		-	-	-	-	-	-
Total comprehensive income (expenses)		*-*	*-*	*-*	*-*	*(1,911)*	*(1,911)*
Reserves formed		-	-	-	-	-	-
Total transactions with owners of the Company		-	-	-	-	-	-
Balance as at 30 June 2021		**143,590**	**-**	**-**	**-**	**(1,767)**	**141,823**
Balance as at 31 December 2021		**143,590**	**-**	**-**	**144**	**3,948**	**147,682**
Net profit (loss)		-	-	-	-	1,817	1,817
Other comprehensive income, after tax		-	-	-	-	-	-
Total comprehensive income (expenses)		*-*	*-*	*-*	*-*	*1,817*	*1,817*
Reserves formed	12	-	-	197	3,751	(3,948)	-
Total transactions with owners of the Company		*-*	*-*	*197*	*3,751*	*(3,948)*	*-*
Balance as at 30 June 2022		**143,590**	**-**	**197**	**3,895**	**1,817**	**149,499**

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

(all amounts are in EUR thousand unless otherwise stated)

STATEMENT OF CASH FLOWS

	Notes	30/06/2022	30/06/2021
Cash flows from operating activities			
Net profit (loss)		1,817	(1,911)
Adjustment to non-cash items			
Depreciation and amortisation	4,5,6	6,496	6,374
(Gain) loss from disposal/write-off of non-current assets		(19)	-
Change in accrued income/expenses		(3,041)	(1,000)
Interest (income) expenses		1	-
Lease liability interest		10	(1)
Effect of currency exchange fluctuations		58	3
Corporate income tax expenses (income)		377	(317)
Cash flows from operating activities after adjustment to non-cash items		**5,699**	**3,148**
Changes in working capital			
Decrease (increase) in inventories		(207)	(664)
Decrease (increase) in trade and other receivables and prepayments		(21,347)	(19,386)
Increase (decrease) in current and non-current trade payables and received prepayments		26	503
Increase (decrease) in employment related liabilities		112	(253)
Increase (decrease) in other non-current and current payables		1,624	190
Net cash from operating activities		**(14,093)**	**(16,462)**
Cash flows from investing activities			
Acquisition of non-current assets		(2,007)	(2,008)
Net cash used in investing activities		**(2,007)**	**(2,008)**
Cash flows from financing activities			
Grants received		1,614	613
Loans received		-	726
Lease liability payments		(136)	(70)
Interest on lease liabilities		(22)	(6)
Net cash flows from financing activities		**1,456**	**1,263**
Increase (decrease) in net cash flows		**(14,644)**	**(17,207)**
Cash and cash equivalents at the beginning of the period	10	**29,081**	**17,389**
Cash and cash equivalents at the end of the period		**14,437**	**182**

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

EXPLANATORY NOTES

1. General information

UAB LTG Link (hereinafter referred to as the Company) was registered in the Register of Legal Entities of the Republic of Lithuania on 28 February 2019. In its activities the Company follows the Constitution of the Republic of Lithuania, the Law on Companies of the Republic of Lithuania, the Railway Transport Code of the Republic of Lithuania and other legal acts effective in the Republic of Lithuania.

The Company is a private legal entity of limited civil liability, independently organizing economic, financial, organizational, and legal activities. UAB LTG Link is an enterprise of AB Lietuvos Geležinkeliai Group (hereinafter referred to as the Group), whose sole shareholder is AB Lietuvos Geležinkeliai. The Company's code 305052228, VAT code LT100012462811, legal (registered) address: Geležinkelio g. 16, LT-03603 Vilnius. The main activities of the Company are passenger and luggage transportation by rail and provision of related services.

The Company follows the established strategy and strategic strands of the Group of companies, as well as the approved policies, Constitution of the Republic of Lithuania, the Civil Code of the Republic of Lithuania, the Law on Companies of the Republic of Lithuania, other laws and legal acts regulating the activities of the Company, decisions of the bodies of the Company, articles of association and internal documents of the Company.

As at 31 December 2021 and 30 June 2022, the sole shareholder of the Company was the parent company AB Lietuvos Geležinkeliai. 100 % of the shares of AB Lietuvos Geležinkeliai are owned by the Ministry of Transport and Communications of the Republic of Lithuania.

The company has no branches nor representative offices.

The number of active employees at the end of the period (excluding employees on parental leave, military service, long-term sick leave) was 595 as at 30 June 2022 (595 as at 31 December 2021).

2. Significant accounting policies

The Company's financial statements have been prepared in accordance with the International Accounting Standards (hereinafter referred to as the IAS) and the International Financial Reporting Standards (hereinafter referred to as the IFRS) as adopted within the European Union.

These interim financial statements have been prepared in accordance with all effective requirements of IFRS as at 31 December 2021 and publicly available at the Company's website https://www.litrail.lt/veiklos-rezultatai.

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.

The financial statements are prepared on the historical cost basis.

3. Standards and interpretations of standards not yet effective

New standards, amendments to standards and interpretations that are permitted to be applied earlier became effective for annual periods beginning on 1 January 2022. No new standards, amendments to the standards have been applied, which are permitted earlier in the preparation of these financial statements.

(all amounts are in EUR thousand unless otherwise stated)

4. Property, plant and equipment

Property, plant and equipment of the Company comprised:

	Buildings and structures	Machinery and plant	Vehicles	Other equipment, fittings and tools	Construction in progress and prepayments	Total
Acquisition cost						
31 December 2020	3,738	523	143,480	517	577	148,835
- acquisitions for the year	17	25	5,128	-	(407)	4,763
- transferred from current assets	-	-	-	-	-	-
- transferred to current assets	-	-	(203)	-	-	(203)
- assets sold, written off, disposed	-	(21)	(322)	(13)	-	(356)
- reclassifications	-	4	(4)	-	-	-
31 December 2021	3,755	531	148,079	504	170	153,039
- acquisitions for the year	-	42	2,042	4	4	2,092
- transferred from current assets	-	-	-	-	-	-
- transferred to current assets	-	-	(4,784)	-	-	(4,784)
- assets sold, written off, disposed	-	(2)	(99)	(4)	-	(105)
- reclassifications	-	-	-	-	-	-
30 June 2022	**3,755**	**571**	**145,238**	**504**	**174**	**150,242**
Accumulated depreciation and impairment losses						
31 December 2020	(610)	(169)	(15,194)	(110)	-	(16,083)
- depreciation	(456)	(95)	(12,082)	(50)		(12,683)
- impairment for the year	-	-	-	-	-	-
- transferred to current assets	-	-	63	-	-	63
- assets sold, written off, disposed	-	13	34	13	-	60
- reclassifications	-	(4)	4	-	-	-
31 December 2021	(1,066)	(255)	(27,175)	(147)	-	(28,643)
- depreciation	(228)	(37)	(6,074)	(25)	-	(6,364)
- impairment for the year	-	-	-	-	-	-
- transferred to current assets	-	-	1,807	-	-	1,807
- assets sold, written off, disposed	-	3	15	4	-	22
- reclassifications	-	-	-	-	-	-
30 June 2022	**(1,294)**	**(289)**	**(31,427)**	**(168)**	**-**	**(33,178)**
Carrying amount						
31 December 2020	3,128	354	128,286	407	577	132,752
31 December 2021	2,689	276	120,904	357	170	124,396
30 June 2022	**2,461**	**282**	**113,811**	**336**	**174**	**117,064**

(all amounts are in EUR thousand unless otherwise stated)

4. Property, plant and equipment (continued)

The amount of depreciation and amortisation charges included in the Statement of Profit or Loss and Other Comprehensive Income was EUR 6,496 thousand. This amount includes depreciation charges of EUR 6,364 thousand for property, plant and equipment, EUR 156 thousand for assets held under right of use and no amortisation charges for intangible assets. Capitalised depreciation and amortisation amounted to EUR 24 thousand. The cost of acquisition of the Company's fully depreciated but still usable property, plant and equipment amounted to EUR 182 thousand. The majority of the fully depreciated property, plant and equipment consisted of machinery and equipment.

5. Right-of-use assets

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

	Land	Buildings and structures	Vehicles	Other equipment, fittings and tools	Total
Acquisition cost					
31 December 2020	-	1,007	82	4	1,093
- acquisitions for the year	245	2,348	10	-	2,603
- disposed assets	-	(1,243)	(5)	(4)	(1,252)
- reclassifications	-	-	-	-	-
31 December 2021	245	2,112	87	-	2,444
- acquisitions for the year	1	2,050	-	-	2,051
- disposed assets	-	(238)	(55)	-	(293)
- reclassifications	-	-	-	-	-
30 June 2022	**246**	**3,924**	**32**	**-**	**4,202**
Accumulated depreciation and impairment losses					
31 December 2020	-	(62)	(42)	(1)	(105)
- depreciation	(8)	(160)	(36)	-	(204)
- impairment for the year	-	-	-	-	-
- disposed assets	-	178	4	1	183
- reclassifications	-	-	-	-	-
31 December 2021	(8)	(44)	(74)	-	(126)
- depreciation	(3)	(146)	(7)	-	(156)
- impairment for the year	-	-	-	-	-
- disposed assets	-	63	54	-	117
- reclassifications	-	-	-	-	-
30 June 2022	**(11)**	**(127)**	**(27)**	**-**	**(165)**
Carrying amount					
31 December 2020	-	945	40	3	988
31 December 2021	237	2,068	13	-	2,318
30 June 2022	**235**	**3,797**	**5**	**-**	**4,037**

(all amounts are in EUR thousand unless otherwise stated)

6. Intangible assets

Intangible assets of the Company's comprised:

	Software	Other intangible assets	Advances paid	Total
Acquisition cost				
31 December 2020	158	-	-	158
- acquisitions for the year	-	-	104	104
- assets sold, written off, disposed	-	-	-	-
- reclassifications	-	-	-	-
31 December 2021	158	-	104	262
- acquisitions for the year	-	-	216	216
- assets sold, written off, disposed	-	-	-	-
- reclassifications	-	-	-	-
30 June 2022	**158**		**320**	**478**
Accumulated amortisation and impairment losses				
31 December 2020	(158)	-	-	(158)
- amortisation	-	-	-	-
- impairment for the year	-	-	-	-
- assets sold, written off, disposed	-	-	-	-
- reclassifications	-	-	-	-
31 December 2021	(158)	-	-	(158)
- amortisation	-	-	-	-
- impairment for the year	-	-	-	-
- assets sold, written off, disposed	-	-	-	-
- reclassifications	-	-	-	-
30 June 2022	**(158)**	**-**	**-**	**(158)**
Carrying amount				
31 December 2020	-	-	-	-
31 December 2021	**-**	**-**	**104**	**104**
30 June 2022	**-**	**-**	**320**	**320**

7. Inventories

Inventories of the Company comprised:

	30/06/2022	31/12/2021
Fuel	70	62
Materials	83	76
Spare parts	2,433	1,995
Other	59	50
Total raw materials, materials and component parts	2,645	2,184
Goods for resale	19	8
Total goods held for resale	19	8
Total	**2,664**	**2,191**

The carrying amount of the Company's inventories of EUR 2,773 thousand (31 December 2021: EUR 2,260 thousand) has been reduced by EUR 69 thousand (31 December 2021: EUR 69 thousand) to the net realisable value as at 30 June 2022.

Change in write down of net realisable value of inventories of 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.

In the first half of 2022, inventories of EUR 2,842 thousand were written down to cost of sales (in the first half of 2021: EUR 2,671 thousand).

(all amounts are in EUR thousand unless otherwise stated)

8. Trade and other receivables

Trade and other receivables of the Company comprised:

	30/06/2022	31/12/2021
Gross external trade debtors	33	9
Impairment (-)	-	-
Total external trade debtors	33	9
Receivables from related parties	2,164	884
Impairment (-)	-	-
Total receivable from related parties	2,164	884
Receivable VAT	1,409	742
Other amounts receivable from the budget	17,990	640
Accrued income from related parties	109	-
Accrued income	1,660	492
Other receivables	5	5
Impairment (-)	-	-
Total other amounts receivable	21,173	1,879
Total	**23,370**	**2,772**

Trade receivables of the Company comprised:

	30/06/2022	31/12/2021
Not overdue	3,969	1,390
Overdue 1- 30 days	-	-
Overdue 31- 60 days	-	-
Overdue 61- 120 days	1	-
Overdue for over 120 days	-	-
Impairment allowance (-)	-	-
Total	**3,970**	**1,390**

9. Prepayments

Prepayments of the Company comprised:

	30/06/2022	31/12/2021
Prepayments to external suppliers	1	-
Prepayments to related parties	151	329
Guarantees paid to related parties	32	31
Deferred costs	405	231
Total	**589**	**591**

10. Cash and cash equivalents

Cash and cash equivalents of the Company comprised:

	30/06/2022	31/12/2021
Cash in banks	14,423	29,055
Cash in hand	14	26
Total	**14,437**	**29,081**

As at 30 June 2022 the Company had no fixed-term deposits. Cash was not pledged.

11. Non-current assets held-for-sale

	30/06/2022	31/12/2021
Non-current assets held-for-sale	2,991	280
Total	**2,991**	**280**

(all amounts are in EUR thousand unless otherwise stated)

11. Non-current assets held-for-sale (continued)

There was no impairment of the carrying amount of the Company's non-current assets held for sale to net realisable value as at 30 June 2022. As at 30 June 2022, the majority of non-current assets held for sale consisted of wagons, locomotives and diesel locomotives. Most of the sales are made by public auction.

12. 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 at 30 June 2022 the Company's legal reserve amounted to EUR 197 thousand.

Other reserves. In accordance with the decision of the sole shareholder of UAB LTG Link, AB Lietuvos Geležinkeliai, dated 30 March 2022, regarding the approval of the 2021 financial statements and distribution of profit, it was decided to allocate the distributable profit for the year 2021 in the amount of EUR 3,751 thousand to other reserves - investments.

13. Employee benefits

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

	30/06/2022	31/12/2021
Discount rate	2.36 %	0.76 %
Staff turnover ratio	21.14 %	9.81 %
Salary increase rate	5%	1.9 %

Changes in employee benefits in the first half of 2022 by type of benefit:

	30/06/2022	31/12/2021
Non-current liabilities		
Provisions for pensions and similar liabilities	392	487
Non-current liabilities, total:	**392**	**487**
Current liabilities		
Vacation pay accruals	829	615
Payable remuneration	564	508
Payable social insurance contributions	276	254
Payable personal income tax contributions	193	150
Other employment related liabilities	324	452
Short-term liabilities, total	**2,186**	**1,979**
Total	**2,578**	**2,466**

14. Trade and other payables

Trade and other payables of the Company comprised:

	30/06/2022	31/12/2021
Trade payables	516	348
Trade payables to related parties	3,628	3,789
Cash guarantees received	24	72
Cash guarantees received from related parties	11	15
Other taxes payable to the budget	93	109
Accrued expenses	1,577	3,340
Accrued expenses from related parties	47	-
Deferred income	2,575	692
Other amounts payable and liabilities	8	7
Other amounts payable and liabilities to related parties	-	-
Total	8,479	8,372

The Company recorded a liability of EUR 15 thousand for audit services under accrued expenses.

The major part of trade payables to related parties consists of the management fee.

The bulk of the accrued costs of EUR 1,514 thousand relate to related parties for infrastructure services.

Deferred income consists of prepaid passenger tickets.

(all amounts are in EUR thousand unless otherwise stated)

15. Received prepayments

Received Prepayments of the Company comprised:

	30/06/2022	31/12/2021
Received prepayments	1,520	1,502
Prepayments received from related parties	1	1
Total	**1,521**	**1,503**

As at 30 June 2022, most of the prepayments received, amounting to EUR 1,496 thousand, was from the state budget to compensate for losses in passenger transport by train on local transport routes. The received appropriations of EUR 1,496 thousand will be returned to the State budget.

16. Revenue

Sales revenue of the Company comprised:

	06/2022	06/2021
Revenue from passenger transportation:	13,555	6,374
Revenue from domestic passenger transportation	8,916	4,143
Revenue from international passenger transportation	4,078	1,903
Revenue from services related to passenger transportation	561	328
Other sales revenue:	296	186
Leased assets	124	95
Other income	172	91
Total	**13,851**	**6,560**

The Company's passenger revenue includes revenue compensation of EUR 1,589 thousand (EUR 685 thousand as at 30 June 2021) for the provision of passenger transportation services with discounts of 80% and 50% to socially disadvantaged groups established by the state.

17. Grant

The grant for the compensation of losses for the carriage of passengers by train on local transport routes amounted to EUR 17,259 thousand as at 30 June 2022 (EUR 17 124 thousand at 30 June 2021).

18. Result from financing activities

The result from financing activities of the Company comprised:

	06/2022	06/2021
Total finance income	141	40
Currency exchange gain	58	3
Penalties and interest for delayed trade debtors	83	37
Interest	-	-
Total finance costs	(11)	-
Interest	(11)	-
Fines and interest for delays on passenger trains	-	-
Total	**130**	**40**

19. 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 UAB LTG Link;
- The Companies or enterprises subject to the control of the Lithuanian Government;
- Parent company AB Lietuvos Geležinkeliai;
- 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;
- All key executives;
- Persons who are family members of key executives of the reporting entity.

(all amounts are in EUR thousand unless otherwise stated)

19. Related party transactions (continued)

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

Related party transactions:

	06/2022		30/06/2022	
	Procurement	Sales	Receivables	Payables
AB Lietuvos Geležinkeliai	8,896	5,446	2,198	1,550
AB LTG Cargo	3,530	205	85	1,467
AB LTG Infra	4,213	178	62	623
UAB Geležinkelio Tiesimo Centras	-	6	1	3
UAB Saugos Paslaugos	-	-	-	-
Total	16,639	5,835	2,346	3,643

	06/2021		31/12/2021	
	Procurement	Sales	Receivables	Payables
AB Lietuvos Geležinkeliai	8,725	3,070	1,164	1,264
AB LTG Cargo	491	222	23	1,508
AB LTG Infra	3,300	148	57	1,030
UAB Geležinkelio Tiesimo Centras	-	3	-	3
UAB Vilniaus Lokomotyvų Remonto Depas	510	15	-	-
UAB Saugos Paslaugos	-	1	-	-
Total	13,026	3,459	1,244	3,805

The Company's accrued income and expenses with related parties recorded in the Statement of Financial Position as at 30 June 2022:

	30/06/2022		31/12/2021	
	Accrued receivables	Accrued payables	Accrued receivables	Accrued payables
AB Lietuvos Geležinkeliai	115	14	-	2,307
AB LTG Cargo	-	47	-	973
AB LTG Infra	-	1,514	-	-
Total	115	1,575	-	3,280

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

Management salary and other benefits

As at 30 June 2022 there were 7 executives in the Company: 1 Chief Executive Officer, 1 Head of Business Development and Marketing, 1 Head of Corporate Activities, 1 Head of Technical Development Projects, 1 Head of Customer Service, 1 Head of Train Operations, 1 Head of Maintenance.

	30/06/2022	30/06/2021
Management remuneration	299	234
Incentives**	57	87
Accrued long-term benefits***	-	3
Number of managers	7	8
Benefits to Board Members	-	-
Number of Board Members	5	5

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

19. Related party transactions (continued)

*** Accrued long-term benefits are provisions for pensions and other similar liabilities, accrued as at the end of the year of the reporting period.

As at 30 June 2022 the management of the Company was not granted with loans provided with guarantees or other paid or accrued benefits and disposed assets, except as disclosed above.

20. Contingent assets and liabilities

The Tax Authorities have not performed full-scope tax investigations at the Company. The Tax Authorities may inspect accounting, transaction and other documents, accounting records and tax returns for the current and previous 3 calendar years at any time, and where appropriate, for the current and previous 5 or 10 calendar years and impose additional taxes and penalties. Management of the Company is not aware of any circumstances which would cause calculation of additional significant liabilities due to unpaid taxes

Legal cases

During 2022 the Company was not involved in any litigation.

21. Subsequent events and other information

Information on impact of geopolitical changes

Geopolitical developments, Russia's military actions in Ukraine from 24 February 2022, and the extensive sanctions imposed on Belarus and Russia by the United States of America and the European Union have had no significant impact on Company's activities and results during the reporting period. The sanctions imposed on the Russian Federation have not affected transit train passenger services, but have had an impact on the development of international routes: the Kiev-Vilnius-Riga route has not been launched in 2022, and the Vilnius-Minsk route has been cancelled.

There were no significant events after the end of the reporting period which should be recognized or disclosed in the financial statements for the first half of 2022.