The Company’s management report, financial statements, independent auditor’s report for the year 2024

Contents

Annual and interim management reports as well as financial statements are available publicly on the Company's website https://ltglink.lt/en/ltg-link-performance-results

Management report / Overview

CEO foreword

Dear traintravellers,

Throughout 2024, as our passenger numbers continued to grow, we focused on enhancing the entire train journey experience – from trip planning and ticket purchase through to the final destination. Last year, approximately 5.5 million passengers chose train travel, with 5 million of these journeys taking place within Lithuania – an increase of around 330 thousand compared to 2023.

Throughout 2024, we operated over 176 daily daily routes in Lithuania, delivering almost 65 thousand journeys over the year. Our train punctuality reached record levels, with 97.8% of trains arriving at their final destination on time.

December marked the first anniversary of our Vilnius-Riga service connecting Lithuanian and Latvian residents. Throughout the year, we reduced journey times and introduced additional stops in Jonava, Kėdainiai and Radviliškis. Since its launch on 27 December 2023, approximately 64 thousand passengers have travelled between the capitals. By the end of the year, the three Baltic carriers – LTG Link, Vivi and Elron – had harmonized their schedules to ensure seamless rail connections between the three capital cities from 2025, facilitating sustainable travel between Vilnius, Riga and Tallinn. Our other international route – Vilnius-Warsaw-Krakow – continued to thrive, with more than 80 thousand passengers travelling between Vilnius and Polish cities since its inception.

Domestic routes also saw significant developments: we began implementing Starlink satellite internet in our trains, with seven trains equipped with satellite connectivity by year-end, while the remaining fleet was fitted with 5G internet connectivity. We successfully piloted dynamic pricing on our busiest route, Vilnius-Kaunas-Vilnius, and plan to extend this initiative to other routes in 2025.

Our innovative Sustainable Travel Club – a digital programme promoting train travel and environmental conservation – continues to grow. We now have approximately 80 thousand active members who have collectively travelled 123 million kilometres, saving over 7 thousand tonnes of CO2.

Safety stands as one of our company's highest priorities. We prioritize employee safety through comprehensive safety and health training, occupational risk assessment, provision of safety equipment, and continuous improvement of working conditions. Passenger safety remains a constant focus as we ensure comfortable and secure rail carriage. Among the safest countries in the UIC organization, such as Austria, Germany, Italy – Lithuania is in the top twelve. We believe safety forms the foundation of organisational well-being.

Last year saw the implementation of our long-planned expansion of ticket sales channels, offering passengers broader purchasing options. Early in the year, LTG Link formed a partnership with Distribusion Technologies GmbH, a global carrier connection company, enabling train ticket purchases through the Google Maps travel planning platform.

Spring brought the integration of Perlas terminals into our sales network, adding over 2 thousand new points of sale across Lithuania. By early summer, we had installed 33 self-service ticket machines at the country's busiest railway stations. These machines, now present in 23 stations – including 9 locations previously without ticket purchasing facilities – handle more than a thousand ticket sales daily.

We ran approximately 70 additional train services last year, enabling sustainable and comfortable travel to and from major national events. As partners of Lithuania's most significant event of the year, we offered Song Festival centenary participants a 50% travel discount, resulting in CO2 savings of over 100 tonnes. In this largest festival in Lithuania, we also supported senior citizens with travel discounts, making this inaugural event accessible to seniors nationwide.

KRISTINA MEIDĖ
Chief Executive Officer of LTG Link

It is particularly gratifying to see our traintraveller community growing, with the term traukiniautojai (traintravellers) gaining both popularity and recognition. In the seventh LRT word and phrase competition, LTG Link's branded advertising campaign neologism traukiniautojai won the most public sympathy in 2023–2024. This word was created to unite and expand the community of train enthusiasts, and such public recognition is an excellent example of success.

To celebrate our growing community and thank residents for increasingly choosing train travel, we launched the first Traintravellers' Day. On 30 May, we offered 90% discounts on all domestic routes to encourage even those who had only seen trains from their cars to experience rail travel. The response was remarkable, with over 26 thousand passengers travelling on Lithuanian trains that day. Popular routes sold out within days of the announcement, and approximately 1,500 first-time users accessed our ticket system, each purchasing an average of four tickets.

For International Car-Free Day (22 September), when residents are invited to give up cars and travel by bicycle, walk or use public transport, LTG Link invited people to travel sustainably – by train – and offered a 90% discount on all domestic route tickets.

In 2024, we expanded our integrated transport network to two additional Lithuanian cities: Šiauliai implemented combined train and bus tickets at the start of the year, followed by Panevėžys in October, becoming the fourth Lithuanian city to offer this sustainable mobility solution.

Passengers travelling between Vilnius and Klaipėda also received convenient innovations. On this popular route, we offered passengers travel in an exceptionally comfortable first-class carriage, which includes a self-service snack zone open to all train passengers. The modernly equipped first-class carriage features 17 comfortable seats optimised for both travel and work, including dedicated wheelchair access. In the same train, we created a children's area, so passengers with young children can choose a carriage where children won't get bored, with a colourful environment and play opportunities. Another innovation on this route – we introduced more affordable travel options through third-class carriage seating, priced at just EUR 13.60 for a Vilnius-Klaipėda route – over a third less than second-class fares.

At Vilnius railway station, we opened a VIP lounge offering first-class passengers complimentary access before and after their journeys. The facility features a meeting room, comfortable workspaces, an acoustic area for phone calls, and a welcoming environment for passengers to enjoy coffee and snacks. The lounge proved immediately popular, welcoming over 1,000 visitors in its first month of operation.

I want to thank everyone who actively participated in choosing meaningful names for our trains. We collectively chose meaningful names for seven trains across three routes: Vilnius-Klaipėda, Vilnius-Riga, and Vilnius-Mockava. For the Riga route, voters chose Baltic Way and Jonas Karolis Chodkevičius, for Mockava – Jogaila and Žygimantas Augustas, and for Klaipėda – Birutė and King Mindaugas. Recognising the significant meaning of this initiative, LTG Group internally selected one additional name. By employee decision, it became Vytis, which operates on the Vilnius-Riga route. This initiative, inspired by journalist Edmundas Jakilaitis and other public figures, creates meaningful connections with Lithuanian history during train journeys.

A key priority last year was preparing for our fleet expansion. We signed a financing agreement with the Nordic Investment Bank (NIB) and the European Investment Bank (EIB) for acquiring electric and battery-electric trains. NIB and EIB provided loans of EUR 100 million each and will finance the acquisition of 9 electric and 6 battery-electric trains. 2024 marked the completion of the train design phase and the commencement of production: the interior and exterior designs of trains specifically engineered for Lithuania by Swiss train manufacturer Stadler were unveiled to the public. Testing of these Swiss-technology electric trains is scheduled to begin in Lithuania this year, with the first passenger services planned for mid-2026.

Passenger feedback guides every decision we make, with traveller needs at the forefront of all our changes. From annual route scheduling to service modifications, we prioritise passenger expectations. We're delighted that this approach resonates with our customers, achieving an average rating of 9.1 out of 10 across 20 different service aspects in 2024.

Thank you to all our passengers for choosing sustainable and safe rail travel. Looking ahead to 2025, we commit to building upon our achievements and launching new initiatives, giving you even more reasons to choose train travel for both business and leisure journeys.

KRISTINA MEIDĖ
Chief Executive Officer of LTG Link

Activity of the Company

Company profile

Name
UAB LTG Link

Registered office address
Geležinkelio str. 16, LT-02100, Vilnius

Legal form
Private limited liability company

Date and place of registration
28/02/2019, the Register of Legal Entities of the Republic of Lithuania

Company code
305052228

Phone No.
+370 700 55 111

E-mail
info@ltglink.lt

Website
www.ltglink.lt

Core business
Passenger and luggage transport by rail and provision of related services

Company's Chief Executive Officer
Gediminas Šečkus has held the position until 31 January 2024. From 1 February 2024, this position has been taken by Kristina Meidė.

Shareholders
100% of shares is owned by AB Lietuvos geležinkeliai

Data on the Company is collected and stored in the Register of Legal Entities of SE Centre of Registers.

Company's branches, representative offices abroad

The Company did not have branches or representative offices during the analysed period.

Operating model of the company

LTG Link was registered in the Register of Legal Entities of the Republic of Lithuania on 28 February 2019. The Company was established after the transfer of the activities of the Passenger Carriage Directorate of AB Lietuvos geležinkeliai.

Core business and services

LTG Link is a licensed railway company engaged in carriage 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 domestic transport routes. The implementation of the special obligations is financed from the State budget in accordance with the procedure laid down by the legislation of the European Union and the Republic of Lithuania. This contributes significantly to the sustainability of the Company's financial flows.

Services rendered by LTG Link are as follows:

- passenger carriage on domestic routes;
- passenger carriage on international routes;
- carriage of luggage within the territory of Lithuania and abroad;
- carriage of bicycles and animals within the territory of Lithuania;
- organisation of charter routes;
- rental and sale of rolling stocks;
- advertising services;
- services at stations (luggage storage, ticketing, and food and beverage offerings);
- services on trains (sale of travel tickets, sale of food and beverages).

Market and competitive environment

The main market of LTG Link includes passenger carriage services in the territory of the Republic of Lithuania and abroad. At the end of 2024, passengers were carried on 22 domestic and 6 international routes (including 4 transit routes).

Lithuanian market

In 2024, 5.01 million passengers were carried on domestic routes, that is, 90.5% of all passengers transported by rail during that period.

Passenger numbers grew by 7% compared to 2023. We completed 65 thousand journeys during 2024, representing a 7% increase from the previous year.

International market

During 2024, 0.5 million passengers were carried on international routes, that is, 9.5% of all passengers transported by rail during that period. In 2024, international carriage consisted of passenger carriage by passenger trains to Poland, Latvia and by transit trains through the territory of the Republic of Lithuania in connection with the Kaliningrad region. We completed 3.7 thousand routes during 2024, representing a 19% increase from the previous year.

Main customers

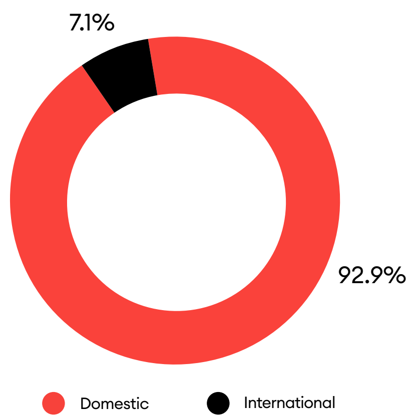
Residents of Lithuania and other countries use services rendered by the Company.

Seeking to attract more customers, the Company is expanding its service offerings to different groups of passengers: families, students, business travellers, and active-leisure travellers. Trips to the seaside increase in summer. In 2024, the Seaside Express was successfully running for the eighth time, making it possible to reach Lithuania's seaside resorts conveniently and safely by combained routes. Additional evening trips to various cultural and sporting events are organised. Harmonization of the timetable over the years, in line with passenger requests, have also led to increased satisfaction with the timetable and an increase in the number of passengers carried.

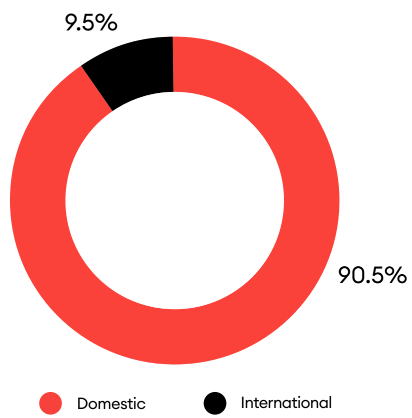
LTG Link introduced combined tickets with city public transport on 1 December 2022. Currently, the service is available in four cities: Vilnius, Klaipėda, Šiauliai and Panevėžys. Over 14 thousand combined tickets were sold in 2024.

B2B journeys reached 180,145 in 2024 – a 46% increase compared to 2023. This growth in business contract travel was attributed to both newly acquired clients (+150 companies in 2024) and increased travel from existing clients. The year concluded with a portfolio of 624 companies, institutions and organisations, with 330 actively using our services.

Market segments of passenger carriage by rail in 2023, %



Market segments of passenger carriage by rail in 2024, %



Participation in associations

Since 2021, LTG Link has joined the Lithuanian Passenger Transport Association.

LTG Link is a member of FTE since 2025.

LTG, and after separation LTG Link, has been a member of UIC since 1992.

LTG, and after separation LTG Link, has been a member of OSJD since 1992.

LTG, and after separation LTG Link, has been a member of CIT since 1992.

LTG, and after separation LTG Link, has been a member of GTT since 1993.

LTG, and after separation LTG Link, has been a member of CER since 2003.

LTG, and after separation LTG Link, has been a member of LiMA since 2019.

Strategy

The LTG Group's activities are based on rational strategic planning and management. The first comprehensive long-term strategy for LTG Group was approved in 2018 and covers all LTG Group activities.

There is a growing global focus on ecology, the efficient use of energy and natural resources, and initiatives that reduce environmental impact and climate change. Given the significant contribution and impact of the LTG's work at national level, it is necessary to take responsibility for contribution to the country's progress in the field of sustainable development by being a leader and driving organisational change in this direction.

In order to ensure the quality of the implementation of the strategy and to ensure that the LTG Group does not deviate from its objectives in the context of a continuously changing external and internal environment, the LTG Group's strategy, together with the strategies of the business units, is reviewed and updated annually. One of them, the **LTG Link Strategy 2029** (hereinafter – the Strategy), was updated and approved on 16 December 2024.

Mission, vision, values

MISSION

CONNECTING PEOPLE AND BUSINESSES FOR A MORE SUSTAINABLE FUTURE

VISION

BEING THE BACKBONE OF THE TRANSPORT SYSTEM

VALUES

RESPONSIBILITY

I do what I say.
I promise what I can.
I protect myself and others.
I boldly commit.
I care about the future.

CUSTOMER

I listen to the customer.
I understand the needs.
I perform well.

COOPERATION

Together we pursue a common goal.
I communicate openly.
I respect and support.

DEVELOPMENT

I am interested in innovation.
I share the know-how.
I have a growth mindset.

Strategic directions of activities

CUSTOMER EXPERIENCE

Ensuring customer experience when traveling by train.

OPERATIONAL EFFICIENCY

Services are delivered based on market potential and aligned with our sales strategy.

BUSINESS DEVELOPMENT

The organisation and key stakeholders share confidence in and support our ambitious development plans.

ESG

Lithuania's leader in sustainable travel.

BUSINESS RESILIENCE

Train travel offers unmatched reliability.

INCLUSIVE ORGANISATIONAL CULTURE

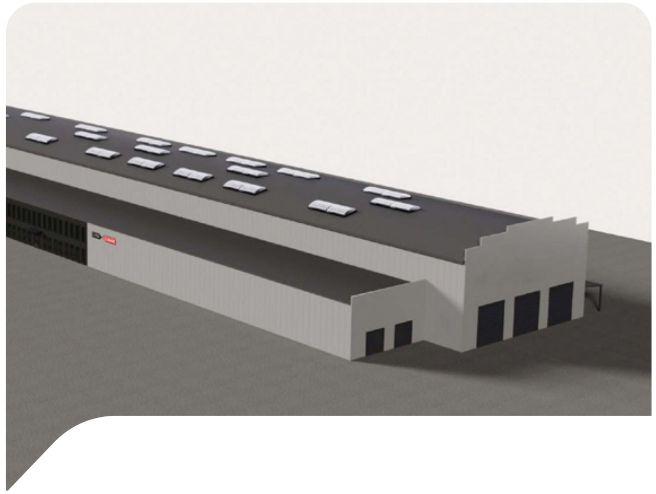
A critical part of LTG Link employees are public transport and train enthusiasts.

Strategic projects in 2024

ESG:

Acquisition of electric trains

- Train design phase completed.
- Financing agreements signed with EIB and NIB banks.
- State guarantee obtained for EIB and NIB loans.
- Production commenced of the first train.



ESG:

Modernisation and adaptation of passenger depot to new rolling stocks

- Design work commenced with completed depot design proposals.
- Depot visualizations are now viewable in the 3D Vilnius model.
- Development of the detailed depot site plan is underway.
- Strategic Environmental Impact Assessment completed.
- Reconstruction works commenced at Pramonės str. 78 and Švitrigailos str. 39 A depots to accommodate Stadler trains.

BUSINESS DEVELOPMENT:

Installation of ticketing system

- The ticket vending machines (ticket machines) service was implemented and started on 13 June. 33 ticket vending machines installed across 23 stations, including 9 new locations.

BUSINESS DEVELOPMENT:

Door-to-Door travel solutions

- The combined ticket has been launched in Vilnius, Klaipėda, Šiauliai and Panevėžys.
- Combined ticket in Kaunas: negotiations and technological solutions are underway.
- In 2024, 14 thousand passengers used the combined journeys.

CUSTOMER EXPERIENCE (NEW STRATEGIC DIRECTION):

Customer service culture

- The 2024 strategy update incorporated a customer experience direction to ensure superior train travel experiences.
- A renewed customer service culture has been implemented across LTG Link, ensuring every employee contributes to professional, attentive service delivery and customer needs fulfilment.

CUSTOMER EXPERIENCE (NEW STRATEGIC DIRECTION):

Comprehensive tailoring of services for passengers with individual needs

- During the reporting period, interior solutions have been implemented in the project Stations – Centres of Attraction, in line with EU and national legislation and in coordination with representatives of organisations of people with individual needs.
- In cooperation with the Lithuanian Association for the Blind and Partially Sighted (LASS), the website of LTG Link adapted to blind and visually impaired people has been installed. The cooperation between LTG Link and LASS has been awarded at the contest organised by the European Blind Union.
- In cooperation with Latvijas Dzelzcelš, the company managing the infrastructure in Latvia, the assistance service is provided in the territory of Latvia - at the railway stations of Riga and Jelgava.

OPERATIONAL EFFICIENCY:

Establishment of Efficiency and Quality Management Unit

- LTG Link has established a new Efficiency and Quality Management Unit to implement LEAN culture across the company, focusing on enhancing operational efficiency, eliminating waste, and fostering organisation-wide growth and continuous improvement.

BUSINESS DEVELOPMENT:

International development

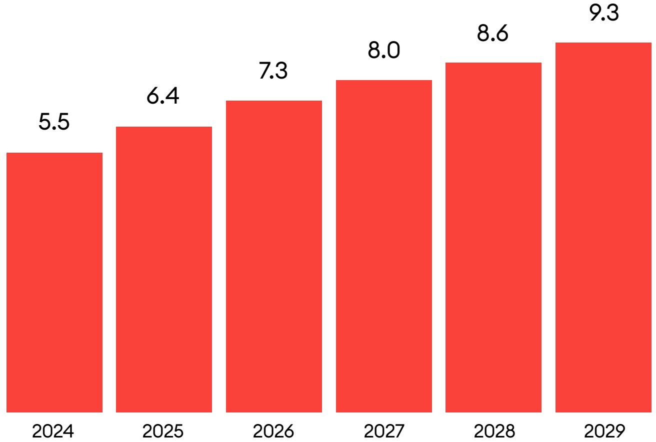
- Poland, Warsaw: the Vilnius-Warsaw (Krakow) route served over 40 thousand passengers in 2024, a 7% increase from its first year of operation. Ongoing initiatives focus on enhancing route appeal through reduced journey times, expanded services, and improved accessibility for passengers with specific needs.
- Latvia, Riga: the Vilnius-Riga route attracted approximately 64 thousand passengers in its inaugural year. Service enhancements include reduced journey times, adjusted Riga departure times enabling longer day trips, and new stops in Kėdainiai, Jonava and Radviliškis.
- Estonia, Tallinn: harmonized scheduling between the three Baltic capitals now enables smooth connections via Riga and Valga. Starting from 10th February 2025, passengers are offered to travel on this connection with a single transfer in Valga and purchase a ticket on one platform.
- In cooperation with Eurostar, PKP Intercity and other carriers operating abroad, we have joined the AJC (Agreement on Journey Continuation) Initiative: passengers on an international route who have missed a connecting train due to the delay of the previous train are allowed to board another train at no additional cost.

Business forecasts

In the updated LTG Link Strategy, it is estimated that having implemented the planned measures, tasks and objectives, the number of passengers will increase by 67% by the year 2029 compared to the fact for 2024. Key growth drivers and initiatives to be implemented until 2029:

- 2 new domestic routes and 1 new international route;
- Loyalty programme;
- Dynamic pricing;
- Multimodal (of multiple types) trips (combined ticket, harmonized schedule, first-to-last mile infrastructure at stations);
- Accessibility for passengers with individual needs.

Passenger flow forecasts up to 2029, in million



Achievement of goals for 2024

On 1 March 2024, the Company's Board approved annual indicators measuring them and the targets related to the implementation of the LTG Strategy 2028. In line with LTG Link's ambition and strategic objectives, annual objectives in the areas of ensuring passenger turnover and passenger satisfaction, improvement of operational efficiency, expansion of services business, delivering on LTG Link's strategic investments, and focusing on ensuring business resilience have been developed. Based on the approved annual objectives, LTG Link employees have personal goals set. In this way, LTG Link employees are involved in a structured and coherent process of implementing the LTG Group's strategy, linking the achievement of objectives to career, development and incentive plans.

The following shows the 2024 annual targets approved by the Board and their achievement results.

Strategic direction	Indicators for measuring achievement of targets	Measuring unit	Weight, %	Benchmarks for achievement of targets for 2024	Indicators of implementation of targets for 2024	Achievement of targets for 2024
Culture of sustainable mobility for travellers	NPS	%	10%	>72	70	Partially Achieved
Operational efficiency	Operating cost to revenue ratio (excluding subsidies)	EUR	5%	<1.48	1.21	Exceeded
	LTG Link rolling stock maintenance programme (as per attached list)	%	35%	>100%	98.7%	Achieved
Business development	Rail Baltica readiness	Implementation level	5%	LTG Link business model for Rail Baltica infrastructure and implementation action plan to be prepared and approved by LTG Link and LTG Boards by end of Q2	100%	Achieved
	LTG Link Passenger turnover	Million passenger-kilometres	20%	>496	537.4	Exceeded
Business resilience	Lost time due to injuries (LTIFR)	Accidents at work *1 M / total working hours	5%	<3	1.89	Exceeded
ESG	Acquisition of new trains	Implementation level	10%	Train design approved; State guarantee for loans signed; Financing agreement signed with NIB and EIB; Assembly of first train to commence by 30 November 2024	100%	Achieved
Strong organisational culture	Employee engagement	%	10%	>56	81*	Exceeded

** Score based on Voice of Employees survey using Ennova methodology. Score adjusted to previous methodology equals 63.*

Highlights 2024

January

LTG Link, preparing for the arrival of new electric and battery-electric trains and increasing its operational sustainability, has signed a design contract with UAB Skaitmeninis lapas for a new electric train maintenance depot. The new train depot building will be designed within the territory of the currently operating electric train depot in Naujoji Vilnia. The new train depot will be adapted for the maintenance of both currently operating trains and new electric and battery-electric passenger trains being manufactured by Swiss-owned company Stadler Polska. The public procurement value of the new depot design works amounts to EUR 845 thousand.

On 15 January, LTG Link partnered with Šiauliai public transport operator Busturas to introduce a combined train and bus ticket to Šiauliai residents and city guests. This ticket is available to all train passengers whose chosen route starts or ends at Šiauliai railway station.

From the beginning of 2024, LTG Link train attendants and drivers working on trains and at stations welcome passengers wearing new, modern and stylish uniforms that reflect the company's identity. The new clothing with bright, dynamic colour accents reflects the already recognisable LTG Link identity, offering a sustainable mobility solution and memorable experience that transforms regular travel into a journey.

February

From 1 February, after completion of the selection procedures, Kristina Meidė has been appointed as the new Chief Executive Officer of LTG Link, the passenger transport company of the LTG Group. Company Board appoints the CEO for a 5-year term of office.

In February, the Vilnius-Riga international train route marked its 10,000th ticket sale. During 2024, ticket sales between the Lithuanian and Latvian capitals surpassed 93 thousand, with over 62 thousand passengers travelling the complete route between Vilnius and Riga.

March

LTG Link formed a partnership with Distribusion Technologies GmbH, a global carrier connection company, enabling train ticket purchases through the Google Maps travel planning platform. The technological solution of Distribusion Technologies GmbH is used by over 1,000 carriers, providing daily public transport journey options to millions of passengers.

In March 2024, LTG Link's unique digital initiative, the Sustainable Travel Club, celebrated its first anniversary. This programme promotes train travel and environmental conservation by allowing members to exchange points earned from travelled kilometres for discounts on future train journeys. Since launch, the initiative has attracted around 80 thousand club members who have collectively travelled 123 million kilometres, resulting in CO2 savings of over 7 thousand tonnes.

Starting March, tickets became available at Narvesen retail outlets and Lietuvos spauda kiosks, followed by all Perlas terminals in April, adding more than 2,000 new ticket sales locations throughout Lithuania to the LTG Link network.

April

Starting 1 April, a revised passenger train schedule introduced expanded travel opportunities with additional stops. The Vilnius-Kaunas route now features more frequent stops at Kaišiadorys, Vievis, Karčiupis and Palemonas stations. Additional stops were also introduced at Gerkonys station on the Vilnius-Turmantas route and increased frequency at Paneriai station for the Vilnius-Marcinkonys route. The Vilnius-Airport-Jašiūnai-Vilnius route added a new stop at Parudaminis station from 1 April, with additional services commencing from 1 May.

The Vilnius-Riga route expanded from 1 April to include new stops in Jonava and Kėdainiai. Following the completion of railway section reconstruction between Gaižiūnai-Kaišiadorys, the popular Vilnius-Riga route train moves faster on this segment, creating an opportunity for additional stops in Jonava and Kėdainiai while maintaining the same route timing – the journey duration from Vilnius to Riga remains unchanged despite the additional stops.

On 19 April, LTG Link signed financing agreements with the Nordic Investment Bank (NIB) and European Investment Bank (EIB) for acquiring electric and battery-electric trains. The NIB and EIB will provide loans of EUR 100 million each and will finance the acquisition of 9 electric and 6 battery-electric trains, which will replace about one-third of the passenger train fleet. Compared to old diesel trains, the new trains will be not only significantly more comfortable but will also reduce journey times due to greater acceleration. Low-floor vehicles will enable easier boarding for elderly people, passengers with baby strollers, small children or those with mobility disabilities. Testing of these Swiss-technology electric trains is scheduled to begin in Lithuania in 2025, and the company's customers will begin travelling on the first new trains in mid-2026. In purchasing these trains, LTG Link will also acquire train parts supply and technical support services for an exceptionally long period – until 2037.

LTG Link began installing Starlink satellite internet on trains, with 7 trains equipped with satellite connectivity by year-end. Trains with satellite internet operate on the most popular routes Vilnius-Riga and Vilnius-Klaipėda. The remaining trains are equipped with 5G internet connectivity.

May

In May, LTG Link implemented a structural change - Finance function was transferred from LTG Group and Finance unit was established in LTG Link.

In the seventh LRT word and phrase competition, LTG Link's branded advertising campaign neologism traukiniautojai won the most public sympathy in 2023–2024. This word was created to unite and expand the community of train enthusiasts, and such public recognition is an excellent example of success.

On 30 May, LTG Link celebrated Train Travellers' (traukiniautojų) Day by offering 90% discounts on all domestic route tickets. The day saw record-breaking passenger numbers on Lithuanian trains, with more than 26 thousand people travelling. Popular routes sold out within days of the announcement, and approximately 1,500 first-time users accessed our ticket system, each purchasing an average of four tickets.

June

LTG Link installed 33 self-service ticket machines at the country's busiest railway stations. These machines, now present in 23 stations – including 9 locations previously without ticket purchasing facilities – Ticket vending machine deployment forms part of the company's ticket sales channel expansion strategy. The machines handle more than a thousand ticket sales daily.

LTG Link partnered with the year's landmark event, the Lithuanian Song Festival, offering participants 50% discounts on train travel for the centenary celebration. More than 7 thousand participants travelled by train from Kaunas, Klaipėda, Šiauliai and Kretinga. If 7 thousand participants had travelled to the event by car, this would have equated to approximately 6 thousand vehicles on streets and roads. It is calculated that by choosing sustainable train travel, Song Festival participants saved more than 100 tonnes of CO2.

On 25 June, the Lithuanian Parliament approved the resolution by which it provided the state guarantees for EIB and NIB loans for new trains acquisition.

July

On 1 July, LTG Link implemented SAP S/4Hana business management system along with new business management processes, enabling more efficient planning of production capacity, resource utilisation, financial management and contract administration, while optimising processes and reducing error risks.

From 1 July, LTG Link introduced third-class travel on the popular Vilnius-Klaipėda-Vilnius route, priced at just EUR 13.60 for a Vilnius-Klaipėda route – over a third less than second-class fares.

August

LTG Link began testing dynamic pricing: passengers buying train tickets in advance pay less. From 2 August, on the most popular route Vilnius-Kaunas-Vilnius, passengers pay less when buying tickets in advance for specific eight train routes. This pricing strategy enables passengers to secure cheaper tickets while allowing the company to manage passenger flows more effectively based on estimated passengers' numbers.

On 8 August, the CEO of LTG Link Kristina Meidė held a meeting with senior citizen organisation representatives to showcase expanded ticket purchasing options. The new system offers 2,000 cash payment points for advance ticket purchases, replacing the previous 12 ticket offices. Representatives from the National Association of Bočiai Communities, Seniors' World organisation, and the Lithuanian Association of the Elderly attended the meeting.

On 20 August, LTG Link marked two significant milestones: completing the design phase and commencing production of 9 electric and 6 battery-electric trains. Swiss manufacturer Stadler unveiled the interior and exterior designs of these Lithuania-specific trains to the public.

September

On 9 September, LTG Link completed renovations of a passenger carriage on the Vilnius-Klaipėda route, introducing an exceptionally comfortable first-class carriage featuring a self-service snack zone accessible to all passengers. The modernly equipped first-class carriage will feature 17 comfortable seats optimised for both travel and work, one seat is equipped for a passenger with a wheelchair.

On 20 September, the first named passenger train entered service. The public voted to select the most meaningful names from 15 options specially curated by historians and public figures. These chosen names were assigned to trains operating on three routes: Vilnius-Klaipėda, Vilnius-Riga, and Vilnius-Mockava. For the Riga route, voters chose Baltic Way and Jonas Karolis Chodkevičius, for Mockava – Jogaila and Žygimantas Augustas, and for Klaipėda – Birutė and King Mindaugas. This name was selected through public voting and ranked among readers' most frequently suggested options. Recognising the significant meaning of this initiative, LTG Group internally selected one additional name. By employee decision, it became Vytis, which operates on the Vilnius-Riga route.

September 22 is International Car-Free Day, when residents are invited to give up cars and travel by bicycle, walk or use public transport. LTG Link invited people to travel sustainably on this day – by train – and offered a 90% discount on all domestic train route tickets. The initiative attracted 34,210 passengers to travel by train that day, it was a twice as much as a usual Sunday.

From 29th September to 4th October LTG Link partnered with Lithuania's largest senior citizens' festival as official carrier, offering seniors nationwide 60% discounts on train travel to the event.

October

On 4 October, the Ministry of Finance signed state guarantee agreements with the Nordic Investment Bank (NIB) and European Investment Bank (EIB), each providing EUR 100 million loans to LTG Link for electric train acquisition.

Having started testing dynamic pricing on its most popular route Vilnius-Kaunas-Vilnius in summer, LTG Link increased the number of routes with advance purchase discounts from mid-October. From October, dynamic pricing was applied to 20 Vilnius-Kaunas-Vilnius routes.

From 14 October, LTG Link partnered with VšĮ Panevėžio keleivinis transportas to launch combined train and bus tickets in Panevėžys. It is available to each passenger travelling by train when their chosen route starts or ends at Panevėžys railway station. Panevėžys is now the fourth Lithuanian city to offer this sustainable mobility service. Such tickets are already operating in Vilnius, Klaipėda and Šiauliai.

November

From 1 November, LTG Link restructured its operations by: establishing an Efficiency and Quality Management Unit while dissolving the Corporate Activities Unit and transferring its functions to Finance and Strategy Unit.

LTG Link enhanced its Vilnius-Klaipėda route by introducing a dedicated children's area, where passengers with young children will be able to choose a carriage where children won't get bored, with a colourful environment and play opportunities.

On 23 November, the annual Christmas-themed trains returned with new decorations and hundreds of surprises and gifts for passengers. In 2024, more passengers could enjoy the Christmas trains as more trains were decorated. Festive trains operated from the capital to Kaunas, Trakai, Riga, Klaipėda and Mockava.

On 26 November, a VIP lounge was opened at Vilnius railway station offering first-class passengers complimentary access before and after their journeys. The facility features a meeting room, comfortable workspaces, an acoustic area for phone calls, and a welcoming environment for passengers to enjoy coffee and snacks.

December

On 9 December, LTG Link and partners conducted a test run between Vilnius and Valga to verify PESA 730 ML train's compatibility with Estonian railway infrastructure.

On 13 December, LTG Link partnered with Druskininkai to launch a special Christmas route Vilnius-Druskininkai-Vilnius combining train and bus, featuring on-board entertainment for children. The special route was organised for the weekend when Druskininkai hosted the most festive events for all Lithuanian residents. Passengers paid the same price for travel to Druskininkai as a train ticket to Marcinkonys.

From 15 December, yearly schedule amendments have been planned having considered both the existing and the projected flows of passengers and their needs as well as available capacities of the train fleet and infrastructure. Journey times on both international routes improved significantly: Warsaw is now reached 30 minutes faster than at the route launch two years ago, while Vilnius-Riga route time has been reduced to under four hours. The new schedule includes an additional stop – Radviliškis residents can now travel to the Latvian capital from their railway station. The schedule included two new routes: Šiauliai-Klaipėda and Vilnius-Valčiūnai. Additional summer routes are planned for Trakai, Ignalina and Klaipėda.

On 27 December, the Vilnius-Riga-Vilnius international route celebrated its first anniversary, having carried 64 thousand passengers and maintaining strong popularity throughout the year.

Events after the end of the reporting period

January

In early January, LTG Link became a member of Forum Train Europe (FTE), a neutral international platform facilitating schedule coordination among its members. The association actively represents operational and strategic interests with infrastructure managers, European organisations, and international institutions. FTE's membership comprises 87 carriers and associations.

February

Baltic carriers LTG Link, Vivi and Elron harmonized their train schedules in late 2024 to enable daily rail connections between the three Baltic capitals. From 10 February 2025, passengers can travel these routes with a single transfer and purchase tickets through one platform. Passengers travelling from Vilnius to Estonian cities no longer need to change trains in Riga, but can continue directly to Valga in a comfortable train featuring first and second class service, refreshments and snacks, and Starlink internet connectivity. For Tallinn-bound travellers, a coordinated Elron train connection awaits in Valga. The same single-transfer route in Valga is available for journeys from Tallinn to Vilnius.

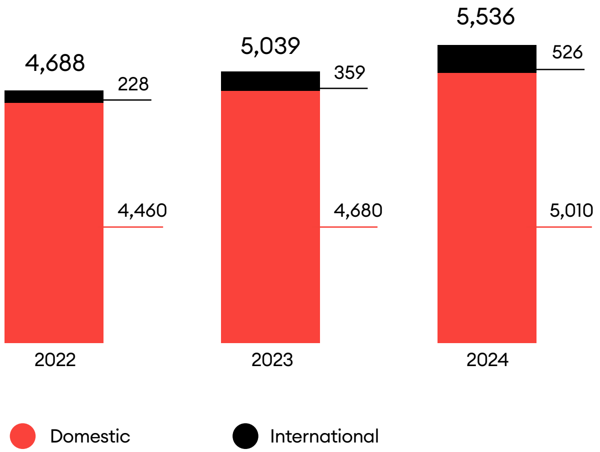
Results

Overview of the key performance indicators

Volumes of pasenger carriage

LTG Link, as a separate LTG company, has been operating passenger carriage services since 1 September 2019. The total number of people traveling by rail is rising steadily. Passenger numbers increased by 9.9% in 2024 compared to 2023, reaching a total of 5,536 thousand passengers. Growth in rail passenger numbers was observed across both domestic and international carriage markets in 2024.

Dynamics of passenger carriage, in thousands of passengers



Key performance indicators

Indicators	Measuring unit	2024	2023	2024/2023 Δ, %	2022
Total passengers carried	Thousands of passengers	5,536	5,039	9.9%	4,688
Domestic routes	Thousands of passengers	5,010	4,680	7.0%	4,460
International routes	Thousands of passengers	526	359	46.6%	228
Passenger turnover	Km for millions of passengers	537.4	464.1	15.8%	432.6
Domestic routes	Km for millions of passengers	420.6	384.1	9.5%	381.4
International routes	Km for millions of passengers	116.8	80	46.0%	51.2
Average distance travelled by passenger	km	97.1	92.1	5.4%	92.3
Share of online ticket sales	%	58.1	50.3	15.5%	43.5
Punctuality of train arrivals	%	97.8	95	2.9%	97
Passenger Net Promoter Score (NPS)	Score	70	70	0.0%	69

Passenger carriage by rail on domestic routes

During 2024, 5,010 thousand of passengers have travelled on domestic transport routes (compared to 4,680 thousand of passengers in the corresponding period of 2023), an increase of 7.0% compared to 2023. Passengers are drawn to rail travel through continuous service quality improvements, optimised route scheduling, professional service delivery, targeted promotional campaigns, and other passenger growth initiatives.

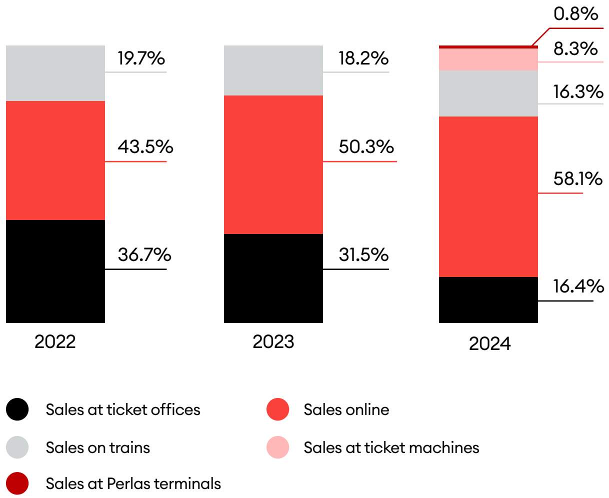
The introduction of the new train ticketing system Smart Ticketing and the mobile application in 2022 has led to a steady increase in the number of tickets purchased through digital sales channels. Passengers are able not only to purchase tickets faster but also to conveniently store their tickets, view travel information and receive notifications about important changes to their journey. In 2024, new ticket purchasing channels were introduced through ticket vending machines and Perlas terminals, accounting for 8.3% and 0.8% of total sales respectively. The share of tickets sold through LTG Link digital sales channels (www.ltglink.lt, LTG Link mobile app, ticket machines) in 2024 reached 66.4% (50.3% in 2023).

The combined ticket service was operational in four major Lithuanian cities in 2024. The service enables simultaneous purchase of train and city public transport tickets. This facility is currently available for routes to and from Vilnius, Klaipėda, Šiauliai, and Panevėžys.

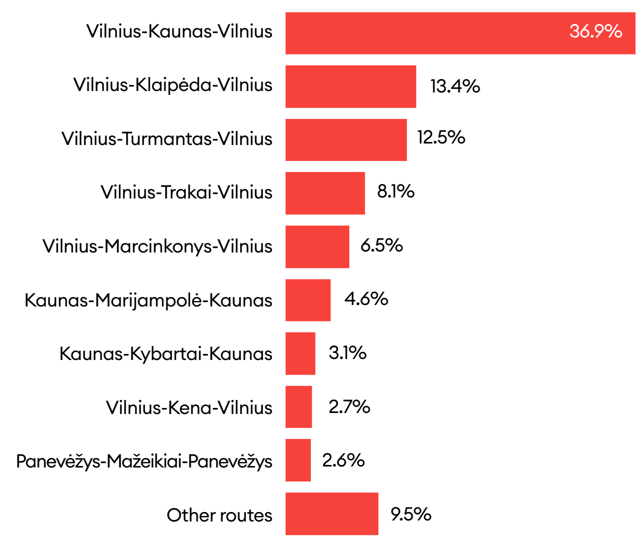
In 2024, electrification works on the Vilnius-Klaipėda section presented a significant challenge, affecting domestic passenger volume growth. Traffic interruptions for roadworks have led to cancellations or shortening of some of the routes.

Vilnius-Kaunas-Vilnius remained the most popular domestic route (36.9% of total domestic carriage). 1.9 million passengers have travelled on this route during 2024.

Ticket sales channels



Structure of domestic carriage in 2024, %



Passenger carriage by rail on international routes

International routes carried 526 thousand passengers in 2024 (2023: 359 thousand passengers), comprising journeys to Poland and Latvia, as well as transit routes through Lithuanian territory to the Kaliningrad region. The number of passengers in the international carriage segment increased by 46.6% compared to 2023. The restriction on the maximum number of passengers in transit trains, having documents for simplified rail transit, which was introduced in 2020 was still in force in 2024; however, by decision of the Ministry of Foreign Affairs of the Republic of Lithuania, as of 1 August 2022, the maximum authorised number of citizens of the Russian Federation having travel permits has been increased to 300 passengers on one transit train. A ban on boarding and disembarking at Kena and Kybartai railway border control points came into effect on 1 March 2024, with exceptions only for cases specified by the State Border Guard Service.

From 11 December 2022, the daily train on the route Krakow-Mockava-Krakow by the Polish carrier PKP INTERCITY has been launched, and the train of LTG Link has been aligned with the mentioned train on the route Vilnius-Mockava-Vilnius. During 2024, 113 thousand passengers have travelled on this route, including 41 thousand passengers on international routes. The average train occupancy rate was 56%.

Route between Vilnius and Riga commenced on 27 December 2023. Trains have started running daily on the direct route Vilnius-Joniškis-Riga. During 2024, 94 thousand passengers have travelled on this route, including 64 thousand passengers on international routes. The average train occupancy rate was 65%.

At the end of 2024, there were 12 international trains, 8 of which were in transit trains and 4 were international trains.

Financial results

Revenue

The Company's revenue in 2024 amounted to EUR 96.3 million, and, compared to the corresponding period of 2023, it is an increase by 17.7% (EUR 81.9 million).

Domestic passenger carriage revenue accounted for 28.2% of the Company's total revenue structure and amounted to EUR 27.2 million (EUR 24.7 million in 2023). Revenue increased by EUR 2.5 million due to higher passenger turnover, driven by continuous service quality improvements, optimised scheduling, professional service delivery, targeted promotional campaigns, and other passenger growth initiatives.

The Law on Transport Privileges provides for **concessions** to encourage the use of rail transport by socially disadvantaged groups who are entitled to 80% and 50% discounted tickets. This activity is subsidised by the state budget to compensate for the loss of income incurred as a result of transporting passengers on domestic routes under preferential conditions. In 2024, passengers were granted concessions amounting to EUR 4.8 million.

Revenue from passenger carriage by transit trains amounted to EUR 29.1 million. Compared to 2023, revenue from this activity have increased by as much as 46.1% or EUR 9.2 million. Revenue growth was driven by a 32% increase in passenger numbers combined with a 10% increase in transit passenger tariffs.

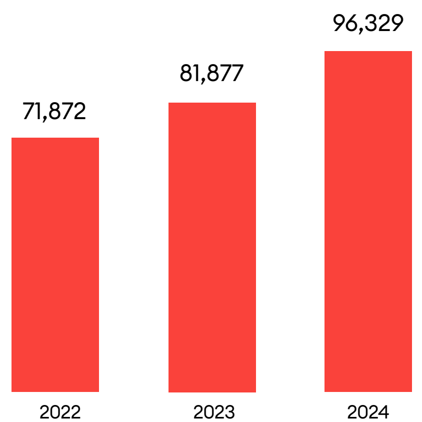
International passenger carriage revenue amounted to EUR 1.7 million, i. e. only 1.8% of total sales revenue.

Passenger-related revenue (carriage of luggage, on-board catering) amounted to EUR 3.0 million. Revenue growth from carriage of luggage by transit trains has been driven by a 16.5% price increase. Food and beverage revenue growth was achieved through enhanced customer focus, product range updates, expansion of catering services to additional routes, and process optimisation.

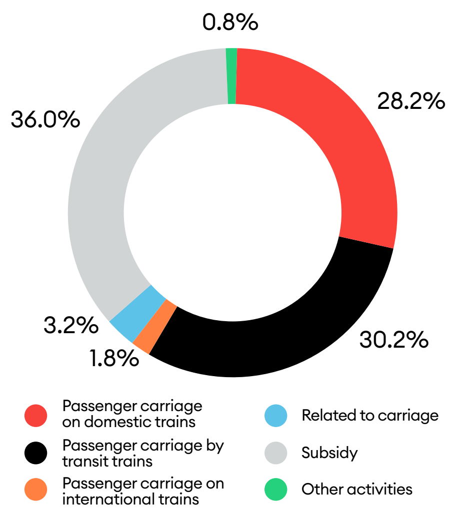
The Company also provides **other ancillary services**: luggage storage, advertising, rolling stock rental services, selling of food to passengers at stations in major cities. During the period under analysis, the revenue generated from this group of services amounted to EUR 0.7 million.

The **subsidy** amounted to EUR 34.7 million (2023: EUR 34.0 million). Due to the increased cost level – the subsidy need increased by EUR 0.7 million compared to 2023.

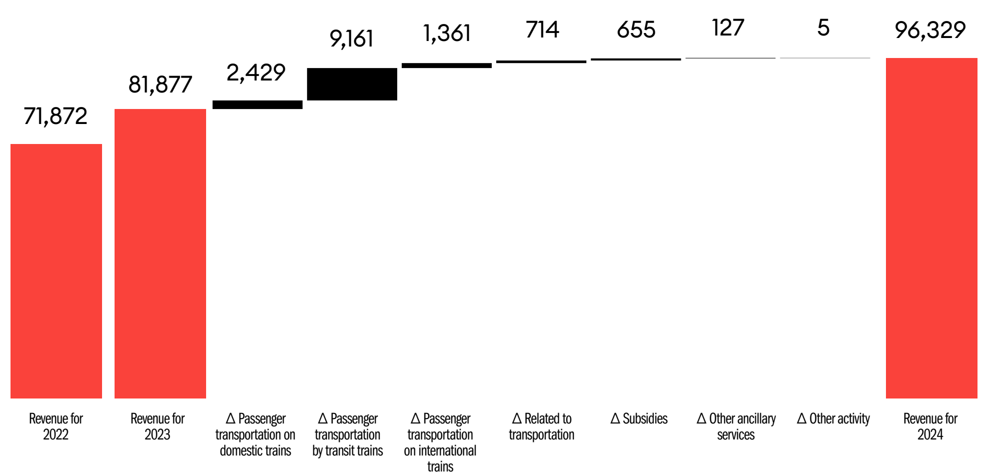
Sales revenue, EUR thousand



Revenue structure 2024, %



Change in revenue, EUR thousand



Costs

The Company's operating and other costs amounted to EUR 74.8 million in 2024 (EUR 67.2 million for the corresponding period in 2023).

The main components thereof comprised the following: employee benefit costs (24.3%), depreciation and amortisation (18.3%), infrastructure charges (12.5%), strategic management and general administrative charges (9.9%), traffic enforcement services of passenger trains (9.4%), energy resources (8.7%), materials, repairs and maintenance costs (7.4%).

Employee benefit costs amounted to EUR 18.2 million in 2024; compared to 2023, they increased by EUR 2.5 million. The annual salary review in April 2024 was the primary driver of remuneration growth. Changes to the average remuneration is disclosed in the section Employees in the Annual Report.

In 2024, **depreciation and amortisation costs** amounted to EUR 13.7 million, showing an increase of 2% compared to 2023 (EUR 0.3 million).

Costs of traffic enforcement services of passenger trains remained unchanged at EUR 7.0 million in 2024, consistent with the previous year.

In 2024, **costs of energy resources (fuel, electricity)** amounted to EUR 6.5 million; compared to 2023, they have decreased by EUR 0.3 million. A decrease in electricity price (18%) and the measures taken to optimise the drivers' rates for electric trains have led to savings in electricity costs. A 21% decrease in diesel prices has also contributed to the decrease in the costs of energy resources.

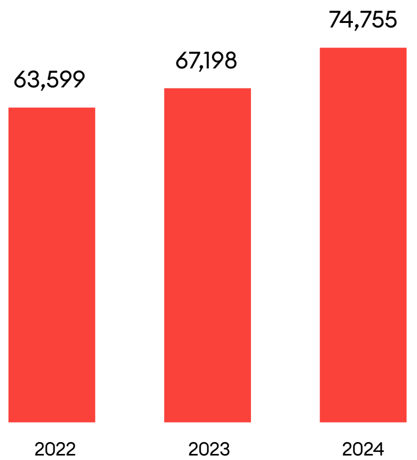
The costs of infrastructure charges were EUR 9.3 million in 2024, an increase of EUR 3.3 million from the previous year. This rise was attributed to higher tariffs for domestic carriage and transit, as well as increased transit volumes.

Strategic management and general administrative charges reached EUR 7.4 million in 2024, up by EUR 1.8 million from 2023. This increase was driven by remuneration growth and a changed structure of services.

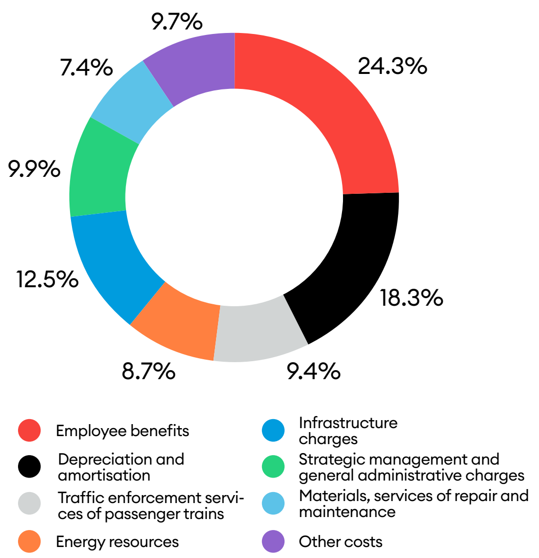
In 2024, **the costs related to materials, repair and maintenance** amounted to EUR 5.5 million; compared to 2023, they have increased by EUR 1.4 million as a result of unscheduled and additional repairs of rolling stocks improving their condition and reliability.

In 2024, **other costs (revaluation of non-current assets and inventories, cleaning, security, insurance and other purchased services)** amounted to EUR 7.2 million; compared to 2023, they decreased by EUR 1.4 million, primarily due to asset impairment in 2023 (EUR 1.9 million).

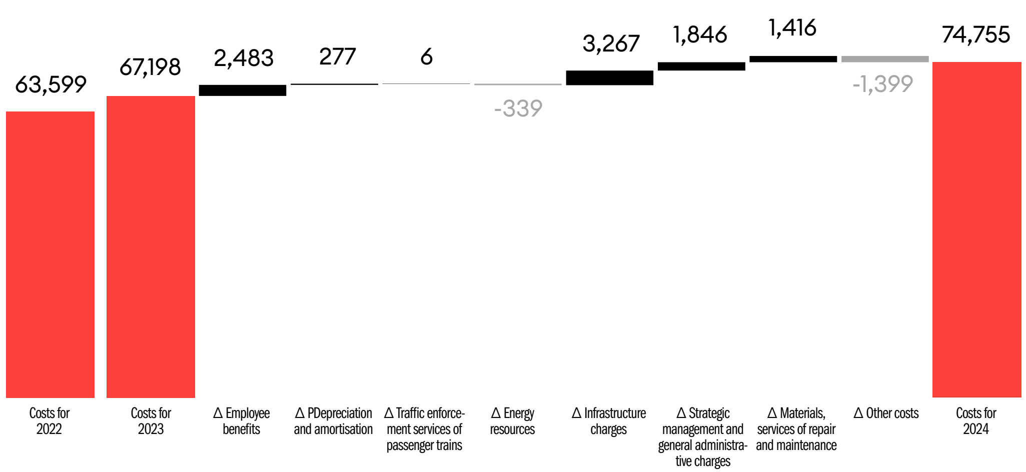
The Company's costs, EUR thousand



Costs structure 2024, %



Change in costs, EUR thousand



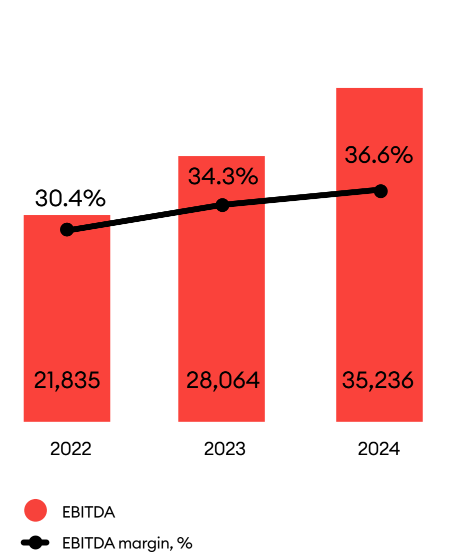
Performance results

In 2024, the Company generated EUR 19.1 million of **net profit**; whereas, in 2023, it amounted to EUR 13.1 million. A 32% increase in transit passenger numbers, driven by additional transit routes, contributed to the improved result. Passenger carriage revenue for 2024 amounted to EUR 13 million; i. e., an increase by 28.8% compared to the corresponding period in 2023.

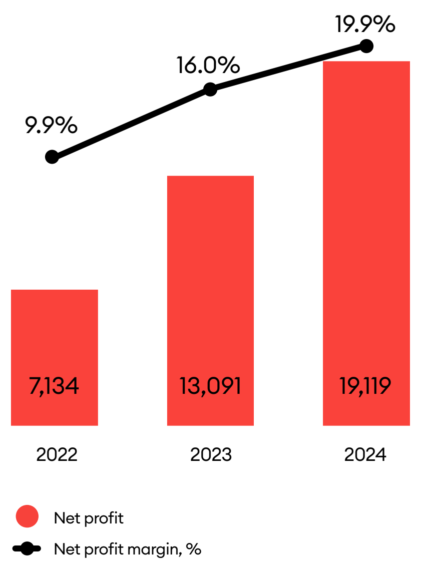
In 2024, the Company's **EBITDA** was EUR 35.2 million (2023: EUR 28.1 million), and the **EBITDA margin** was 36.6%. (34.3% in 2023).

The net profit (loss) margin was 19.9% in 2024 (16.0% in 2023).

EBITDA of the Company, EUR thousand



Net profit, EUR thousand



Changes in the statement of financial position

As at 31 December 2024, the carrying amount of **non-current assets** was EUR 157.1 million (EUR 124.6 million as at 31 December 2023). The changes reflect the advance payment for new electric trains.

Current assets stood at EUR 38.9 million as at 31 December 2024, representing a 33.7% decrease from 31 December 2023. This decrease in current assets was primarily due to the EUR 30.8 million advance payment for electric trains.

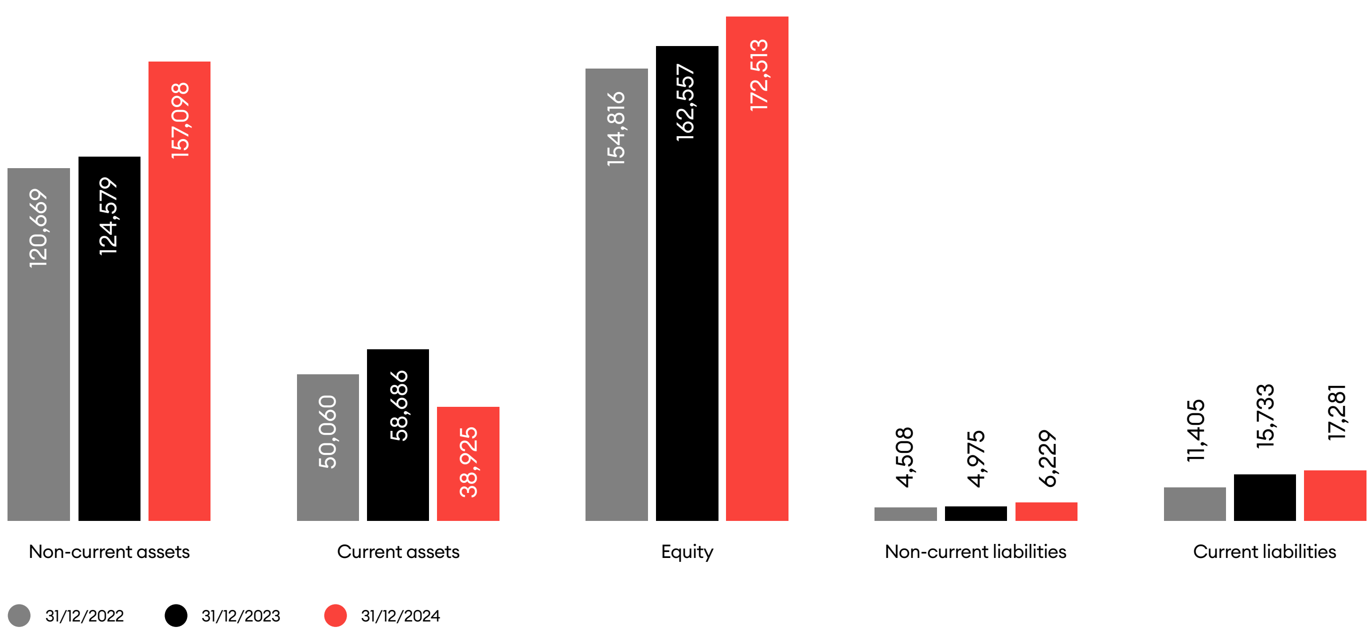
The authorised capital has remained unchanged during the period under analysis and amounted to EUR 143.6 million.

In 2024, **equity** increased by EUR 10 million and amounted to EUR 172.5 million. The main reasons for the change are the increase in the results for the reporting period (EUR 19.1 million) and the payment of dividends (EUR 9.2 million).

As at 31 December 2024, **current liabilities** amounted to EUR 17.3 million (EUR 15.7 million as at 31 December 2023). The increase was primarily attributed to increased lease liabilities, employee benefits, and debts to related companies.

As at 31 December 2024, **non-current liabilities** amounted to EUR 6.2 million (EUR 5.0 million as at 31 December 2023). The increase in non-current liabilities has been caused by the increased deferred tax and ticket vending machines lease liabilities.

Changes in the main items of the Statement of Financial Position, EUR thousand



Key financial indicators

	Measuring unit	2024	2023	2022
Sales revenue	EUR thousand	61,665	47,873	35,485
Subsidy revenue	EUR thousand	34,650	33,995	36,229
Other income	EUR thousand	14	9	158
Total revenue	**EUR thousand**	**96,329**	**81,877**	**71,872**
Costs	**EUR thousand**	**74,755**	**67,198**	**63,599**
EBITDA	EUR thousand	35,236	28,064	21,835
Adjusted EBITDA	EUR thousand	35,249	31,697	24,930
EBITDA margin	%	36.6%	34.3%	30.4%
Adjusted EBITDA margin	%	36.6%	38.7%	34.7%
EBIT	EUR thousand	21,574	14,679	8,273
EBIT margin	%	22.4%	17.9%	11.5%
Net profit	**EUR thousand**	**19,119**	**13,091**	**7,134**
Net profit margin	%	19.9%	16.0%	9.9%

		31/12/2024	31/12/2023	31/12/2022
Non-current assets	EUR thousand	157,098	124,579	120,669
Current assets	EUR thousand	38,925	58,686	50,060
Total assets	**EUR thousand**	**196,023**	**183,265**	**170,729**
Equity	EUR thousand	172,513	162,557	154,816
Financial debt	EUR thousand	4,877	3,868	3,976
Net debt	EUR thousand	(22,298)	(48,955)	(38,150)
Return On Equity (ROE)	%	11.4%	8.2%	4.7%
Return On Assets (ROA)	%	10.1%	7.4%	4.3%
Return on Investment (ROI)	%	11.0%	8.0%	4.6%
Financial debt / EBITDA	times	0.1	0.1	0.2
Financial debt / Equity (D/E)	%	2.8%	2.4%	2.6%
Net debt / EBITDA	times	(0.6)	(1.8)	(1.7)
Net debt / Adjusted EBITDA	times	(0.6)	(1.5)	(1.5)
Equity ratio	%	88.0%	88.7%	90.7%
Asset turnover ratio	times	0.5	0.4	0.4
Quick ratio	times	2.2	3.7	4.3
Current ratio	times	2.3	3.7	4.4

Financing of the Company

As at 31 December 2024, the Company had no debt obligations to credit institutions.

During the reporting period, the Company used the LTG Group's cash pool account to balance its working capital. The Group's cash pool agreement is valid until 31 December 2027. The terms of the agreement are in line with normal market conditions.

Special obligations

Special obligations are the functions that a state-owned enterprise (SOE) would not undertake on a commercial basis (or would do so at a higher price than is fixed) and that are entrusted to it by a state decision.

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

The Company carries out a special obligation – **public passenger transport services by rail.** In December 2022, a long-term Outsourcing and Financing of Outsourced Services (PSO) contract was signed with the Government for a period of 10 years (2023-2032). The average annual amount of co-financing for passenger transport will be EUR 40 million. Public passenger transport services are fully funded to cover all losses incurred in this activity.

The purpose of the special obligation – to ensure public passenger transport services by rail and (or) public combined passenger carriage on domestic routes.

The function is carried out under the contract for use of the state budget funds allocated for implementation of the programme Ensuring Rail Transport, concluded between the Ministry of Transport and Communications and LTG Link on a yearly basis, the subject matter whereof, among other obligations, is fulfilment of the obligation to provide public services. State budget appropriations are allocated for the implementation of the special obligations.

Legislation entrusting SOEs with this special obligation: Article 12 of the Railway Transport Code of the Republic of Lithuania.

Legislation establishing the conditions for the performance of this special obligation: Article 12 of the Railway Transport Code of the Republic of Lithuania, Regulation (EC) No 1370/2007 of the European Parliament and of the Council of 23 October 2007 on public passenger transport services by rail and by road and repealing Council Regulations (EEC) No 1191/69 and 1107/70 with the amendments made by Regulation (EU) 2016/2338 of the European Parliament and of the Council of 14 December 2016 amending Regulation (EC) No. 1370/2007 concerning the opening of the market for domestic passenger transport services by rail, as well as the amendment of the Resolution No. 716 of 7 June 2010 of the Government of the Republic of Lithuania Regarding the "Approval of the Description of the Procedure for Compensation for Losses incurred in the Execution of Public Service Obligations" with the amendments.

Legislation regulating pricing: Article 34 Part 1 of the Railway Transport Code of the Republic of Lithuania.

State budget appropriations for performance of special obligations used in 2024: EUR 39.5 million (EUR 4.8 million used for passenger carriage under preferential conditions; EUR 34.7 million used for passenger carriage on unprofitable domestic routes).

Indicators of implementation of special obligations harmonised with the manager of appropriations (Ministry of Transport and Communication of the Republic of Lithuania)	Measuring units	2024	Target in 2025
The number of passengers transported on domestic routes	million	5.01	5.80
The number of passengers transported under preferential conditions	million	1.42	1.70

Special obligations performance results (unaudited)

The Statement of Profit or Loss, EUR thousand	2024	2023	2022
Sales revenue total	28,448	24,723	21,116
Revenue (domestic carriage)	27,152	24,723	21,116
Revenue (international carriage in LT territory)	1,296		
Subsidy revenue	34,650	33,995	36,229
Costs	61,400	56,839	54,591
Results of financial activity	(75)	(30)	(24)
Profit or loss before tax	1,623	1,849	2,730
Income tax	226	372	454
Net profit (loss)	1,397	1,477	2,276
Statement of Financial Position, EUR thousand			
Total assets	178,123	166,114	160,328
Equity	125,311	122,324	122,922
Liabilities	52,812	43,790	37,406
Total equity and liabilities	178,123	166,114	160,328

Investments

LTG Link investments reached EUR 44.3 million in 2024, representing a 2.5-fold increase from 2023.

Investments, EUR thousand	2024	2023	2022
Acquisition of electric trains	30,753	10,251	-
Overhauls of passenger rolling stocks	9,917	6,392	6,045
Other investments	3,609	1,292	2,740
Total	**44,279**	**17,935**	**8,785**

LTG Link planned investments for the upcoming period:

- Projects started in 2024 and not yet completed are being continued, the most important being: **Acquisition of Electric Passenger Trains** (production and testing of first units planned for 2025) and **Optimisation of Passenger Rolling Stock Bases** (2025 plans include facility adaptation for new trains and completion of planning process).
- Continuation of scheduled maintenance programme for the existing passenger trains.
- Preparation for Rail Baltica line operations investment.

Additional plans include:

- implementing door-to-door programme projects;
- completing locomotive safety systems replacement;
- implementing new on-board passenger information systems;
- installing remote condition monitoring systems;
- launching new initiatives to improve service quality and operational efficiency.

Key investment projects in 2024

Main projects/ project groups	Works carried out in 2024
1. Rolling stock repairs	In order to ensure that the passenger trains are prepared for the implementation of the public-service contract concluded with the Ministry of Transport and Communications of the Republic of Lithuania: • Operating passenger trains are being upgraded. As part of planned train major repairs, works worth EUR 9.9 million were completed in 2024, which is 64.4% more than in 2023 (EUR 6.4 million), with 69 passenger carriages repaired, 26 more passenger carriages than in the corresponding period of 2023. • A project to acquire replacement units for 730ML trains was implemented. Replacement components help minimise train downtime during major maintenance works.
2. Electric passenger trains procurement project	The LTG Group is implementing the *Project for acquiring new electric passenger trains* as part of its Rail Electrification Programme. In June 2023, LTG Link signed a contract with Stadler Polska, the Polish subsidiary of the Swiss train manufacturing group Stadler, to acquire 15 electric trains (including 6 battery-electric trains). These trains will replace a number of LTG Link's end-of-life diesel trains. The new trains will allow ensuring environmentally friendly carriage of passengers on electrified lines, and diesel trains will be replaced by battery-electric trains on individual routes that are not fully electrified. They will be more efficient, adapted to the needs of people with disabilities and will provide a higher level of comfort for passengers. 2024 marked the completion of train design, initiation of production, and an advance payment of EUR 30.8 million. Train testing will begin in 2025. Passenger service with the new trains is scheduled to commence in the second half of 2026.
3. Other projects	• *Installation project of the ticketing system Smart Ticketing:* Following the 2022 implementation of a new ticket sales system, 2024 saw the completion of phase two – the installation of ticket vending machines at stations. These machines streamline the ticket sales process, reduce operational costs and enhance passenger service quality. • *The Optimisation Project of Passenger Rolling Stock Bases* project is underway to accommodate new electric trains, enhance maintenance efficiency, and address environmental concerns, among other objectives. Design work continues under the contract signed in late 2023. The reconstruction of the existing depot in Naujoji Vilnia will enable the release of passenger train maintenance territories and buildings in Vilnius city (adjacent to Vilnius station). • In 2024, a work contract was signed and preparatory work began to replace the currently unsafe Russian-made KLUB-U systems in 35 passenger trains. System replacement on passenger trains will commence in 2025.

Dividend policy

The payment of dividends and the amount of profit contributions is regulated by Government Resolution of 6 June 2012 No. 665 "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 (link). The consolidated version has been valid since 5 April 2022.

Allocation and payment of dividends of the Group companies are regulated by the Dividend Policy of LTG Group as updated during the reporting period. The Dividend Policy is publicly available on the website (link).

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 circumstances and conditions as set out in the Dividend Policy. The dividend pay-out ratio is calculated on retained earnings and depends on ROE at the end of the reporting period.

The Company's Board may propose to the shareholder to set a lower or higher portion of profit for dividend distribution or propose not to distribute them, taking into account the conditions and circumstances listed in the Dividend Policy.

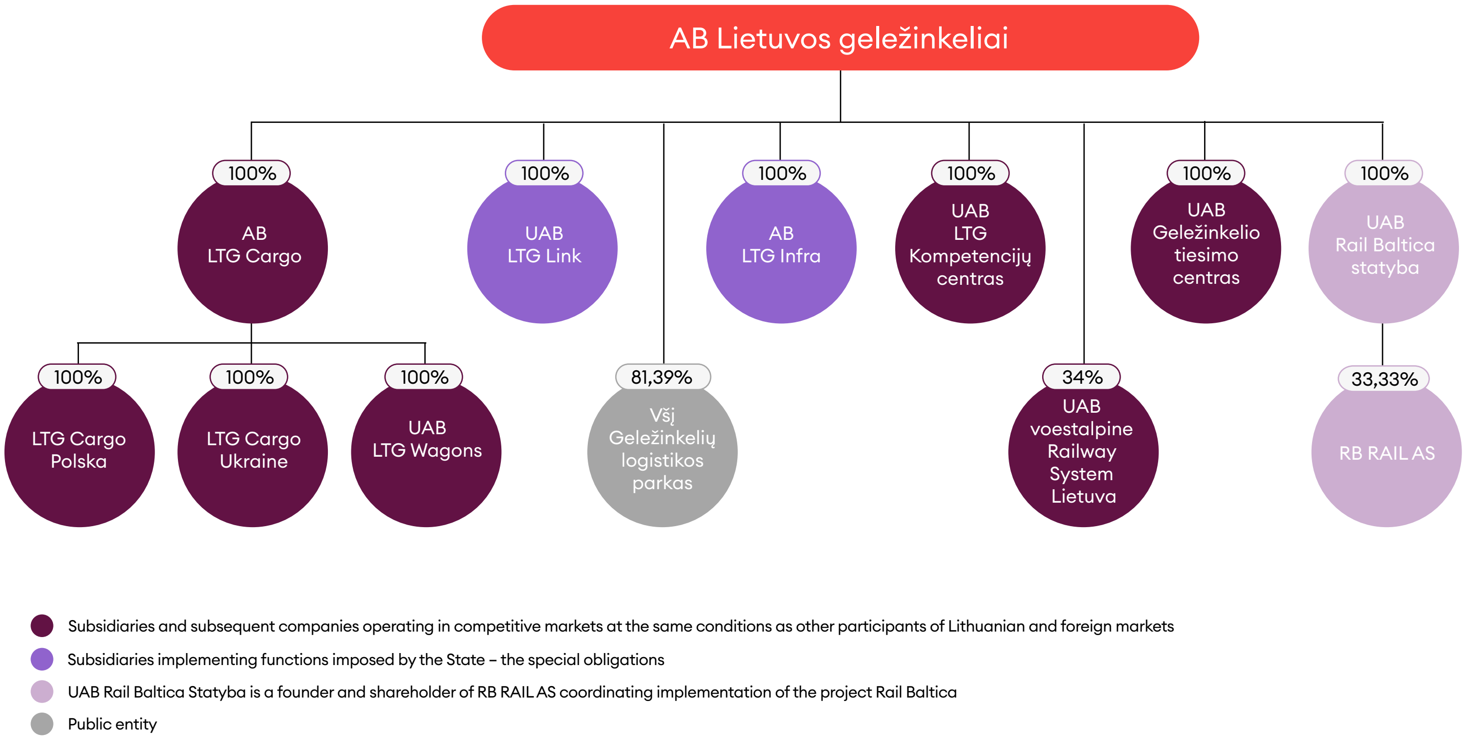
In 2024, LTG Link paid EUR 9.2 million in dividends from 2023 distributable profit, in 2023 paid EUR 5.3 million in dividends from 2022 distributable profit. No dividends were paid in previous years.

Company's ROE indicator (%)	Share of distributable profit allocated to dividends (%)
≤ 1	≥ 85
> 1 and ≤ 3	≥ 80
> 3 and ≤ 5	≥ 75
> 5 and ≤ 10	≥ 70
> 10 and ≤ 15	≥ 65
> 15	≥ 60

Governance report

Group structure

The Company belongs to the LTG Group that is the largest in the Baltic States in terms of freight, passenger transport and infrastructure management. 100% of the Company's shares are owned by AB Lietuvos geležinkeliai. The Company had no subsidiaries in the reporting period.



Governance model

The corporate governance of the LTG Group is organised in such a way as to maintain an effective and results-oriented balance between management and control measurements of the LTG Group. The governance model of the LTG Group is centralised, i. e. the governance bodies of the parent LTG company consider and approve consolidated business strategy, consolidated performance objectives, performance indicators and targets, the consolidated budget and operating plan of the LTG Group. LTG establishes rules and procedures for coordination of the operating plans of the LTG Group companies, their supervision and control.

LTG Group applies the **functional leadership model**, which means that added value is created by centralising operational support, corporate function management as well as the functions themselves, consolidating competencies and introducing functional excellence. The parent company coordinates LTG Group's operations across multiple domains including strategy and business development, communications, stakeholder management, project and investment governance, corporate governance, technical development, people and culture, finance, and business resilience through unified policies, methodologies and processes applicable to all Group companies. The implementation of these shared services is delegated to LTG Kompetencijų centras.

The corporate governance of the LTG group is organised according to the following principles:

- openness and transparency of activities;
- compliance of corporate governance with legal regulation and its effectiveness;
- meeting the expectations of the shareholders;
- cooperation with stakeholders and their role;
- effective and efficient risk management and internal control systems;
- clarity and sustainability of goals;
- responsibility and accountability of governance bodies.

LTG group's operating policies

During the reporting period, the following operational policies were approved by the LTG Board and have been implemented in the LTG Group:

- An updated **Risk Management Policy**, which provides a coherent and common principles-based risk management framework for the LTG Group to achieve the objectives set out in the LTG Strategy and to maintain and enhance the value of the LTG Group.
- The **Stakeholder Policy** which aims to understand the key concerns and expectations of stakeholders for the LTG Group and to respond consistently and quickly to issues and concerns of stakeholders.
- The **People and Culture Policy**, which establishes general principles governing the People and Culture function within the LTG Group, with the aim of managing the human potential and the cultural domain in order to sustainably achieve the LTG Group's strategic objectives.
- The **Sustainability Policy**, which aims to set out the LTG Group's sustainability principles and priorities, defining key sustainability-related activities and governance model. The policy prioritises the relevant sustainability areas where the LTG Group's activities have the greatest environmental impact and seek to create the greatest value.
- The **Whistleblowing Policy**, which sets out a unified model, principles and responsibilities for the management of whistleblowing channels within the LTG Group. The LTG Group complies with the responsible conduct framework in accordance with the Guidelines for Multinational Enterprises adopted by the Organisation for Economic Co-operation and Development.
- The **Internal Audit Policy** that defines the fundamental principles, objectives and organisation of the management of internal audit activities within the LTG Group.
- An updated **Compliance Management Policy**, which sets out a unified compliance management model, principles and responsibilities for the LTG Group.
- The **Transport Management Policy**, which aims to set out the procedures and conditions for the allocation, use and control of official vehicles, shared vehicles and private vehicles for LTG Group employees.
- The **Dividend Policy**, which lays down the dividend policy for the LTG Group as a whole, to be followed by the governing bodies of the companies in the LTG Group when deciding on the distribution of dividends to those companies. The implementation of the Policy aims at contributing to the creation of greater value for the LTG Group and ensuring that shareholders and other market participants of LTG Group companies are properly informed about the future long-term return on their investment in the LTG Group.

Governance acknowledgements

In the evaluation of the good governance index of state-owned enterprises (SOEs) for 2023/24, in the category of large enterprises, the LTG Group was recognised as one of the leaders among SOEs and received the highest A+ rating.

In the assessment of Good Governance Index, the Company has also received the **highest A+** rating. In strategic planning and implementation, transparency and collegial bodies categories also received an A+ rating.

A+	A+	A+	A+
Transparency	Collegial bodies	Strategic planning and implementation	Good Governance Index

The assessment of the quality of governance in SOEs is based on the evaluation tool SOE Good Governance Index developed by the Public Enterprise Governance Coordination Centre, which aims to assess and measure the implementation of the key good governance practices by state-owned enterprises and by the public authorities that control them. At present, this is the only instrument on the basis of which the governance of all SOEs is monitored, the quality of the governance of all SOEs and their subsidiaries as well as the compliance thereof with the legal provisions are assessed.

Information on the shares as at 31 December 2024

Amount of authorised capital, EUR thousand	Number of shares, units	Nominal value per share, EUR
143,590	156,237	919.05

The Company is part of AB Lietuvos geležinkeliai Group and its sole shareholder is the parent company AB Lietuvos geležinkeliai. The shareholder of AB Lietuvos geležinkeliai is the State of Lithuania which owns 100% of its shares, and the shareholder‘s rights and duties are carried out by the Ministry of Transport and Communications of the Republic of Lithuania.

All shares are of a single class, i. e. 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 has not acquired its own shares or shares of other companies of the LTG Group.

Internal regulation

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 Company's Articles of Association were not amended.

The Articles of Association of LTG Link are available on the Company's website https://ltglink.lt/en/articles-of-association.

The Company's Articles of Association 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.

Governing bodies of the company

The following governing bodies of the Company are set out by Articles of Association:

- The General Meeting of Shareholders;
- The Board;
- Head of the Company (Chief Executive Officer).

General meeting of shareholders

The Company's supreme governing body. The competence of and the procedure for convening the General Meeting of Shareholders, along with the procedure for decision making, are established in the Law on Companies of the Republic of Lithuania, other legislation and the Articles of Association of the Company.

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

The Company has not issued preference shares. During the reporting period, the voting right was not restricted.

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

- on the prioritisation of the Company's material risks and the approval of strategies to manage them;
- on the 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 conclusion of the public service contract on passenger carriage 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;
- on the establishment of branches and representative offices of the Company, the termination of their activities, the appointment and dismissal of the managers of the Company's branches and representative offices, and the approval of the regulations of branches and representative offices;
- on the investment, disposal or lease of the Company's non-current assets with a carrying amount equal to or exceeding EUR 3,000,000 (three million euros) (excluding value added tax) in the Company's group companies or third parties;
- on the pledge and mortgage of the Company's non-current assets with a carrying amount equal to or exceeding EUR 3,000,000 (three million) (excluding value added tax);
- on guaranteeing or indemnification of other persons for the fulfilment of obligations of an amount equal to or exceeding EUR 3,000,000 (three million) (excluding value added tax);
- on the acquisition of non-current assets for a price equal to or exceeding EUR 3,000,000 (three million) (excluding value added tax);
- on the loan or other financing transactions with a value equal to or exceeding EUR 3,000,000 (three million);
- on the conclusion of transactions for the purchase of goods, services, works, the value of which is equal to or exceeds EUR 3,000,000 (three million euros) (excluding value added tax), and the approval of the essential terms of such transactions (before the Company commences the procurement procedures);
- on the approval of the essential terms of service contracts for services provided by the Company to non-group legal entities if the estimated annual revenue of the contract, or the revenue expected to be generated over the entire duration of the contract, may be equal to or more than EUR 3,000,000 (three million euros) (excluding value added tax);
- on the approval of the Company, as a shareholder of the subsidiaries, of the decisions of the governing bodies of the subsidiaries, as referred to in the Articles of Association of the subsidiaries, concerning the investment, transfer, lease, acquisition, mortgage, pledge, hypothecation, and the granting of sureties and guaranties for the obligations of other persons, the purchase of

goods, services, and works, and the granting of loans or any other financing transactions where the value of the transactions is equal to or exceeds EUR 3,000,000 (three million) (excluding value added tax).

During the reporting period, the property and non-property rights of the shareholder were not restricted, no special rights are intended to be granted to the shareholder.

Key decisions of the general meeting of shareholders in 2024:

- The decision of the Board to procure general administration services was approved;
- The decision of the Board to enter into a contract for the purchase of overhaul services of EJ575 carrying bogies was approved;
- The decision of the Board to establish mutual lending arrangements with AB Lietuvos geležinkeliai was approved;
- The decision of the Board to conclude a train financing agreement was approved;
- The Company's financial statements for the year 2023 were approved;
- The Company's distributable profit (loss) for the year 2023 was distributed;
- The decision of the Board to approve the Company's key risk management strategies was adopted;
- The decision of the Board to enter into a contract for the purchase of repair services of Škoda EJ575 005 and 010 trains was approved;
- The decision of the Board to procure overhaul and maintenance services for PESA 730ML units and assemblies was approved;
- The decision of the Board to procure overhaul and maintenance services for PESA 620M units and assemblies was approved;
- The decision of the Board to pledge 5 EMU (electric) and 3 BEMU (battery-electric) trains to the Ministry of Finance of the Republic of Lithuania as security for the state guarantee on the European Investment Bank loan was approved;
- The decision of the Board to pledge 4 EMU (electric) and 3 BEMU (battery-electric) trains to the Ministry of Finance of the Republic of Lithuania as security for the state guarantee on the Nordic Investment Bank loan was approved;
- The decision of the Board to conclude a purchase transaction for strategic management fee was approved;
- The decision of the Board to enter into a purchase contract of the access to railway service facilities was approved;
- The decision of the Board to enter into diesel fuel and diesel fuelling services purchase transactions was approved;
- The decision of the Board to approve LTG Link membership in the European Railway Coordination Association Forum Train Europe (FTE) was approved.

Board

A collegial governing body as defined in the Company's Articles of Association, which, during the reporting period, consisted of 5 members, 2 of whom are independent, 1 is a civil servant and 2 are delegated by the shareholder. The members of the Board are elected by the General Meeting of Shareholders for a term of 4 years. The Board elects the chairperson of the 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 Company's General Meeting of Shareholders.

Independent Board members are elected in accordance with the Procedures for the Nomination of Candidates to the Board of Directors of a State or Municipal Enterprise and Candidates to the Supervisory or Governing Body of a State- or Municipality-owned Enterprise Elected by the General Meeting of Shareholders (hereinafter – Nomination Procedures), approved by Resolution No 631 of the Government of the Republic of Lithuania of 17 June 2015 (with successive amendments). The composition of the Board is carried out following the provisions of the Nomination Procedures on diversity of the competences of the Board members, the requirements for compliance with the general and specific requirements.

The competence of the Board is in line with the competence of the board, as laid down under the Law on Companies of the Republic of Lithuania and other legal acts; additional competences of the Board are set out in the Articles of Association of the Company.

Additional competences of the Board during the reporting period:

- to approve the Company's business strategy;
- to set Company goals;
- to approve the Company's annual business plan (budget);
- to approve the list of information considered to be the Company's trade (industrial) secrets and confidential information, as well as the conditions for the use and storage of such information;
- to analyse and assess the Company's material risks (prioritised by the Board when assessing such risks) and approve the strategies to manage them;
- to make decisions on the investment, sale and purchase, or any other transfer, pledge or mortgage of the Company's facilities and assets of national security importance;
- to make decisions on the investment, disposal or lease of the Company's non-current assets with a carrying amount equal to or exceeding EUR 1,000,000 (one million euros) (excluding value added tax) in the Company's group companies or third parties;
- to make decisions on pledges and mortgages of the Company's non-current assets with a carrying amount equal to or exceeding EUR 1,000,000 (one million) (excluding value added tax);
- to make decisions on the guaranteeing or indemnifying of other persons in respect of obligations of an amount equal to or exceeding EUR 1,000,000 (one million euros) (excluding value added tax);
- to make decisions to acquire non-current assets for a price equal to or exceeding EUR 1,000,000 (one million) (excluding value added tax);
- to make decisions on loan or other financing transactions with a value equal to or exceeding EUR 1,000,000 (one million);
- to make decisions to enter into transactions for the purchase of goods, services and works with a value equal to or exceeding EUR 1,000,000 (one million euros) (excluding value added tax) and to approve the essential terms and conditions of such transactions (before the Company commences the procurement procedures);
- to make decisions on the approval of the essential terms of service contracts for services provided by the Company to non-group legal entities, if the estimated annual revenue of the contract, or the revenue expected to be generated over the entire duration of the contract, may be equal to or exceed EUR 1,000,000 (one million euros) (excluding value added tax);
- to make decisions on the conclusion of a public service contract for the operation of passenger transport services and approving its essential terms and conditions;
- to make decisions on the Company becoming a founder or participant of other legal entities;
- to make decisions for the Company to commence new activities or to discontinue the Company's existing activities if the relevant decision has not been taken at the time of approval of the Company's business strategy;
- to make decisions to establish branches and representative offices of the Company, to terminate their activities, to appoint and dismiss the heads of the Company's branches and representative offices, and to approve the regulations of branches and representative offices;
- to make decisions on the approval of the Company, as a shareholder of the subsidiaries, of the decisions of the governing bodies of the subsidiaries, as referred to in the Articles of Association of the subsidiaries, concerning the investment, transfer, lease, acquisition, mortgage, pledge, hypothecation, and the granting of sureties and guaranties for the obligations of others, the purchase of goods, services, and works, and the granting of a loan or any other financing transactions, where the value of the transaction is equal to or exceeds EUR 1,000,000 (one million euros, excluding value added tax);
- to make decisions on the Company's approval, as a shareholder of the subsidiaries, of the decisions of the governing bodies of the subsidiaries to merge, amalgamate, demerge, subdivide, divide, transfer, or transfer their activities by any other legal means, and to become a founder or a participant in any other legal entity (except for the decisions to become a founder or a participant in associations);
- to approve, promote and sanction the terms and conditions of employment of the Company's Chief Executive Officer;
- to approve the aggregate amount of performance incentives to be granted to the Company's employees, taking into account the performance of the Company;
- to analyse and evaluate other information provided by the Company's Chief Executive Officer on key issues relating to the Company's business;
- to analyse other matters relating to the Company's business which fall within the Board's remit and, if necessary, take decisions on such matters.

The Board performs the following **supervisory functions:**

- supervises the performance of the Company's Chief Executive Officer and provide the General Meeting of Shareholders with feedback and proposals on the performance of the Company's Chief Executive Officer;
- considers whether the Company's Chief Executive Officer is fit for office if the Company is making a loss;
- proposes to the Company's Chief Executive Officer to revoke his/her decisions that are contrary to laws and other legal acts, the Company's Articles of Association, the decisions of the General Meeting of Shareholders or the Board;
- decides on other matters of supervision of the Company and the activities of the Company's Chief Executive Officer which are within the competence of the Board under the Articles of Association, as well as under the decisions of the General Meeting of Shareholders.

Composition of the Company's Board

The term of office of the Board is from 23 January 2023 to 23 January 2027. None of the members of the Board holds shares in LTG Group companies.

AURELIJA KAZLAUSKIENĖ

Independent member of the Board, Chairperson
Member of the Board from 23 January 2023 and Chairperson of the Board from 2 February 2023.

EDUCATION

- Baltic Management Institute (BMI), EMBA;
- Graduate of the Baltic Institute of Corporate Governance;
- Graduate of the Leadership Development Programme;
- ISM University of Management and Economics, EMBA; Vilnius University, Master's degree in Management and Business Administration;
- Vilnius University, Bachelor's degree in Management and Business Administration.

MAIN EMPLOYER, POSITION

- Director of Strategy, Customers and Marketing Department and Member of the Board of AB Lietuvos Draudimas,
- J. Basanavičiaus str. 10, Vilnius, company code 110051834.

AISTĖ GASIŪNIENĖ

Board member, civil servant
In-office from 23 January 2023

EDUCATION

- Vilnius Gediminas Technical University, Bachelor's degree in Management and Business Administration;
- Vilnius Gediminas Technical University, Master's degree in Management and Business Administration.

MAIN EMPLOYER, POSITION

- Senior Adviser, Green deal and innovation issues of Future Mobility Policy Group, Ministry of Transport and Communications of the Republic of Lithuania, Gedimino ave. 17, Vilnius, company code188620589.

VIKTORAS BACHMETJEVAS

Independent Member of the Board
In-office from 23 January 2023

EDUCATION

- Vytautas Magnus University, Doctor's degree in Science (PhD);
- University of Leuven, Research Master (MPhil).

MAIN EMPLOYER, POSITION

- Associate Professor, Department of Philosophy, Vytautas Magnus University, V. Putvinskio str. 23, Kaunas, company code 111950396.

OTHER POSITIONS HELD

- Head of MB Hubris, Švenčionių str. 14-3, Vilnius, company code 304955142.
- Head of MB Kolibrio knygos, Švenčionių str. 14-3, Vilnius, company code 305911565.
- Head of VšĮ Civic Initiatives, Švenčionių str. 14-3, Vilnius, company code 305072960.
- Member of the Council of the VšĮ Open Lithuania Foundation, Didžioji str. 5, Vilnius, company code 210063570.

IRMANTAS BERŽAUSKAS

Member of the Board delegated by the shareholder
In-office from 23 January 2023

EDUCATION

- Rīgas Ekonomikas augstskola – Stockholm School of Economics in Riga, EMBA Master.

MAIN EMPLOYER, POSITION

- Director of Law and Governance, AB Lietuvos geležinkeliai, Geležinkelio str. 16, Vilnius, company code 110053842.

ANDREJ KOSIAKOV

Member of the Board delegated by the shareholder
In-office from 23 January 2023

EDUCATION

- Vilnius University, Master's degree in Management and Business Administration.
- Fellow Chartered and Certified Accountant (UK)

MAIN EMPLOYER, POSITION

- Director of Finance, AB Lietuvos geležinkeliai, Geležinkelio str. 16, Vilnius, company code 110053842.

Changes in the composition of the Board during the reporting period

During the reporting period, there were no changes in the composition of the Board.

Competency matrix

Board members must meet the general and special requirements set out in the Board Member Selection Guidelines for AB Lietuvos geležinkeliai Group companies (AB LTG Cargo, AB LTG Infra, UAB LTG Link), applicable to civil servants and parent company delegates.

Composition of the Board	Competences of a civil servant	Competences of members delegated by the parent company		Competences of independent members of the Board	
Areas of competence	Lithuanian communication development strategy	Strategic management and business development	Financing strategy	Marketing and customer experience management	Innovation and development of sustainable mobility
Specific requirements (applicable by area of competence)					
At least 5 years' executive experience (in a position of the head of a company, a senior manager reporting directly to the CEO, a member of a governing or supervisory collegiate body)					
Management of corporate strategic planning, transformation and changes of the organisation					
Experience in business development in international markets					
Experience in development of an organisation and its culture					
Experience in the application / implementation of digitisation, innovation, and efficiency solutions					
Practical knowledge of marketing, customer experience, brand development					
Experience in project management, assessment and financing					
Knowledge and experience in financing of state-regulated activities					
Knowledge of objectives and regulatory principles of strategic national and regional transport sector					
Good knowledge of the strategy and objectives of AB Lietuvos geležinkeliai Group					
Experience in infrastructure development planning and development					
At least 5 years' executive experience in finance management, financial advisory, financial services or audit					
At least 5 years' executive experience in road, air, water or rail transport and rail transport and (or) rail infrastructure management in the European Union or North Atlantic Treaty Organisation countries					
At least 3 years' executive experience in logistics					
Experience of working in an international group of companies					
Experience of working in collegiate supervisory and governing bodies					

Mandatory *Advantage*

The Board's activity plan and the most important achievements

During the reporting period, the Board organised its work in accordance with the Board's annual activity plan for 2024 approved on 5 December 2023, which provided for the consideration of organisational, strategic, planning, risk management, goal-setting and evaluation, self-assessment of its performance, and the reporting of the Company's performance, amongst other matters. The activity plan of the Board for 2025 was approved on 14 November 2024.

During the reporting period, a total of 21 (twenty one) meetings of the Board were held, including 6 (six) meetings which took place in the form of a survey (in writing).

Information on the attendance of Board meetings in 2024

Name, surname of a member	Board meetings
Number of meetings in 2024 (including away meetings, voting in advance in writing)	21
Aurelija Kazlauskienė	21
Aistė Gasiūnienė	20
Viktoras Bachmetjevas	20
Irmantas Beržauskas	21
Andrej Kosiakov	21

Key Board decisions in 2024

Strategic and planning decisions

Throughout 2024, the Board focused on the Company's strategy and implementation, major investments and projects, risks, and strategic challenges. The Board made decisions essential for ensuring efficient and uninterrupted Company operations:

- approval of the updated the Rules of Procedure of the Board;
- recall of the Company's CEO and appointment of the new CEO;
- approval of key performance indicators and CEO's objectives for 2024;
- approval of the level achievement of the Company's annual targets for 2023;
- approval of the Company's annual report for the year 2023, approval of the annual financial statements and the draft appropriation of profit (loss);
- setting priorities of the Company's risks and approval of the risk management strategies;
- approval of LTG Link interim report for 2024;
- approval of LTG Link management structure;
- approval of LTG Link strategy for 2025–2029;
- approval of LTG Link operational plan (budget) for 2025;
- approval of LTG Link and CEO targets for 2025;
- approval of the operational plan of LTG Link Board for 2025;
- approval of a procurement contract regarding physical protection, monitoring and response services for objects managed by LTG Link;
- approval of mutual lending arrangements with AB Lietuvos geležinkeliai;
- approval of strategic management charge purchase transaction;
- approval of train financing agreements with the European Investment Bank and Nordic Investment Bank;
- approval of the pledge of 5 EMU (electric) and 3 BEMU (battery-electric) trains to the Ministry of Finance of the Republic of Lithuania as security for the state guarantee on the European Investment Bank loan;
- approval of the pledge of 4 EMU (electric) and 3 BEMU (battery-electric) trains to the Ministry of Finance of the Republic of Lithuania as security for the state guarantee on the Nordic Investment Bank loan;
- approval of the LTG Link membership in the European Railway Coordination Association Forum Train Europe (FTE).

Company's projects

During the reporting period, the Board focused on key Company projects: electric trains acquisition, train repair base relocation, OVC development, KLUB-U transformation, and implementation of the ticket sales system and vending machines. The progress, challenges and risks related to these projects were reviewed quarterly at Board meetings.

The Board placed particular emphasis on improving rolling stock technical condition and safety during the reporting period. Each regular Board meeting included updates on factors affecting rolling stock condition and safety, fleet readiness and reliability, improvement measures, and action plan progress, including challenges and risks. The Company's Board approved these important transactions for ensuring rolling stock condition:

- approved the purchase transaction for PESA 730ML train bogies;
- approved the contract for the purchase of overhaul services of EJ575 carrying bogies;
- approved the contract for the purchase of repair services of Škoda EJ575 005 and 010 trains;
- approved the procurement of overhaul and maintenance services for PESA 730ML units and assemblies;
- approved the procurement of overhaul and maintenance services for PESA 620M units and assemblies;
- approved the procurement of overhaul and maintenance services for PESA 630MiL units and assemblies;
- approved the procurement of repair services for Škoda EJ575 train ER-3 traction bogies;
- approved the procurement of overhaul services for Škoda EJ575 train traction bogies;
- approved the procurement of repair services for PESA 730ML and 630MiL train brake equipment and spare parts;
- approved the procurement of the access to railway service facilities;
- approved the procurement of diesel and diesel fuelling services.

Prevention and management of conflicts of interest

During the reporting period, the Board actively enforced compliance with national and Company's internal legislation on the prevention of conflicts of interest. Potential conflicts were reviewed at the start of each Board meeting, with no potential conflicts identified.

During the reporting period, all members of the Board had submitted declarations of private interests to the Chief Official Ethics Commission.

Self-assessment and performance of the Board

On 13 February 2025, an evaluation of the Board's performance for 2024 was carried out and a plan of measures to improve the performance was developed:

1. Board activities:

- maintain high Board member engagement and a professionally productive atmosphere;
- comprehend shareholder and stakeholder expectations for the new period and ensure their proper implementation by the Board and management.

2. Strategic planning:

- maintain focus on key strategic projects and investments, ensuring LTG Link makes strategic choices that create and strengthen competitive advantage;
- refine the Rail Baltica business model in preparation for operational readiness.

3. Board meetings:

- improve the quality, relevance and scope of Board materials, ensuring focus on strategic, financial and risk-related information;
- enhance the presentation flow of management issues during Board meetings, focusing on question summaries, key points, essential context and consequences, and required/proposed decisions.

4. Board and CEO/management relationship:

- continue close and open collaboration with the LTG Link CEO and management;
- maintain high engagement in priority LTG Link activities where qualitative change and significant progress are sought (Rail Baltica, marketing, pricing, train maintenance).

Committees and their activities

The Nomination and Remuneration Committee and the Audit Committee of AB Lietuvos geležinkeliai Board were active at LTG Group level.

The main objective of the Audit Committee is to submit conclusions, proposals regarding functioning of external and internal audit, risk management and control systems in the LTG and its subsidiaries to the Board of LTG.

The main objective of the Nomination and Remuneration Committee is to submit conclusions, opinions, recommendations and proposals to the Board of LTG, in respect of such issues as selection of members of governing bodies of the LTG Group and as well as establishment of the LTG remuneration policy.

Information on remuneration of Board members

Remuneration of the members of the Board is set out in the agreements on activities of a member of the Board concluded with the members.

Remuneration of an independent member of a company's collegiate body and of a member of the collegiate body has been determined pursuant to the amendments to Resolution of the Government of the Republic of Lithuania No. 1092 "On the Approval of the Description of the Procedure for Payment of Remuneration to Members of Collegial Bodies of State-Owned Enterprises and Municipally-Owned Enterprises and the Civil Liability Insurance of Members of Collegial Bodies of State-Owned Enterprises and Municipally-Owned Enterprises" adopted on 3 August 2022 which stipulate that the monthly remuneration of an independent member of a company's collegiate body and of a member of the collegiate body who is another person chosen by the entity initiating the selection should be at least 1/4 of the average monthly salary of the company's CEO and no more than the average monthly salary of the company's CEO. For a civil servant holding a position as a member of a collegiate body of a state-owned company or a municipally-owned company, the remuneration should be at least 1/8 and not more than 1/4 of the average monthly salary of the company's CEO. It is recommended that the remuneration of the chairman of a collegiate body of a state-owned company should be at least 1/3 of the average monthly salary of the company's manager.

Implementing the provisions of the aforementioned Resolution, the Order of the Minister of Transport and Communications of the Republic of Lithuania of 2 December 2022 approved the updated regulation of the remuneration of the members of the Board of AB Lietuvos geležinkeliai, which *mutatis mutandis* applies to the members of the collegial bodies of the subsidiaries.

The remuneration of the members of the Board of the Company was determined by a decision of the Company's sole shareholder, with the monthly remuneration of the Chairperson of the Board of the Company being EUR 3,360, the monthly remuneration of the independent member of the Board of the Company being EUR 2,520, the monthly remuneration of the member of the Board of the Company who is a civil servant and the monthly remuneration of the member of the Board who is a delegate of the parent Company being EUR 1,260. At the same time, the rule is that if individual members of the Board are elected, they shall be remunerated at the same level as the members of the existing Board.

Remuneration paid to members of the Board in 2024

Name, surname of a member	Remuneration for activity of a member of the Board in 2024, EUR
Aistė Gasiūnienė	15,120
Andrej Kosiakov	15,120
Aurelija Kazlauskienė	40,320
Irmantas Beržauskas	15,120
Viktoras Bachmetjevas	30,240

The stated remuneration is inclusive of all taxes and contributions payable.

Chief Executive Officer

The Chief Executive Officer is a single-person management body of the Company who organises and manages daily operation of the Company in accordance with his/her powers. 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 CEO's powers are in accordance with those established by the Republic of Lithuania Law on Companies and other applicable legislation.

The first five-year term of office of LTG Link's CEO Kristina Meidė started on 1 February 2024.

Prior to taking the CEO position at the Company, Kristina Meidė had been the Head of the Lithuanian Red Cross Society since 2020. Kristina Meidė also holds the following additional executive position:

- Board member of the Charitable Foundation Association of SOS Children's Villages Lithuania (Ozo g. 37, Vilnius, legal entity code 192014985) since 21 September 2024.

Information on the educational background of the Company's Chief Executive Officer:

Vilnius University, Kaunas Faculty of Humanities, Bachelor's degree in Small Business and Trade Organisation and Management.

Information on remuneration of the Company's CEO

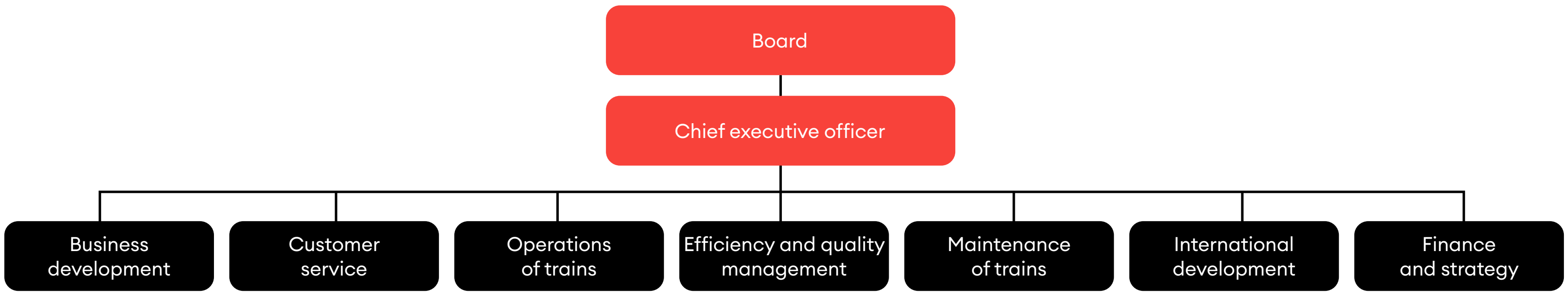
Components of the Company's Chief Executive Officer's remuneration:

- **Basic monthly salary.** The basic monthly salary of the Company's Chief Executive Officer, who took office on 1 February 2024, set out in the employment contract amounted to EUR 10,500 as at the end of the reporting period. During the reporting period, the basic monthly salary of the Company's CEO remained unchanged.
- **Annual performance incentives.** The annual variable remuneration (annual incentive) might be paid to the Company's Chief Executive Officer in addition to the basic monthly salary. The incentive scheme shall be approved by the LTG Board. According to this scheme, 60% of the annual incentive payment is influenced by the level of achievements of the LTG Group's annual goals, and 40% is influenced by the level of achievements of the Company's annual goals. Each year, the Board of the Company approves the structure of the annual goals of the Company, also threshold values and benchmarks for their achievement and, at the end of the year, verifies performance against the goals and the possibility of paying the annual incentive award.

The maximum amount of annual incentive pay cannot exceed 30% of the fixed annual base salary The maximum monthly proportion (i.e. 1/12) of the annual incentive to the current CEO shall not exceed EUR 3,150.

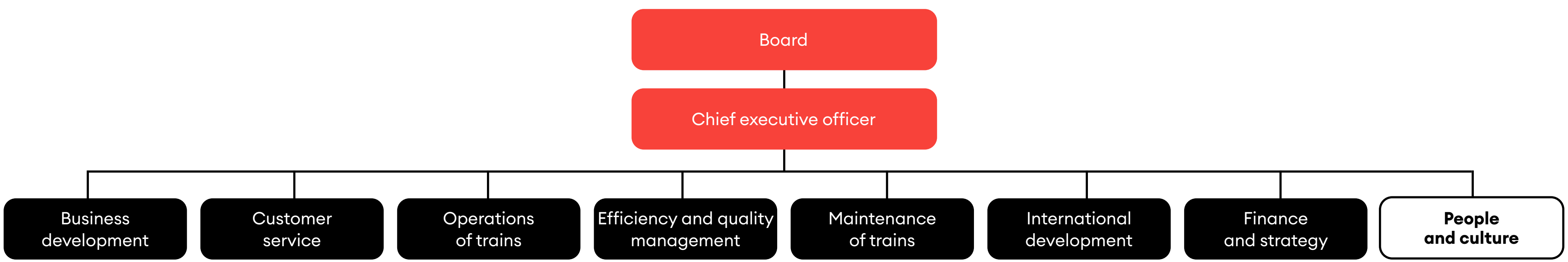
No incentive payment for 2023 goals was made to the current CEO, who assumed the position on 1 February 2024. The former CEO, who left the Company in mid-2023, was not eligible for any incentive payment for 2023 results under the applicable policy.

Governance and organisational structure of the Company as at 31/12/2024



Governance and organisational structure of the Company from 01/02/2025

At the end of the reporting period, at its meeting dated 12/12/2024, the Board of the Company approved a new management structure of the Company which came into force on 1 February 2025 with the establishment of the position of **People and Culture Partner** reporting directly to the Company's CEO.



Management of the Company

KRISTINA MEIDĖ
Chief Executive Officer
In-office from 1 February 2024

GEDIMINAS ŠEČKUS
Chief Executive Officer
In-office (temporary) from 1 October 2023 until 31 January 2024

KRISTINA NAVICKIENĖ
Head of Finance and Strategy
In-office from 7 May 2024

DOMANTAS GRIGAS
Head of Train Operations
In-office from 1 October 2022

ITA BRAŽINSKIENĖ
Head of Passenger Service
In-office from 1 December 2021

INDRĖ BIRGIOLĖ
Head of Train Maintenance
In-office from 2 October 2023

MODESTA GUSAROVIENĖ
Head of Business Development
In-office from 5 April 2024

DOVILĖ ALEKSANDRAVIČIENĖ
Head of Business Development and Marketing
In-office until 26 January 2024

INDRĖ KISIELIENĖ
Head of Corporate Operations
In-office until 30 April 2024

VIOLETA ŠIMELIONIENĖ
Head of International Development
In-office from 13 May 2024

VOITECH MAKOVSKIJ
Head of International Development
In-office until 12 March 2024

ASTA MARTINIONĖ
Head of Efficiency and Quality Management
In-office from 1 November 2024

INGA RINKEVIČĖ
People and Culture Partner
In-office from 1 February 2025

Internal audit

The LTG Group has established a centralised Internal Audit function which acts as a third line and covers all LTG Group companies, including LTG Link. The purpose of internal audit is to strengthen the organisation's ability to create, protect and preserve value by providing independent, risk-based and objective assurance, advice, insight and foresight, thereby contributing to LTG Link's strategic objectives.

The unit's activities are organised on the basis of the guiding principles set out in the International Standards for the Professional Practice of Internal Audit. Audit provides risk-based assurance services, advice (consultation) and insight, and carries out necessary investigations as required. It also regularly monitors the implementation of recommendations made and the correction of other internal control weaknesses identified by external auditors and supervisory authorities.

Management of interests

As at the end of the reporting period, members of the Board, the CEO, managers of the Company have submitted declarations on private interests, which can be found in 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 managers of the Company during the reporting period.

Employees / remuneration report

Employee engagement remains one of the core priorities of the LTG Group's organisational culture, directly influencing the Company's performance, employee productivity, job satisfaction, loyalty and emotional and physical well-being. To increase employee engagement, we focus on programmes that enable organisational culture change – we ensure a fair and transparent remuneration and benefits package, continuously invest in improving working tools, working conditions and employee development, reinforcing value behaviours, encouraging feedback and internal career development, ensuring the principles of equal opportunities and diversity, continuously working on prevention of violence and harassment and other initiatives or measures necessary for the successful implementation of the Company's strategy and the promotion of employee well-being.

Initiatives and key events of 2024

- Special attention was paid to fostering the LTG Group's values (Customer, Responsibility, Cooperation, Improvement) – team activities were organised in Lithuania and Poland using a unique board game "LTG Genas" developed by LTG employees and external suppliers. As more and more employees are involved in this format, we have seen an increase in the awareness of values, team building, mutual knowledge, cooperation and trust in each other.
- A periodic extended organisational culture survey "Voice of Employees" was carried out, measuring employee engagement, satisfaction, employee (eNPS) and customer loyalty (NPS) indicators, identifying progress in organisational culture and areas for improvement. In 2024, the study revealed high employee engagement, satisfaction and rapidly growing loyalty rates, significantly above the Scandinavian transport sector average.
- To embed the principles of inclusive and nurturing leadership, measures have been implemented to strengthen leadership competences: continuous development programmes for middle level and team leaders, e-learning cycle for leadership competences, leadership through strengths sessions; shift programme, updated and digitalised training programme for new managers, "The Manager's Standard". To ensure the development of the necessary competences, mandatory and professional training has been organised through external suppliers and the LTG Group's internal resources, which include an e-learning and knowledge testing base and in-house trainers' training. In line with the principles of flexible learning, the "Friday for Growth" initiative was implemented for the personal growth of all LTG Group employees, covering topics such as sustainability, emotional well-being, personal effectiveness, digital literacy, etc. In order to improve the learning experience of new LTG employees during their adaptation to the organisation, a "Newcomer" programme was developed, based on video training content and interactive group activities.
- The LTG Group became a member of the Diversity Charter NGO. A diversity awareness project was also initiated, SOPA's DUOday initiative was joined, Diversity Month was celebrated in May, the ABC of Equality and Non-Discrimination training was launched, and the Equal Opportunities Ombudsman's Office awarded the LTG Group the third Equal Opportunities Wing out of a possible three for its commitment to a safe and inclusive environment.
- The LTG Group has paid particular attention to cooperation with educational institutions: in order to raise the profile of the railway professions and to encourage students to pursue engineering studies, knowledge and experience were shared at conferences, lectures, public discussions, working groups, active involvement in initiatives of educational partners, suggesting railway topics for final theses at higher education institutions, and carrying out LTG Group shadowing projects. The Company actively participated in the project "Transport and Communications Career Laboratory" initiated by the Ministry of Transport and Communications of the Republic of Lithuania and in the project "Vilnius is a School" initiated by the Vilnius City Municipality and the EDU. A consortium agreement was signed for the Massachusetts Institute of Technology (MIT) International Science and Technology Initiatives (MISTI) programme for Lithuania. A cooperation agreement was signed with the State College of Šiauliai to expand the range of educational partners. The doubling of the number of young talents involved in the Growing Leaders internship programme, now in its third consecutive year, was also encouraging.
- The Company launched "Strong Together", an ongoing emotional well-being programme designed to support train drivers, train attendants and customer service specialists. The programme focuses on emotional health management, stress resilience, conflict resolution, and interpersonal relationship skills. Additionally, "Safe Work Environment" training was conducted, addressing bullying, sexual harassment and violence prevention.
- The Company's senior management team was strengthened and fully established in line with the Company's strategic objectives and priorities.
- The Company implemented organisational structure changes focused on enhancing operational efficiency, establishing an impartial and unified quality management system, and improving process automation and effectiveness.

Number of the Company's employees and average salary

Position group	31/12/2024**						31/12/2023		31/12/2022	
	Number of employees			Average salary, EUR			Number of employees	Average salary, EUR	Number of employees	Average salary, EUR
	Total	Women	Men	Total	Women	Men				
Head of the Company*	1	1	-	10,500	-	-	1	5,400	1	8,880
Top-level managers*	6	5	1	7,300	7,160	-	6	6,387	5	5,894
Senior executives and specialists in exceptional fields	9	3	6	4,885	5,286	4,684	9	4,476	8	4,223
Middle-level managers and individual experts	51	27	24	3,412	3,359	3,466	40	3,124	33	2,763
Team leaders and experienced specialists	151	75	76	2,311	2,145	2,466	128	2,076	120	1,907
Specialists and experienced operational/service staff	397	153	244	2,099	1,720	2,354	388	1,956	368	1,753
Operational/service staff, qualified workers	18	2	16	1,603	1,308	1,639	21	1,500	32	1,176
Total	**633**	**266**	**367**	**2,318**	**2,119**	**2,461**	**593**	**2,125**	**567**	**1,851**

As at 31 December 2024, the **number of the company's employees** was 633, 7 employees were on long-term leave (parental leave, maternity leave, military service, etc.). Compared to 31 December 2023, the number of employees of the Company has increased by 40 employees or by 6.7%, reflecting both structural changes (transfer of finance function from LTG Group to LTG Link) and enhanced focus on employee recruitment and retention.

The **average monthly salary**, compared to 2023, changed from EUR 2,125 to EUR 2,318. The most significant impact on salary increases has been made by the remuneration review implemented across the LTG Group in April.

The **total payroll fund** amounted to EUR 18.2 million (excluding compensations for unused leave, severance payments, accruals, non-capitalised wages) and increased by EUR 2.5 million compared to 2023 (from EUR 15.7 million to EUR 18.2 million). In addition, in April 2024, as in other LTG Group companies, the annual incentives for performance in the amount of EUR 0.7 million were paid to the Company's employees.

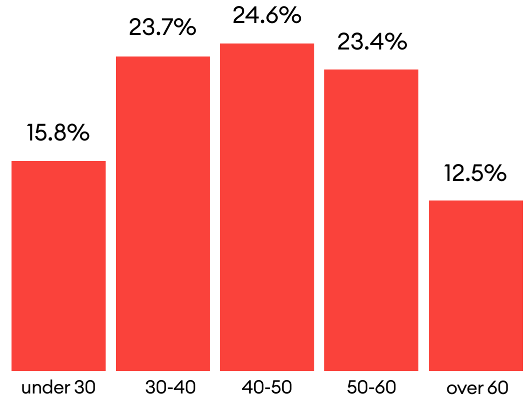
** Fixed remuneration as at the end of the period. The components of the remuneration of the Company's Chief Executive Officer are described in the Corporate Governance Report section under the information on the remuneration of the members of the Board and the Chief Executive Officer of the Company. The average monthly salary of top-level managers as established in their employment contracts as at 31 December 2024 amounted to EUR 7,300, and the average actual salary of this function group, taking into account the annual performance incentives, amounted to EUR 8,173.*
***For reasons of confidentiality, information on and difference in average salary by gender is not disclosed, if there are less than 5 employees of the same gender in the function group.*

Distribution of the Company's employees by age, gender, length of service and education, 31/12/2024

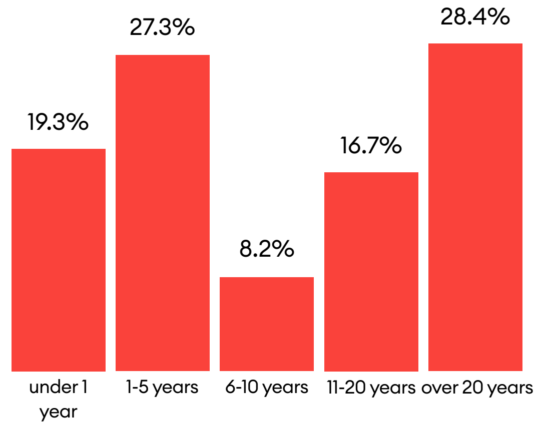
People and culture policy

The People and Culture Policy is approved by the LTG Board and its provisions and principles apply to all LTG Group companies. This policy, as all other Legislation approved by LTG Board, is publicly announced.

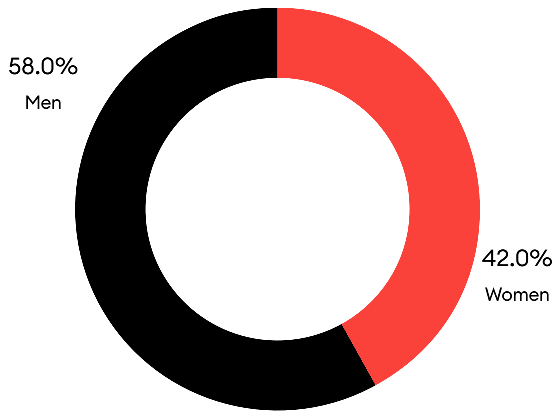
Employee distribution by age groups, %



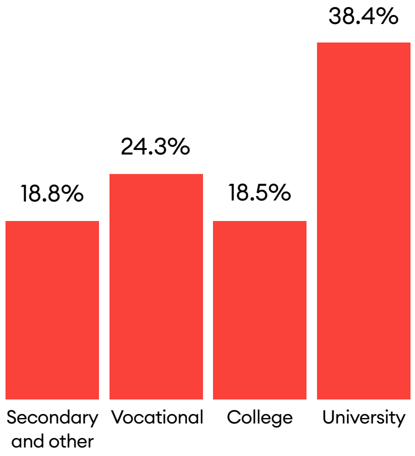
Employee distribution by length of service, %



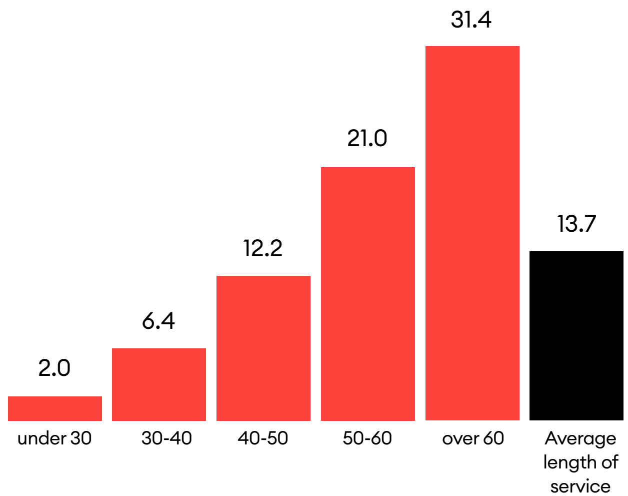
Employee distribution by gender, %



Employee distribution by age groups, %



Employee distribution by average length of service, years



Remuneration and performance management

The Company's remuneration policy aims to make long-term decisions that are linked to the well-being of employees, ensuring:

- competitive remuneration packages to attract and retain employees with relevant competence;
- equal opportunities and non-discrimination in summarising and rewarding employees' performance;
- the principle of internal equity in rewarding for similar work;
- increasing of engagement;
- encouragement of employees to develop and improve their competences;
- fostering of the principles of transparency and good governance;
- effective management of personnel costs and creation of shareholder value.

The core elements for the determination and review of remuneration are:

- **methodological appraisal of positions;**
- periodic **comparison of internal remuneration data with the market;**
- the direct link between the possibilities of the change in remuneration and the **employee's performance efficiency** – the results of achieving the annual goals, extra effort and value-based behaviour.

A local scale of corporate levels is used to publish the results of methodological appraisal of positions in the organisation. Every employee has access to information on the corporate levels of his/her position and other positions in the organisation, as well as on the basic salary ranges for each corporate level, providing a systematic means of embedding the principles of transparency and assessing internal career opportunities.

Every year, a periodic review of the basic salary is conducted, which is linked to clear and objective criteria – the comparison of the existing remuneration of employees with the market, the Company's financial results and the budget allocated for the review, as well as the assessment of the annual performance of each employee. The periodic review of remuneration generally takes effect on 1 April of each year. The implementation of the review for 2024 resulted in an increase in the Company's monthly payroll fund by EUR 78 thousand, and 90% of staff have received a pay rise on the basis of uniform review criteria.

After the end of the financial year and after an assessment of the Company's performance, an annual performance incentive fund is established by a decision of the Company's Board. Such fund is an incentive for employees at the initiative of the employer for good performance and positive operating results of the Company, as specified in Article 139(2)(6) of the Labour Code of the Republic of Lithuania, and which is allocated pursuant to Article 142(1)(2) of the Labour Code of the Republic of Lithuania. This incentive is also forward-looking as a motivational tool for employees, and individual opportunities of such incentives are linked to the corporate levels of positions and the summarising of each employee's annual performance. In April 2024, the incentive fund distributed to the Company's employees for 2023 performance amounted to EUR 0.7 million.

The process of managing and summarising employee performance remains focused on cascading the LTG Group's and the Company's annual objectives, achieving high performance, embedding a culture of personal accountability, value-based behaviour and continuous feedback, and reinforcing the principle of "the best is rewarded the most".

The package of additional benefits includes lump-sum benefits for the birth of an employee's child or death of a close family member, support in the event of a natural disaster, loyalty benefits for employees leaving the organisation at the retirement age, additional leave and other benefits provided for by the Sectoral Collective Agreement and the Remuneration Methodology of the LTG Group. Employees are also provided with a discount programme for various goods and services, insurance against accidents and additional voluntary health insurance, which compensates employees for outpatient and inpatient treatment and diagnostics, preventive health check-ups and vaccinations, medicines and medical supplies. In addition, employees can choose between dental, rehabilitation or optician services. Each year, about 80% of employees choose to take out supplementary voluntary health insurance.

The remuneration policy approved by the LTG Board is applied to all subsidiaries and is publicly published on the Company's website under Remuneration section. The implementation of this policy is described in the Remuneration Methodology, and internal process standards are used to define the detailed principles of practical implementation. All relevant documents are published on the LTG Group's intranet in the knowledge base and the news for employees.

Data on the average remuneration of the Company's employees by general function groups are publicly available on the Company's website in the Remuneration section and is updated after the end of each calendar quarter. At the same time, a comparison of the average remuneration of women and men is published. The Company's remuneration management principles are objective, unified and ensure equal opportunities; however, the actual differences between the average salaries of women and men by general function group remain. These differences are caused by the overall distribution of women and men, with more men than women working not only in the railway industry as a whole, but also in a number of function groups, in particular in operational positions. Women predominate in support/administrative functions with relatively lower market remuneration. Men are concentrated in positions where the scope of the activity leads to more competitive market remuneration or where the nature of the work is of a particular nature – physical exertion, outdoor or other special conditions – where the market remuneration is higher. At the same time, the opposite situation is also observed in certain function groups, where women, although not predominant, occupy positions for which the market shortage leads to relatively higher remuneration, in which case remuneration of women outperforms men's remuneration.

Ratio of average salaries of women and men in the Company

Function group	2024	2023	2022
ALL EMPLOYEES	1 : 0.86	1 : 0.81	1 : 0.80
Middle-level managers and individual experts	1 : 0.97	1 : 0.96	1 : 1.05
Team leaders and experienced specialists	1 : 0.87	1 : 0.87	1 : 0.89
Specialists and experienced operational/service staff	1 : 0.73	1 : 0.71	1 : 0.73
Operational/service staff, qualified workers	1 : 0.80	1 : 0.81	1 : 0.88

The table compares the ratio of the average salaries of women and men, where men's salaries equal 1 and women's salaries are calculated by dividing women's salaries by men's salaries.
For reasons of confidentiality, information on ratio in average salary by gender is not disclosed if there are less than 5 employees of the same gender in the function group.

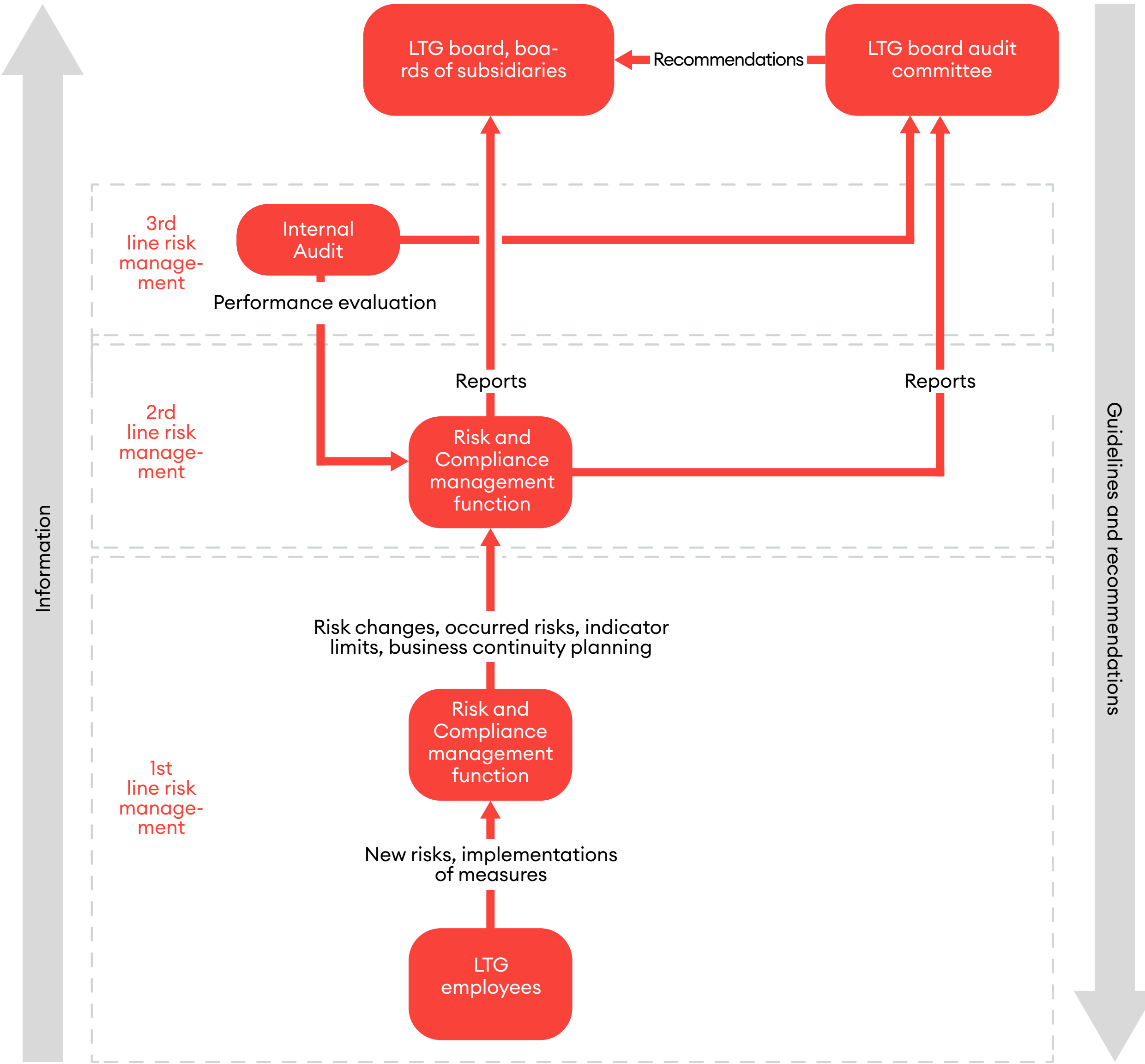
Risks and risk management report

The **LTG Group's unified risk management system** is implemented and continuously improved in the Company. It is defined in the LTG Group's risk management policy, methodologies and process standards developed in accordance with the International Organisation of Standardisation (ISO 31000) and the Committee of Sponsoring Organisations of the Treadway Commission Enterprise Risk Management (COSO ERM).

The LTG Group allocates risk management responsibilities according to the **Three Lines Model.** According to it:

- 1st Line risk management activities are carried out by LTG Group companies and LTG corporate functions that identify, assess and manage risks, and ensure the development of business continuity plans.
- 2nd Line, risk management is carried out by LTG's Risk and Compliance Management function, which develops and refines the overall framework and carries out coordination and control activities, provides consultancy and education on methodological and expert risk management issues to the companies and business units operating in the 1st Line of risk management, and prepares reports on risk management to top-level managers.
- 3rd Line risk management is performed by the Internal Audit Division of LTG, which carries out an independent assessment of the effectiveness of risk management levels 1 and 2, and provides comments and recommendations.

The figure below shows the Risk Management Framework, detailing the information flow path and the allocation of responsibilities.



LTG Group risks are managed in phases. The overall periodic cycle consists of the following key steps:

1. Risk identification, analysis and assessment.
2. Preparation of risk management plans.
3. Implementation of risk management plans.
4. Monitoring risk management.
5. Reporting and communication.

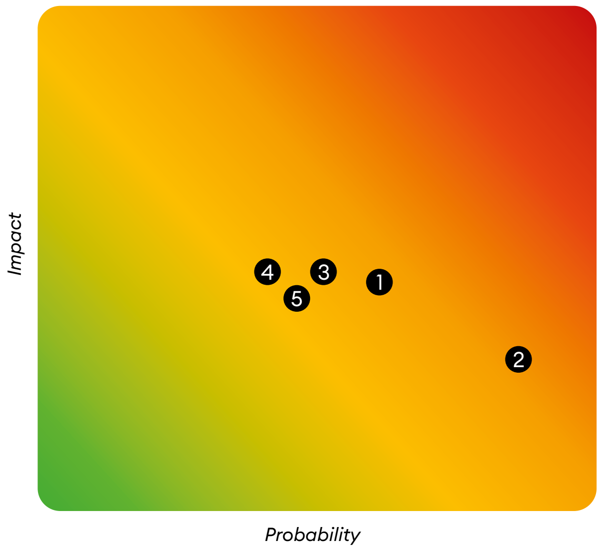
The level of identified risks is assessed by determining their likelihood and potential impact (assessing financial, legal and reputational impact, impact on activities as a going concern, on employee safety) and attributing them to one out of four risk categories (strategic, operational, financial, compliance risk). In this context, risk owners are selected for each of the risks and management/mitigation actions are required. The dynamics of risks and the progress in implementing the measures are monitored periodically on a quarterly basis.

The periodic and timely dissemination of risk-related information is ensured by a well-established reporting system. On a quarterly basis, the risk management status of each of the companies is reviewed in reports to the boards of the companies and the LTG Group. The Board of the LTG Group is informed on a monthly basis about the risks exceeding the appetite. Such a cyclical system not only helps to monitor the status of identified risks, but also provides with an opportunity to discuss the occurrence of new ones.

In the LTG Group, strategic decisions are made taking into account the experience gained, the identified and managed risks and resilience of the activities carried out, as well as the context of the external environment and related global factors. Below are the main risks that were relevant in 2024 in accordance with the nature of the Company's activities.

Main risks and their management measures

Risk map



1. Service disruptions caused by external unforeseen factors.
2. Risk of misalignment of stakeholder expectations.
3. Supply chain and technological dependence on "third parties".
4. Lack of human resources with specific expertise.
5. Risk of safety incidents.

Risk	Main sources of risk	Potential impact	Basic risk management measures
Service disruptions caused by external unforeseen factors	• External factors • Factors beyond operational control	• Impact on service quality • Reputational damage • Financial impact	• Implementation of incident management and communication plans • Regular theoretical and practical staff training • Prompt response measures • Resolution of standards non-compliance
Risk of misalignment of stakeholder expectations	• Infrastructure and rolling stock not fully adapted for persons with special needs	• Non-compliance with legal regulations on the rights of disabled persons and persons with reduced mobility • Decline in customer satisfaction • Reputational damage	• Open, accurate, timely and proactive communication • Adaptation of existing trains and infrastructure for persons with special needs • Acquisition of new trains
Supply chain and technological dependence on "third parties"	• Increase in prices of materials and raw materials • Increased delivery times • Possible sanctions for suppliers	• Service disruptions due to rolling stock technical condition • Decline in customer satisfaction	• Advance planning • Search for alternative suppliers of spare parts • Rolling stock recovery programmes • Strengthening of employees' competences
Lack of human resources with specific expertise	• Labour market trends within the country • Long training time for specialists • Lack of occupational prestige of certain professions	• Possible impact on the continuity of critical activities due to a shortage of human resources	• Improvement of working conditions • Increasing occupational prestige of the position • Automation of activities • Employer branding
Risk of safety incidents	• Failure to comply with work safety instructions • Unsafe behaviour of railway users *Inherent risk of the activity carried out. High focus is placed on management of this risk, continuous and systematic measures are applied*	• Financial losses due to damage to rolling stock or infrastructure • Damage to reputation due to failure to ensure traffic/worker safety • Disruption of operations due to traffic accidents	• Periodic training and coaching • Mobile app to help keep workers safe • Safety system inspections • Periodic monitoring of physical and technical security • Quality control inspections

Additional information

External audit information

Audit of the financial statements of LTG Link is conducted in accordance with International Standards on Auditing.

The public procurement contract for the audit of the consolidated LTG and separate financial statements of LTG Group subsidiaries, prepared in accordance with IFRS Accounting Standards, as adopted by the EU, for the year 2023–2025, was awarded to KPMG Baltics, UAB. The candidacy of auditors was confirmed by the Audit Committee of LTG, it was approved by the Board of LTG and the confirmation of the shareholder was obtained. The contract for audit services was signed on 27 July 2023.

The fee set to the audit firm for the audit of the financial statements for the year 2024 and other non-audit services (translation services, limited assurance engagement on accounting separation report (an accounting separation system to separate the accounting of income, expenses, assets and (or) liabilities by certain business units) in accordance with International Standard on Assurance Engagements (ISAE) 3000 amount to EUR 48.6 thousand (VAT excluded) and EUR 17.4 thousand (VAT excluded), respectively.

During the reporting period, the auditor has provided translation services of the financial statements to the Company. During the reporting period, the auditor has not provided any additional services other than the audit of the financial statements to the Company.

Information on sustainability report

During the reporting period, the Company has not had any financial liabilities related to ESG (Environmental, Social and Governance) performance indicators, and they have neither faced any litigation or complaints regarding climate change related or similar events, nor incurred additional costs that would significantly affect the financial statements.

Details, goals and indicators related to environmental protection, personnel, human rights, anti-corruption and anti-bribery is disclosed in the LTG Group's Consolidated Management Report for 2024, where the Sustainability Report forms part thereof, covering information on sustainability related matters both of the parent company and the subsidiaries. LTG Group's Sustainability Report for 2024 follows European Sustainability Reporting Standards (ESRS), the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania, while incorporating the recommendations and best practices of the Governance Coordination Centre. LTG Link does not prepare a separate sustainability report as all its activities directly contribute to LTG Group's overall sustainability goals and commitments.

Sustainability management in LTG group

LTG strives to operate with minimal environmental impact while maximising positive contributions to quality of life. Sustainability activities across LTG Group are managed centrally. The LTG Strategy and LTG Group Sustainability Policy serve as the primary documents establishing the group's sustainable development goals and directions. The LTG Sustainability Policy, updated in 2024, is a key document defining LTG's sustainability objectives, tasks, principles and priorities. The policy establishes long-term environmental, social and governance priorities in areas where LTG's operations have the greatest environmental impact and potential to create significant value and change.

LTG Link, as part of LTG Group, aligns its environmental, social and governance priorities and strategic objectives with areas where operations have the most significant environmental impact and potential for creating measurable value and change. LTG Link strategy defines the following key long-term sustainability objectives and indicators across environmental, social and governance dimensions:

	Strategic objectives and aspirations	Indicator	2025	2029
Environmental protection	Reduce environmental impact and climate change	CO2 emissions per revenue unit, tCO2e/k EUR	0.19	0.07
	Enhance energy efficiency	Total energy consumption reduction, GWh	1.7	2.6
Social responsibility	Increase the safety level of the workers	Lost Time Injury Frequency Rate (LTIFR): injuries per million working hours	2.6	1.7
	Increase employee engagement and high-performance culture	Employee engagement, %	81	82
	Maintain highest level of operational safety	Safety risk indicator: weighted number of major and minor incidents per million train kilometres	0	0
Governance	Improve/maintain good governance index	Good governance score	A+	A+

LTG envisions a future grounded in sustainability culture, where all business decisions align with rigorous sustainability principles and values. The LTG's sustainable operations are guided by UN Global Compact principles, Paris Agreement resolutions, and EU strategic documents (including the European Commission Communication on promoting corporate social responsibility and the Green Paper). Additionally, the sustainability framework incorporates the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and recommendations of the Governance Coordination Centre established by the Government of the Republic of Lithuania, ensuring implementation of good governance principles in state-owned enterprises.

LTG maintains a sustainable and conscientious approach to environmental stewardship and stakeholder relationships, encompassing employees, society, state institutions, customers, suppliers, and partners.

The Company's sustainability activities

The **Environmental Area section** of the LTG Group's Sustainability Report discloses targets and priorities of the LTG Group aimed at contributing to reduction of environmental impact and climate change mitigation as well as becoming a climate-neutral organisation by 2050; in addition, it also discloses the initiatives and projects carried out by the LTG Group, including the Company, aimed at reducing the impact on the climate and the environment, and the environmental indicators monitored.

Beyond group-wide environmental initiatives, LTG Link has undertaken several key projects and initiatives to reduce environmental and climate impact:

- Procurement of new electric passenger trains that will eliminate traction-related GHG emissions. Testing of these electric trains is scheduled to begin in Lithuania in 2025, and the company's customers will begin travelling on the first new trains in mid-2026.
- Signed design contract for a new electric train maintenance depot in Naujoji Vilnia, featuring enhanced environmental characteristics and modern capabilities.
- Promoting rail travel to reduce national GHG emissions through expanded ticket sales networks, extended domestic routes, and combined train and city bus tickets for urban residents.
- In 2024, LTG Link's unique digital initiative, the Sustainable Travel Club, celebrated its first anniversary. This programme promotes train travel and environmental conservation by allowing members to exchange points earned from travelled kilometres for discounts on future train journeys. Since launch, the initiative has attracted nearly 80 thousand club members who have collectively travelled 123 million kilometres, resulting in CO2 savings of over 7 thousand tonnes. Half of all members – 40 thousand – joined during 2024, contributing to savings of almost 5 thousand tonnes of CO2.

The **Social Area section** of the LTG Group's Sustainability Report discloses the LTG Group's social priorities, initiatives carried out throughout LTG Group companies to ensure well-being, development, safe work environment, equal opportunities. Unified policies, standards and other internal documentation regulating personnel related issues are applied within the LTG Group as a whole, and the monitored priority indicators related to personnel.

Employee engagement and well-being remain among the Company's key social priorities. Detailed information about LTG Link's employee-related indicators, objectives and achievements can be found in the Employees section of this annual management report, with comprehensive measures outlined in the LTG Group report. Key employee-focused initiatives of LTG Link in 2024 included:

- Enhanced support for passenger- and customer-facing employees. Launch of "Strong Together", an ongoing emotional well-being programme for train drivers, train attendants and customer service specialists. This programme "Strong Together" equips employees with tools and skills for emotional health management, stress resilience, conflict resolution and improved workplace relationships.
- "Safe Work Environment" training, covering bullying, sexual harassment and violence prevention, was delivered to team leaders and managers in LTG Link's Customer Service and Train Driver Operations units.
- The senior management team was strengthened and fully established in line with the company's strategic objectives and priorities. Senior management team participated in "Clifton Strengths Leadership through Strengths" sessions to enhance inclusive and developmental leadership practices.
- Succession plans were developed for critical positions.
- Organisational restructuring was implemented in November to enhance operational efficiency, strengthen functional quality, establish an impartial and unified quality management system, and improve process automation and effectiveness.

LTG Link launched several social initiatives to strengthen public engagement and community relations:

- On 30 May, LTG Link celebrated Train Travellers' (traukiniautojų) Day by applying 90% discounts on all domestic route tickets. The day saw record-breaking passenger numbers on Lithuanian trains, with more than 26 thousand people travelling.
- LTG Link partnered with the year's landmark event, the Lithuanian Song Festival, offering participants 50% discounts on train travel for the centenary celebration. More than 7 thousand participants travelled by train from Kaunas, Klaipėda, Šiauliai and Kretinga. If 7 thousand participants had travelled to the event by car, this would have equated to approximately 6 thousand vehicles on streets and roads. It is calculated that by choosing sustainable train travel, Song Festival participants saved more than 100 tonnes of CO2.

- LTG Link enhanced accessibility for senior travellers through several initiatives: offering 60% discounts for Lithuania's largest seniors' festival and expanding ticket purchase options from 12 ticket offices to 2,000 locations accepting cash payments for advance bookings.
- The upcoming electric trains will feature low-floor design to improve accessibility for elderly passengers, those with baby strollers, young children, or mobility impairments.
- LTG Link enhanced its Vilnius-Klaipėda service by introducing a dedicated children's area, where passengers with young children will be able to choose a carriage where children won't get bored, with a colourful environment and play opportunities.
- LTG Link operated specially decorated trains during the festive season, running between Vilnius and Kaunas, Trakai, Riga, Klaipėda and Mockava.

The LTG Group follows the principle of zero tolerance for corruption, which means that Group companies do not tolerate any form of corruption. In the Governance Area section of the LTG Group's Sustainability Report, internal documents which, in addition to the laws and regulations of the Republic of Lithuania, regulate corruption prevention within the LTG Group, including conclusion of business transactions and public procurements, and which are followed by each LTG Group company in the course of their activities. It discloses corruption risks and their management measures, measures of employee training on corruption prevention, corruption resistance indicators monitored. It shall be noted that, for several years, the LTG Group has been working in accordance with the requirements of the international standard 37001:2016 Anti-corruption Management Systems. Requirements and Guidelines for Use, and focuses on the review and improvement of internal business processes.

Information on sustainability activities and projects of the LTG Group is also available on the website of the parent company at www.ltg.lt.

Information about the safety

Traffic and public safety

Railway transport stands out as a mode of carriage with exceptional safety standards. Railway safety encompasses comprehensive technical and organisational measures designed to protect passengers, railway traffic participants, and other individuals from accidents.

LTG Group has implemented Safety Management Systems (SMS) to ensure effective operational risk management and compliance with all railway transport safety regulations while pursuing business objectives. This enables LTG Group to minimise accidents and maintain high traffic safety standards.

LTG Group, and subsequently LTG Link following separation, has maintained membership in the International Union of Railways (UIC) since 1992. UIC produces an annual Safety Report featuring a Safety Index that encompasses major railway incidents, their typology (including rolling stock collisions and derailments), personal injuries/fatalities, and railway system operational performance. LTG's UIC Safety Index is 1.44, which places the LTG Group in the top twelve of the safest companies, alongside the Austrian, German and Italian rail infrastructure managers.

Throughout 2024, LTG Link maintained a zero-fault accident record, with low societal risk levels – recording no company-fault fatalities or serious injuries among passengers, employees, level crossing users, or unauthorised persons.

LTG Group will continue implementing its public risk reduction plan in 2025, encompassing educational, technical and organisational measures to enhance public awareness.

Employee health and safety indicators

Safety Management Policy is fundamental to all LTG Group companies, including LTG Link.

The key elements of LTG Group's employee safety and health system, ensuring safe conditions for all Group employees, include:

- Safety culture – an established behavioural model where employees maintain safe practices even without supervision. In a high safety culture environment, employees voluntarily adhere to established rules, encourage compliance among colleagues, and foster trust, openness, and responsibility awareness.
- Employee safety and health training.
- Employee wellness promotion.
- Occupational risk assessment.
- Provision of safety and health equipment.
- Workplace design and working conditions enhancement.
- Work equipment operation and maintenance.
- Prevention and management of workplace intoxication risks.
- Other safety-related processes.

LTG Link has maintained a zero work-related fatality record, with no deaths from incidents or illnesses over the past three years.

2024	2023	2022
Number of accidents in the workplace, units		
2	4	5
Lost Time Injury Frequency Rate (LTIFR), injuries per million working hours		
1.9	4	5.1
Number of confirmed cases of occupational diseases in group companies*, units		
0	0	0

**Denotes confirmed cases of occupational diseases among LTG Group employees where the State Labour Inspectorate found no fault on the part of LTG Group.*

In 2024, LTG Group's Safety function conducted internal occupational safety and health management system audits including:

- Audit of LTG Link's potentially hazardous equipment maintenance;
- Audit of LTG Link's occupational risk assessment.

According to the audit reports, the overall safety assessment is satisfactory with no high or critical safety risks identified.

Information on the main intangible resources

Information on the main intangible resources and their impact on the business value is disclosed in the sections Strategy, Government Report, Employees, Information on Sustainability Report of the Company's management report.

More information is provided in the consolidated management report of the LTG Group, the integral part of which is the Sustainability Report that includes sustainability-related information of the parent company as well as all subsidiaries including the information on intangible resources (human resources, working conditions, training and applicable motivational systems, value creation mechanism and participants of the value chain, use of innovative technologies in activities and innovative projects in progress, relations with customers, suppliers and investors as well as their management, all unified policies and standards applicable across the LTG Group, etc.).

Information on compliance with the guidelines for ensuring transparency of state-owned enterprises

The Company complies with the requirements of the Guidelines for Ensuring Transparency of State-Owned Enterprises (link), approved by the Government of the Republic of Lithuania by Resolution No 1052 of 14 July 2010, by disclosing the required information in its annual and interim reports and by ensuring disclosure of the information on its website https://ltglink.lt/en/ltg-link-performance-results.

Structured information of the compliance with the guidelines on transparency

Clause of the description	Provision of the description	Yes/No
	SECTION II DISCLOSURE OF INFORMATION OF A STATE-OWNED ENTERPRISE	
5.	The following data and information must be announced in the internet website of a state-owned enterprise:	
5.1.	Name;	Yes
5.2.	Code and register, where data about the company is filed and stored;	Yes
5.3	Headquarters (address);	Yes
5.4.	Legal status, if a state-owned enterprise is under reformation, reorganization (indicate the way of reorganization), liquidation, is becoming or has become bankrupt;	Legal status is not registered
5.5.	The name of the institution representing the State and a link to its website;	-
5.5.	Operating goals, vision and mission;	Yes
5.7.	Structure;	Yes
5.8.	Data about the head of the enterprise;	Yes
5.9.	Data about the chairman and members of the Board, if formed according to the Articles of Association;	Yes
5.10.	Data about the chairman and members of the Supervisory Council, if formed according to the Articles of Association;	Supervisory Council is not formed
5.11.	Names of committees, if formed; data about their chairmen and members;	Disclosed in the website of the parent LTG
5.12.	The sum of the nominal values of the state-owned shares (in euro to the nearest euro cent) and the share (in percentage) in the authorized capital of the state-owned enterprise;	Yes, information on discounts is disclose in respect to the parent LTG
5.13.	The performed special obligations that are determined as to recommendations approved by the Minister of Economics and Innovations of the Republic of Lithuania: the purpose of the special obligations, state budget appropriations allocated their implementation in the current calendar year and the legal acts entrusting the state-owned enterprise with the performance of the special obligation, the conditions for fulfilment of the special obligations and (or) regulatory pricing;	Yes
5.14.	Information on social responsibility initiatives and measures, important ongoing or planned investment projects.	Yes

Clause of the description	Provision of the description	Yes/No
6.	In order to ensure publicity regarding the professionalism of the management and supervisory bodies as well as the members of the committees, formed in a state-owned enterprise, the following data of the persons referred to in sub-points 5.8 – 5.11 of the Description shall be published: name, surname, commencement date of current duties, other current managerial positions in other legal entities, education, qualification, professional experience. If the person stated in sub-points 5.9 – 5.11 of the Description has been elected or appointed as an independent member, this information should be additionally disclosed under his data.	Yes
7.	The following documents shall be announced in the website of a state-owned enterprise:	
7.1.	Articles of Association;	Yes
7.2.	Statement from an institution representing the State regarding the establishment of the goals and expectations of the State in a state-owned enterprise;	Yes
7.3.	The business strategy or a summary thereof in cases where the business strategy contains confidential information or information which is considered a commercial (industrial) secret;	Yes
7.4.	Document establishing the remuneration policy, setting out the remuneration of the head of a state-owned enterprise and the remuneration of members of collegial bodies and committees formed in a state-owned enterprise, as detailed in the Code of Corporate Governance;	Yes
7.5.	Annual and interim reports of a state-owned enterprise, annual and interim activity reports of a state-owned enterprise for a period of at least five years;	Yes
7.6.	Annual and interim financial statements and auditor's reports on annual financial statements for a period of at least five years;	Yes
8.	When a state-owned enterprise is a parent company, the structure of the group of companies is to be published on its website as well as the information of its subsidiaries and further subsidiaries as specified in Clauses 5.1–5.3 of the Description, the website addresses, the share (percentage) of the share capital owned by the parent company in their authorized capital, also consolidated financial statements and consolidated annual reports.	No because LTG Link does not have any subsidiaries. Structure of the LTG Group of companies is available on the website of LTG.

Clause of the description	Provision of the description	Yes/No
9.	When a state-owned enterprise is a participant of legal entities other than those specified in Clause 8, the details of these legal entities specified in Clauses 5.1–5.3 of the Description as well as their website addresses must be published on its website.	-
9.1	When a company is a subsidiary or a subsequent subsidiary of a state-owned enterprise, the details of its parent company specified in Clauses 5.1–5.3 of the Description as well as the link to the parent company's website must be published on its website.	Yes
10.	If details specified in Clause 5, 6, 7.1–7.4, 8, 9 and 91 of the Description change or are found to be false, information and documents must also be immediately corrected on the website.	Yes
11.	A set of annual financial statements of a state-owned enterprise, an annual report of a state-owned enterprise, an auditor's report on the annual financial statements of a state-owned enterprise must be posted on the website of the state-owned enterprise within 10 business days after their approval.	Yes
12.	Sets of interim financial statements of a state-owned enterprise, interim reports of a state-owned enterprise must be posted on the website of the state-owned enterprise within 2 months after the end of the reporting period.	Yes
13.	Documents specified in Clause 7 of the Description must be posted in the PDF format with the option of printing.	Yes

SECTION III
PREPARATION OF FINANCIAL STATEMENTS, REPORTS AND ACTIVITY REPORTS

14.	State-owned enterprises maintain their accounts in a manner that ensures the preparation of financial statements in accordance with international accounting standards.	Yes
15.	In addition to a set of annual financial statements, a state-owned enterprise must prepare a set of interim financial statements for the periods of 6 months, and a state-owned enterprise must prepare sets of interim financial statements for the periods of 3, 6 and 9 months.	Yes

Clause of the description	Provision of the description	Yes/No
16.	A state-owned enterprise, considered to be a public interest company in accordance with the Law on the Audit of Financial Statements of the Republic of Lithuania, apart from the annual report must additionally prepare a 6-month interim report. A state-owned enterprise, considered to be a public interest company in accordance with the Law on the Audit of Financial Statements of the Republic of Lithuania, apart from the annual report must additionally prepare a 6-month interim report.	Yes
17.	The following additional details must be provided in an annual report of a state-owned enterprise or an annual activity report of a state enterprise:	-
17.1.	A short description of the operating model of the state-owned enterprise;	Yes
17.2.	Information about major events, which had occurred during a fiscal year and later (prior to the preparation of the annual report or the annual activity report) and which were of primary importance to the activities of the state-owned enterprise;	Yes
17.3.	The results of implementation of the targets specified in the established business strategy of the state-owned enterprise;	Yes
17.4.	The profitability, liquidity, assets negotiability, and debt indicators;	Yes
17.5.	The fulfilment of the specific obligations;	Yes
17.6.	The implementation of the investment policy, planned investment projects and investments as well as those under implementation during the reporting year;	Yes
17.7.	The implementation of the risk management policy applicable at the state-owned enterprise;	Yes
17.8.	The implementation of the dividend policy at state-owned enterprises;	Yes
17.9.	The implementation of the remuneration policy;	Yes
17.10.	The total annual payroll fund, the average monthly salaries according to the positions held and (or) divisions;	Yes

Clause of the description	Provision of the description	Yes/No
17.11.	Information on the compliance with the provisions of Chapters II and II of the Description, including the information on how they are being implemented, what provisions have not been complied with and why.	Yes
18.	State-owned enterprises, which are not imposed a duty to prepare a social responsibility report, are recommended to respectively provide information in their annual reports on the issues of environmental protection, social and personnel-related issues, the protection of human rights, anti-corruption and anti-bribery measures.	Yes
19.	If the information specified in Clause 17 of the Description is considered a commercial (industrial) secret or confidential information of a state-owned enterprise, the state-owned enterprise is entitled not to disclose such information; however, it must specify in its annual report or the annual activity report that this information is not being disclosed and specify reasons for nondisclosure.	Yes
20.	Other information not specified in the Description may be provided in an annual report of a state-owned enterprise.	Yes
21.	A state-owned enterprise, which is a parent company, must provide the structure of the group of companies, the details of each subsidiary specified in Clauses 5.1–5.3 of the Description, the equity interest in the subsidiary (the percentage share), the financial and non-financial performance results of a fiscal year in its consolidated annual report, and if it is not obliged to prepare a consolidated annual report, in its annual report. If a state-owned enterprise, which is a parent company, prepares a consolidated annual report, the requirements of Clause 17 of the Description apply to it *mutatis mutandis*.	No because LTG Link is not a participant of other legal entities
22.	An interim report of a state-owned enterprise or an interim activity report of a state enterprise must contain a short description of the operating model of the state-owned enterprise, the analysis of financial performance for a reporting period, information on major event, which had occurred during the reporting period, and also profitability, liquidity, assets negotiability, debt indicators and their changes in comparison with the respective period of the previous year.	Yes

Definitions

Indicator	Formula
Revenue	Sales revenue + Subsidy revenue + Income from other activity, excluding Finance income
Sales revenue	Revenue, excluding Subsidy revenue, Income from other activity and Finance income
Subsidy revenue	State budget funds to finance special obligations carried out
Costs	Costs, excluding Corporate income tax and Finance costs
Financial debt	Long-term loans + Long-term lease liabilities + Current portion of long-term loans + Short-term loans + Current portion of lease liabilities
Net debt	Financial debt - Cash and cash equivalent investments
Return On Equity (ROE)	Net profit (loss) for the last 12 months period / Average equity at the beginning and end of the reporting period
Return On Assets (ROA)	Net profit (loss) for the last 12 months period / Average assets at the beginning and end of the reporting period
Return On Investment (ROI)	Net profit (loss) for the last 12 months period / Average of assets at the beginning and end of the reporting period – Average of current liabilities at the beginning and end of the reporting period
EBIT	Profit (loss) before the corporate income tax – Financial activity results
EBITDA	Profit (loss) before the corporate income tax – Financial activity results + Depreciation and amortisation
Adjusted EBITDA	Profit (loss) before the corporate income tax + Interest expenses – Interest income + Depreciation and amortisation + (decrease) increase in the value of non-current assets, inventories and investments + (decrease) increase in the value of amounts receivable and contract assets + Costs of provisions not related to operating activities
EBIT margin*	EBIT / Sales revenue
EBITDA margin*	EBITDA / Sales revenue

Indicator	Formula
Adjusted EBITDA margin*	Adjusted EBITDA / Sales revenue
Net profit margin*	Net profit (loss) / Sales revenue
Equity ratio	Equity at the end of the reporting period / Assets at the end of the reporting period
Debt Service Coverage Ratio	Net profit/(loss) for the last 12 months + amortisation, depreciation and grant costs of the last 12 months + interest expenses of the last 12 months (adjusted considering the non-monetary items) / Amortisation of debt for interest + Interest payable for the last 12 months
Asset turnover ratio*	Sales revenue for the period of the last 12 months / Assets at the end of the reporting period
Financial debt / EBITDA	Financial debt / EBITDA of the last 12-month period
Financial debt / Equity (D/E)	Financial debt / Equity at the end of the reporting period
Net debt / EBITDA	Net debt / EBITDA of the last 12-month period
Quick ratio	Current assets at the end of the reporting period / current liabilities 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 reporting period
Passenger turnover (passenger kilometres)	Passenger transport indicator, calculated by multiplying the trip of each transported passenger by the distance travelled
Number of employees	The number of listed 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

**when calculating the LTG Link's profitability indicators, Sales revenue is increased by Subsidy revenue.*

Abbreviations

AS	Average salay
B2B	Business-to-Business
CER	Community of European Railway and Infrastructure Companies
CIT	Committee of International Rail Transport
DUODay	Job shadowing initiative
ESG	Environmental, Social and Corporate Governance
EU	European Union
FTE	Forum Train Europe
GCC	VšĮ Governance Coordination Centre – an analytical and governance excellence centre established by the Lithuanian Government to ensure professional and consistent management of state-owned enterprises
GHG emissions	Greenhouse gas emissions
Government of RoL	Government of the Republic of Lithuania
GTT	Railway Transport Service
IFRS	International Financial Reporting Standards
IT	Information Technology
LiMA	Lithuanian Marketing Association
LTG	Parent company AB Lietuvos geležinkeliai
LTG Cargo	AB LTG Cargo
LTG Group, Group	AB Lietuvos geležinkeliai and its subsidiaries
LTG Infra	AB LTG Infra
LTG Link	UAB LTG Link
OSJD	Organisation for Cooperation of Railways
RB	Rail Baltica
SAP	Enterprise management system
SOPA	Social recruitment agency
SBGS	State Border Guard Service
SOE	State-owned enterprise
UIC	International Union of Railways

Financial statements

Prepared for the year ended 31 December 2024 in accordance with International Financial Reporting Standards as adopted by the European Union and the independent auditor's report

LTG LINK

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Independent Auditor's Report

To the Shareholders of UAB ”LTG Link“

Opinion

We have audited the financial statements of UAB “LTG Link” (“the Company”). The Company’s financial statements comprise:

- the statement of financial position as at 31 December 2024,
- the statement of profit or loss and other comprehensive income for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards, as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and the requirements of the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements and Other Assurance Services of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Company’s management report, but does not include the financial statements and our auditor’s report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Company code: 111494971
VAT code: LT114949716

In addition, our responsibility is to consider whether information included in the Company's management report for the financial year for which the financial statements are prepared is consistent with the financial statements and whether management report, excluding the requirements for the information on sustainability matters, has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

- The information given in the Company's management report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Company's management report, excluding the requirements for the information on sustainability matters, has been prepared in accordance with the requirements of the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and,

based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

On behalf of KPMG Baltics, UAB

Vilmantas Karalius
Certified Auditor

Vilnius, the Republic of Lithuania
14 March 2025

The electronic auditor's signature applies only to the Independent Auditor's Report on pages 72 to 74 of this document.

Statement of financial position

	Notes	31/12/2024	31/12/2023
NON-CURRENT ASSETS			
Property, plant and equipment	7	151,631	119,785
Right-of-use assets	8	4,810	3,839
Other intangible assets	9	398	502
Other non-current assets	10	259	453
Total non-current assets		**157,098**	**124,579**
CURRENT ASSETS			
Inventories	11	522	586
Trade and other receivables	12	10,359	4,419
Prepayments	13	417	361
Cash and cash equivalents	14	27,175	52,823
Non-current assets held for sale	15	452	497
Total current assets		**38,925**	**58,686**
TOTAL ASSETS		**196,023**	**183,265**

	Notes	31/12/2024	31/12/2023
EQUITY			
Share capital	16	143,590	143,590
Legal reserve	17	1,209	554
Other reserves	17	8,595	5,322
Retained profit (loss)		19,119	13,091
Total equity		**172,513**	**162,557**
LIABILITIES			
Non-current liabilities			
Lease liabilities	18	4,348	3,627
Employee benefits	19	480	567
Deferred tax liabilities	26	1,401	781
Total non-current liabilities		**6,229**	**4,975**
Current liabilities			
Lease liabilities	18	529	241
Income tax liabilities		2,459	2,447
Employee benefits	19	3,099	2,536
Trade and other payables	21	11,151	10,462
Prepayments received	20	43	47
Total current liabilities		**17,281**	**15,733**
Total liabilities		**23,510**	**20,708**
TOTAL EQUITY AND LIABILITIES		**196,023**	**183,265**

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

The financial statements and the explanatory notes on pages 75-102 were approved and signed by:

KRISTINA MEIDĖ
Chief Executive Officer

KRISTINA NAVICKIENĖ
Head of Finance and Strategy

RAIMONDA DUOBUVIENĖ
UAB LTG Kompetencijų centras
Finance Controller Acting under decision
No SPR-L1(KC)-23/2025 of 05/03/2025

Statement of profit or loss and other comprehensive income

	Notes	2024	2023
Sales revenue	22	61,665	47,873
Subsidies	23	34,650	33,995
Other income		14	9
Total revenue		**96,329**	**81,877**
Expenses related to employee benefits	24	(18,152)	(15,669)
Depreciation and amortisation	7, 8, 9	(13,662)	(13,385)
Strategic management and general administrative charges		(7,379)	(5,533)
Infrastructure services		(9,319)	(6,052)
Traffic enforcement services of passenger trains		(6,993)	(6,987)
Fuel		(4,785)	(5,166)
Supplies		(2,559)	(1,523)
Services rendered by other foreign railway companies		(879)	(579)
Electricity		(1,740)	(1,698)
Repairs and maintenance		(2,938)	(2,558)
Write-down of inventories to net realisable value		(8)	(1,034)
Write-down of non-current assets held for sale to net realisable value		115	(212)
Increase (decrease) in the value of non-current assets		13	(1,933)
Increase (decrease) in receivables		(13)	(1)
Other costs		(6,456)	(4,868)
Total costs		**(74,755)**	**(67,198)**
Operating profit (loss)		**21,574**	**14,679**
Finance income		1,285	1,297
Finance costs		(602)	(18)
Net results of financial activity	25	**683**	**1,279**
Profit or loss before tax		**22,257**	**15,958**
Income tax	26	(3,138)	(2,867)
Net profit (loss)		**19,119**	**13,091**
Other comprehensive income (expenses)		-	-
Total comprehensive income (expenses)		**19,119**	**13,091**

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

Statement of changes in equity

		Share capital	Legal reserve	Other reserves	Retained profit (loss)	Total
Balance as at 31 December 2022		**143,590**	**197**	**3,895**	**7,134**	**154,816**
Net profit (loss)		-	-	-	13,091	13,091
Formation of reserves	17	-	357	1,427	(1,784)	-
Dividends	17	-	-	-	(5,350)	(5,350)
Balance as at 31 December 2023		**143,590**	**554**	**5,322**	**13,091**	**162,557**
Balance as at 31 December 2023		**143,590**	**554**	**5,322**	**13,091**	**162,557**
Net profit (loss)		-	-	-	19,119	19,119
Formation of reserves	17	-	655	3,273	(3,928)	-
Dividends	17	-	-	-	(9,163)	(9,163)
Balance as at 31 December 2024		**143,590**	**1,209**	**8,595**	**19,119**	**172,513**

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

Statement of cash flows

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit (loss)		**19,119**	**13,091**
ADJUSTMENTS:			
Depreciation and amortisation	7, 8, 9	13,662	13,385
(Gain) loss from disposal / write-off of non-current assets		80	169
Write-down of inventories to net realisable value (reversal)		8	1,034
Write-down of non-current assets held for sale to net realisable value		(115)	212
Increase (decrease) in the value of non-current assets		(13)	1,933
Increase (decrease) in receivables		13	1
Change in accrued income/expenses		1,248	(452)
Interest (income) expenses and other loan-related charges		(642)	(856)
Interest on lease liability		79	30
Effect of currency exchange fluctuations		(149)	216
Income tax expenses (income)		3,138	2,867
Cash flows from operating activities after adjustments		**36,428**	**31,630**
CHANGES IN WORKING CAPITAL			
Decrease (increase) in inventories		(2,365)	(2,686)
Decrease (increase) in trade and other receivables and prepayments		(40,148)	(36,617)
Increase (decrease) in current and non-current trade payables and received prepayments		(531)	692
Increase (decrease) in employment related liabilities		476	592
Increase (decrease) in other non-current and current payables		381	1,594
Income tax (paid)		(3,641)	(382)
Net cash from operating activities		**(9,400)**	**(5,177)**

	Notes	2024	2023
CASH FLOW FROM INVESTING ACTIVITIES			
(Acquisition) of non-current assets		(12,630)	(17,656)
Disposal of non-current assets		118	4
Change in prepayments for non-current assets		(29,870)	-
Interest received		959	857
Loans repaid (granted) (cash pool)		-	1,171
Net cash from investing activities		**(41,423)**	**(15,624)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Grants received		35,339	37,256
Payment of lease liabilities	18	(551)	(377)
Interest on lease liability	18	(79)	(30)
Dividends (paid)	17	(9,163)	(5,350)
Other cash flows from financing activities		(371)	-
Net cash flows from financing activities		**25,175**	**31,499**
Net increase (decrease) in cash and cash equivalents		**(25,648)**	**10,698**
Cash and cash equivalents at the beginning of the period	**14**	**52,823**	**42,125**
Cash and cash equivalents at the end of the period	**14**	**27,175**	**52,823**

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 valid regulations of the Republic of Lithuania.

The Company is a private legal entity of limited civil liability, independently organising economic, financial, organizational, and legal activities. UAB LTG Link is the company of AB Lietuvos geležinkeliai Group (hereinafter referred to as the Group). AB Lietuvos geležinkeliai is its sole shareholder. The Company's code: 305052228, VAT code: LT100012462811, legal (registration) address: Geležinkelio str. 16, LT-03603 Vilnius.

The main activities of the Company are passenger and luggage carriage by rail and provision of related services.

As at 31 December 2024 and 31 December 2023, the parent company AB Lietuvos geležinkeliai was the sole shareholder of the Company. The Ministry of Transport and Communications of the Republic of Lithuania holds 100% of AB Lietuvos geležinkeliai.

As at 31 December 2024 and 31 December 2023, the Company's authorised capital amounted to EUR 143,590 thousand. It consists of 156,237 ordinary registered shares with the nominal value of EUR 919.05 each. All the shares are fully paid.

The Company has no branches and representative offices.

The number of the Company's listed active employees as at the end of the period (excluding the employees on parental leave, military service, long-term incapacity) as at 31 December 2024, there were 633 employees (31 December 2023: 593 employees).

2. Summary of material accounting policies

Basis of preparation. The Company's financial statements for the year ended 31 December 2024 have been prepared in accordance with International Financial Reporting Standards (hereinafter – IFRS) as adopted by the EU. These financial statements have been prepared on the going concern and historical cost basis if not stated otherwise.

Changes in accounting policies. Except for new standards that have come into effect during the year 2024, the accounting policies applied in preparing these financial statements coincide with the accounting principles applied in preparation of the Company's financial statements for the year ended 31 December 2023.

Functional and presentation currency. The functional currency of the Company is euro. In these financial statements, all amounts have been expressed in thousands of euros unless stated otherwise; figures between tables may not coincide as a result of rounding. Such inconsistencies are considered insignificant in the financial statements.

Foreign currency. Transactions in foreign currency are measured in functional currency applying the currency exchange rate applicable at the time of the transactions. Currency gains and losses arising on the settlement of such transactions and on translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the end of the reporting period, are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Property, plant and equipment. The initial value of non-current tangible assets comprises their acquisition cost, including unrecoverable taxes of acquisition, capitalised borrowing costs and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the tangible non-current assets have been put into operation are normally accounted for as profit or loss in the period the costs are incurred.

The acquisition cost of an item of property, plant and equipment includes the costs of replacing parts of property, plant and equipment as incurred, provided that these costs meet the criteria for recognition. The carrying amount of the replaced part of the asset is written off. Repair costs are added to the carrying amount of the asset, if it is probable that future economic benefits will flow to the Company from the expenditure and if they can be measured reliably. All other repair and maintenance costs are recognised in the Statement of Profit or Loss.

Property, plant and equipment include spare parts, standby equipment and servicing equipment when they meet the definition of property, plant and equipment. Residual values and periods of useful life of the assets are reviewed at least once a year and, if necessary, adjusted.

Depreciation. Depreciation of other property, plant and equipment is calculated using the straight-line method to allocate the cost to their carrying amounts over their estimated useful lives.

Groups of property, plant and equipment	Useful life
Buildings and structures	8-72
Machinery and equipment	5-11
Road vehicles	4-5
Rolling stock (including wagons)	8-22
Computers and hardware	3-4
Other equipment, fittings and tools	4-5

Construction in progress. Construction in progress is accounted for at the cost of acquisition (production) less impairment losses. This includes the cost of construction, structures and equipment, and other directly attributable costs. Construction in progress is not depreciated until construction is completed and assets are ready for service. Inventories intended for repair of non-current tangible assets and complying with provisions of IAS 16 shall be reclassified from inventories to construction in progress. Prepayments for non-current assets are classified as non-current assets due to their usage in long-term operations, and are shown under construction in progress in the Statement of Financial Position. The item of construction in progress includes property, plant and equipment under construction. The acquisition cost of such assets includes direct costs. Construction in progress is reclassified to the appropriate property, plant and equipment group right after it is completed and the constructed asset is ready for its intended use.

Intangible assets. Intangible assets that the Company expects to derive future economic benefits from have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

Amortisation of intangible assets is calculated on a straight-line basis over their estimated useful lives or specific maturity time, if determined. The useful life is reviewed on an annual basis.

Intangible assets are written off when they are no longer expected to generate economic benefits from their use or disposal. Gains and losses arising on derecognition of intangible assets are measured as the difference between the net realisable value and the carrying amount of the asset and are recognised in the Statement of Profit or Loss.

Impairment of property, plant and equipment and intangible assets. On every date of the statements of financial position, the Company reviews the carrying amount of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is assessed in order to determine the extent of impairment (if any). The recoverable amount is the higher of fair value less costs to sell and value in use. When assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate, assessed under current market conditions, an existing time value of money and risks specific to the asset, which have not been considered in the estimates of future cash flows.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income.

Assets held for sale. Assets (or groups of assets) held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Assets held for sale are reclassified if they meet the criteria for such assets under IFRS 5.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income.

Financial instruments

Financial assets. The Company's financial assets include cash, trade receivables and other receivables, loans. The Company recognises financial assets in the Statement of Financial Position only when it becomes a party to a contractual provision of a financial instrument, acquisition or disposal of the financial asset is recognised or derecognised, applying the trade date accounting. Financial assets (other than trade receivables without a significant funding component) are initially measured at fair value. Financial assets, if not measured at fair value through profit or loss, are initially measured at fair value, including the fair value of an instrument and transaction costs directly attributable to the acquisition of the financial asset.

The financial asset, which is subsequently measured at amortised cost, is measured by using the effective interest method. The amortised cost is reduced due to impairment loss. Interest income, foreign exchange profit and loss are accounted for through profit (loss). Any derecognition profit or loss are accounted for in the Statement of Profit or Loss and Other Comprehensive Income.

Credit-impaired financial assets. Impairment losses due to credit risk on financial assets measured at amortised cost are measured based on the expected credit loss (ECL) model.

The Company measures trade receivables using a provision matrix of expected credit losses or an individual assessment, whereby each debtor's financial position and credit risk are assessed individually by analysing the debtor's financial statements, settlement discipline and other publicly available information about the debtor that may affect the debtor's credit risk assessment.

The primary objective of the Group's Treasury management is to ensure the security of funds and, consistent with this objective, to maximise the return on investment.

The maximum credit risk is equal to the carrying amount of the financial assets.

Credit losses are measured as the present value of all cash losses (the difference between the cash flows that the Company holds under the contract and the cash flows the Company expects to receive). ECLs are discounted by applying an effective interest rate. The ECL for cash and cash equivalents is calculated by considering the credit ratings of the financial institutions where the cash is held and other relevant criteria (such as liquidity, capital adequacy maintenance). The Management has assessed that the ECL of cash and cash equivalents is usually not material.

The expected credit losses on loans receivable and trade receivables throughout the period are recognised in the Statement of Profit or Loss.

Losses on financial assets measured at amortised cost are recognised as provisions having impact on the gross carrying amount of such assets.

Write-off of and derecognition of financial assets. Impairment for financial assets is formed in consideration of provisions of IFRS 9, the Company's accounting policies and by carrying out the assessment of possible risks according to the possibility of their occurrence, taking into consideration the likely internal and external factors which include significant financial difficulties of customers, liabilities more than 120 days overdue and the likely case of bankruptcy of the customer.

The gross carrying amount of financial assets is written off when the Company does not have reasonable expectations to recover all assets or a part thereof. Irrecoverable assets are written off according to the recognised impairment if all necessary actions were taken to recover the assets and the amount of losses has been determined.

For financial assets which are written off and are also subject to the activity of securing fulfilment, the Company takes actions related to legal regulation so that the amounts were recovered to the maximum extent.

Subsequent recoveries of amounts previously written off are credited to the impairment loss item in the Statement of Profit or Loss and Other Comprehensive Income.

Financial liabilities. The Company's financial liabilities comprise loans and other financial debts, contract liabilities, trade and other payables. Financial liabilities are initially carried at fair value less transaction costs. Subsequently, financial liabilities are carried at amortised cost using the effective interest method. Interest expense is recognised using the effective interest method.

Financial liabilities are classified as non-current if a financing agreement concluded before the date of the Statement of Financial Position provides evidence that the liability was non-current in nature as at the date of the Statement of Financial Position.

Trade payables are the obligation to pay for goods and services purchased from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if they are due for payment within one year. Otherwise, they are shown as non-current liabilities.

Derecognition of financial liabilities. The Company derecognises a financial liability when the contractual obligations are discharged, cancelled, expire, the terms are modified and the cash flows of the modified liability are materially different. In the event of derecognition of a financial liability the difference between the carrying amount written off and the consideration paid (including any transferred non-cash assets or liabilities assumed) is recognised as profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

Offsetting of financial assets and liabilities. Financial assets and financial liabilities are offset when, and only when, the Company has a legally enforceable right to record the amounts and intend to make an offsetting, or dispose the asset, settle the liabilities to offset the liability.

Trade and other receivables. Trade and other receivables are initially recognised at transaction price and subsequently at amortised cost.

Trade and other payables. At initial recognition trade and other payables are recognised when the Company becomes a party to the contractual terms. Trade and other payables are initially measured at fair value plus directly related transaction costs.

Cash and cash equivalents. They include cash the value of which approximates the fair value. Cash comprise cash at bank accounts and on hand. Cash equivalents represent short-term highly liquid investments easily convertible to a known amount of cash. The term of such investments does not exceed three months and the risk of changes in value is insignificant.

Cash and cash equivalents reported in the statement of cash flows comprise cash at bank and on hand, deposits with current accounts and other short-term highly liquid investments.

Right-of-use assets

Lease

Lease means a contract or part of a contract that gives the right to use the asset (leased property) for a certain period of time for consideration.

The Company as a lessee

Right-of-use assets are assets that represent the Company's right to use leased assets during the lease period. The Company recognises right-of-use assets for all types of leases, including the lease of right-of-use assets in the case of sublease, except for leases of intangible assets, short-term leases and leases of low-value assets.

The Company has concluded lease contracts for premises, production buildings, and other non-current assets. Lease contracts for premises and production buildings are concluded for 6-10 years, other tangible assets - for 2-3 years.

Initial assessment of right-of-use assets. The cost of an asset managed under a right-of-use comprises of: the amount of the initial measurement of the lease liability, any lease payments at or before the inception date, less any lease incentives received; any initial direct costs incurred by the Company; and an estimate of the costs that the Company will incur in dismantling and disposing of the leased asset, maintaining its location or restoring the leased asset to the condition required by the lease conditions, unless those costs are incurred in producing the stocks. The Company shall assume a liability relating to these costs on the start commencement date or after using the leased assets for a specific period. The Company shall recognise these costs as part of the cost of the right-of-use assets when a liability is incurred for these costs.

Subsequent assessment of right-of-use assets. Subsequent to the commencement date, the Company measures right-of-use assets at cost: net of any accumulated depreciation and any accumulated impairment losses; and adjusted for reassessment of the lease liability. In calculating the depreciation of rights-of-use assets, the Company shall apply the depreciation requirements of IAS 16 "Property, Plant and Equipment". In the Statement of Financial Position, the right-of-use assets are presented separately from property, plant and equipment.

Leases where the Company is a lessor

The Company shall recognise the lease fees related to operating lease as income on a straight-line basis over the lease period. Costs (including depreciation) incurred in earning lease related income are recognised by the Company as costs. The initial direct costs incurred in obtaining the operating lease shall be included by the Company in the carrying amount of the leased assets and shall be recognised as an expenditure during the lease period on the same basis as the lease income. The Company shall account for the change in the operating lease as a new lease from the date of the change's entry into force and shall treat the lease fees paid or accrued in advance in relation to the original lease as part of the new lease.

Income taxes. The income tax rate applicable for the companies of the Republic of Lithuania in 2024 and 2023 was 15%. From 2025, the corporate income tax rate is 16%.

Taxes for the reporting period are the amount expected to be paid to or recovered from the taxation authorities, considering a taxable profit or losses for the reporting and prior periods. The taxable profit or losses are based on estimates if financial statements are approved prior to filing relevant tax returns. Taxes other than income tax are recorded in operating expenses.

Deferred income tax. Deferred income tax is accounted for using the balance sheet liability method. Deferred tax assets and liabilities are recognised for future tax purposes noting the differences between the carrying amount of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are recognised for all temporary differences that will subsequently increase taxable profit, while deferred tax assets are recognised only to the extent that is likely to reduce taxable profit in the future.

The deferred tax assets are reviewed every time a set of financial statements is prepared, and reduced if it is not probable that sufficient taxable profits will be generated in the future to realise the asset or part of it. The amount of deferred tax assets is reduced to an amount that is likely to reduce taxable profit in the future. Deferred tax assets and liabilities are measured using the tax rate that will be applied in the years when these temporary differences are expected to be settled or paid.

Due to the introduction of the 16% rate effective from 1 January 2025, the Company's deferred tax as at 31 December 2024 was recalculated to reflect the tax rate applicable in future reporting periods when the underlying temporary differences will reverse.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets with current tax liabilities, and when the deferred tax relates to the same tax administration.

Employee benefits. The Company does not have any adopted defined contribution and benefit plans and has no share-based payment schemes. Post-employment obligations to employees retired on pension are borne by the State. Short-term payments to employees are recognised as current costs in the period the services are rendered by employees. The payments include salaries, social insurance contributions, bonuses, paid leave, etc.

Provisions for retirement benefits. Following the legislative requirements of the Republic of Lithuania, each employee at the age of retirement is entitled to a one-off payment in the amount of 2-month salary. The historical cost is recognised as expenses in the Statement of Profit or Loss and Other Comprehensive Income immediately after the assessment of such liability. Any profit or losses which have appeared as a result of a change in benefit conditions are recognised immediately. The above-mentioned employment benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. The obligation is recorded in the Statement of financial position and reflects the present value of these benefits on the preparation date of the Statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial profit and losses are recognised in other comprehensive income. Therefore, provisions are formed for the possible benefits. Actuarial estimates are carried out in order to assess the liability of such retirement payments. The liability is recorded at the present value discounted at the market interest rate.

Plans of bonuses. The Company recognises the liability and expenses of bonuses when a contractual liability is present or a practice which created a constructive liability was applied in the past.

Revenue recognition. Revenue of the Company is recognised in accordance with provisions of IFRS 15; i. e. the Company recognises revenue to depict transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Applying this standard, the Company takes into account the terms of the contract and all relevant facts and circumstances.

Operating revenue generated by the Company includes the following:

- Revenue from passenger carriage and related services;
- Other revenue from operating activity.

The following are other operating revenue generated by the Company:

- Revenue from asset lease services;
- Revenue from services of passenger locomotives and their crews abroad;
- Revenue from other services.

Type of services	Nature, timing and payment conditions of operating liabilities	Revenue recognition under IFRS 15
Revenue from passenger carriage and related services	Passenger and luggage carriage services are provided on the basis of train tickets sold. Most train ticket sales coincide with the date of carriage. Most of the revenue is paid immediately upon purchase of the ticket. Invoices for the carriage of passengers and related ancillary services are issued at the intervals agreed with the buyer in the contract, formed from the documents of the primary carriage of passengers and ancillary services after the provision of the service. The term for payment of invoices is usually 15 calendar days, for individual customers – 30 calendar days.	Revenue from the carriage of passengers, luggage and mail is recognised when the control of the service is transferred to the customer. The customer acquires the control over the service when he receives all benefit related to the carriage service. **Revenue is recognised immediately** upon provision of services, on arrival at the place agreed in the transport document or at the end of the period of validity of the transport document. • Revenue from passenger carriage on domestic routes is recognised immediately upon provision of services. • Revenue from passenger, luggage and mail carriage on international routes is recognised immediately upon provision of services. • Revenue from services related to passenger carriage is recognised immediately upon provision of services. • Loyalty programme points, as an additional future discount, are accumulated, the sales revenue is reduced by the amount of loyalty points credited. Revenue is recognised after a customer uses his / her loyalty points awarded, and the liability to provide goods or services has been implemented. • Advance ticket sales represent a small portion of total ticket sales revenue, and the date of ticket usage usually coincides with the date the service is provided. **Revenue is recognised over a continuous period** when the services are rendered. • Revenue from passenger carriage on domestic routes when a passenger purchases a fixed-term ticket is recognised over the period in which the service is provided
Other additional revenue	Invoices for additional services provided are issued immediately after the services are provided. A common term for payment of invoices is 30 days.	• Revenue from lease of assets is recognised in proportion of the time a customer uses the service and receives benefit. • Revenue from services of passenger locomotives and their crews abroad is recognised at a certain moment, when the services have been provided, on arrival at the place agreed in the transport document or at the end of the period of validity of the transport document, as a customer acquires control over goods and services.

Recognition of expenses. Expenses are recognised in the Statement of Profit or Loss on an accrual basis when incurred.

Finance income and expenses. Finance income comprises interest income. Interest income is recognised on an accrual basis using the effective interest method. Finance expenses comprise interest expense. Borrowing expenses that is not directly attributable to the acquisition or production of a qualifying asset is recognised in the Statement of Profit or Loss and Other Comprehensive Income, based on the effective interest method. The positive or negative effect of exchange rate changes is presented in the income statement on a net basis.

Contingent assets and liabilities. Contingent liabilities are not recognised in the financial statements, except for contingent liabilities related to business combinations. They are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but are disclosed when it is probable that future economic benefits or service potential will flow to the entity.

Provisions and contingent liabilities. Provisions are accounted for only when the Company has a legal or irrevocable obligation resulting from an event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects that part or the total amount of the provisions will be reimbursed, the reimbursement receivable shall be recognised as a separate asset, but only when it is virtually certain that reimbursement will be received. The provision-related expenses are recognised in the Statement of Profit or Loss net of any reimbursement receivable. If the time value of money is significant, provisions are discounted using the effective periodic rate (before tax), if appropriate, taking into account the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance expenses. Provisions are recognised at an amount that reflects the management's best estimate of the expenditure that would be required to restore the asset. Contingent liabilities are not recognised in the financial statements. They are described in the financial statements, except in cases where the use of resources for their settlement is not probable. Contingent assets are not recognised in the financial statements but are disclosed when it is probable that future economic benefits or service potential will flow to the entity.

Grants and subsidies. State grants and subsidies (hereinafter - grants) are state aid that is made in the form of a transfer of resources to an entity, provided that the entity has complied or will comply with certain conditions relating to the entity's principal activities. A state grant is not recognised until there is reasonable assurance that the entity will comply with the relevant conditions and that the grant will be received. A state grant may take a variety of forms, which may vary both in the nature of the grant and in the conditions normally attached to the grant.

Grants related to income and expenses. Grants received to offset current or prior period expenses or unearned income, as well as all other grants, except for grants related to assets, are treated as grants related to income. Grants related to income are recognised as used parts to the extent that the expenses are incurred during the reporting period or the estimated loss of income for which the grant is intended to compensate. Grants intended to offset specific expenses are recognised in the income statement by deducting the amount of the grant from the related amount of the related expenses.

Subsequent events. These are events that provide additional information about the Company's position at the date of the Statement of Financial Position. Adjusting events are reflected in the financial statements. Non-adjusting subsequent events are described in the notes, when material.

Related parties. Related parties are defined as shareholders, employees, members of the Board, their close relatives and companies that directly or indirectly through one or more intermediaries, control the Company, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

3. Significant accounting judgements

In preparation of the financial statements, the Management of the Company has to make estimates and judgements on assumptions which affect application of accounting policies and the amounts related to assets and liabilities, income and expenses. The estimates and related assumptions are continually revised and rely upon historical experience and other factors, including expectations on future events based on existing circumstances.

Duration of the lease period. 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).

4. Significant accounting estimates

Significant estimates and assumptions

Impairment losses of property, plant and equipment. The Company reviews the carrying amounts of intangible assets and property, plant and equipment at the date of each Statement of Financial Position to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For the purpose of impairment testing, assets that generate cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units) are grouped at the lowest levels for which there are currently no cash flows. The recoverable amount of an asset that does not generate cash inflows is determined by reference to the recoverable amount of the cash-generating unit to which the asset belongs. In 2024, no recoverable amount of assets was calculated as there were no risks related to asset recoverability.

Write down of inventories to net realisable value. The Company reviews its inventory list at least annually to determine the net realisable value of inventories. Inventories acquired earlier than a year ago are reviewed to determine whether they can be realised in the future. In the case of slow-moving spare parts and other materials, impairment is recognised taking into account detailed operational plans according to each unit of inventories, their potential realisation period and preliminary realisation cost.

During the assessment, the Company's management analysed whether there have been any significant changes; in addition, the reassessed assumptions applied in the assessment of the recoverable amount have had an insignificant effect on the change in the carrying amount. After the impairment test, an additional impairment shall be applied to: A 75% impairment allowance is applied to the Company's examined stationary spare parts acquired more than two years ago, and the spare parts that meet the asset recognition criteria under IAS 16 are reclassified to non-current assets, construction in progress.

The inventories that may not be realised are fully written off. The change in the write-down of the Company's inventories to net realisable value is reflected under the item of expenses of write-down to the net realisable value in the Statement of Profit or Loss and Other Comprehensive Income.

Climate change management measures and impact on the Company's activities

In implementing its goals and sustainability management priorities set out in the operational strategy, the Company pays particular attention to environmental protection. Green Deal is one of the key strategic directions of the Company's operations. Having conducted assessment of the impact of climate change on useful life of property, plant and equipment and the value of non-financial assets, no significant impact was identified. Based on the assessment of the Company's management, climate change has no significant effect on the financial statements. The Company's management believes that there are no risks or additional liabilities for provisions related to specific legal requirements aimed at reducing environmental damage or to penalties for non-compliance with environmental requirements that should be taken into account in the financial statements. In the assessment of the Company's management, there are no significant climate-related circumstances that would affect the Company's ability to continue as a going concern.

5. Standards and interpretations of standards not yet effective

The new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2025 and have not been applied in the preparation of these financial statements are set out below:

Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

The International Accounting Standards Board has issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, effective from 1 January 2025. These amendments provide guidance to entities on assessing currency exchangeability and determining spot exchange rates when they are not readily available.

The amendments clarify the accounting treatment for foreign currency transactions or operations where exchangeability is restricted, and establish a framework for determining spot exchange rates at the measurement date. Under these new requirements, entities are not permitted to restate comparative information. Instead, they must recalculate the affected amounts using estimated spot exchange rates at the date of initial application, with corresponding adjustments to retained earnings or the foreign currency translation reserve.

The amendments apply to annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted but shall be disclosed.

The Company does not expect these amendments to have a significant impact on its results and financial position.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures;

The IASB has issued amendments to IFRS 9 and IFRS 7. Amendments:

a) clarify the recognition date and derecognition date for certain financial assets and liabilities, and a new exemption is applied to certain financial liabilities when settling through an electronic payment system;

b) provide additional guidance on assessing whether financial assets meet the solely payments of principal and interest (SPPI) criterion;

c) introduce new disclosures for instruments with contractual terms that may modify cash flows;

d) update disclosures for equity instruments measured at fair value through other comprehensive income (FVOCI).

These amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on 1 January 2026. Earlier application is permitted without mandatory recalculation of previous periods.

The Company will assess the potential impact of these amendments on its results and financial position.

Annual Improvements to IFRS Accounting Standards – Amendments

The annual improvements include amendments relating to:

- IFRS 1 *First-time Adoption of International Financial Reporting Standards* – Hedge Accounting by a First-time Adopter
- IFRS 7 *Financial Instruments: Disclosures* and its implementation guidance
- IFRS 9 *Financial Instruments* – Derecognition of lease liabilities and transaction prices
- IFRS 10 *Consolidated Financial Statements* – determination of a 'de facto agent'
- IAS 7 *Statement of Cash Flows* – cost method.

The amendments apply to annual reporting periods beginning on or after 1 January 2026.

Earlier application is permitted. The Company will assess the potential impact of these amendments on its results and financial position.

IFRS 18 *Presentation and Disclosure in Financial Statements* (new standard)

The new standard on presentation and disclosure in financial statements focuses primarily on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to the structure of the statement of profit or loss, required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures), and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

The Company does not expect these amendments to affect its results and financial position; however, changes in presentation may require additional disclosures.

IFRS 19 *Subsidiaries without Public Accountability: (new standard)*

The IASB has issued a new accounting standard for subsidiaries. IFRS 19 *Subsidiaries without Public Accountability.*

Public Accountability will enable subsidiaries to keep only one set of accounting records to meet the needs of both their parent company and the users of their financial statements. In addition, applying IFRS 19 will reduce disclosures better suited to the needs of the users of their financial statements while maintaining the usefulness of the information. The new standard is not applicable to financial statements.

The Company will assess the potential impact of these amendments on its results and financial position.

There are no other new or amended standards or interpretations that have not yet entered into force and that could have a material effect on the Company.

6. Financial instruments and risk management

Financial instruments. Fair value

The Company's main financial instruments not carried at fair value are trade and other receivables, trade and other payables, cash and long-term and short-term borrowings. According to the management of the Company, the residual values of these financial instruments are close to their fair values because the borrowing costs are linked to the interbank borrowing rate EURIBOR, while other financial assets and liabilities are short-term and therefore their fair value fluctuation is not significant.

The fair value of financial instruments approximates their fair value and is the amount at which, at the valuation date, an asset or a liability would be disposed under current market conditions under a transaction on the underlying (or most advantageous) market, regardless of whether this price is directly monitored or determined by the valuation methodology.

The Company's financial instruments by their types comprised the following:

	31/12/2024	31/12/2023
FINANCIAL ASSETS		
Trade and other receivables	1,758	1,892
Cash and cash equivalents	27,175	52,823
Total	**28,933**	**54,715**
FINANCIAL LIABILITIES		
Lease liabilities	4,877	3,868
Trade and other payables	8,338	7,801
Total	**13,215**	**11,669**

Fair value is classified according to a hierarchy that reveals the significance of the initial valuation data used. The fair value hierarchy includes the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – original inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 – inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

The Company did not have any financial assets evaluated at fair value.

The carrying amounts of the Company's financial assets and financial liabilities measured at amortised cost approximate their fair value.

Cash and cash equivalents. They include cash the value of which approximates the fair value.

Loans and other financial debts. The fair value of long-term loans shall be determined on the basis of the market price or interest rate applicable to debt of the same or similar maturity at the time. The fair value of the loans is classified as level 2 in the fair value model. The fair value of the loans received approximates the carrying amount.

Amounts receivable, payable. The carrying amount of short-term trade receivables and current trade creditors approximates their fair value.

Loans granted. The Company's loan consists of a loan to a Group company through a mutual lending platform, the cash pool account. The fair value of the loans is classified as level 2 in the fair value model. The fair value of the loans received approximates the carrying amount.

Risk management

The Company is exposed to uncertainty about external and internal factors, identifies operational risks (strategic, financial, operating and compliance), anticipates their impact and likelihood, and seeks to mitigate them at least in part. The management of operational risks of the Company is regulated by the Description of Management Process of Activity Risks approved by the legal acts of the Company. Pursuant to provisions of the Description, risk managers are appointed and regularly trained, regular risk evaluation is carried out using the implemented Risk Management Information System. The results of the evaluation are presented to the Management of the Company. Management plans are approved for unacceptable risks, implementation of the plans is monitored. The risk management policies and frameworks are reviewed on a regular basis to make sure they comply with the market terms and changes in the Company's activities. The Company seeks to establish a disciplined and constructive risk management environment where all employees know their roles and obligations.

In accordance with the Company's strategic goals, the following groups of operational risks are summarised as the most significant risks that have the potential to have a significant impact on the achievement of the Company's operational goals. The Company assesses the potential financial, legal and reputational impact of operational risks.

The Company is exposed to the following financial risks: credit, liquidity, exchange rates, interest rates and equity. This note provides information on the impact of these risks on the Company, objectives, policies and processes related to the assessment and management of these risks.

Credit risk. Credit risk arises from the credit risk incurred by money banks and trade receivables.

Credit risk is the risk that the Company will incur a financial loss if a buyer or another party fails to meet its contractual obligations. This risk is mostly related to receivables from the Company's customers.

The Company manages the credit risk through procedures. The basis of credit risk management of trade receivables is the assessment of customer reliability. The Company constantly assesses the creditworthiness of both potential and existing buyers/suppliers of services. If the buyer of the services is assessed as risky or the customer is new and does not have a history of cooperation with the Company, the terms of advance payment apply. When payments with customers are deferred, legal credit risk mitigation measures are used, such as credit insurance or pledging. Various credit risk management and mitigation measures are provided for in bilateral agreements between the Company and service buyers/suppliers: restrictions, guarantees for the fulfilment of contractual obligations and other measures protecting the Company's interests. Credit risk is monitored on an ongoing basis.

Credit risk is measured as the maximum credit exposure for each group of financial instruments and is equal to their carrying amount. The highest credit risk arises from the carrying amount of each asset group.

The Company distinguishes each level of credit risk in accordance with the information on the basis of which the risk of impairment can be reliably identified (including, but not limited to, external credit rating, audited financial statements, management accounting, cash flow forecasts, press information available to customers) and by applying the opinion on creditworthiness. Credit risk levels are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions. In assessing the risk of external trade receivables, conversion to the oldest customer debt is applied thus making the assessment of the risk of potential losses more conservative. For each of the credit risk level, the rate of expected credit loss is determined, which is calculated based on the experience of actual impairment.

The Company's trade and other receivables subject to credit risk and expected credit loss by individual customers amounted to:

	2024				2023			
	Gross carrying amount	Expected credit losses, %	Impairment	Net carrying amount	Gross carrying amount	Expected credit losses, %	Impairment	Net carrying amount
Low risk	1,708	0.00%	-	1,708	1,708	0.00%	-	1,708
Fair risk	12	0.16%	-	12	39	0.00%	-	39
Increased risk	37	0.00%	-	37	146	0.00%	(1)	145
High risk	15	96.06%	(14)	1	-	0.00%	-	-
Total	**1,772**		**(14)**	**1,758**	**1,893**		**(1)**	**1,892**

Low risk – the buyer does not have any past due invoices;

Fair risk – the buyer has at least one past due invoice of up to 30 days;

Increased risk – the buyer has at least one past due invoice up to 120 days;

High risk – the buyer has at least one past due invoice over 120 days.

The Company uses a simplified method to calculate expected life credit losses over its life and uses a provision matrix for all trade and other receivables. In order to calculate expected credit losses, trade and other receivables are divided into separate groups according to the general characteristics of credit risk using a provision matrix. The amounts for each group shall be analysed by the number of days past due. As trade receivables and other receivables do not normally include collateral or other credit protection, the expected loss ratio is consistent with the probability of default.

The Company determines credit risk based on historical data, taking into account overdue payments.

The Company's information on credit risk applicable to trade and other receivables and expected credit loss included:

	2024				2023			
	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying amount	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying amount
Not past due	0.00%	1,708	-	1,708	0.00%	1,708	-	1,708
1-30 days past due	0.16%	12	-	12	0.00%	39	-	39
31-60 days past due	0.00%	37	-	37	0.00%	132	-	132
61-120 days past due	0.00%	-	-	-	0.00%	14	(1)	13
More than 120 days past due	96.06%	15	(14)	1	0.00%	-	-	-
Total		**1,772**	**(14)**	**1,758**		**1,893**	**(1)**	**1,892**

The impairment recorded by the Company reflects the estimated losses on trade receivables the recovery of which is doubtful. The main component of such impairment is the individually assessed loss on significant trade receivables that are doubtful of recovery. The impairment assessment methods are reviewed on an ongoing basis to minimise the differences between estimated losses and actual losses.

The movement of impairment of the Company's doubtful trade receivables was:

	2024	2023
Balance at the beginning of the period	**(1)**	**-**
Change in impairment of trade receivables	(13)	(1)
Balance at the end of the period	**(14)**	**(1)**

In the Company, the change in impairment of receivables as at 31 December 2024 is reflected in the Statement of Profit or Loss and Other Comprehensive Income under increase (decrease) in the value of receivables. The Company's amounts written off are considered as amounts with no possibility or right of recovery. Although economic circumstances may affect the recoverability of debts, in the opinion of the Company's Management, the Company is not exposed to a significant risk of incurring losses that would exceed the impairment that has already been recognised.

Cash and cash equivalents consist of cash and cash in bank, so the credit risk associated with them is minimal. The Company's cash resources are subject to the principle of diversification, the funds are held in banks with an international credit rating of not less than Aa2-Baa2.

	2024	2023
Aa3; AA-	25,923	19,265
Baa1; BBB+	-	33,023
Baa2; BBB	1,216	526
Cash on hand	36	9
Total	**27,175**	**52,823**

The carrying amount of cash and cash equivalents approximates their fair value. Expected credit losses are not accounted for due to insignificance of the expected risk of change in their value.

If the rating requirement is not met, net amount of cash trusted to the entity cannot exceed the maximum state deposit insurance limit, i.e., EUR 100 thousand.

Liquidity risk. Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. Risk management ensures that the Company always has sufficient liquid assets and is able to meet liabilities in a timely manner. Liquidity and solvency risk management involves the planning and control of cash flows and the forecasting of unforeseen events that may adversely affect cash flows and pose a threat to solvency and liquidity. Liquidity and solvency risk is assessed by monitoring and analysing the relative liquidity and solvency ratios, which assess the condition of both current and non-current liabilities and the effectiveness of cash flow management. The Company's shortage of working capital is balanced using credit facilities, if necessary. In addition, according to the Company's standard policy, the payment period for suppliers is 45 days.

The Company's liquidity is ensured through cash pool. Also in 2024, the Company received a subsidy from the state budget to compensate for losses incurred in passenger carriage on domestic routes amounting to EUR 34,650 thousand (2023: EUR 33,995 thousand), including a penalty of EUR 17 thousand: penalty for non-operated kilometres – EUR 216 thousand, bonus for exceeding the cost-income ratio – EUR 135 thousand and change in recalculated bonus for 2023 – EUR 64 thousand (2023 – bonus of EUR 303 thousand: penalty – EUR 301 thousand and bonus – EUR 604 thousand), calculated in accordance with Resolution No 716 of 7 June 2010 of the Government of the Republic of Lithuania Regarding the Approval of the Description of the Procedure for Compensation for Losses incurred in the Execution of Public Service Obligations and (or) Public Combined Passenger Transport Services on Local Transport Routes and Contract No SL-355/2022 of 29 December 2022 on Provision of Public Passenger Transport services by Rail and (or) Combined Carriage of Passengers on Domestic Routes. The final bonus receivable or penalty payable will be calculated in June 2025 which, in the opinion of the Management, will not differ from the preliminary estimate.

In order to ensure liquidity risk management, AB Lietuvos geležinkeliai concluded a short-term credit line agreement with one of the acquiring banks of the Group companies for the amount of EUR 50.0 million in 2024. The Company did not use the credit line.

As at the date of the financial statements, the Company did not face liquidity problems.

The table below provides for the information on contractual maturity dates of non-derivative financial liabilities of the Company. This information has been prepared on the basis of undiscounted flows of financial liabilities taking into account the earliest dates on which the Company shall settle those liabilities. The balances of liabilities with a maturity of up to 12 months approximate their carrying values.

Maturities of the Company's financial liabilities according to the undiscounted flow method are as follows:

Financial liabilities	2024				2023			
	Total	Within one year	From one to five years	After five years	Total	Within one year	From one to five years	After five years
Lease liabilities	5,867	658	2,358	2,851	4,332	419	1,078	2,835
Trade and other payables	8,338	8,338	-	-	7,801	7,801	-	-
Total	**14,205**	**8,996**	**2,358**	**2,851**	**12,133**	**8,220**	**1,078**	**2,835**

Currency risk. Currency exchange risk is the risk that changes in market prices due to fluctuations in foreign currency exchange rates will affect the Company's results or the value of financial instruments held.

During 2024 and 2023, the Company did not enter into derivative financial transactions with acquiring banks to manage currency exchange risk. Most transactions are made in euros, the impact of exchange rate changes is minimal.

The main sources of foreign currency exchange risk for the Company are various transactions denominated in foreign currencies (CHF, USD, PLN), the carrying out of which poses a risk of incurring losses due to fluctuations of foreign currency exchange rates against the euro: sale/purchase of goods and services, repayment of loans obtained in foreign currency, payment of interest etc. This risk is minimal as the major part of the Company's settlements are denominated in euro. Foreign currency exchange risk was managed by using internal means, i.e., by balancing funds received and spent in foreign currencies.

The main currency of the Company's ticket sales is euro. The Company is not exposed to the risk of incurring losses due to foreign exchange rate fluctuations against the euro.

During 2024 and 2023, the Company did not enter into derivative financial transactions with acquiring banks to manage currency exchange risk.

Interest rate risk. The Company's loans granted and received and other financial liabilities are subject to variable interest rates related to EURIBOR.

Risk management measures are used only if there are clear indications that the interest rate may significantly change. The Company did not have derivative financial instruments intended for managing of the interest rate fluctuation risk.

During 2024 and 2023, the Company did not apply derivative financial instruments intended for managing of the interest rate fluctuation risk. The Company has a provision that 30% and more of the total amount of the Company's financial resources shall be invested in highly liquid financial instruments: funds in current accounts in commercial banks, call deposits and term deposits the maturity of which is less than 12 months. The Company holds cash in large banks of Lithuania that have credit ratings of BBB-/Baa3 and higher as assigned by international rating agencies.

The Company is not exposed to significant interest rate risk, currency exchange or price index fluctuation risks related to banking products.

Capital management. Capital includes equity attributable to shareholders. The capital management is mainly aimed at ensuring that the Company meets its external capital requirements. The management of the Company's capital is aimed at ensuring the Company's going concern in order to generate profit for shareholders and to maintain an optimal capital structure by reducing the cost of capital. In order to maintain or change the capital structure, the Company may pay out the capital to shareholders or issue new shares.

In addition, the Company, by managing capital risk in the long-term, aims to maintain an optimum capital structure which would ensure a harmonised implementation of objectives for capital costs and risk minimisation. The Company forms the capital structure by evaluating the companies' internal factors of regular operations, investments and expansions planned and, by taking into account operational strategies of the Company, external current and anticipated factors of markets regulation and country environment which are significant for the operations.

7. Property, plant and equipment

	Buildings and structures	Machinery and equipment	Vehicles	Other equipment, fittings and tools	Construction in progress and prepayments	Total
ACQUISITION COST						
31 December 2022	3,756	562	145,698	495	2,881	153,392
Acquisitions	-	42	6,392	105	11,097	17,636
assets sold, written off, disposed	-	(3)	(231)	(2)	-	(236)
reclassification from (to) current assets	-	-	(574)	-	2,131	1,557
31 December 2023	3,756	601	151,285	598	16,109	172,349
Acquisitions	-	175	3,283	15	39,175	42,648
assets sold, written off, disposed	-	(6)	(48)	(5)	-	(59)
reclassification from (to) current assets	-	-	-	-	2,422	2,422
reclassifications	444	114	5,707	(365)	(5,900)	-
31 December 2024	4,200	884	160,227	243	51,806	217,360
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
31 December 2022	(1,521)	(318)	(35,901)	(183)	-	(37,923)
Depreciation	(360)	(48)	(12,596)	(41)	-	(13,045)
decrease in value	-	-	(1,270)	-	(663)	(1,933)
assets sold, written off, disposed	-	3	58	2	-	63
reclassification from (to) current assets	-	-	274	-	-	274
31 December 2023	(1,881)	(363)	(49,435)	(222)	(663)	(52,564)
Depreciation	(378)	(97)	(12,675)	(50)	-	(13,200)
decrease in value	-	-	-	-	13	13
assets sold, written off, disposed	-	5	12	5	-	22
reclassifications	(190)	(9)	(6)	205	-	-
31 December 2024	(2,449)	(464)	(62,104)	(62)	(650)	(65,729)
CARRYING AMOUNT						
31 December 2022	**2,235**	**244**	**109,797**	**312**	**2,881**	**115,469**
31 December 2023	**1,875**	**238**	**101,850**	**376**	**15,446**	**119,785**
31 December 2024	**1,751**	**420**	**98,123**	**181**	**51,156**	**151,631**

The total amount of the Company's depreciation costs included in the Statement of Profit or Loss and Other Comprehensive Income was EUR 13,048 thousand (2023: EUR -12,915 thousand). This amount includes depreciation costs of EUR 13,200 thousand (2023: EUR 13,045 thousand), which were reduced by capitalised depreciation costs of EUR 152 thousand (31 December 2023: EUR 130 thousand).

The cost of the Company's fully depreciated property, plant and equipment still in use amounted to EUR 1,068 thousand (EUR 1,072 thousand as at 31 December 2023). The majority of fully depreciated property, plant and equipment consisted of transport vehicles (wagons).

As at 31 December 2024, the Company recognised impairment losses totalling EUR 1,920 thousand. The majority of this amount, EUR 1,256 thousand, relates to two trains that served as donor vehicles for repairs of other trains of the same type, where spare parts were removed and used during unscheduled repairs. Additionally, EUR 650 thousand relates to impairment of non-moving spare parts, and EUR 14 thousand represents impairment of a diesel train that was out of service and whose parts were used for other trains.

During the financial year, the Company reviewed its property, plant and equipment groups and reclassified assets in accordance with the Construction Technical Regulation. After reclassification, the carrying amount of assets allocated to the Buildings and Structures group increased by EUR 254 thousand, whilst the carrying amounts of Machinery and Equipment and Other Equipment, Fittings and Tools asset groups decreased by EUR 19 thousand and EUR 235 thousand, respectively. The majority of reclassified assets consists of engineering networks (water supply, sewage pipelines, etc.) that were previously recorded under Other Equipment, Fittings and Tools asset groups. In the opinion of the Company's management, this reclassification better reflects the asset groups according to their purpose. Furthermore, such reclassification has no impact on the total asset balance; therefore, comparative information was not reclassified.

In 2024, the Company significantly exceeded its targets, maintaining strong positive results for several consecutive years. According to both the approved strategy and the strategy under development, the performance trends are expected to continue improving. Furthermore, the 2023 impairment test of non-current assets, including sensitivity analysis of WACC and growth rate indicators, showed no risks related to asset recoverability. Therefore, there was no need or indication to perform these tests in the current year.

8. Right-of-use assets

	Land	Buildings and structures	Machinery and equipment	Vehicles	Total
ACQUISITION COST					
31 December 2022	292	3,904	-	29	4,225
Acquisitions	3	174	-	65	242
assets disposed	-	(236)	-	-	(236)
31 December 2023	295	3,842	-	94	4,231
Acquisitions	1	943	640	43	1,627
assets disposed	(5)	(510)	-	(19)	(534)
31 December 2024	291	4,275	640	118	5,324
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
31 December 2022	(14)	(241)	-	(8)	(263)
Depreciation	(6)	(336)	-	(20)	(362)
depreciation reversal of disposed assets	-	233	-	-	233
31 December 2023	(20)	(344)	-	(28)	(392)
Depreciation	(4)	(392)	(75)	(35)	(506)
depreciation reversal of disposed assets	5	363	-	16	384
31 December 2024	(19)	(373)	(75)	(47)	(514)
CARRYING AMOUNT					
31 December 2022	**278**	**3,663**	**-**	**21**	**3,962**
31 December 2023	**275**	**3,498**	**-**	**66**	**3,839**
31 December 2024	**272**	**3,902**	**565**	**71**	**4,810**

9. Intangible assets

	Software	Prepayments and ongoing projects related to intangible assets	Total
ACQUISITION COST			
31 December 2022	700	49	749
Acquisitions	-	20	20
assets sold, written off, disposed	(157)	-	(157)
31 December 2023	543	69	612
Acquisitions	-	4	4
31 December 2024	543	73	616
ACCUMULATED AMORTISATION			
31 December 2022	(158)	-	(158)
Amortisation	(108)	-	(108)
assets sold, written off, disposed	156	-	156
31 December 2023	(110)	-	(110)
amortisation	(108)	-	(108)
31 December 2024	(218)	-	(218)
CARRYING AMOUNT			
31 December 2022	**542**	**49**	**591**
31 December 2023	**433**	**69**	**502**
31 December 2024	**325**	**73**	**398**

The Company's fully amortised but still in use intangible assets (software) amounted to EUR 1 thousand as at 31 December 2024 and 2023.

10. Other non-current assets

Other non-current assets of the Company consist of the ticketing system acquired for EUR 259 thousand which enables purchasing tickets on ticketing machines located at railway stations (31 December 2023: EUR 453 thousand). The costs for the use of the system shall be written off over the 5-year period during which access to the system has been provided, starting in May 2022.

11. Inventories

	31/12/2024	31/12/2023
Fuel	62	61
Supplies	232	276
Other	228	225
Total raw materials, supplies and components	522	562
Goods purchased for resale	-	24
Total goods purchased for resale	-	24
Total	**522**	**586**

As at 31 December 2024, the carrying amount of the Company's inventories equal to EUR 1,750 thousand was reduced by EUR 1,228 thousand to net realisable value (as at 31 December 2023, the amount of EUR 1,806 thousand was reduced by EUR 1,220 thousand).

The change in the write-down of the Company's inventories to net realisable value is reflected under the item of expenses of write-down of inventories to the net realisable value in the Statement of Profit or Loss and Other Comprehensive Income.

During 2024, inventories of EUR 7,344 thousand were written off to operating expenses (2023: EUR 6,689 thousand).

12. Trade and other receivables

The Company's trade and other receivables included:

	31/12/2024	31/12/2023
External trade receivables, gross value	98	66
Impairment (-)	(14)	(1)
Total external trade receivables	84	65
Receivables from related parties	483	445
Impairment (-)	-	-
Total receivables from related parties	483	445
VAT receivable	383	154
Other receivables from the budget	8,218	2,373
Accrued income from related parties	24	71
Accrued income	1,167	1,304
Other receivables	-	7
Impairment (-)	-	-
Total other receivables	9,792	3,909
Total	**10,359**	**4,419**

As at 31 December 2024, the majority of other receivables from the budget consisted of the subsidy receivable from the state budget for passenger carriage on preferential terms – EUR 486 thousand (31 December 2023: EUR 1,628 thousand) and subsidy receivable for compensation of losses from passenger carriage by train on domestic routes – EUR 5,960 thousand (31 December 2023: EUR 278 thousand).

The change in impairment is disclosed in Note 6.

13. Prepayments

The Company's prepayments consisted of:

	31/12/2024	31/12/2023
Prepayments to external suppliers	94	41
Prepayments to related parties	-	2
Guarantees paid to suppliers	4	-
Guarantees paid to related parties	71	55
Deferred expenses	248	263
Total	**417**	**361**

14. Cash and cash equivalents

The Company's cash and cash equivalents consisted of:

	31/12/2024	31/12/2023
Cash in bank	27,139	52,814
Cash in transit	12	-
Cash on hand	24	9
Total	**27,175**	**52,823**

As at 31 December 2024, the Company had no fixed-term deposits. Cash was not pledged.

To ensure more efficient fund management and liquidity of Group companies, a cash-pool agreement was signed with AB Swedbank on 21 December 2018 (extended on 20 December 2024 until 20 December 2027). On 9 April 2024, UAB LTG Link signed a mutual lending agreement. Under this agreement, the members of the Group may borrow and lend funds to the members of the Group on a mutual lending platform for a maximum period of one year under market conditions. As at 31 December 2024 and 2023, the Company had no receivables or liabilities under this agreement.

15. Non-current assets held for sale

	31/12/2024	31/12/2023
Non-current assets held for sale	452	497
Total assets held for sale	**452**	**497**

As at 31 December 2024, the carrying amount of the Company's non-current assets held for sale of EUR 3,136 thousand (31 December 2023 – EUR 3,296 thousand) was reduced by EUR 2,684 thousand (31 December 2023 – EUR 2,799 thousand) to net realisable value. The change in the write-down of the Company's assets held for sale to net realisable value is reflected under the item of expenses of write-down of inventories to the net realisable value in the Statement of Profit or Loss and Other Comprehensive Income.

The Company's non-current assets held for sale mainly comprised a locomotive, diesel locomotives and passenger wagons. Most of sales are carried out by public auction.

16. Share capital

On 23 January 2023, new Articles of Association of the Company were registered: changes were made to competences of the Board of Directors, transaction authorisation limits, and the number members of the Board of Directors, while the requirement of independence of the Board of Directors, and the Company's object and goals were included therein. The Articles of Association remained unchanged in 2024.

17. Reserves and dividends

Legal reserve. Legal reserve is compulsory in accordance with the Lithuanian legislation. 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 used for payment of dividends but it can be used to cover future losses. As at 31 December 2024, the legal reserve of the Company amounted to EUR 1,209 thousand.

Other reserves. Following the decision regarding approval of the financial statements for the year 2023 and distribution of profit adopted by AB Lietuvos geležinkeliai – the sole shareholder of UAB LTG Link – on 16 April 2024, the amount of EUR 3,273 thousand has been allocated to other reserves for investments.

Dividends. Allocation and payment of dividends of the Group companies are regulated by the Dividend Policy of LTG Group. Following the decision regarding approval of the financial statements for the year 2023 and distribution of profit adopted by AB Lietuvos geležinkeliai – the sole shareholder of UAB LTG Link – on 16 April 2024, the amount of EUR 9,163 thousand has been allocated to dividends.

18. Lease liabilities

The lease agreements comprise vehicle, premises, equipment and land lease agreements. Vehicle contracts are concluded for a period of 3 years without the possibility of contract extension. Leases of buildings are concluded for a period of 3-10 years with the possibility of extending the lease for the period of 20 years. A maximum period of 10 years applies to newly concluded contracts. When determining the lease period, the Company's management evaluates all facts and circumstances, which give rise to economic incentives to avail themselves of the possibility to extend or terminate the contract. Short-term leases of 12 months or less and lease payments for low-value assets are recognised directly as expenses in the Statement of Profit or Loss and Other Comprehensive Income. A discount rate applied to lease contracts in 2024 comprises 6-month EURIBOR and a market margin determined on the basis of a market research according to effective market conditions.

The Company's lease commitments and their movements:

	2024	2023
Carrying amount at the beginning of the period	3,868	3,976
Lease contracts concluded	1,627	241
Lease contracts terminated	(146)	(2)
Interest calculated	79	30
Lease payments (principal amount and interest)	(551)	(377)
Carrying amount at the end of the period	4,877	3,868
Non-current lease liabilities	4,348	3,627
Current lease liabilities	529	241
Total	**4,877**	**3,868**

Future lease payments under non-cancellable lease contracts:

	31/12/2024	31/12/2023
LEASE LIABILITIES WITH THE FOLLOWING MATURITIES:		
Within one year	529	241
From one to five years	1 941	1,085
After five years	2 407	2,542
Total	**4,877**	**3,868**

If the discount rate applicable at the Company decreased or increased by 1%, the amount of lease liabilities as at 31 December 2024 would accordingly make up EUR 4,506 thousand or EUR 5,248 thousand (2023: EUR 3,596 thousand or EUR 4,200 thousand).

The Company has amounts payable for short-term lease, low-value lease and other amounts of lease payments recognised in the Statement of Profit and Loss and Other Comprehensive Income, the total amount of which was equal to EUR 920 thousand in 2024 (2023: EUR 648 thousand).

19. Employee benefits

According to the laws of the Republic of Lithuania, employees of the Company, who retire at retirement age, are entitled to a benefit in the amount of 2-month salary. In addition, according to the collective agreement of the group companies, which entered into force on 1 January 2023 and is concluded for a period of four years, a one-time premium payment of up to 1-month average remuneration is paid to employees as a thank-you for longstanding and excellent work (taking into account work performance, work discipline) who have at least 25-years of work experience within the Group of companies, who have reached the retirement age and thus terminate employment relations with the Company.

The key assumptions used in estimating the Company's non-current employee benefits liabilities are set out below:

	2024	2023
Discount rate	3.67%	3.37%
Employee turnover rate	12.85%	11.16%
Salary growth rate	5.00%	5.00%

Change in employee benefits during 2024 by type:

	Balance as at 31 December 2023	Calculated to the Statement of Profit or Loss and Other Comprehensive Income	Capitalised costs	Paid	Balance as at 31 December 2024
NON-CURRENT LIABILITIES					
Provisions for pensions and similar liabilities	567	94	-	(181)	480
Total non-current liabilities:	567	94	-	(181)	480
CURRENT LIABILITIES					
Vacation accruals	599	1,123	-	(948)	774
Wages and salaries payable	721	8,495	721	(9,122)	815
Social security contributions payable	323	4,206	-	(4,154)	375
Personal income tax payable	224	3,463	-	(3,425)	262
Other employment-related liabilities	669	771	-	(567)	873
Total current liabilities:	2,536	18,058	721	(18,216)	3,099
Total	**3,103**	**18,152**	**721**	**(18,397)**	**3,579**

20. Prepayments received

	31/12/2024	31/12/2023
Prepayments received	43	47
Total	**43**	**47**

21. Trade and other payables

The Company's trade and other payables consisted of:

	31/12/2024	31/12/2023
Trade payables	3,268	1,841
Trade accounts payable to related parties	3,192	5,146
Cash guarantees received	8	26
Cash guarantees received from related parties	5	5
Payable VAT	1	-
Other taxes payable to the budget	121	120
Accrued expenses	1,004	227
Accrued expenses from related parties	874	587
Deferred income	2,623	2,465
Other amounts payable and liabilities	55	45
Total	**11,151**	**10,462**

The Company recorded a liability of EUR 66 thousand (2023: EUR 66 thousand) for audit and other non-audit services under accrued expenses.

Deferred income consist of prepaid passenger tickets.

22. Sales revenue

The Company's sales revenue consisted of:

	2024	2023
Revenue from passenger carriage:	61,324	47,291
Revenue from domestic passenger carriage	27,153	24,724
Revenue from international passenger carriage	30,766	20,244
Revenue from services related to passenger carriage	3,405	2,323
Revenue from other additional services:	341	582
Leased assets	312	248
Other income	29	334
Total	**61,665**	**47,873**

The subsidy amounting to EUR 4,791 thousand (2023: EUR 4,382 thousand) for the carriage of passengers on preferential terms was recorded under the Company's revenue from domestic passenger carriage.

Revenue from domestic passenger carriage increased due to higher passenger numbers.

Revenue from international passenger carriage increased due to a 32% increase in the number of passengers combined with a 10% rise in transit passenger tariffs.

The Company's revenue according to the moment of revenue recognition consisted of:

	2024	2023
Recognised immediately	60,293	46,569
Recognised over an ongoing period	1,372	1,304
Total	**61,665**	**47,873**

23. Subsidy

In 2024, the Company received a subsidy from the state budget to compensate for losses incurred in passenger carriage on domestic routes amounting to EUR 34,650 thousand (2023: EUR 33,995 thousand), including a penalty of EUR 17 thousand: penalty for non-operated kilometres – EUR 216 thousand, bonus for exceeding the cost-income ratio – EUR 135 thousand and change in recalculated bonus for 2023 – EUR 64 thousand (2023 – bonus of EUR 303 thousand: penalty – EUR 301 thousand and bonus – EUR 604 thousand), calculated in accordance with Resolution No 716 of 7 June 2010 of the Government of the Republic of Lithuania Regarding the Approval of the Description of the Procedure for Compensation for Losses incurred in the Execution of Public Service Obligations and (or) Public Combined Passenger Transport Services on Local Transport Routes and Contract No SL-355/2022 of 29 December 2022 on Provision of Public Passenger Transport services by Rail and (or) Combined Carriage of Passengers on Domestic Routes. The final bonus receivable or penalty payable will be calculated in June 2025 which, in the opinion of the Management, will not differ from the preliminary estimate.

24. Expenses related to employee benefits

Expenses related to employee benefits by type:

	2024	2023
Wages and salaries	(17,712)	(15,627)
Social security contributions	(352)	(277)
Accrued vacation reserve	(175)	23
Pensions and similar liabilities	87	212
Total	**(18,152)**	**(15,669)**

25. Results of financial activities

The Company's results of financial activity comprised the following:

	2024	2023
Total finance income	1,285	1,297
Currency exchange gain	-	216
Fines and late payment interest income	271	224
Interest	1,014	857
Total finance costs	(602)	(18)
Currency exchange loss	(149)	-
Interest and other loan-related charges	(79)	(1)
Fines and late payment interest expenses	(1)	13
Other costs	(373)	(30)
Total	**683**	**1,279**

26. Income tax and deferred tax

Income tax was calculated at a rate of 15%.

	2024	2023
Income tax for the reporting year	2,443	2,485
Income tax adjustment of the previous year	75	23
Deferred tax expenses (benefit)	620	359
Total income tax expenses (income) recognised in profit or loss	**3,138**	**2,867**

The Company's income tax costs (benefit) consisted of:

	2024	2023
Profit or loss before tax	22,257	15,958
Income tax	3,339	2,394
Non-deductible (+) / additionally deductible (-) expenses	(302)	479
Non-taxable income	(75)	(29)
Income tax of the previous year	75	23
Difference due to tax rate change	101	-
Total income tax expense (benefit)	**3,138**	**2,867**
Effective rate	14.10%	18.00%

Below is the calculation of the Company's deferred income tax:

	2024	2023
DEFERRED TAX ASSET:		
Impairment of receivables and write-off of hopeless debts	2	-
Write-down of inventories and non-current assets held for sale to net realisable value	656	632
Accrued vacation reserve and bonuses	263	190
Liabilities of long-term employee benefits	77	85
Accrued income	3	(123)
Accrued expenses	214	122
Deferred tax asset	1,215	906
DEFERRED TAX LIABILITY:		
Difference in the value of non-current assets with tax value	(2,616)	(1,687)
Deferred tax liability	(2,616)	(1,687)
Deferred tax asset (liability), net	**(1,401)**	**(781)**

Deferred tax assets and deferred income tax liabilities are offset to the extent that the deferred income tax liability is realised at the same time as the deferred income tax assets. In addition, they are affiliated with the same tax administration authority.

27. Related party transactions

Parties are considered to be related when one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

As defined in IAS 24 "Related party disclosures", an entity is related to a reporting entity if at least one of the following conditions is met:

- The Government of the Republic of Lithuania acts as the owner of all shares of UAB LTG Link;
- Companies or institutions are managed by the Government of the Republic of Lithuania;
- Parent company AB Lietuvos geležinkeliai;
- Subsidiaries of the parent company AB Lietuvos geležinkeliai;
- AB Lietuvos geležinkeliai related, non-consolidated associated and joint ventures;
- Board members and their close relatives and companies under their control;
- All key management and companies under their control;
- Persons who are family members of the key management of the reporting entity.

For entities operating in an environment where state control is extensive, most counterparties are also related to the state and are therefore considered to be related parties. IAS 24 permits a reporting entity to reduce disclosures about transactions and balances, including liabilities with:

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

Due to the abovementioned reasons, the Company does not disclose transactions with the Government of the Republic of Lithuania and other economic entities controlled by the Government of the Republic of Lithuania.

The Company's transactions with related parties in 2024 and balances as at 31 December 2024 were as follows:

	Sales	Purchases	Receivables	Payables
AB Lietuvos geležinkeliai*	423	12,919	458	2,063
AB LTG CARGO**	347	8,442	33	788
AB LTG Infra***	532	9,294	86	1,220
UAB Geležinkelio tiesimo centras	6	-	1	-
Total	**1,308**	**30,655**	**578**	**4,071**

The major portion of acquisitions for 2024 consists of the following:
*strategic management charges – EUR 2,332 thousand, general administrative charges EUR 5,047 thousand, fuel – EUR 4,667 thousand;
**traffic enforcement services for passenger trains – EUR 6,961 thousand, repair and maintenance – EUR 1,111 thousand;
***infrastructure services – EUR 8,835 thousand.

The Company's transactions with related parties in 2023 and balances as at 31 December 2023 were as follows:

	Sales	Purchases	Receivables	Payables
AB Lietuvos geležinkeliai*	82	11,197	368	2,370
AB LTG CARGO**	336	8,283	30	2,049
AB LTG Infra***	440	6,700	174	1,319
UAB Geležinkelio tiesimo centras	76	-	1	-
Total	**934**	**26,180**	**573**	**5,738**

The major portion of acquisitions for 2023 consists of the following:
*management charges – EUR 5,533 thousand, fuel – EUR 5,166 thousand;
**traffic enforcement services for passenger trains – EUR 6,947 thousand, repair and maintenance – EUR 1,234 thousand;
***infrastructure services – EUR 6,052 thousand.

In the Company's mutual sale transactions with AB Lietuvos geležinkeliai, resale of international services amounting to EUR 31,877 thousand (during 2023: EUR 22,586 thousand) have not been evaluated.

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

Management remuneration and other benefits

As at 31 December 2024, the Management consisted of the Chief Executive Officer and the heads of the following units: efficiency and quality management, business development, customer service, train operations, train maintenance, international development, finance and strategy.

	2024	2023
Management remuneration	762	644
Incentives*	62	48
Accrued long-term benefits**	1	2
Number of executives	8	7
Allowances for members of the Board	116	111
Number of Board members	5	5

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

In 2024 and 2023, no loans, guarantees, or other paid or accrued benefits or disposals of assets were made to the Company's Management other than as set forth above.

28. Contingent assets and liabilities

The Tax Administration has not carried out any full-scale tax audits of the Company. The tax authorities may, at any time, inspect the accounting, transactional and other documents, records and tax returns for the current and the previous 3 calendar years, and in certain cases for the current and the previous 5 or 10 calendar years, and may impose additional taxes and penalties. Management is not aware of any circumstances that could result in a potential material liability for unpaid taxes.

On 19 April 2024, LTG Link signed a financing agreement with the Nordic Investment Bank (NIB) and the European Investment Bank (EIB) for the procurement of electric and battery-electric trains. The NIB and EIB will provide loans of EUR 100 million each and will finance the acquisition of 9 electric and 6 battery-electric trains, which will replace about one-third of the passenger train fleet. These loans will be provided until the end of 2032.

On 4 October 2024, the Ministry of Finance finalised state guarantee agreements with the Nordic Investment Bank (NIB) and European Investment Bank (EIB), each providing EUR 100 million loans to LTG Link for electric train acquisition.

According to the train purchase contract signed on 21 June 2023 with Stadler Polska, a company of the Swiss train manufacturer Stadler group, the Company is purchasing new electric and battery-electric trains. The supplier has undertaken to build 15 ultra-comfortable trains, provide technical support for their maintenance and supply spare parts until 2037. The value of the contract amounts to EUR 226.5 million. As at 31 December 2024, the advance payment made amounts to EUR 41,003 thousand.

29. Subsequent events

There were no significant events after the end of the reporting period, which have to be recognised or disclosed in the financial statements for 2024.