LTG CARGO

Interim report and Interim financial statements (unaudited) for the six-months period ended 30 June 2024

Contents

This interim report and financial statements do not contain all information required for drawing up of the annual report and financial statements; therefore, it should be read in conjunction with the annual report and financial statements for the year ended 31 December 2023 ***reference****, which have been prepared in accordance with the International Financial Reporting Standards as approved by the International Accounting Standards Board and as adopted for application in the EU.*

The annual and interim reports and financial statements are made publicly available on the Company's website ***http://ltgcargo.lt/***

Overview

CEO's foreword

Dear all,

The first half of the year was again marked by geopolitical and economic uncertainty. However, the performance of LTG Cargo shows that we are able to work well in such conditions and achieve our key strategic objectives. We continue to diversify our activities and develop services targeting different markets.

At the beginning of this year, we completed our first transportation through Latvia to Valga in Estonia, which was a significant development not only for our company, but also for the logistics system in the Baltic region. We have successfully completed the project on the basis of our own capacity alone, which suggests our team's competence and ability to organise transports in foreign markets. These skills will be crucial once the Rail Baltica is operational.

The step to other Baltic States and the certification of locomotives in Latvia soon brought new results. This year, we won an international tender procedure published by Orlen Lietuva and started transporting the output of Mažeikiai oil refinery on the Bugeniai-Valga route. We can transport up to 5,300 tonnes of freight on this route in less than one day. By working in this direction and in Poland, which has already become a strategic development axis, we are gaining experience for the future, which we will use when the planned 1,200-kilometre rail freight corridor from Finland to Central Europe is developed.

We continue to invest in the tools and infrastructure necessary for smooth and efficient freight transport. At the end of April, we launched an international tender procedure for the procurement of 200 open top wagons to transport bulk and other cargo. This acquisition will significantly increase the company's capacity, allowing us to transport an additional 0.7 million tonnes of freight per year. The new open top wagons will mainly transport dolomite and granite crushed stone, which is in high demand in the construction industry. Demand for this will increase even more as the Rail Baltica project gets underway, and we will contribute to its implementation with our logistics capacity.

In order to manage our locomotive fleet even more efficiently, we have started testing intelligent remote diagnostics equipment that allows us to monitor the performance of our locomotives and anticipate potential faults. New solutions in the diagnostic laboratory will allow us to record and analyse data remotely and predict when and what maintenance will be needed on the locomotives. This will help us to increase locomotive turnover, avoid downtime and provide even more efficient services to our customers. In the future, we plan to install the afore-mentioned equipment on 44 Siemens locomotives, and preliminary estimates suggest that this will save up to EUR 1.5 million of maintenance costs annually if potential faults are not addressed proactively.

Eglė Šimė
CEO of AB LTG Cargo

We support Ukraine and are taking all the necessary measures to prevent any possible attempts to circumvent the sanctions and prevent them in time. We are pleased that our decisions to refuse certain cargoes are supported by the national courts, which have confirmed that we have lawfully terminated cargo carriage contracts with several companies in the face of suspicions of attempts to circumvent international sanctions.

We will continue to take a principled stance on sanctions and honour our commitments to the international community and Ukraine, which is fighting for the freedom of all of us. Moreover, in May, LTG Group and Ukrainian Railways agreed to strengthen international cooperation and develop an international intermodal route Klaipėda-Kyiv. This route will provide an efficient transport corridor between Lithuania and Ukraine, help the country to develop alternative logistics solutions and increase the competitiveness of the businesses of both countries in the region.

After all, in the first half of this year, we significantly strengthened the LTG Cargo management team. Saulius Vaičekauskas, who has 20 years of experience in this field, has joined as the new Head of Service Provision, while Aivaras Čičelis, a new independent member of the Board of the company, has also joined. The experience and expertise of the new managers will help us to implement our ambitious projects and achieve our strategic goals.

The first half of the year has shown our strength, our responsibility and our ability to deliver top results. With sincere gratitude for the contribution to the above results and the trust and cooperation of all our employees, partners and customers, I promise that we will continue to strive to be the best employer and the most reliable logistics services partner in every possible way.

Activities of the Company

General information on the Company

Name: AB LTG Cargo

Address of the registered office: Geležinkelio st. 12, LT-02100, Vilnius

Legal form: Public limited liability company

Date, place of registration: 28 December 2018, Register of Legal Entities

Registration number: 304977594

Telephone: (+370 5) 202 1515

E-mail: info@ltgcargo.lt

Website: http://ltgcargo.lt

Main activities: Freight carrier activities and related services, provision of rolling stock repair services

CEO's of the Company: Eglė Šimė

Shareholders: 100% of shares are owned by AB Lietuvos geležinkeliai

Data on the Company shall be collected and stored in the Register of Legal Entities of the State Enterprise Centre of Registers.

Subsidiaries and further level companies

Name	LTG Cargo Polska Sp. z o. o.	UAB LTG Wagons	LTG Cargo Ukraine LLC
Address of the registered office	Świętojerska 5/7, Warsaw, Poland	Geležinkelio st.. 12, Vilnius	Pushkino str. 21, office No 3, Kyiv, Ukraine
Legal form	Private limited liability company	Private limited liability company	Private limited liability company
Date, place of registration*	21 July 2020, Polish National Court Register	4 November 2020 Register of Legal Entities of the Republic of Lithuania	9 December 2020 Unified State Register of Legal Persons, Individual Entrepreneurs and Public Associations
Registration number	386573260	305651295	43987945
Telephone	+48 22 103 38 15	+370 618 84991	+370 612 27634
E-mail	office@ltgcargo.pl	info@ltgwagons.lt	Contact details can be found at http://ltgcargo.ua
Website	http://ltgcargo.pl	http://ltgcargo.lt	http://ltgcargo.ua
Main activities	Freight transportation and provision of related services in Poland	Rental of wagons used for freight transportation	Freight transportation and provision of related services in Ukraine
Head of the Company	Mindaugas Skunčikas	Mindaugas Skunčikas	Saulius Stasiūnas
Shareholding in the Company, %	100% of shares held by AB LTG Cargo	100% of shares held by AB LTG Cargo	100% of shares held by AB LTG Cargo

** Data on all of the above legal entities are collected and stored in the Register of Legal Entities of the State Enterprise Centre of Registers, with the exception of LTG Cargo Polska Sp.zo.o., which is registered in Poland, and LLC LTG Cargo Ukraine, which is registered in Ukraine.*

Branches and representative offices of the Company abroad

During the period under review, the Company did not establish any branches or representative offices.

Historical facts about the Company

On 28 December 2018, AB LG Cargo was registered in the Register of Legal Entities and the freight transportation activities of AB Lietuvos geležinkeliai were transferred to it as of 1 May 2019.

In 2020, the name of AB LG Cargo was changed to AB LTG Cargo.

In order to diversify its activities and provide services to different markets, in particular, Western Europe, in 2020 LTG Cargo has established subsidiaries LTG Cargo Polska Sp. z o. o. and LLC LTG Cargo Ukraine. LTG Cargo Polska develops rail freight transport activities in Poland and between Lithuania and Poland, Germany and Ukraine. LTG Cargo Ukraine is a freight forwarding and train operator in Ukraine.

In April 2021, in order to ensure the Company's competitiveness and efficiency in international markets, LTG Cargo acquired the business of UAB Vilniaus lokomotyvų remonto depas, a locomotive repair depot providing rolling stock repair and modernisation services.

Business model of the Company

LTG Cargo, together with its parent company AB Lietuvos geležinkeliai and the legal entities directly and indirectly controlled by it, forms LTG Group. LTG provides management services to the companies comprising LTG Group. To ensure the above requirements, all decisions relating to the performance of the functions of LTG Cargo are taken over by the Chief Executive Officer of the Company or the Company's employees authorised by him.

The Company's activities within LTG Group are guided by the **LTG Group's Strategy** and its main directions, as well as by the approved operational policies, which must be taken into account by the companies of LTG Group in their operations.

Activities and services of the Company

• Transportation of freight on domestic and international routes: Lithuania has 1520 mm and 1435 mm gauge tracks, so there is no limit to the list of routes - the Company can deliver a freight to the required country according to the customer's needs. LTG Cargo transports all types of freight, including containers.

• Transportation of semi-trailers by rail.

• Freight wagon and container rental services in Lithuania and abroad.

• Freight forwarding and related services, combining road, sea and air transport.

• Customs brokerage services.

• Domestic and cross-border work and coordination of locomotives and locomotive crews.

• Manufacture of new locomotives, wagons and infrastructure track machinery.

• Overhaul, routine repair and maintenance of rolling stock.

• Other repairs and other activities (repairs of assemblies of rolling stock components, containers, wholesale).

• LTG Cargo also provides services of access to railway service facilities and services provided in railway service facilities – maintenance of locomotives, large-scale maintenance of locomotives, detachable repair and scheduled repairs of freight wagons.

Market and competitive environment

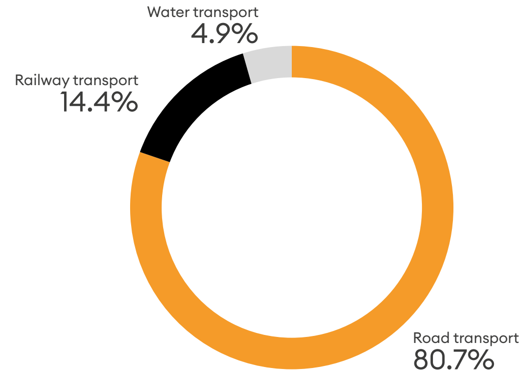
LTG Cargo was a licensed railway company operating in a competitive market until the first half of 2024, transporting domestic and foreign cargo in the territory of the Republic of Lithuania according to the needs of its customers. In the first half of 2024, the Company became a licensed carrier in the territory of Latvia as well.

In the Lithuanian market, **rail freight** has historically competed strongly with road freight. Competition with road transport is particularly fierce for the carriage of small and light loads and short-distance freight. The main goods transported by rail are liquid (oil and its products) and bulk (chemical and mineral fertilisers, building materials). For the carriage of such freight, rail transport can offer unique (safer, more reliable, cheaper and, in some cases, more expeditious) conditions for the transport of goods, including loading and/or transhipment.

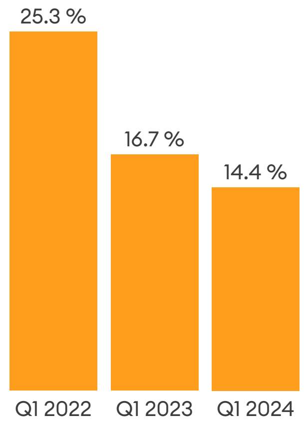
According to the data of the State Data Agency for the first quarter of 2024 regarding the freight transported by the main modes of transport on domestic routes, freight in and out of Lithuania and freight in transit through the territory of Lithuania (measured in tonnes), the share of railways in the freight transport market amounted to 14.4%, which is a contraction of 2.3 percentage points in comparison to Q1 2023. The afore-mentioned share was taken over by road transport, which increased its market share in the 1st quarter of 2024 by 2 percentage points as compared to the corresponding period in 2023, and water transport with a 0.2 percentage points increase in market share.

The share of **domestic transportation** in the Company's rail freight transport volumes (tonnes) in the territory of Lithuania has been growing in recent years. In the first half of 2021, the afore-mentioned share was 27.3%, in the comparable periods in 2022 – 36.8%, in 2023 – 53.6%, and in 2024 – 58.5%, with a corresponding decrease in the share of international carriage. In addition to the relative share of domestic transportation, the share of international transportation is also increasing in absolute terms: 5.9 million tonnes in the first half of 2022, 7.0 million tonnes in the first half of 2023 and 7.1 million tonnes in the first half of 2024.

*1 pic. Freight transport in tonnes by the main modes in the territory of Lithuania in Q1 2024, %**



*2 pic. Share of rail transport in the main modes' freight transport in tonnes in the territory of Lithuania, %**



** Data from the State Data Agency.*

By participating in a common logistics chain with railways, cargo terminals and seaports of neighbouring countries, the Company competes not only in Lithuania but also in the **international market** with railways of other countries, which carry goods by alternative routes or by other modes of transport, such as sea (water) or road.

In 2022, LTG Cargo started a comprehensive diversification of its operations **and expansion into new markets, especially Western and Northern Europe**. As a part of this strategy, the Company is developing freight transport on 1435 mm gauge. An important step in the expansion of the activities of LTG Cargo in this direction was taken in July 2021. The connection of Kaunas Intermodal Terminal to the European rail system is a major step forward. LTG Cargo is working intensively in this strategic direction, strengthening its position in Poland. The transportation of semi-trailers in the direction of Kaunas Intermodal Terminal (KIT) – Duisburg and vice versa, which were launched by the Company together with its subsidiary LTG Cargo Polska in 2022, have gained momentum, with an optimisation in the number of these services and the development of new routes. In June 2023, LTG Cargo, together with LTG Cargo Polska, started regular intermodal freight services on the route Kaunas (KIT) – Slawkow.

In March this year, LTG Cargo started regular **transportation across the three Baltic States**, after the Company won the international tender procedure for the transport of petroleum products issued by Orlen Lietuva and started to provide the service of transporting petroleum products on the route Bugeniai (Lithuania)-Valga (Estonia). LTG Cargo provided all logistics solutions for the route independently. This was a significant development not only for the Company, but also for the logistics system in the Baltic region.

As a part of the above-mentioned strategy of diversification and expansion into new markets, LTG Cargo has also started operations in **Ukraine**. At the end of 2022, LTG Cargo Ukraine, a subsidiary of LTG Cargo, became the operator of freight transport between Lithuania and Ukraine (via Poland).

Strategy

LTG Group is based on rational strategic planning and management. The long-term corporate strategy of LTG, which covered all corporate activities of LTG Group, i.e. freight and passenger transportation and related logistics services in domestic and international markets, management of railway infrastructure, and implementation of priority investment projects, was approved already in 2018. The strategy is subject to a detailed annual review, taking into account changes in the transport services market and the evolving operating environment.

The strategy of LTG Cargo was updated on 8 December 2023, with a detailed planning of the next 5 years and strategic guidelines until 2040.

The performance of LTG Cargo in the first half of 2024 was achieved by leveraging and enabling the following strategic resources: a fleet of 206 locomotives, a fleet of 6,470 freight wagons, and 1,714 employees. The sales revenue of LTG Cargo for the first half of 2024 was EUR 151.1 million and net profit amounted to EUR 16.9 million.

In the first half of 2024, 12.2 million tonnes of freight were transported. These volumes are 7% lower as compared to the first half of 2023. Freight turnover reached 2.85 billion tkm, or 6.4% less than in the first half of 2023. The lower freight turnover is due to a decrease in the transit of mineral products and grains. The afore-mentioned losses were only partly compensated by an increase in domestic transport of mineral products.

Intermodal volumes in the first half of the year amounted to 58,000 TEU, 5% lower than in the first half of 2023. The deviation is due to lower freight flows from Ukraine and CIS countries and lower activity on the KIT – Duisburg – KIT route due to infrastructure problems and to reduce the intermodal operating loss. The losses were partly compensated by an increase in demand for Kaunas Shuttle. Regulatory changes such as sustainability requirements by financial institutions, road taxes and the EU Green Deal will have a decisive impact on the future growth of intermodal transport.

In the first half of 2024, controls on freight transport continued to be tightened in order to stop the movement of sanctioned goods through the territory of Lithuania. During the six months, 155 transport applications were rejected and 258 wagons with cargo were refused entry into the country. An internal audit of LTG Cargo customers' commitment to comply with sanctioned declarations and customer identification questionnaires was carried out and this information was requested from each customer. Since May, Kaliningrad transit controls have been further tightened by requesting full documentation from customers, and verification of wagon owners compliance with the EU, the USA and the UK sanctions has started.

Continued changes to improve customer satisfaction. The Customer Service Unit has started to serve customers 24 hours a day, seven days a week. It has been staffed with specialists. New indicators have also been introduced to measure the performance of the customer service team, allowing for growth and improvement by identifying areas where the team's competences should be strengthened.

Technology Asset Management projects are being actively implemented in the first half of the year. The purchase of electric locomotives continued, contracts for the purchase of grain wagons were signed and the purchase of new open top wagons was announced. The afore-mentioned developments will allow the rolling stock to be adapted to the needs of customers and enable efficient freight transport on the electrified railway section.

In early 2024, the renewed strategic direction of the subsidiary LTG Cargo Polska, namely, to enable the transport corridor between North and South and become a leader in this corridor, leveraging LTG Cargo's experience and readiness to operate on both 1520 mm and 1435 mm tracks, was presented. The Operational Development Plan will be further reviewed in the second half of 2024 in conjunction with the strategy of LTG Cargo.

Mission, vision, values and strategic directions

Connecting people and businesses for a more sustainable future

Being the backbone of the transport system

MISSION AND VISION

Customer

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

Responsibility

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

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.

VALUES

Strategic directions

The first choice for logistics services

Aiming to become the largest rail carrier in the Baltic States.

Operational efficiency

Improving top-level operational efficiency: focusing on digitisation projects, increasing fleet utilisation and improving the efficiency of repair programmes to increase profitability. Long-term and short-term planning (including the creation of an operational control centre), adaptation of best asset management models, automation and digitisation of daily operations.

Business development and diversification

Business expansion and diversification. Cargo flows and revenues are increased through business development: expansion of the North-West-South corridors and development of new routes. The development of a logistics corridor (Kaunas - Tallinn, Kaunas - Duisburg) for intermodal freight to/from Western Europe will allow for a moderate increase in international intermodal flows. Rolling stock strategies are being developed, investments planned and new rolling stock acquisitions and optimisation of the existing rolling stock in order to meet customer needs. Business expansion into foreign markets such as Latvia, Estonia, Poland, Ukraine and Germany is taking place.

Strong organisational culture

The aim is to increase employee engagement, satisfaction and productivity through competence development and improve the employee experience in the organisation by creating a high-performance organisational culture.

Environmental protection, social responsibility and governance (ESG)

The aim is to minimise the impact on the environment and climate change, and grow responsibly in a green way by developing sustainable, environmentally friendly solutions that create value for the community, including the green transformation of the traction park by reducing CO_2 emissions and saving energy costs for freight transport. Best practices in corporate governance are being developed and risks are being managed effectively.

Business resilience

The FREE Rail programme is being implemented to integrate into the European rail system by 2030, by developing and implementing a data exchange solution in the Baltic States and reducing the influence of unfriendly countries. The programme includes the replacement of both information systems and technological elements (locomotive safety systems, other technological elements) with alternatives that comply with EU safety and other standards

Measures to implement the strategy

• Project transportation are continued. In the first half of 2024, 94 carriages of military equipment were carried out on the 1520 mm and 1435 mm network (as compared to 145 trains throughout the year 2023). A steady increase in military equipment handling is expected throughout the whole of the main strategy period up to 2028, in line with the development of military and dual-use grounds in Lithuania.

• Intermodal (containers and semi-trailers) transport is being further developed. Due to low customer interest and traffic, the KIT – Duisburg – KIT and KIT – Slawkow – KIT trains run less frequently. In the future, once the development model has been clarified, it is planned to further develop the international intermodal route KIT – Duisburg – KIT, consider the prospect of the KIT – Slawkow – KIT route due to low load factors and open new routes.

• Technology Asset Management projects are continued. Procurement of electric locomotives for freight is continued, it is scheduled for completion this year. The new electric locomotives will be used to transport freight on the electrified section between Vilnius and Klaipėda (Corridor IX B) from 2027, using electricity from renewable energy sources. The procurement of 500 grain wagons is underway to meet the needs of Lithuanian grain growers. The procurement of open top wagons for the transport of wood chips has also started. Further acquisition and modernisation of the wagon fleet (grain wagons, open top, 1435 mm platforms) is foreseen until 2028. The design of the infrastructure for a new maintenance depot for 1520 mm and 1435 mm gauge rolling stock, including electric locomotives, is continued, with building permits expected in the second quarter of 2025 and completion in 2028. The new depot, to be built on the site next to Vaidotai railway station, will meet the future maintenance needs of the rolling stock fleet, as well as increase the efficiency of the operations and asset utilisation of LTG Cargo through the automation of processes and the introduction of energy saving systems. Procurement of equipment to upgrade and improve the efficiency of repair depots continues, as well as the installation of measures to improve the working environment (CO_2 cut-off systems in the traction rolling stock workshops and an air filtration system in the freight wagon depot) in Vilnius, and further procurements for other locations. A contract for the replacement of locomotive safety systems, with implementation expected by 2028, has been signed.

• Operational efficiency projects. A pilot project on a condition-based locomotive repair system is underway to improve asset and human resource management, improve locomotive availability and reduce costs. The development of a tool to manage the utilisation and maintenance of technological assets, improving the efficiency of repair planning, is well underway. The new planning system (RCP – Rail Cargo Planning) has started as planned, with the additional contribution of employee task applications, where operations employees receive tasks and mark their completion. Functionality tests were implemented and tested in the service provision activities of LTG Cargo. Modules to optimise or automate the planning of trains and capacity, locomotives, crews, orders, empty wagons and station operations have been implemented. The digital workplace project (in the traction rolling stock depot) was launched at the end of 2023 and during the current half-year functionality was added to allow for full planning of repairs and tracking of the efficiency of repair work. Digital terminals have also been introduced (the employee conveniently scans the work certificate and sees/manages the work scheduled for him). A project to automate train documents digitising specific service processes is being finalised.

• LTG Cargo Polska, the subsidiary of LTG Cargo, has concluded contracts with new customers and started cooperation with CFL Cargo for the transport of fuel (coke) by intermodal trains to Germany and Denmark. There was also an increasing demand for oil transports from Lithuania (Mockawa terminal) to Ukraine (Jagodin), as well as for petroleum product transports with other customers. In the first half of 2024, 930 freight trains were transported. This reduces the intermodal operating loss of AB LTG Cargo. The revenue of LTG Cargo Polska for the first half of this year amounted to EUR 19.4 million and its net loss amounted to EUR 4.8 million. It is planned to update the operating model of LTG Cargo Polska to reflect the current market situation during 2024.

• LTG Cargo Ukraine continued to operate in 2024 as a freight forwarding, wagon transport and train operator. In the first half of 2024, more than 250 wagons were transported to the countries of wagon owners, 12,000 tonnes of fertilisers were transported, 4 container trains were organised, 436 wagons of LTG Cargo in Ukraine were managed, and a turnover of 1.3 million Euros was achieved. During the strategy period, due to the uncertainty of the situation in Ukraine, the operator's activities are planned to be postponed until after the end of the war in Ukraine due to the uncertainty of the situation in Ukraine, with the plans for shunting and the transport of goods on the highway being postponed.

Annual targets for 2024

In December 2023, the Board of LTG Cargo approved the **annual targets of LTG Cargo**, their benchmarks and target values linked to the implementation of the „LTG Strategy 2028: Integration into Europe". In line with the ambition and strategic objectives of LTG Cargo, the developed annual targets help to ensure being the first choice for logistics services, increased operational efficiency, business development, ESG, and a strong focus on ensuring comprehensive safety and employee engagement. Based on the approved annual objectives, personal objectives were set for the employees of LTG Cargo. This engages the employees of LTG Cargo in a structured and coherent process of implementing the strategy of LTG Cargo, linking the achievement of the objectives to career, development and incentive plans.

Main objectives	Indicators for measuring achievement of the objectives	Unit of measure	Weight, %.	Milestones for achieving the objectives for 2024
FIRST CHOICE FOR LOGISTICS SERVICES				
To achieve the EBITDA margin target of LTG Cargo Group	EBITDA margin of LTG Cargo Group	Percentage	20.0%	≥14%
OPERATIONAL EFFICIENCY				
To achieve the optimum level of operating costs through freight turnover	Expenses per freight turnover of LTG Cargo Group	EUR/km	15.0%	≤0.046
BUSINESS DEVELOPMENT				
To secure the growing revenues of LTG Cargo from overseas markets and new business development initiatives	Earnings of LTG Cargo from foreign markets and new business development initiatives	EUR million	15.0%	≥30,6
To improve the customer experience	NPS of LTG Cargo (Lithuania)	Percentage	20.0%	≥0
ESG				
Progressive procurement process for electric locomotives 2024	Procurement of electric locomotives for LTG Cargo	Achievement level	10.0%	All stages of negotiations have been completed and the contract documents were corrected
BUSINESS RESILIENCE				
To improve the level of risk management and strengthen the overall safety of employees	Level of risk management	Percentage	5.0%	≥80
	Lost Time Injury Frequency Rate (LTIFR)	Accidents at work 1 million / total hours worked	5.0%	≤3
STRONG ORGANISATIONAL CULTURE				
To increase employee engagement in the organisation	Employee engagement (LTG Cargo)	Percentage	10.0%	≥48

Highlights for the first half of 2024

February

LTG Cargo has made its first test run through Latvia to Valga station in Estonia. This journey was organised entirely within the company's own capacity, with LTG Cargo providing all the logistics solutions for the route independently. This is the first step before the launch of regular transports through all three Baltic States, thus enabling customers to choose competitive green logistics services. The new route is an important milestone in the Company's preparations for future freight services on the Northern corridor, i.e. in the Rail Baltica gauge.

March

The District Court of Vilnius City has dismissed an appeal lodged by the Intermodal Container Service, requesting to award the amount of almost EUR 60,000 from LTG Cargo as damages for losses allegedly incurred as a result of the refusal of LTG Cargo to carry goods. The Court confirmed that LTG Cargo had correctly established that the ultimate beneficiary of the carriage of the cargoes was a sanctioned person.

LTG Cargo won an international tender procedure launched by Orlen Lietuva, the company that operates the oil refinery in Mažeikiai, and started to provide the service of transporting petroleum products on the route Bugeniai (Lithuania)–Valga (Estonia). A team of specialists and drivers and locomotives certified in Latvia was created. LTG Cargo can carry goods through the Baltic States in conventional wagons or tankers weighing up to 5,300 tonnes. On average, it will take less than one day to carry a cargo from Lithuania via Latvia to Valga station in Estonia.

The District Court of Vilnius City ruled that LTG Cargo lawfully terminated its contract for carriage of goods with Uosto vartai. The company tried to prove that its cargoes complied with the requirements of the international sanctions, but refused to provide evidence to prove this.

April

LTG Cargo terminated its contract with Skinest Baltija in order to prevent the supply of defective parts and delays in maintenance work. Skinest Baltija was supposed to supply spare parts for diesel engines and systems for freight locomotives, but was more than 100 days late in doing so and supplied defective and faulty goods. The company was placed on the list of unreliable suppliers and was imposed a penalty of EUR 30,000 for non-fulfilment of its contractual obligations.

LTG Cargo started testing highly intelligent remote diagnostics equipment on five Siemens locomotives, which allows the monitoring of a wide range of locomotive operating parameters and signals. This will allow the Company to anticipate possible wear and tear or faults. The system is expected to provide even more efficient maintenance of the locomotive fleet and save up to EUR 1.5 million per year.

LTG Cargo launched an international tender procedure for the procurement of 200 open top wagons for the transport of bulk and other non-atmospheric cargo. The new open top will allow LTG Cargo to significantly increase its freight transport capacity, which is expected to add around 0.7 million tonnes of additional freight per year.

Saulius Vaičekauskas, a professional in his field, has joined the management team of LTG Cargo as the Head of Service Provision Function. Saulius Vaičekauskas has more than 20 years of experience in managing service provision, operations and engineering activities in various companies such as ESO, Civinity, PRO BRO, and his work geography covers various European countries.

May

LTG Group and Ukrainian Railways agreed to strengthen international co-operation and develop a joint international intermodal route Klaipėda-Kyiv via Poland. The first test runs on the intermodal route are planned in 2024. This will create an efficient transport corridor between Lithuania and Ukraine and exploit the potential of the countries' railways, port terminals and border crossings.

The selection of an independent member of the Board of LTG Cargo took place. Aivaras Čičelis, a finance and corporate board professional, was appointed. The new member of the Board was selected from more than 30 candidates. Mr Čičelis stood out for his experience on corporate boards, his expertise in international business development and his ability to successfully implement ambitious projects.

June

LTG Cargo identified a five-fold increase in the number of attempts to circumvent sanctions. Various attempts to circumvent the Company's sanctions control system are regularly recorded, but LTG Cargo successfully identifies them and takes timely and appropriate measures, even at the border, by reversing wagons or failing to coordinate pre-applications for the transport of sanctioned goods.

Events after the reporting period

July

LTG Cargo purchased 500 wagons to transport cereals, some of which will reach Lithuania during the grain transport season this year. The new wagons will allow LTG Cargo to significantly increase its transport capacity, which is expected to add around 1.2 million tonnes of additional freight per year.

LTG CARGO

Results

Overview of the key performance indicators

LTG Cargo carried 12.2 million tonnes of freight in the first half of 2024. Traditionally, heavy or bulk rail freight – oil and its products, crushed stone, grain – prevailed in the transport of freight during the period under analysis, accounting for more than a half of the total volume of freight transported by rail.

The geopolitical situation and the expanding range of international sanctions against Russia and Belarus continue to reduce cargo flows to/from these countries and Kaliningrad transit route. Freight transport volumes decreased by 6.9% from 13.1 million tonnes in the first half of 2023 to 12.2 million tonnes in the first half of 2024 and freight turnover by 6.4% from 3.0 billion tkm in the first half of 2023 to 2.9 billion tkm in the first half of 2024. A strong decline was recorded in the segments of chemical and mineral fertilisers, ferrous metals, and transport of construction materials.

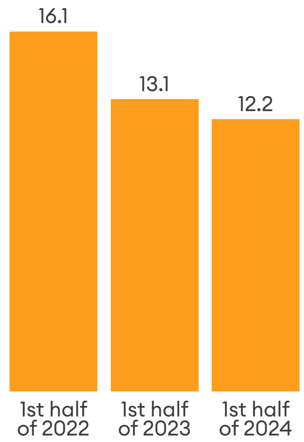
Domestic transportation. After losing freight from the East, the Company was able to increase the volume of local transport. At 58.2% of the total freight transported, it increased by 1.5% as compared to the first half of 2023 to 7.1 million tonnes and by as much as one fifth as compared to the first half of 2022. The increase is driven by the flow of construction materials (due to increased demand for road infrastructure improvements), which compensated for the drop in shipments of chemical and mineral fertilisers. Cargo flows through the Port of Klaipėda from local customers decreased by almost 6% to 3.2 million tonnes. This decline is largely due to a decrease in the volume of chemical and mineral fertiliser carriages.

Indicators of transport volumes	Unit of measure	1st half of 2024	1st half of 2023	2024/2023 Δ, %	1st half of 2022
Total freight turnover:	**billion tonne-kilometres**	**2.9**	**3.0**	**(6.4%)**	**4.0**
Freight transport turnover in Lithuania	billion tonne-kilometres	2.8	3.0	(9.1%)	4.0
Freight transport turnover in other countries (Latvia, Estonia)	billion tonne-kilometres	0.1	-		-
Average transport distance per tonne	**km**	**235**	**233**	**0.9%**	**245**
Total freight transport	**million tonnes**	**12.2**	**13.1**	**(6.9%)**	**16.1**
Freight transport segments					
Domestic transportation	million tonnes	7.1	7.0	1.5%	5.9
International transportation:	million tonnes	5.1	6.1	(16.7%)	10.2
Transit	million tonnes	2.8	3.5	(20.4%)	4.7
Export from Lithuania	million tonnes	1.5	1.6	(8.7%)	1.6
Import to Lithuania	million tonnes	0.8	1.0	(16.9%)	3.9

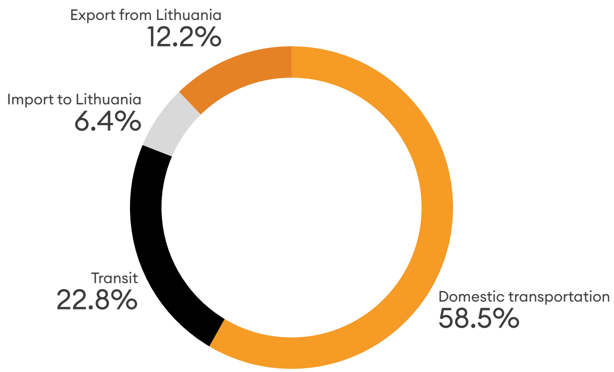
International transport, which accounted for 41.5% of the total freight transported, decreased by 16.7% compared to the first half of 2023 and amounted to 5.05 million tonnes. During the period under analysis, the flow of cargo transported in transit through the territory of Lithuania decreased by 20.4%. The flow of cargo transported in transit towards the Kaliningrad region decreased by 20.8%. The most significant decrease was observed in the volume of mineral products transported in this direction. The volume of inbound and outbound freight through the Port of Klaipėda decreased by 23.1% in the first half of 2024. This decrease was mainly due to a decrease in transport of food and petroleum products.

In March this year, LTG Cargo started regular **transportation across the three Baltic States**, after the Company won an international tender procedure launched by Orlen Lietuva, the company operating the oil refinery in Mažeikiai, and started to provide the service of transporting petroleum products on the route Bugeniai (Lithuania)-Valga (Estonia). This transport was organised entirely within the Company's capacity, with LTG Cargo providing all logistics solutions for the route independently. This was a significant development not only for the Company, but also for the logistics system in the Baltic region.

3 pic. Freight transport volumes, million tonnes



4 pic. Freight segments in the 1st half of 2024, %



Another important step in this direction was taken when LTG Cargo transported NATO military equipment from Valga in Estonia to Trakiškės on the Polish border without any other rail partners for the first time.

Intermodal volumes in the first half of 2024 fell by 7% to 53,000 TEUs (20-foot equivalent unit). This is mainly due to declining flows with the CIS countries. At the same time, intermodal volumes by semi-trailer trains are growing. The afore-mentioned carriages have been organised since 2021 and have increased by 28% as compared to the first half of 2023, from 2,098 semi-trailers in the first half of 2023 to 2,677 semi-trailers in the first half of 2024.

Intermodal traffic is currently loss-making and no significant growth in this traffic is expected in the coming years, instead efforts are being made to create the conditions for a greater shift of volumes from road to rail in the future, when more favourable regulatory conditions (road taxes, other constraints that will have a significant impact on intermodal volumes and profitability) come into force.

Financial results

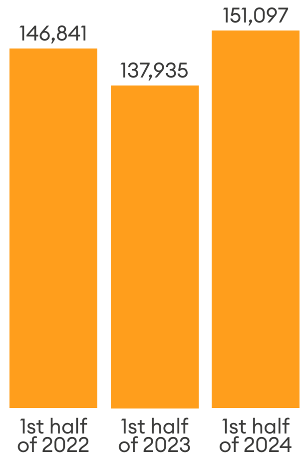
Sales revenue

The Company's sales revenue in the first half of 2024 amounted to EUR 151,097 thousand, i.e. 9.5% more than in the first half of 2023, including revenue from freight transport which accounted for the largest share, i.e. 74%.

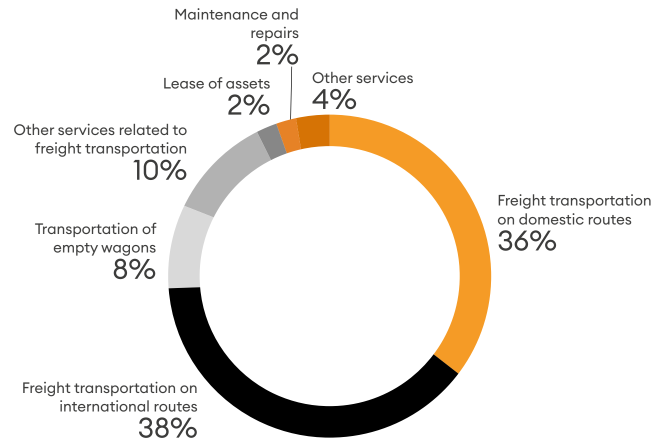
• **Revenues from domestic freight transportation** in the first half of 2024 amounted to EUR 53,599 thousand, increased by EUR 1,774 thousand (3.4%) as compared to the same period of 2023, due to a growth of 1.5% in the volumes of transport in this segment and an increase in transport tariffs. The increase in domestic transport volumes is driven by carriages of construction materials (due to increased demand for road infrastructure improvements).

• **Revenue from international freight transport** in the first half of 2024 increased by 16.1% or EUR 8,021 thousand as compared to the first half of 2023, reaching EUR 57,867 thousand. 45% of international transport volumes (in tonnes) consisted of import of freight to Lithuania and export from Lithuania and 55% of international transport volumes (in tonnes) consisted of was cargo transit through Lithuania in the direction of the Kaliningrad region, i.e. between the mainland of the Russian Federation and the Kaliningrad region, transiting through Lithuania in compliance with the EU restrictions. Although international freight volumes decreased by 16.7% in the period under analysis as compared to the same period of the previous year, changes in the structure of freight traffic and higher freight rates not only compensated for the impact of the drop in volumes, but also led to an increase in revenue. The main positive impact on revenue was due to a drop in flows of building materials towards Kaliningrad, but an increase in shipments of food products.

5 pic. Company's sales revenue, EUR thousand



6 pic. Structure of the Company's sales revenue 1st first half of 2024, %



7 pic. Change in the Company's sales revenue, EUR thousand

• **Revenue from transportation of empty wagons** increased by 19.9% as compared with the first half of 2023 and amounted to EUR 12,560 thousand. The increase is due to a higher number of wagons leased to customers and higher private wagon traffic.

• **Revenue from other services related to freight transportation** in the first half of 2024 amounted to EUR 15,566 thousand and decreased by EUR 1,647 thousand (9.6%) as compared to the same period of the previous year. The decrease is due to lower volumes of services provided abroad to railways from other countries due to the decrease in international traffic, a decrease in the volume of freight handling activities following the sale of the afore-mentioned activities to AB LTG Infra in April 2023, shorter dwell time of wagons on public infrastructure tracks used by customers, and lower demand for storage of freight on public infrastructure tracks.

• **Revenue from lease of locomotives with crews** increased by 62% as compared with the first half of 2023 to EUR 5,705 thousand due to higher traction volumes in passenger traffic.

• **Revenue from maintenance and repair services** in the first half of 2024 amounted to EUR 3,058 thousand, i.e. 44.7% more than in the same period last year, due to higher volumes of customer rolling stock and higher repair prices.

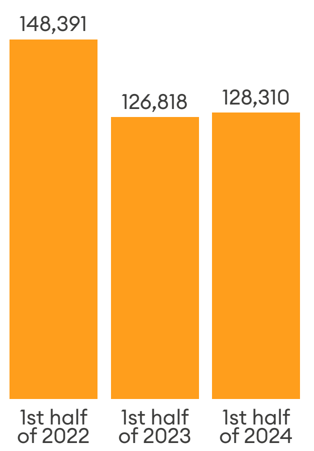
• **Revenue from other services** (lease of locomotives and their crews abroad, rolling stock and other assets, wholesale of scrap metal) amounted to EUR 2,742 thousand in the first half of 2024 and slightly decreased, i.e. by 6.6%, as compared to the first half of 2023.

Expenses

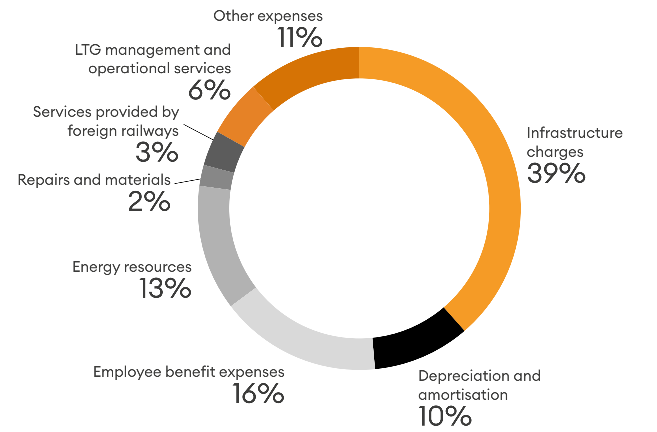
The Company's costs for operating and non-operating activities in the first half of 2024 amounted to EUR 128,310 thousand, i.e. EUR 1,492 thousand or 1.2% more than in the first half of 2023.

The majority of the Company's costs in the period under analysis were infrastructure charges (39%), wages and salaries (16%) and energy (fuel, electricity) (13%).

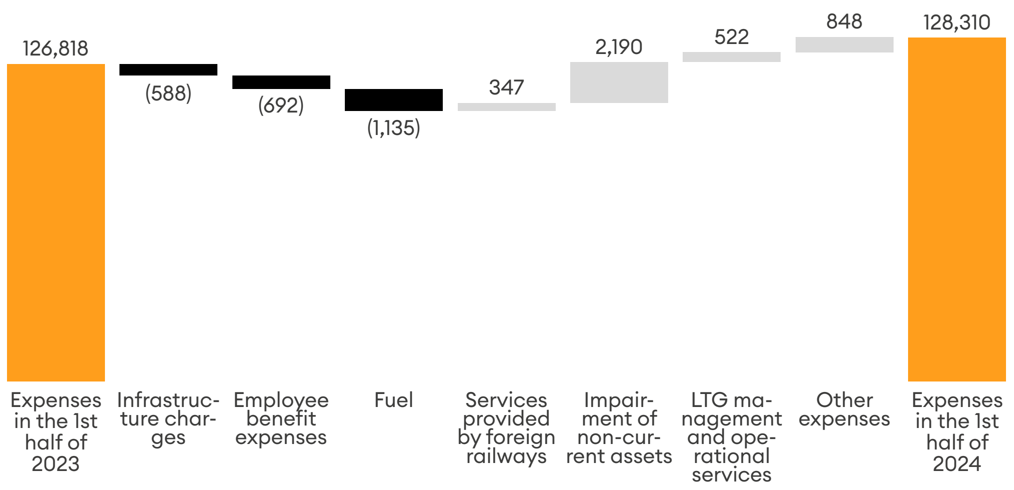
8 pic. Company expenses, EUR thousand



9 pic. Company's expenses structure in 1st first half of 2024, %



10 pic. Change in the Company's expenses, EUR thousand



• The cost of the **infrastructure charge** consists of the payment for the services of the minimum access package to the public railway infrastructure and the cost of access to the railway service facilities and the services provided in them. In the first half of 2024, the cost of the infrastructure charge amounted to EUR 49,722 thousand and insignificantly decrease by 1.2% or EUR 588 thousand as compared to the same period in 2023. The decrease was mainly due to an 8.3% decrease in the Company's train working volume (in gross tonne-kilometres) on the network of LTG Infra AB, the manager of the public railway infrastructure in Lithuania. The decrease was partly compensated by an increase in some minimum access package and in rates for access to railway service facilities and services provided in them.

• The **employee benefit expenses** decreased by EUR 692 thousand (3.2%) as compared to the first half of 2023 and amounted to EUR 20,768 thousand. The decrease is due to the optimisation of the Company's headcount following the introduction of a number of operational efficiency measures.

• The **fuel expenses** for the period under review amounted to EUR 16,102 thousand and decreased by EUR 1,135 thousand (6.6%) as compared to the same period of the previous year. The decrease was due to a 4% decrease in train working volumes and an average 3% decrease in the price of diesel.

The **expenses of other services provided by foreign railways** amounted to EUR 4,533 thousand in the period under analysis and increased by EUR 347 thousand or 8.3% as compared to the first half of 2023 due to the transport of petroleum products from Lithuania to Estonia by a Latvian local carrier until in March LTG Cargo started to carry out the entire transport without partners.

• **Impairment of fixed assets expenses** amounted to EUR 2,190 thousand in the first half of 2024 (none in the first half of 2023). They were accounted for after analysing the use of fixed assets and depreciating fixed assets not in use and held for sale.

• **LTG management and operational services expenses** increased by EUR 522 thousand (7.7%) to EUR 7,920 thousand in the first half of 2024 due to increases in wages.

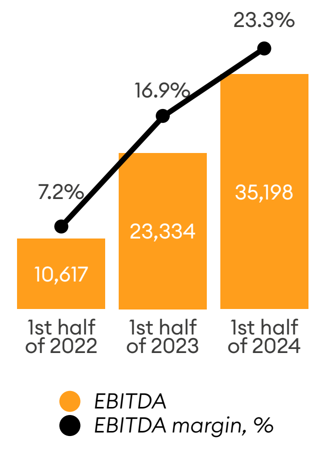
• **Other expenses** increased by EUR 848 thousand (3.2%) to EUR 27,704 thousand as compared to the first half of 2023. The increase is due to the purchase of freight operator services from LTG Cargo Polska, the expanding subsidiary of LTG Cargo, at an increased amount of EUR 386 thousand in carriages on the routes Kaunas – Duisburg and Kaunas – Slavkov. Depreciation costs also increased by EUR 385 thousand due to higher volumes of capitalised rolling stock repairs.

Performance

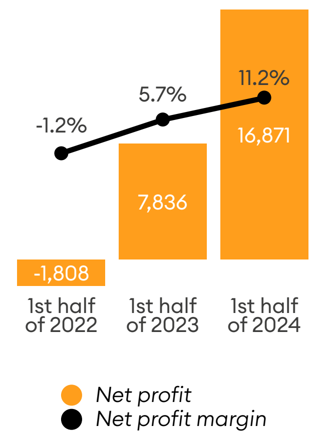
Our analysis of the Company's financial results suggests that due to the impact of the international sanctions on Russia and Belarus and the desire to reduce the links with these countries, the volumes of freight transported have been declining since 2022, with a decrease of 12.2 million tonnes of freight transported in the first six months of 2024, which represents a 6.9% decrease as compared to the same period in 2023, a 20% decrease as compared to the first six months in 2022, and a 49% decrease as compared to the first half of 2021. The Company was able to improve its performance after the loss of cargo from the East: EBITDA in the first half of 2024 increased by EUR 11,863 thousand (50.8%) as compared to the first half of 2023, and EBITDA margin increased from 16.9% in the first half of 2023 to 23.3%. The increase in EBITDA and EBITDA margin is due to the Company's ongoing **operational optimisation programme**, which includes improving operational efficiency, optimising the number of employees, reducing costs, the renewed operational strategy of **integrating into Europe**, in particular, the expansion into the Western and Northern European markets, and the quality of services.

The Company's net profit for the first half of 2024 increased by EUR 9,035 thousand (115%) as compared with the same period in 2023.

11 pic. EBITDA of the Company, EUR thousand



12 pic. Net profit of the Company, EUR thousand



Changes in the balance sheet

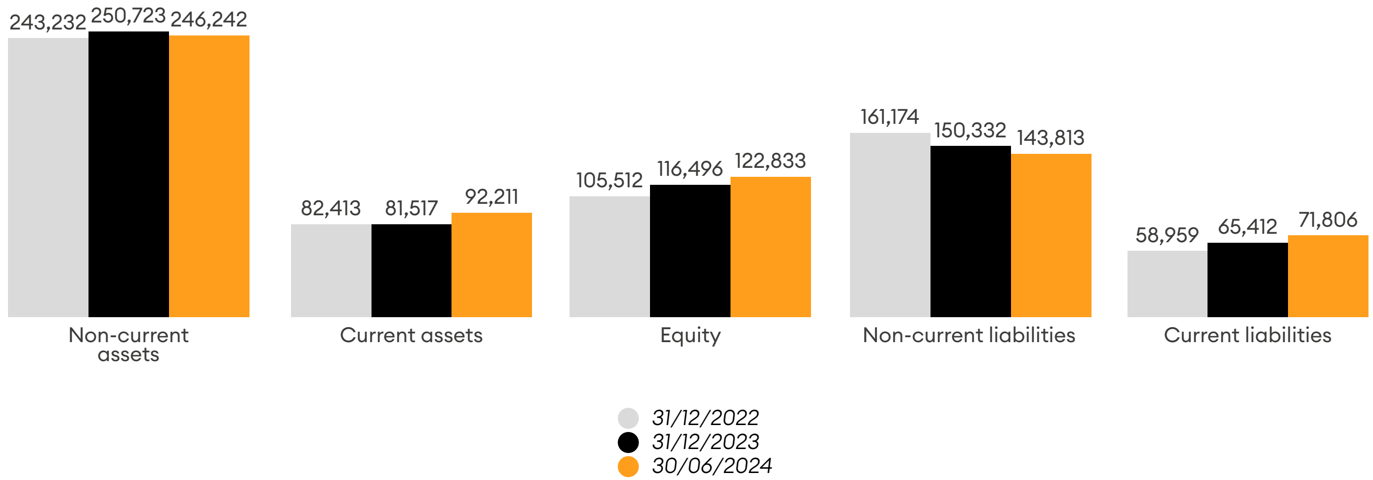
The Company's assets on 30 June 2024 amounted to EUR 332,240 thousand and increased by 2.0% as compared with 31 December 2023.

Non-current assets slightly decreased by 1.8% to EUR 246,242 thousand in the first half of 2024. Assets held by the right-of-use assets amounted to EUR 27,502 thousand as at 30 June 2024, i.e. shows a decrease of 2.6% as compared to 31 December 2023 due to a decrease in the volume of long-term leases.

Current assets at the end of the first half of 2024 amounted to EUR 92,211 thousand and increased by EUR 10,693 thousand (13.1%) as compared with the end of 2023, mainly due to an increase in the balance of cash and cash equivalents (EUR 5,625 thousand) and in prepayments (EUR 7,338 thousand), offset by a decrease of EUR 1,153 thousand in inventories due to more efficient management.

The authorised capital remained stable at EUR 44,087 thousand during the period under analysis. The increase in the equity during the first half of 2024 is due to the increase in the Company's profit for the period under review, offset by the dividend of EUR 10,534 thousand paid in April 2024 out of distributable profits.

13 pic. Changes in the Company's main balance sheet items, EUR thousand



Key financial indicators

	Unit of measure	1st half of 2024	1st half of 2023	1st half of 2022
Sales revenue	EUR thousand	151,097	137,935	146,841
Income from other activities	EUR thousand	10	202	85
Total revenue	EUR thousand	151,107	138,137	146,926
Expenses	EUR thousand	128,310	126,818	148,391
EBITDA	EUR thousand	35,198	23,334	10,617
Adjusted EBITDA	EUR thousand	33,975	23,221	11,916
EBITDA margin	%	23.3%	16.9%	7.2%
Adjusted EBITDA margin	%	22.5%	16.9%	8.1%
EBIT	EUR thousand	22,797	11,319	(1,465)
EBIT margin	%	15.1%	8.2%	(1.0%)
Net profit	EUR thousand	16,871	7,836	(1,808)
Net profit margin	%	11.2%	5.7%	(1.2%)
	Matavimo vnt.	30/06/2024	31/12/2023	31/12/2022
Non-current assets	EUR thousand	246,242	250,723	243,232
Current assets	EUR thousand	92,211	81,517	82,413
Total assets	EUR thousand	338,453	332,240	325,645
Equity	EUR thousand	122,833	116,496	105,512
Financial debt	EUR thousand	160,092	158,369	161,005
Net debt	EUR thousand	96,413	100,315	108,023
Return on equity (ROE)	%	22.2%	15.8%	10.1%
Return on assets (ROA)	%	7.9%	5.3%	3.2%
Return on investment (ROI)	%	10.7%	6.6%	4.0%
Financial debt / EBITDA	times	2.6	3.2	4.3
Financial debt / Equity	times	1.3	1.4	1.5
Net debt / EBITDA	times	1.6	2.0	2.9
Net debt / Adjusted EBITDA	times	1.6	2.0	2.5
Loan servicing ratio	times	-	4.2	3.9
Equity ratio	%	36.3%	35.1%	32.4%
Asset turnover ratio	times	0.9	0.9	0.9
Quick liquidity ratio	times	1.2	1.1	1.2
Total liquidity ratio	times	1.3	1.2	1.4

**The definitions of the indicators are given on page 53 of the report.*

Company's funding

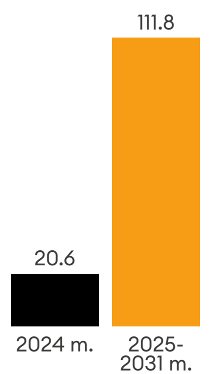
The loan portfolio of LTG Cargo as at 30 June 2024 amounted to EUR 132,319 thousand (31 December 2023: EUR 129,960 thousand). The weighted interest rate on the Company's loan portfolio at 30 June 2024 was 5.00 % (on 31 December 2023: 5.02 %).

The longest financial debt repayment term is 9 years, with the last repayment due in 2031.

In the first half of 2024, the Company repaid the European Investment Bank loan with the final repayment of EUR 0.7 million, plus interest.

The Company used the cash pool of LTG Group to balance its working capital. The parent company of LTG Group has an agreement with a credit institution for the provision of LTG Group Account services and accordingly the Company has a one-year inter-lending agreement. The terms of the agreement are in line with normal market conditions.

14 pic. Repayment of the company's loans, EUR million



Performance of subsidiaries

Indicators of transport volumes	Unit of measure	1st half of 2024	1st half of 2023	2024/2023 Δ, %	1st half of 2022
Freight transport turnover in the Polish territory	billion tonne-kilometres	0.489	0.360	35.6%	0.042

LTG Cargo Polska expanded its domestic transportation volumes in Poland in the period under review, concluded contracts with new customers, and grew its rolling stock fleet by leasing and acquiring rolling stock.

The freight turnover in the first half of 2024 amounted to 489 million tonne-km and increased by 35.6% as compared to the same period last year. 1,083 trains were transported in the first half of 2024 (as compared to 703 in the first half of 2023).

Taking into account the intensified competitive environment on the Polish market and the performance of LTG Cargo Polska in the first half of the year, in the second half of 2024, the strategic directions and development plans of LTG Cargo Polska will be reviewed together with the strategy of LTG Cargo Polska. Following the update of the strategic documents and the assessment of the operation perspectives, LTG Cargo plans to carry out an assessment of the investment in its subsidiary LTG Cargo Polska in the second half of 2024.

LTG Cargo Polska generated revenue of EUR 19,402 thousand in the first half of 2024 and increased by almost 20% as compared to the same period in 2023. The operating result for the first half of 2024 is a net loss of EUR 4,780 thousand as compared to the corresponding period in 2023, which is almost 4 times higher, as the growth in revenues still lags behind the growth in costs due to the rapid expansion in the analysed and the comparative periods.

LTG Cargo is expanding its freight services to Poland in order to reduce its dependence on traditional freight routes. The investment of LTG Cargo Polska in the afore-mentioned activity amounted to EUR 2.9 million in the first half of 2024, the majority (95%) of which is the long-term lease of rolling stock for the activity.

LTG Cargo Ukraine became the operator of cargo transport between Lithuania and Ukraine (via Poland) at the end of 2022. LTG Cargo Ukraine ensures control and monitoring of the entire logistics chain, and plans to organise shipments 3-4 times a week once the situation in Ukraine becomes more certain. The company generated revenues of EUR 547 thousand in the first half of 2024, an increase of EUR 260 thousand compared to the same period in 2023. As LTG Cargo Ukraine started generating profits in the second half of 2023, the net profit for the first half of 2024 increased to EUR 339 thousand, i.e. EUR 312 thousand higher than in the first half of 2023.

Indicators, EUR thousand	LTG Cargo Polska		LTG Cargo Ukraine	
	1st half of 2024	1st half of 2023	1st half of 2024	1st half of 2023
Revenue	19,402	16,161	547	287
Expenses	24,182	17,403	208	260
Net profit / loss	(4,780)	(1,242)	339	27
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Assets	16,779	17,960	925	759
Equity	653	1,834	638	316
Liabilities	16,126	16,126	287	443

Investments

The investments of LTG Cargo in the first half of 2024 amounted to **EUR 13.6 million**. Most of the investments were allocated for overhaul repairs of freight rolling stock (**90%**). All investments (100%) were financed from the Company's own funds.

Investments, EUR thousand	1st half of 2024	1st half of 2023	1st half of 2022
Overhaul repairs of locomotives	6,635	6,268	4,512
Overhaul repairs of freight wagons	5,642	3,062	2,144
Other investments of LTG Cargo	1,297	1,249*	937
LTG Cargo total	**13,574***	**10,579***	**7,593**

** Excludes investments by the subsidiary LTG Cargo Polska.*

Major projects/groups of projects	Works in progress in the first half of 2024
1. Repairs of rolling stock	The major investment of LTG Cargo in 2024 is in the renewal of the rolling stock (locomotives and wagons) in service to ensure the continuity of freight transport operations and the safe transport of freight: • The amount of EUR 6.6 million was allocated for capitalised repairs of locomotives. In the first half of 2024, 85 repairs were carried out on freight and shunting locomotives; • The amount of EUR 5.6 million was allocated for capitalised repairs of freight wagons. In the first half of 2024, 1151 freight wagons were repaired.
2. Procurement of electric locomotives	As a part of the Railway Electrification Programme of LTG Group, LTG Cargo carries out a project to acquire electric locomotives. At least 17 new electric locomotives are being purchased. The electric locomotives will replace the old diesel locomotives and ensure environmentally friendly freight transport on the electrified railway corridor Kena-Vilnius/Vaidotai-Radviliškis-Klaipėda.
3. Renewal and expansion of the freight wagon fleet	• To meet the needs of Lithuanian companies for the transport of cereals by rail, 500 wagons adapted for the transport of cereals (grain wagons) are purchased. Procurement took place in the first half of 2024, with the delivery scheduled for the second half of 2024 and 2025. • As a part of the renewal of the worn-out fleet of open top wagons, the procedures for the purchase of 200 new open top wagons were launched.
4. Other projects	• LTG Cargo implements a project to optimise its technological bases. A technical design is being prepared as a part of the design contract signed in 2022. The plan is to move away from the worn-out repair depots in the centre of Vilnius city centre and relocate the locomotive maintenance and repair activities to the area near Vaidotai station. The aim is to make the new facilities suitable for servicing the electric locomotives currently being acquired and to increase the efficiency of locomotive repairs. • In order to increase operational efficiency, LTG Cargo continued the implementation of the Operational Control Centre project in 2024. The project will automate and digitalise the planning and management of freight transport operations through new business processes and data exchange with other LTG systems. • A project for replacement of locomotive safety systems (LSS) is underway. 44 mainline locomotives and 67 shunting locomotives are planned to replace the unsafe Russian-made KLUB-U systems currently in service.

Dividend policy

The payment of dividends and the level of corporate contributions by state-owned enterprises are governed by Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012 “On the Approval of the Description of the Procedure for the Exercise of the Property and Non-Property Rights of the State in State-Owned Enterprises” and amendments thereto (link). The consolidated version is valid since 5 April 2022.

The granting and payment of dividends by the companies of LTG Group is governed by the Dividend Policy of LTG Group.

Dividends for a financial year or a period shorter than a financial year shall be planned taking into account the level of return on equity, the net profit earned, the financial capacity to pay dividends, the implementation of economic projects of national importance and other conditions and circumstances as set out in the Dividend Policy. The dividend payout ratio calculated on retained earnings depends on the ROE at the end of the reporting period.

The Board of the Company may propose to set a higher dividend payout ratio based on the achievement of financial plans, significant financial ratios (net profit, EBITDA, financial debt to EBITDA, financial debt to equity) at the end of the reporting period, provided that such a higher payout ratio would not have a negative impact on the Company’s long term strategy.

ROE of the Company (%)	Share of the distributable profit allocated for dividends (%)
≤1	≥85
>1 ir ≤3	≥80
>3 ir ≤5	≥75
>5 ir ≤10	≥70
>10 ir ≤15	≥65
>15	≥60

The Board of the Company may propose to set a lower share for payment of dividends or not to allocate them at all if at least one of the following conditions is met:

- The Company had a net loss for the period;
- The Company’s ratios as monitored by institutional creditors at the end of the reporting period for which the dividend is proposed would not be in line with contractual values or the level of the ratios would have a negative impact on the credit rating;
- The Company implements or participates in the implementation of an economic project of national importance or a project of particular importance recognised by the decisions of the Government of the Republic of Lithuania/the Seimas of the Republic of Lithuania, which has an impact on the long-term strategy of LTG Group;
- The Company’s equity would be less than the amount of the share capital, the statutory reserve, the revaluation reserve and the reserve for the acquisition of own shares of LTG Group, if dividends were paid;
- The Company is insolvent, or would become insolvent if dividends were paid.

By the decision of the Board of LTG Cargo and the sole shareholder of LTG Cargo, AB Lietuvos geležinkeliai, the dividends allocated and paid out of the Company’s distributable profit for 2023 amounted to EUR 10,534 thousand.

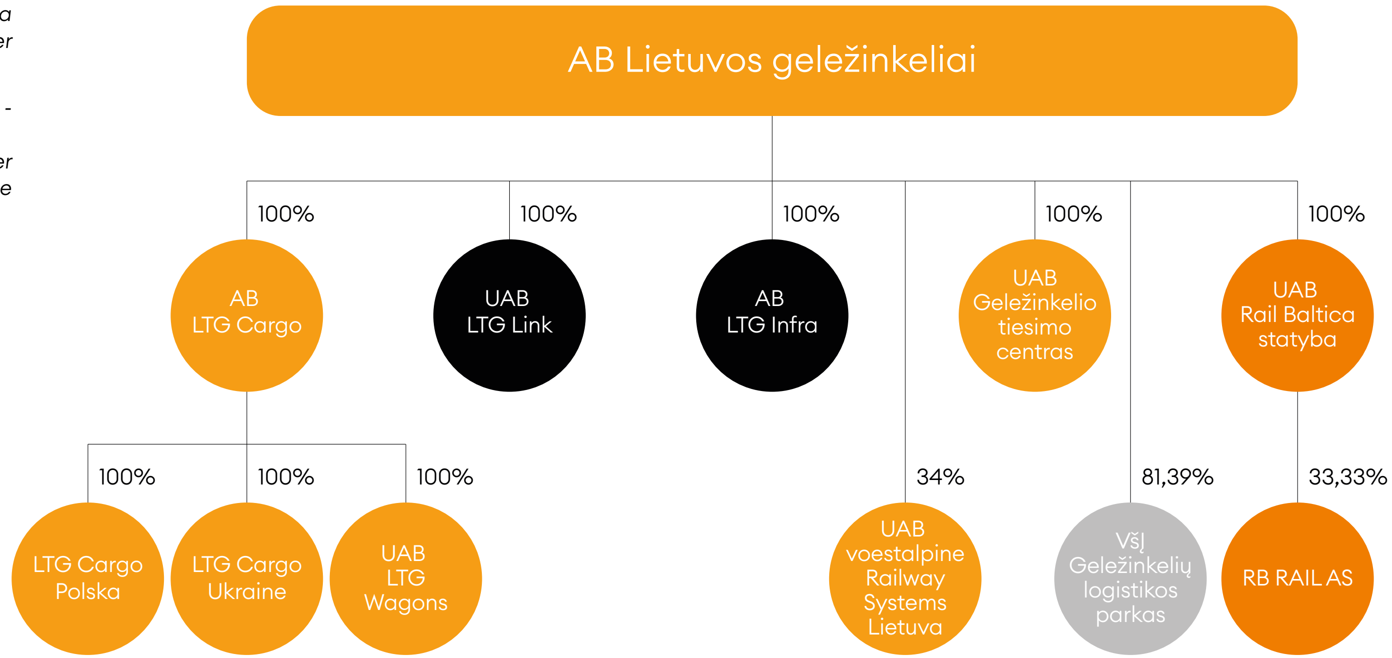
In 2023, LTG Cargo paid a dividend of EUR 6,573 thousand from its distributable profit for 2022.

Governance report

Structure of LTG Group

The Company belongs to LTG Group, the largest freight, passenger and infrastructure management group in the Baltic States. LTG owns 100% of the shares of the Company.

- *Subsidiaries and downstream companies operating in a competitive market under the same conditions as other Lithuanian and foreign market participants*
- *Subsidiaries performing functions assigned by the state - special obligations*
- *UAB Rail Baltica statyba is the founder and shareholder of RB RAIL AS which coordinates implementation of the project Rail Baltica*
- *Public institution*



Information on the shares on 30 June 2024

Company	Amount of the authorised capital	Number of shares, units	Nominal value per share
Parent company			
AB LTG Cargo	EUR 44,086,741.36	209,299	EUR 210.64
Subsidiaries			
LTG Cargo Polska sp. z o.o.	34,398,000 zlotys	34,398	1,000 zlotys
UAB LTG Wagons	EUR 150,000	150	EUR 1,000
LTG Cargo Ukraine LLC	17,027,000 hryvnia	-	-

The Company is a member of the group of companies of AB Lietuvos geležinkeliai, the sole shareholder of which is the parent company AB Lietuvos geležinkeliai. The shareholder of AB Lietuvos geležinkeliai is the State of Lithuania, which owns 100 % of the shares, and the Ministry of Transport and Communications of the Republic of Lithuania exercises the shareholder's rights and obligations.

All shares are of one class - ordinary registered shares. Shares are uncertificated and are recorded in personal securities accounts in accordance with the law.

The Company did not acquire any of its own shares or shares in other companies of LTG Group during the reporting period.

The Company and its subsidiaries are companies of LTG Group. The Company is the sole shareholder of its subsidiaries LTG Cargo Polska sp. z o. o., LTG Cargo Ukraine LLC and UAB LTG Wagons.

In order to grow the long-term value of the companies of LTG Group, rationally and efficiently use funds, assets and other resources, and meet the shareholders' expectations and interests, the operating model of LTG Group focuses on the purification and concentration of core activities in subsidiaries and downstream companies. As a part of LTG Group, the Company and its subsidiaries are responsible for the performance of the core business and the achievement of the set performance targets. In order to achieve their objectives and ensure good governance, the Company and its subsidiaries act independently in their activities, take the necessary decisions and ensure accountability and responsibility for performance.

Overview of governance

Governance model

The corporate governance of LTG Group is organised in such a way as to strike an effective and results-oriented balance between the management and control measures of LTG Group. The governance model of LTG Group is centralised, i.e. the governing bodies of the parent LTG consider and approve the consolidated business strategy, the consolidated performance targets, the indicators and targets against which they are measured, the consolidated budget and the business plan of LTG Group. LTG shall establish rules and procedures for the coordination, supervision and control of the performance plans of all companies of LTG Group.

LTG Group applies **a functional leadership model**, which means that added value is created by centralising the management of operational support and corporate functions and the functions themselves, consolidating competencies and introducing functional excellence. The parent company coordinates the finance, legal, planning and monitoring, human resources, risk management, auditing, technology, communications and other general areas of the companies of LTG Group through common policies, regulations and norms that apply to all companies of LTG Group.

This governance model is applied by the Company insofar as it is not in conflict with the legal requirements of impartiality in the management of the public railway infrastructure manager, financial transparency, the allocation of public railway infrastructure capacity and the calculation and payment of the minimum access package fee.

Governance principles

Corporate governance of LTG Group is organised according to the following principles:

- Openness and transparency;
- Compliance and effectiveness of corporate governance;
- Meeting the shareholders' expectations;
- Cooperation with the stakeholders and their role;
- Effective and efficient risk management and internal control systems;
- Defining and sustaining objectives;
- Responsibilities and accountability of the management bodies.

Internal regulation

The Company's activities shall be governed by the Law on Companies, the Articles of Association of the Company, the decisions of the Company's bodies and other legal acts of the Republic of Lithuania regulating the activities of companies, including the activities of state-owned enterprises.

Articles of Association of the Company

The Articles of Association of the Company are the basic operating document that guides the Company's activities.

During the reporting period, there were no amendments to the Articles of Association of the Company.

The current Articles of Association of the Company are available on the Company's website at current version of the Articles of Association of the Company.

The Articles of Association of the Company shall be amended by a decision of the General Meeting of Shareholders adopted by a qualified majority, which may not be less than 2/3 of the total number of votes attached to the shares of all the shareholders present at the Meeting.

Operational policies applicable in LTG Group

In accordance with the LTG Corporate Governance Policy, LTG establishes the policies and rules that apply to LTG Group as a whole. Thus, the policies approved by the Board of LTG are also applicable to other companies of LTG Group, including the Company.

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

- The updated **Risk Management Policy** is designed to establish a unified risk management model, principles and responsibilities for LTG Group.
- The **Dividend Policy**, the purpose of which is to set out the dividend policy applicable to LTG Group as a whole, to be followed by the governing bodies of the companies in LTG Group when deciding on the distribution of dividends to those companies.
- The **People and Culture Policy**, which aims to link the business strategy with the management of human resources in the organisation.
- The **Transport Management Policy**, which sets out the procedures and conditions for the allocation, use and control of official vehicles, shared vehicles and personal vehicles for the employees of LTG Group.
- The **Compliance Management Policy** has been updated with the aim of establishing a unified compliance management model, principles and responsibilities for LTG Group.
- The updated **Sustainability Policy**, which sets out the principles and priorities for the sustainability activities of LTG Group, defines the key sustainability-related activities and the governance model.

Bodies of the Company

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

- the General Meeting of Shareholders;
- the Board;
- the Manager.

The General Meeting of Shareholders

is the supreme body of the Company. The competence of the General Meeting of Shareholders, the procedure for convening it and making decisions shall be determined by the Republic of Lithuania Law on Companies, other legal acts, as well as the Articles of Association of the Company.

LTG is the Company's sole shareholder and takes the main decisions regarding the exercise of its ownership rights and obligations.

The Company has not issued any preference shares. There were no restrictions on voting rights during the reporting period.

Additional powers of the General Meeting of Shareholders

In accordance with the Articles of Association of the Company, an additional competence of the General Meeting of Shareholders during the reporting period is to approve the decisions of the Board of the Company:

- decisions on the prioritisation of the Company's material risks and the approval of strategies to manage them;
- decisions on investing in, buying, selling or otherwise transferring, pledging or mortgaging the Company's facilities and assets of national security importance;
- decisions on approval of the essential terms of contracts on freight tariffs or discounts applied to them concluded by the Company, if the estimated annual revenue of the contract, or the revenue estimated for the entire duration of the contract, may be equal to or higher than EUR 10,000,000 (ten million) (excluding value added tax) or the duration of the contract exceeds 3 (three) years (except for contracts of unlimited duration);
- decisions on the Company becoming a founder or participant in other legal entities;
- decisions on the Company to commence a new activity or discontinue the Company's existing activities, unless a decision to that effect has been taken at the time of the approval of the Company's operational strategy;
- decisions on establishment of branches and representative offices of the Company, termination of their activities, appointment and dismissal of the heads of the Company's branches and representative offices, approval of the regulations of the branches and representative offices;
- decisions on the investment, disposal or lease of the Company's fixed assets with a carrying amount equal to or higher than EUR 3,000,000 (three million) (excluding value added tax) in the group of companies of the Company or third parties;
- decisions on the pledge and mortgage of the Company's fixed assets with the carrying amount equal to or higher than EUR 3,000,000 (three million) (excluding value added tax);
- decisions on guarantee or surety of the performance of the obligations of other persons for an amount equal to or higher than EUR 3,000,000 (three million) (excluding value added tax);
- decisions on purchase of fixed assets at a price equal to or higher than EUR 3,000,000 (three million) (excluding value added tax);
- decisions on loans or other financing transactions with the value equal to or higher than EUR 3,000,000 (three million);
- decisions on entering into transactions for the purchase of goods, services, works with the value equal to or higher than EUR 3,000,000 (three million euros) (excluding the value added tax) and approval of the essential terms and conditions of such transactions (before the Company commences the procurement procedures);
- decisions on the approval 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, guarantee and provision of sureties and sureties for the obligations of other persons, the purchase of goods, services, works, loans or other financing transactions by the Company, as a shareholder of the subsidiaries, where the value of the transaction is equal to or higher than EUR 3,000,000 (three million euros, excluding value added tax).

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

The Board

Is a collegial management body provided for in the Articles of Association of the Company, consisting of 5 (five) members, including 2 (two) independent members, 1 (one) civil servant, 2 (two) members delegated by the shareholder of the Company. The members of the Board shall be elected by the General Meeting of Shareholders for a term of 4 (four) years. The Board shall elect the Chairman of the Board from among its members. The same person may not be elected as a member of the Board for more than two consecutive terms.

Independent members of the Board shall be elected in accordance with the Description of the Selection of Candidates for the Board of a State-Owned Enterprise or a Municipal Enterprise and Candidates for the Collegial Supervisory or Management Body Elected by the General Meeting of Shareholders of a State-Owned Enterprise or a Municipal Enterprise (hereinafter referred to as the "Description of Selection"), approved by Resolution No 631 of the Government of the Republic of Lithuania of 17 June 2015 (as subsequently amended). The provisions of the Selection Description concerning the diversity of competences of the members of the Board and the requirements regarding the eligibility to general and specific requirements shall be complied with in the formation of the Board.

The Board is accountable to the Company's General Meeting of Shareholders.

Competence of the Board

The competence of the Board corresponds to the competence of the Board established by the Republic of Lithuania Law on Companies and other laws, additional competences of the Board are established by 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 the Company's objectives;
- to approve the Company's annual operating plan (budget);
- to approve the list of information considered as the Company's trade (industrial) secret and confidential information, 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 these risks) and approve the strategies to manage them;
- to decide on the investment, sale and purchase or any other transfer, pledge or mortgage of the Company's national security facilities and assets;
- to make decisions on the investment, disposal or lease of the Company's fixed assets with a carrying amount equal to or higher than EUR 1,000,000 (one million euros) (exclusive of value added tax) in the Company's group companies or third parties;
- to decide on pledges and mortgages of the Company's fixed assets with a carrying amount equal to or higher than EUR 1,000,000 (one million) (excluding value added tax);
- to decide on the guarantee or security of the fulfilment of obligations of other persons for an amount equal to or higher than EUR 1,000,000 (one million) (excluding value added tax);
- to take decisions to acquire fixed assets at the price equal to or higher than EUR 1,000,000 (one million) (excluding value added tax);
- to decide on loan or other financing transactions with a value equal to or higher than EUR 1,000,000 (one million);
- to take decisions to enter into transactions for the purchase of goods, services and works with a value equal to or higher than EUR 1,000,000 (one million euros) (exclusive of value added tax) and approve the essential terms of such transactions (before the Company commences procurement procedures);
- to decide on the approval of the essential terms of contracts concluded by the Company for freight tariffs or concessions thereon, if the estimated annual revenue of the contract, or the revenue estimated for the entire duration of the contract, may be equal to or higher than EUR 10,000,000 (ten million) (excluding value added tax) or the duration of the contract exceeds 3 (three) years (except for contracts of unlimited duration);
- to take decisions on the Company becoming a founder or participant of other legal entities;
- to take 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 the 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, to approve the regulations of branches and representative offices;
- to take decisions on the approval 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, pledge, mortgage, and provision of guarantees and sureties for the obligations of other persons, the purchase of goods, services, and works, and the conclusion of loans or other financing transactions, where the value of the transaction is equal to or exceeds EUR 1,000,000 (one million euros, exclusive of value added tax) by the Company, as a shareholder of the subsidiaries;

• to take decisions on the approval by the governing bodies of the subsidiaries of decisions of the Company, as a shareholder of the subsidiaries, approve the decisions of the governing bodies of the subsidiaries on the merger, amalgamation, demerger, division, transfer or transfer of activities by any other legal means, becoming founders and participants of other legal entities (except for decisions on becoming founders and participants of associations);

• to approve the procedure for calculating and granting discounts on basic freight tariffs and decide on indexation of basic freight tariffs;

• to approve the basic freight tariffs and the Price List of Additional Services;

• to approve, promote and sanction the terms and conditions of employment of the Chief Executive Officer of the Company;

• to approve the total amount of the incentive for the Company's employees for their performance, taking into account the performance of the Company;

• to analyse and evaluate other information provided by the Chief Executive Officer of the Company on key issues relating to the Company's activities;

• to analyse and, if necessary, decide on other matters relating to the Company's activities which fall within the remit of the Board.

The Board shall also perform the following supervisory functions:

• supervise the performance of the Chief Executive Officer of the Company, and provide feedback and proposals on the performance of the Chief Executive Officer of the Company to the General Meeting of Shareholders;

• consider whether the Chief Executive Officer of the Company is fit for office if the Company is making a loss;

• propose to the Chief Executive Officer of the Company to revoke his decisions that are contrary to laws and other legal acts, the Articles of Association of the Company, the decisions of the General Meeting of Shareholders or the Board;

• decide on other matters of supervision of the Company and the activities of the Chief Executive Officer of the Company that are within the competence of the Board under the Articles of Association of the Company, as well as under the decisions of the General Meeting of Shareholders.

The term of office of the Board shall be from 23 January 2023 to 23 January 2027.

None of the members of the Board holds shares in the companies of LTG Group.

During the reporting period, 16 meetings of the Board were held including 3 meetings held by poll (in writing).

Composition of the Board of the Company during the reporting period

VITALIJ RAKOVSKI

Independent member of the Board

He has held his position as a member of the Board since 23 January 2023. Chairman of the Board from 12 January 2024.

EDUCATION

- Vilnius University, Bachelor of Business Administration and Management

MAIN PLACE OF WORK, POSITION

- Head of Perlas Finance UAB, Vilnius, Olimpiečių g. 15-1, registration number 301169732 (in office from July 2024)

IRENA JANKUTĖ-BALKŪNĖ

Member of the Board delegated by the shareholder

She has held the position since 23 January 2023.

EDUCATION

- Vytautas Magnus University, Master of Applied Sociology
- Vytautas Magnus University, Bachelor of Sociology

MAIN PLACE OF WORK, POSITION

- Director of People and Culture, AB Lietuvos geležinkeliai, Geležinkelio st. 16, Vilnius, registration number 110053842

NATALIJA BARANAUSKIENĖ

Member of the Board, civil servant

She has held the position since 6 March 2023.

EDUCATION

- Vilnius Gediminas Technical University, Master of Business Management
- Vilnius Gediminas Technical University, Bachelor of Transport Engineering

MAIN PLACE OF WORK, POSITION

- Senior Adviser to the Ministry of Transport and Communications of the Republic of Lithuania, Vilnius, Gedimino pr. 17, registration number 188620589

VYTAUTAS RADZEVIČIUS

Member of the Board delegated by the shareholder
He has held the position since 23 January 2023.

EDUCATION

- Baltic Institute of Corporate Governance (BICG) Board member education programme graduate
- Vilnius University, Master of Management and Business Administration
- Vilnius University, Bachelor of Management and Business Administration

MAIN PLACE OF WORK, POSITION

- Director of Strategy and Business Development, AB Lietuvos geležinkeliai, Geležinkelio g. 12, Vilnius, registration number 110053842

AIVARAS ČIČELIS

Independent member of the Board
He has held his position as a member of the Board since 1 June 2024.

EDUCATION

- Vilnius University, Master of Finance and Banking
- Vilnius University (VU), Bachelor of Economics

MAIN PLACE OF WORK, POSITION

- -

OTHER CURRENT POSITIONS

- HISK AB, Panevėžys, S. Kerbedžio g. 7, registration number 147710353, independent member of the Board.
- PRO BRO Group UAB, Vilnius, Vito Gerulaičio g. 1, registration number 305723296, independent member of the Board.
- BMI Executive Institute, Vilnius, Konstitucijos pr. 18B, registration number 195005151, independent member of the Board.
- Investment and Business Guarantees UAB, Vilnius, Konstitucijos pr. 7, registration number 110084026, Deputy Chairman of the Supervisory Board.

ARNOLDAS ŪKENIEKAS

Independent Member of the Board, Chairman
(until 11 January 2024)
He was a member of the Board from 23 January 2023 to 11 January 2024 and the Chairman of the Board from 7 February 2023 to 11 January 2024

EDUCATION

- ISM University of Management and Economics, Business Management
- FIATA certificate
- Vilnius Pedagogical University, Bachelor of Geography and Tourism Management

MAIN PLACE OF WORK, POSITION

- Business Development Manager of Hegelmann transporte UAB, Kaunas District Municipality, Domeikava Subdistrict, Žemaitkiemis Village, Pirklių g. 5, registration number 300022163

Changes in the composition of the Board during the reporting period

During the period under review, Arnoldas Ūkeniekas resigned from the position of a member of the Board of the Company on 11 January 2024

Vitalij Rakovski was elected as the Chairman of the Board of the Company on 12 January 2024

Aivaras Čičelis was elected as a member of the Board on 1 June 2024

Competence matrix

The general and special requirements set out in the description of the selection of members of the Board, i.e. civil servants and delegated members of the parent company, of the companies of the group of companies of AB Lietuvos geležinkeliai, i.e. AB LTG Cargo, AB LTG Infra, UAB LTG Link, shall apply to members of the Board of the Company.

Mandatory *Advantage*

Composition of the Board	Competences of a civil servant	Competences of members delegated by the parent company		Competences of independent members of the Board	
	Member 1	Member 2	Member 3	Member 4	Member 5
Areas of competence	Regional and national transport policy	Organisation development and change management	Strategic management and business development	International business development	Funding strategy (acting chairman)
General requirements (mandatory, applicable to all candidates)					
Higher university or equivalent education					
Not deprived and not restricted right to hold the respective position to which the person applies or fulfil the functions assigned to such position					
During the last 5 years the candidate must be not withdrawn from the single-person or collegial body of a legal person due to improper fulfilment of the duties					
The candidate must be of good repute					
The candidate must be not linked to other natural and legal persons by personal relations which would lead to a conflict of interest while holding the position					
Special requirements (mandatory, applicable to all candidates)					
Very good English language skills (written and oral)					
Experience in implementation of the strategic objectives and sustainable increase in the company's value					
Knowledge of the corporate governance principles and good knowledge and experience in corporate governance					
Excellent leadership, teamwork skills and kills of cooperation with the stakeholders					
Special requirements (applicable according to the areas 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					
Investment market management experience					
Experience in freight forwarding services					
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 the Group of AB Lietuvos geležinkeliai					
At least 5 years of executive experience in finance management, financial advisory, financial services or audit					
Work experience in B2B sector					
Experience of working in collegiate supervisory and governing bodies					

Attendance at the meetings of the Board during the reporting period

Name, surname of the Member	Meetings of the Board
Number of meetings held during the reporting period (including outgoing meetings, advance written vote)	16
Arnoldas Ūkeniekas	2
Vitalij Rakovski	16
Natalija Baranauskienė	16
Irena Jankutė-Balkūnė	16
Vytautas Radzevičius	16
Aivaras Čičelis	3*

**Aivaras Čičelis was elected as a member of the Board of the Company as of 1 June 2024, which shows the difference in participation.*

Committees and their activities

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

The main task of the Audit Committee is to provide conclusions and proposals to the Board of AB Lietuvos geležinkeliai on the functioning of internal and external audit, risk management and control systems in AB Lietuvos geležinkeliai and its subsidiaries.

The purpose of the Nomination and Remuneration Committee is to provide conclusions, opinions, recommendations and proposals to the Board of AB Lietuvos geležinkeliai on the selection of the governing bodies of the LTG Group and on the remuneration policy of LTG Group.

Management of the Company

Head (CEO) of the Company

The Chief Executive Officer is the Company's sole governing body, who, within the scope of his powers, organises and runs the day-to-day activities of the Company. The duties and powers of the CEO are defined in the Law on Companies and the Articles of Association of the Company. The CEO shall be elected for a term of 5 years by the Board of the Company, to which he shall be accountable. The same person may not be appointed as CEO for more than 2 consecutive terms.

The first five-year term of office of the CEO of the Company, Ms Eglė Šimė, started on 22 August 2022.

Corporate governance structure

Management of the Company

Eglė Šimė	Chief Executive Offier	She held the postion on a temporary basis from 4 January 2022 to 21 August 2022. She has held the position since 22 August 2022.
Andrius Ladauskas	Head of Finance of the Company	He has held the position since 4 March 2024.
Mindaugas Skunčikas	Head of Intermodality and International Business Development	He has held the position since 1 January 2024. (from 7 December 2021 to 1 January 2024, he held the position of the Head of Business Development of the Company)
Laimonas Nekrošius	Head of Sales and Development of Services	He has held the position since 1 January 2024. (from 9 May 2022 to 1 January 2024 as Sales Manager of the Company)
Vita Remezaitė-Mateikienė	Head of Customer Experience Management	She has held the position since 1 January 2024. (from 1 August 2023 to 1 January 2024, she held the position of the as the Head of Customer Service of the Company)
Aušra Mockaitė	Head of Provision of Services	She held the position from 3 January 2023 to 30 April 2024.
Saulius Vaičekauskas	Head of Provision of Services	He has held the position since 1 May 2024.
Milda Maslauskaitė	Head of Business Support	She has held the position since 1 August 2023.
Audrius Pukas	Head of Technological Asset Management	He has held the position since 15 June 2020.

Additional information about the CEO of the Company

Prior to taking up the position, the Chief Executive Officer of the Company, Eglė Šimė, was the Head of the Service Provision Function since 19 August 2019. Prior to that, Eglė Šimė gained her corporate management experience in the management of the Maxima Group company UAB Franmax, the companies belonging to Ignitis Group, namely,UAB Verslo aptarnavimo centras and the Public institution Energetikų mokymo centras.

Eglė Šimė holds a Bachelor's degree in Economics from the Lithuanian University of Educational Sciences.

Managing interests

At the end of the reporting period, the members of the Board, the Chief Executive Officer and the senior managers have made declarations of private interests, which can be found on the website of the High Official Ethics Commission at http://www.vtek.lt.

Internal audit

LTG Group has established a centralised Internal Audit function, which acts as a third line and covers all companies of LTG Group, including LTG Cargo. The purpose of Internal Audit is to provide independent, objective assurance and advisory services to contribute to the achievement of the strategic objectives of LTG Group and preserve and enhance value.

The activities of the unit shall be organised on the basis of the guiding principles set out in the International Standards for the Professional Practice of Internal Auditing. Audit shall provide risk-based assurance services, advice/consultation and insight, and carry out necessary investigations. It also regularly monitors the implementation of recommendations made and other internal control weaknesses identified by external auditors and supervisory authorities.

The unit reports directly to the Board of LTG, thus, ensuring the independence and objectivity of internal audit and enabling it to identify weaknesses and areas for improvement in operational efficiency. The Internal Audit periodically reported to the Board of LTG Cargo on the operational weaknesses identified during the audits and on the progress of the implementation of recommendations.

Information on the remuneration of the CEO's of the Company

Components of the remuneration of the **Chief Executive Officer of the Company**:

- **Basic monthly wage**. The basic monthly wage of the CEO of the Company at the end of the reporting period, as set out in the employment contract, amounted to EUR 10,800. During the period under review, the basic monthly wage of the CEO of the Company increased by 10,7 % from EUR 9,750 to EUR 10,800.

- **Annual performance incentives**. In addition to the basis wage, the CEO of the Company may be paid a variable annual wage (annual performance incentive). The incentive scheme shall be approved by the Board of LTG. Under the 2023 performance incentive scheme, the level of achievement of the annual targets of LTG Group influenced the payment of the incentive by 60%, the level of achievement of the Company's annual targets by 30% and the level of achievement of the management team by 10%. From 2024 onwards, the level of achievement of the annual targets of LTG Group is 60% influenced by the level of achievement of the annual targets of LTG Group and 40% influenced by the level of achievement of the Company's annual targets. The Board of the Company approves the structure of the Company's annual targets, the threshold values and the weightings for their achievement, and approves the results of the achievement of the targets and the opportunity for the payment of the incentive for the annual performance at the end of the year.

- The maximum annual performance incentive opportunity may not exceed 30% of the established annual base salary. The maximum monthly amount, i.e. 1/12 of the annual incentive for 2023, could not exceed EUR 2,925.

In April 2024, the **monthly (1/12) of the annual incentive** paid to the CEO of the Company for the achievement of the 2023 targets amounted to EUR 2,165.

Information on the remuneration of the members of the Board

The remuneration of the members of the Board is set out in the contracts concluded with them to serve on the Board of the Company.

The remuneration of the independent members of the Board and the civil servants holding the position of member of the collegial body has been set in accordance with 3 August 2022 Resolution No. 1092 of the Government of the Republic of Lithuania "On Approval of the Description of the Procedure for Payment of Remuneration to Members of Collegial Bodies of State-Owned Enterprises and Municipal-Owned Enterprises and Civil Liability Insurance for Members of Collegial Bodies of State-Owned Enterprises and Municipal-Owned Enterprises", the provisions of which stipulate that the monthly remuneration of an independent member of a company's collegial body and of a member of the collegial body who is another person selected by the entity initiating the selection should be at least 1/4 of the average monthly wage of the Chief Executive Officer of the Company and not more than the average monthly wage of the Chief Executive Officer of the Company. 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 Chief Executive Officer of the Company. 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 Chief Executive Officer of the Company.

In implementation of the provisions of the afore-mentioned Resolution, 2 December 2022 Order of the Minister of Transport and Communications of the Republic of Lithuania approved the updated regulation of remuneration of the members of the Board of Directors and members of the Committees of AB Lietuvos geležinkeliai, which applies mutatis mutandis to the members of the collegial bodies of the subsidiaries.

The remuneration of the members of the Board of the Company has been determined by a resolution of the Company's sole shareholder, providing that the monthly remuneration of the Chairman of the Board of the Company shall be EUR 3,401, the monthly remuneration of the independent member of the Board of the Company shall be EUR 2,551, the monthly remuneration of the member of the Board of the Company, who is a civil servant and the member of the Board of the parent company, who has been seconded by the parent company shall be EUR 1,276. At the same time, the rule that if individual members of the Board are elected, they shall be remunerated at the same level as the members of the existing Board has been established.

During the first half of 2024, remuneration was paid to the members of the Board:

Name, surname of the member	Remuneration for acting as a member of the Board in the 1st half of 2024, EUR
Irena Jankutė-Balkūne	7,656
Vytautas Radzevičius	7,656
Arnoldas Ūkeniekas	1,700
Vitaly Rakovsky	20,097
Natalija Baranauskienė	7,656
Aivaras Čičelis	3,595

** the remuneration is inclusive of all taxes and contributions due.*

Employees

Changes in organisational culture, one of the strategic thrusts, continue to be consistently implemented through the reinforcement of value behaviours, feedback, internal career development, equal opportunities and diversity, social partnerships and other initiatives. Enhancing employee engagement, which has a direct positive impact on the Company's performance, productivity, job satisfaction, employee well-being and proactive behaviour, and strengthening loyalty to the organisation and ambassadorship by enabling the dissemination of knowledge about LTG Group and thus retaining and attracting talent, remains a priority. This will be done through the measures aimed at improving the working conditions of employees, leadership development of managers and other relevant areas.

Initiatives and events in the first half of 2024

• Consistently reinforcing the values of LTG Group (Customer, Responsibility, Cooperation, Development), quarterly Most Valuable Employee elections were organised, the most valuable colleagues were widely communicated, and a unique team activity – LTG Gene – was introduced, based on real situations of LTG Group and aimed at reinforcing the employees' value behaviour in their daily work.

• Various forms of learning are used to ensure continuous improvement – in the first half of the year, employees actively took advantage of the opportunity to participate in 18 distance lectures on mental health, sustainability, personal effectiveness and other topics.

• In May, we celebrated Diversity by presenting the results of the Equal Opportunities Line to our employees, joining the SOPA initiative DUOday, inviting people with disabilities to try out professions; e-learning on Equality at Work was organised for all employees, and the knowledge on neurodiversity and integration of people with disabilities at work was strengthened.

• Particular attention has been paid to cooperation with educational institutions through the sharing of knowledge and experience in lectures, panel discussions and working groups. We developed a shadowing programme for schoolchildren in cooperation with Junior Achievement, we were actively involved in the project "Vilnius is a School", with students participating in various staff-led educational activities, the Growing Leaders internship programme attracted twice as many young talents as last year, and we signed a co-operation agreement with Šiauliai State College.

• The annual review of basic wages was implemented as of 1 April 2024, with a monthly increase of EUR 215 thousand or 6.7% in the basic wage fund and a pay rise based on the uniform review criteria implemented for 90% of employees.

• In April 2024, the Board of Company decided to pay an incentive for the 2023 results, distributing EUR 1.7 million to the employees.

• Launch of an additional incentive programme for customer service and complexity managers aimed at improving the quality of customer service.

• The Company's top management team is fully in place. The competency matrix for the Company's top managers has been reviewed and updated.

• To plan for more efficient organisational solutions and a better customer experience, changes to the organisational structure were implemented at the beginning of the year. With the start of shipments to the Baltic countries, the teams were expanded to include employees from Latvia and Estonia.

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:

• a competitive remuneration package to attract and retain the right expertise;
• equal opportunities and non-discrimination in the aggregation of staff performance and remuneration;
• the principle of internal fairness in the remuneration of comparable work;
• boosting participation;
• an incentive for staff to develop their skills and competences;
• promoting transparency and responsible governance;
• effective management of staff costs and creation of shareholder value.

The core elements of reward setting and review are:
- **methodological assessment of positions**;
- periodic **benchmarking of** internal remuneration data **against the market**;
- direct link between opportunities for reward change and **employee performance** – summarising the achievement of annual targets, extra effort and the assessment of value behaviour.

A local scale of corporate levels of positions is used to publicise the results of the methodological assessment of positions within the organisation. Information on the corporate levels of the position and other positions in the organisation, as well as on the basic wage scale for each corporate level, is made available to each employee, providing a systematic means of embedding transparency and assessing internal career opportunities.

The periodic review of base salaries is implemented annually and the principles of the review are linked to clear and objective criteria – a comparison of current staff remuneration with the market, the Company's financial performance and the budget allocated for the review, and a summary of each employee's annual performance.

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

In addition to the basic wage, direct remuneration elements include other work and rest-related allowances, payments for working other than normal working hours, additional incentives or variable remuneration, and annual performance incentives.

The annual performance incentive is awarded after the end of the financial year and after an assessment of the results achieved. This incentive is an employer-initiated incentive fund to reward good work and positive company performance, as referred to in Article 139(2)(6) of the Labour Code of the Republic of Lithuania, and is granted on the basis of Article 142(1)(2) of the Labour Code of the Republic of Lithuania. The incentive is also forward-looking as a motivational tool for employees, and individual annual incentive opportunities are linked to corporate levels of position and to a summary of each employee's annual performance. The decision to establish an annual incentive pool is taken by the Board of the Company after a detailed assessment of all the circumstances.

Measures to create additional employer value include a fringe benefits package and reimbursement of vehicle costs for managers at a certain level.

The Company's package of fringe benefits includes lump sum payments for the birth of an employee's child or the death of a close family member, support in the event of natural disasters, loyalty payments for employees who leave the organisation at retirement age, additional leave and other benefits as provided for in the branch collective bargaining agreement and the Remuneration Methodology of of LTG Group. Employees are also provided with accident insurance and supplementary voluntary health insurance, under the terms of which they are reimbursed for outpatient and inpatient treatment and diagnostics, preventive health examinations and vaccinations, medicines and medical supplies. In addition, employees can opt for dental, rehabilitation or optical services. Around 80% of employees declare their choice of supplementary voluntary health insurance each year.

The general principles of remuneration are published in a publicly available remuneration policy, which can be found on the Company's website under the Remuneration Section. The implementation of the afore-mentioned policy is described in the Remuneration Methodology and internal process standards are used to define more detailed practical implementation principles. All relevant documents are published on the intranet of LTG Group in the employee knowledge base and in the news.

Data on the average remuneration of the Company's employees by general job group is published publicly on the Company's website, under the Remuneration Section, and is updated after the end of each calendar quarter. Meanwhile, a comparison of the average remuneration of women and men is published. The Company's objective and unified principles of equal opportunities remuneration management mean that the actual differences between the average salaries of women and men, when monitored by general job group, remain. These differences are due to 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 job groups, particularly in operational positions. Women predominate in positions in support/administrative roles, which are relatively lower remunerated on the market. Men are concentrated in positions where the scope of the activity leads to more competitive market remuneration or where the work is of a special nature – physical load, outdoor or other special conditions – where the market remuneration is higher.

Information on the number and remuneration of the Company's employees

Number of employees in the companies of LTG Cargo Group

Group companies	30/06/2024	31/12/2023	31/12/2022
AB LTG Cargo	1,714	1,723	1,929
UAB LTG Wagons	1	1	1
LTG Cargo Polska Sp.zo.o.	135	126	89
LTG Cargo Ukraine LLC	6	6	5
Rail lab OOO (liquidated)	-	-	2
Total	1,852*	1,852*	2,026

** In cases where the same employee works for several companies of LTG Cargo Group, the number of unique employees is indicated at LTG Cargo Group level.*

Number of employees and average wage of the Company

Position group	30/06/2024**						31/12/2023		31/12/2022	
	Number of employees			Average wage, EUR			Number of employees	Average wage, EUR	Number of employees	Average wage, EUR
	Total	Women	Men	Total	Women	Men				
Chief Executive Officer*	1	1	-	10,800	-	-	1	9,750	1	9,200
High-level managers*	9	2	7	7,154	-	-	8	6,560	5	6,357
Senior managers and specialists in exceptional fields	25	6	19	5,135	5,494	5,033	24	4,973	21	4,556
Mid-level managers and individual domain experts	106	38	68	3,175	3,145	3,191	100	2,961	88	2,727
Team leaders and experienced professionals	319	143	176	2,255	2,174	2,322	320	2,133	329	2,007
Specialist and experienced operational/ service employees	547	121	426	2,526	1,745	2,755	548	2,417	597	2,127
Operational/service employees, skilled employees	707	127	580	1,756	1,528	1,808	722	1,627	888	1,500
Total	1,714	438	1,276	2,263	2,030	2,346	1,723	2,098	1,929	1,862

The number of employees of the Company at 30 June 2024 was 1,714, with a further 24 employees on long-term absence (parental leave, maternity leave, military service, etc.). As compared to 31 December 2023, the number of employees of the Company decreased by 9 employees or 0.5%.

The average monthly salary has changed from EUR 2,098 to EUR 2,263 as compared to 2023. The main influence on the change in the average wage is the annual wage review.

The total payroll amounted to EUR 22.6 million. In addition, in April 2024, in line with other LTG Group companies, the Company's employees were paid an incentive of EUR 1.7 million for annual performance.

** is the amount of the fixed remuneration at the end of the period. The components of the remuneration of the CEO of the Company are described in the Corporate Governance section. The monthly average wage of senior executives, as set out in their employment contracts at 30 June 2024, was EUR 7,154, whereas the average actual remuneration of this group of employees, taking into account the annual performance incentive, amounted to EUR 7,698;*

*** For reasons of confidentiality, the average wage information and the average wage differential shall not be disclosed if there are fewer than 5 employees of the same sex in the job group.*

Report on risks and their management

The **unified risk management system of LTG Group** is in place and is continuously improved. It is defined in the risk management policies, methodologies and process standards of LTG Group, which have been developed taking into account the International Organization of Standardization's (ISO 31000) and the Committee of Sponsoring Organizations of the Treadway Commission's (COSO ERM) Enterprise Risk Management (ERM) international standards, as well as the best practices.

In the LTG Group, risk management responsibilities are allocated according to the **Three Lines Model**.

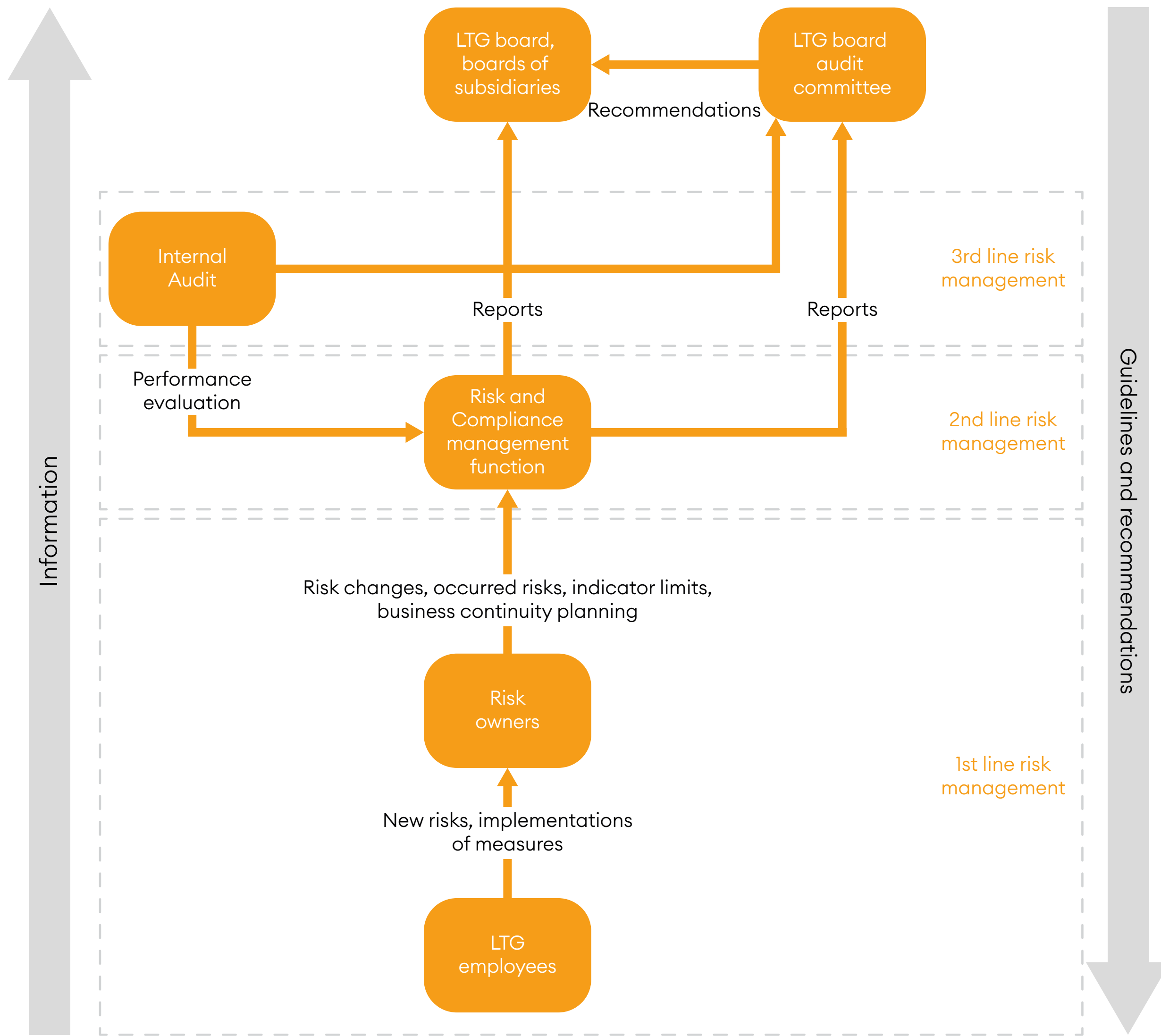
According to it:

• In Line 1, risk management activities are carried out by managers and employees of the companies of LTG Group and LTG corporate functions, who identify, assess and manage risks and ensure the development of business continuity plans.

• In Line 2, risk management activities are carried out by Risk and Compliance Management function of LTG, which develops and refines the overall framework, carries out coordination and control activities, provides advice and education on methodological and expert risk management issues to the companies and units operating at the 1st level of risk management, and prepares reports on risk management to the top management.

• In Line 3, risk management activities are carried out by LTG Internal Audit, which provides an independent assessment of the effectiveness of Level 1 and Level 2 risk management, and independently comments and makes recommendations for improving the risk management system.

The figure below reproduces the Risk Management System, detailing the information flow path and the distribution of responsibilities.



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

1. Risk identification, analysis and assessment.
2. Developing risk management plans.
3. Implementation of risk management plans.
4. Risk management monitoring.
5. Accountability and communication.

The level of identified risks is assessed by determining their likelihood and potential impact (considering financial, legal, reputational, business continuity and employee safety impacts) and assigning them to one of four risk categories (strategic, operational, financial, compliance). In this context, for each of the risks, risk owners and the necessary management/mitigation actions are selected. The dynamics of the risks and the progress in the implementation of the measures are monitored on a quarterly basis.

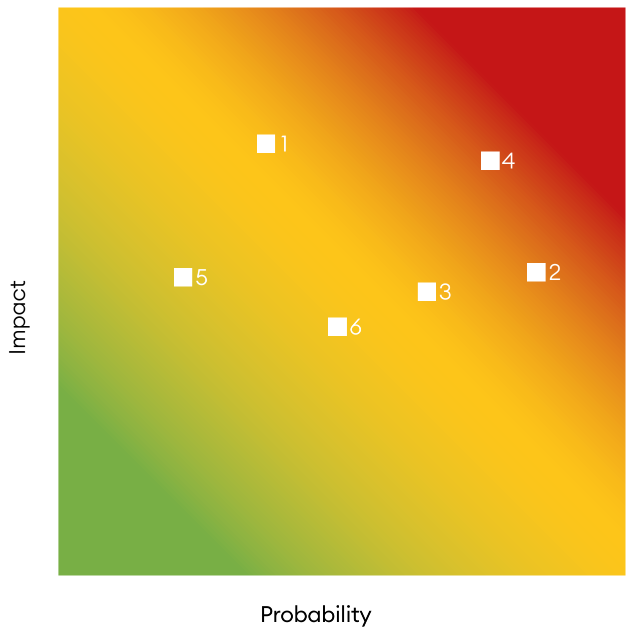
A well-established and established reporting system ensures the periodic and timely dissemination of risk-related information. On a quarterly basis, the state of risk management of each of the companies is reviewed in reports submitted to the Boards of the companies and the LTG Group. The Board of LTG Group is informed on a monthly basis of risks above appetite. This cyclical system not only helps to monitor the status of identified risks but also provides an opportunity to discuss the emergence of new risks.

In the LTG Group, strategic decisions are made in the light of experience, the risks and resilience identified and managed by the activities carried out, as well as relevant global risks and the external environmental context. Based on the nature of the Company's activities, the key risks relevant for the first half of 2024 are presented below.

Key risks and management measures

1. Risk of sanctioned cargo transport/circumvention schemes
2. Failure to ensure that IT systems meet business needs
3. Supply and technological dependence on "third parties"
4. Risks of expansion in foreign markets
5. Insufficient financial resources to implement investment plans
6. Risk of safety incidents

Risk map



Risks	Main sources of risk	Possible effects	Key risk management tools
Risk of sanctioned cargo transport/ circumvention schemes	• Malicious attempt by customers to circumvent sanctions • Lack of information to verify compliance with sanctions	• Reputational damage • Financial losses • Criminal liability of managers for damage to the interests of the State	• Control and monitoring of sanctions • Continuous monitoring of legislation • Implementing changes to the organisational structure • Maintaining competences
Failure to ensure that IT systems meet business needs	• The changing business environment creates new needs • Lack of digitisation and automation	• Performance disorders • Low operational efficiency • Financial losses • Damage to reputation	• Upgrading systems and developing new systems • Corrective changes to functionalities • Updating access control processes and tools
Supply and technological dependence on “third parties”	• Increase in prices of materials and raw materials • Increased delivery times • Possible sanctions for suppliers	• Operational failures due to lack of repair parts • Work delays • Cost growth	• Advance planning • Technology change • Finding and validating alternative suppliers • Rolling stock recovery programmes
Risks of expansion on the Polish market	• Intensified competitive environment on the Polish market • Lack of specific competences • Shortage of wagons, transhipment systems, locomotives • Inadequate customer service	• Strategic objectives not achieved • Non-compliance with good governance practices • Transport delays	• Review of the strategy • Expanding the range of services • Consolidating the customer service process • Ensuring quality control • Ensuring competences on demand
Insufficient financial resources to implement investment plans	• Possible change in funding priorities • Supply chain disruptions • High technical base/infrastructure costs	• For the implementation and development of diversification • Not fast enough diversification	• Investment monitoring • Efficiency programme • Finding alternative sources of funding
Risk of safety incidents	• Failure to comply with work safety instructions • Failure to comply with technological requirements when carrying out repair work *Inherent risks that are specific to the activity being carried out. These risks are managed with a strong focus on continuous and systemic measures*	• Financial losses due to damage to rolling stock or infrastructure • Reputational damage due to traffic/worker safety failures • Disruption of operations due to traffic accidents	• Periodic training and coaching • Safety system checks • Periodic monitoring of physical and technical security • Quality control inspections

Additional information

Information on external audits

The Company's annual financial statements are audited in accordance with International Standards on Auditing.

The tender procedure for the audit of the consolidated financial statements of the Company and its subsidiaries for the years 2023-2025, prepared in accordance with International Financial Reporting Standards as adopted by the EU, was awarded to KPMG Baltics UAB. The appointment of the auditors was approved by the Audit Committee of LTG and the Board of LTG and the shareholder's approval was obtained. The audit services contract was signed on 27 July 2023.

Details of the remuneration for the audit services performed in 2023 are set out in the Company's Annual Report for 2023 which is available on the Company's website at ACTIVITY REPORTS.

Information on compliance with the Transparency Guidelines

The Company complies with the requirements of the Description of the Guidelines on the Transparency of State-Owned Enterprises approved by 14 July 2010 Resolution of the Government of the Republic of Lithuania by disclosing the required information in the annual and interim reports and on its website at http://ltgcargo.lt/.

Structured information on compliance with the Transparency Guidelines is provided in the Company's Annual Report for 2023 reference.

Definitions

Revenue	Sales revenue + Income from other activities, excluding Financial activity income
Sales revenue	Revenue excluding Income from other activity and financial income
Expenses	Expenses excluding income tax and financial activity expenses
Financial debt	Financial debt subject to interest, including rent
Net debt	Financial debt subject to interest, including leases, net of cash and cash equivalent investments
Return on equity (ROE)	Net profit (loss) for the last 12-month period / Average of equity at the beginning and end of the reporting period
Return on assets (ROA)	Net profit (loss) for the last 12-month period / Average of assets at the beginning and at the end of the reporting period
Return on investment (ROI)	Net profit (loss) for the last 12 months / (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 income tax - Result from financial activities
EBITDA	Profit (loss) before income tax - Result from financial activities + Depreciation and amortisation
Adjusted EBITDA	Profit (loss) before income tax + Interest expense - Interest income + Depreciation and amortisation + Increase (decrease) in the value of fixed assets, inventories and investments + Increase (decrease) in the value of receivables and contract assets + Increase (decrease) in the value of provisions other than for ordinary activities
EBIT margin	EBIT / Sales revenue
EBITDA margin	EBITDA / Sales revenue
Adjusted EBITDA margin	Adjusted EBITDA / Sales revenue
Net profit margin	Net profit (loss) / Sales revenue
Equity ratio	Equity at the end of the reporting period / Assets at the end of the reporting period
Loan servicing ratio	(Net profit/(loss) for the last 12 months + Depreciation, amortisation and grant expense for the last 12 months + Interest expense for the last 12 months (adjusted for non-cash balance sheet items)) / (Amortisation of interest-bearing debt + Interest payable for the last 12 months)
Financial debt / EBITDA	Financial debt / EBITDA for the last 12 months
Financial debt / Equity (D/E)	Financial debt / Equity at the end of the reporting period
Net debt / EBITDA	Net debt / EBITDA for the last 12 months
Asset turnover ratio	Sales revenue / Assets at the end of the period for the last 12 months
Quick liquidity ratio	(Current assets at the end of the reporting period - Inventories at the end of the reporting period) / Current liabilities at the end of the reporting period
Total liquidity ratio	Current assets at the end of the reporting period / Current liabilities at the end of the reporting period
Freight turnover (tonne kilometres)	Freight performance indicator consisting of the product of the quantity of freight transported (tonnes) and the distance travelled (kilometres)
Number of employees	List of active staff at the end of the period (excluding staff on parental leave, military service, long-term sick leave)
Average wage	Average gross wage per employee

Abbreviations

ESG	Environmental, Social and Corporate Governance (ESG)
CO2	Carbon dioxide
EU	European Union
LTG	AB Lietuvos geležinkeliai
LTG Cargo, Company	AB LTG Cargo
LTG Cargo Group	AB LTG Cargo and its subsidiaries
LTG Cargo Polska	LTG Cargo Polska Sp.zo.o.
LTG Cargo Ukraine"	LTG Cargo Ukraine LLC
LTG Group	AB Lietuvos geležinkeliai and its subsidiaries
Government	Government of the Republic of Lithuania
LTG Wagons	UAB LTG Wagons
IFRS	IFRS accounting standards

LTG CARGO

Interim Financial Statements (unaudited),

prepared in accordance with the IFRS Accounting Standards, as adopted by the European Union

For the six-months period ended
30 June 2024

Separate statement of financial position

	Notes	30/06/2024	31/12/2023
NON-CURENT ASSETS			
Property, plant and equipment	5	206,715	210,329
Right-of-use assets	6	27,502	28,239
Intangible assets	7	2,778	2,944
Financial assets	8	8,224	8,224
Prepayments	11	1,023	987
Total non-current assets		**246,242**	**250,723**
CURRENT ASSETS			
Inventories	9	5,659	6,811
Non-current assets held for sale	9	1,016	1,315
Trade and other receivables	10	12,796	13,614
Prepayments	11	9,061	1,723
Cash and cash equivalents	12	63,679	58,054
Total current assets		**92,211**	**81,517**
TOTAL ASSETS		**338,453**	**332,240**

	Notes	30/06/2024	31/12/2023
EQUITY			
Share capital	13	44,087	44,087
Legal reserve	13	3,260	2,382
Other reserves		58,615	52,470
Retained earnings (losses)		16,871	17,557
Total equity		**122,833**	**116,496**
ĮSIPAREIGOJIMAI			
Non-current liabilities			
Loans and borrowings	15	103,169	111,766
Lease liabilities		24,651	25,242
Employee benefits	16	1,516	1,746
Deferred tax liabilities		14,478	11,578
Total non-current liabilities		**143,813**	**150,332**
CURRENT LIABILITIES			
Loans and borrowings	15	29,150	18,194
Lease liabilities		3,123	3,167
Income tax liabilities		906	439
Employee benefits	16	7,091	7,553
Trade and other payables	17	31,220	35,743
Provisions		316	316
Total current liabilities		**71,806**	**65,412**
TOTAL EQUITY AND LIABILITIES		**338,453**	**332,240**

The following notes form an integral part of these financial statements

The financial statements and notes on pages 55 to 65 were approved and signed:

Eglė Šimė
Director-General

Raimonda Duobuvienė
Financial Controller of
Accounting, Financial Statements and
Control of AB Lietuvos geležinkeliai
accordance with the power of attorney
of ĮG(CARGO)-76/2024

Separate statement of profit (loss) and other comprehensive income

	Notes	06/2024	06/2023
Sales revenue	18	151,097	137,935
Revenue from other activities		10	202
Total revenue		**151,107**	**138,137**
Infrastructure services		(49,722)	(50,310)
Employee benefits costs		(20,769)	(21,461)
Depreciation and amortisation		(12,400)	(12,015)
Fuel		(16,102)	(17,237)
Materials		(2,055)	(2,069)
Services provided by other foreign railways		(4,533)	(4,186)
Management and general administration services		(7,290)	(6,768)
Electricity		(237)	(581)
Repair and maintenance		(598)	(924)
Increase (decrease) in the value of non-current assets		(2,190)	(39)
Increase (decrease) in value of non-current assets held for sale		(95)	-
Increase (decrease) in value of receivables		(245)	(27)
Change in provisions		-	(58)
Other expenses		(12,074)	(11,143)
Total expenses		**(128,310)**	**(126,818)**
Operating profit (loss)		**22,797**	**11,319**
Finance income	19	851	429
Finance expenses	19	(3,267)	(2,121)
Financial net result	19	**(2,416)**	**(1,692)**
Profit (loss) before taxation		**20,381**	**9,627**
Income tax		(3,510)	(1,791)
Net profit (loss)		**16,871**	**7,836**
Other comprehensive income (expenses)		-	-
Total comprehensive income (expenses)		**16,871**	**7,836**

Separate statement of changes in equity

	Notes	Share capital	Shares premium	Legal reserve	Other reserves	Retained earnings (losses)	Total
Balance as at 31 December 2022		**44,087**	**-**	**1,876**	**49,437**	**10,112**	**105,512**
Net profit (loss)		-	-	-	-	17,549	17,549
Total comprehensive income (expense)		**-**	**-**	**-**	**-**	**17,549**	**17,549**
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income		-	-	-	-	8	8
Reserves formed		-	-	506	3,033	(3,539)	-
Dividends	14	-	-	-	-	(6,573)	(6,573)
Total transactions related to owners of the company		**-**	**-**	**-**	**-**	**-**	**-**
Balance as at 31 December 2023		**44,087**	**-**	**2,382**	**52,470**	**17,557**	**116,496**
Net profit (loss)		-	-	-	-	16,871	16,871
Total comprehensive income (expense)		**-**	**-**	**-**	**-**	**16,871**	**16,871**
Reserves formed		-	-	878	6,145	(7,023)	-
Dividends	14	-	-	-	-	(10,534)	(10,534)
Total transactions related to owners of the company		**-**	**-**	**878**	**6,145**	**(686)**	**(10,534)**
Balance as at 30 June 2024		**44,087**	**-**	**3,260**	**58,615**	**16,871**	**122,833**

The following notes form an integral part of these financial statements

Separate statement of cash flows

	Notes	06/2024	06/2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit (loss)		16,871	7,836
ADJUSTMENTS			
Depreciation and amortisation costs	5,6,7	12,400	12,015
(Gain) loss on disposal/write-off of non-current assets		198	(292)
Change in impairment of receivables		205	(49)
Impairment (reversal) of fixed assets, inventories and investments		2,990	
Change in accrued income/expenses		644	(5,366)
Interest (income) expense		2,366	1,325
Interest on lease liability		221	192
Increase (decrease) in provisions		-	58
Effect of currency exchange fluctuations		(33)	(56)
Income tax expense (income)		3,510	1,791
Operating cash flows after adjustments		**39,372**	**17,454**
CHANGE IN WORKING CAPITAL			
Decrease (increase) in inventories		3,523	(101)
Decrease (increase) in trade and other receivables and prepayments		(6,762)	(5,447)
Increase (decrease) in trade payables, trade receivables and trade prepayments received		(5,631)	7,294
Increase (decrease) in employment-related liabilities		(692)	284
Increase (decrease) in other long-term and short-term payables		2 001	(11,856)
Net cash flows from operating activities		**31,811**	**7,628**
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed assets (acquisition)		(14,470)	(11,674)
Proceeds from the sale of fixed assets and investments		26	-
Interest received		669	196
Net cash flows from investing activities		**(13,775)**	**(11,478)**

	Notes	06/2024	06/2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest (paid)		(9)	(97)
Interest on lease liabilities		(221)	(192)
Payment of lease liabilities		(1,647)	(1,636)
Cash flows related to owners	14	(10,534)	
Net cash flows from financing activities		**(12,411)**	**(1,925)**
Net increase (decrease) in cash flows		**5,625**	**(5,775)**
Cash and cash equivalents at beginning of period		**58,054**	**52,982**
Cash and cash equivalents at the end of the period	12	**63,679**	**47,207**

The following notes form an integral part of these financial statements

Explanatory notes

1. General information

AB LTG Cargo (hereinafter referred to as the "Company") was registered in the Register of Legal Entities of the Republic of Lithuania on 28 December 2018.

The Company is a private legal person with limited liability, which organises its economic, financial, organisational and legal activities independently. AB LTG Cargo is a company of the Group of Lietuvos geležinkeliai, the sole shareholder of which is AB Lietuvos geležinkeliai. The Company's registration number is 304977594, VAT identification number is LT100012103918, legal (registration) address is Geležinkelio g. 12, LT-02100 Vilnius.

The Company's main activities are freight transport and logistics, loading and unloading, wagon hire, locomotive and crew coordination services, manufacture of new locomotives, road machines and infrastructure track machines, overhaul, overhaul and maintenance of rolling stock, manufacture of freight wagons and depot, overhaul and overhaul of freight wagons. Repairs of rolling stock assemblies and units are also carried out.

As at 31 December 2023 and 30 June 2024, the sole shareholder of the Company was the parent company AB Lietuvos geležinkeliai. The Ministry of Transport and Communications of the Republic of Lithuania owns 100 per cent of the shares of AB Lietuvos geležinkeliai.

The company has no branches or representative offices.

The number of active staff at the end of the period (excluding staff on parental leave, military service, long-term sick leave) at 30 June 2024 was 1,714 (on 31 December 2023: 1,723).

Investments in subsidiaries are shown below:

Company	Address of the registered office of the company	Shareholding, %.		Main activities
		30/06/2024	31/12/2023	
LTG Cargo Polska Sp. Zo.o.	Świętojerska 5/7. 1, Warsaw	100	100	Cargo transport and related services in Poland
LTG Wagons UAB	Geležinkelio st. 12, Vilnius	100	100	Renting of wagons for the carriage of goods
LTG Cargo Ukraine LLC	Pushkino str. 21, Kyiv	100	100	Cargo transport and related services in Ukraine

2. Basis of preparation

These condensed interim financial statements of the Company (hereinafter referred to as the "interim financial statements") for the six-month period ended 30 June 2024 have been prepared in accordance with International Accounting Standard (hereinafter referred to as the "IAS") 34 "Interim Financial Reporting".

These interim financial statements do not contain all the information required for the annual financial statements and should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (hereinafter referred to as the "IFRS") as approved by the International Accounting Standards Board (‚IASB') and as adopted for application in the EU.

These interim financial statements of the Company are prepared using the historical cost method.

The currency of the submission is the Euro. These financial statements are presented in thousands of Euros unless otherwise stated.

The Company's financial year coincides with the calendar year.

These financial statements are unaudited for the period ended 30 June 2024. The annual accounts for the year ended 31 December 2023 have been audited by KPMG Baltics UAB.

3. Significant accounting principles

Changes in accounting policies and disclosures. The accounting policies adopted in the preparation of these interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023, except for the new standards that became effective from 1 January 2024. In preparing these interim financial statements, the Company has not applied the new standards, amendments and interpretations that have been adopted but not yet effective. Some of the adopted amendments are being applied for the first time in 2024 but do not have a material impact on the Company's financial statements.

4. Critical accounting estimates

The significant judgements made by management in the preparation of these interim financial statements in applying the accounting policies and determining the key accounting uncertainties are the same as those applied in the preparation of the financial statements for the year ended 31 December 2023.

5. Property, plant and equipment

The amount of depreciation and amortisation charges included in the Statement of Profit or Loss and Other Comprehensive Income amounted to EUR 12,400 thousand (EUR 12,015 thousand at 30 June 2023). The afore-mentioned amount includes depreciation charges of EUR 11,381 thousand (EUR 10,890 thousand as at 30 June 2023) for property, plant and equipment, EUR 1 747 thousand (EUR 1 879 thousand as at 30 June 2023) for depreciation charges for assets held under right of use and EUR 262 thousand (EUR 114 thousand as at 30 June 2023) for amortisation charges for intangible assets. Capitalised depreciation amounted to EUR 990 thousand (EUR 758 thousand at 30 June 2023).

The cost of the Company's fully depreciated but still in use property, plant and equipment amounted to EUR 15,943 thousand (31 December 2023: EUR 11 958 thousand). The majority of the fully depreciated property, plant and equipment was rolling stock.

The Company's property, plant and equipment consisted of:

	Buildings and structures	Machinery and equipment	Vehicles	Other equipment, fittings and tools	Construction in progress and prepayments	Total
ACQUISITION VALUE						
31 December 2022	**696**	**3,411**	**278,482**	**1,409**	**14,789**	**298,787**
- acquisitions	-	-	-	-	19,594	19,594
- assets sold, written off, disposed	-	(97)	(5,102)	(42)	-	(5,241)
- reclassification from/(to) current assets	(66)	(27)	(4,701)	(15)	8,388	3,579
- reclassifications	-	829	20,667	30	(21,526)	-
31 December 2023	**630**	**4,116**	**289,346**	**1,382**	**21,245**	**316,719**
- acquisitions	-	-	-	-	12,574	12,574
- assets sold, written off, disposed	-	(16)	(674)	(4)	-	(694)
- reclassification from/(to) current assets	-	(19)	-	(11)	(2,050)	(2,080)
- reclassifications	-	158	11,896	49	(12,103)	-
30 June 2024	**630**	**4,240**	**300,568**	**1,415**	**19,667**	**326,519**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
31 December 2022	**(213)**	**(1,204)**	**(86,357)**	**(380)**	**-**	**(88,154)**
- depreciation	(50)	(510)	(20,956)	(221)	-	(21,737)
- impairment	-	(12)	466	-	(1,357)	(903)
- assets sold, written off, disposed	-	81	1,640	39	-	1,760
- reclassification (from/to) current assets	27	9	2,602	6	-	2,644
31 December 2023	**(236)**	**(1,636)**	**(102,605)**	**(556)**	**(1,357)**	**(106,390)**
- depreciation	(25)	(229)	(11,033)	(94)	-	(11,381)
- impairment	-	6	(2,196)	-	-	(2,190)
- assets sold, written off, disposed	-	9	133	4	-	146
- reclassification (from/to) current assets	-	8	-	3	-	11
30 June 2024	**(261)**	**(1,842)**	**(115,701)**	**(643)**	**(1,357)**	**(119,804)**
CARRYING AMOUNT						
31 December 2022	**483**	**2,207**	**192,125**	**1,029**	**14,789**	**210,633**
31 December 2023	**394**	**2,480**	**186,741**	**826**	**19,888**	**210,329**
30 June 2024	**369**	**2,397**	**184,867**	**773**	**18,309**	**206,715**

6. Right-of-use assets

The assets held by the Company under usufruct consist of:

	Buildings and structures	Other assets	Total
ACQUISITION COST			
31 December 2022	**31,188**	**986**	**32,174**
- acquisitions	3,717	(12)	3,705
- assets sold, written off, disposed	(2,033)	(523)	(2,556)
31 December 2023	**32,872**	**451**	**33,323**
- acquisitions	3,657	103	3,760
- assets sold, written off, disposed	(3,111)	(117)	(3,228)
30 June 2024	**33,418**	**437**	**33,855**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
31 December 2022	**(2,532)**	**(461)**	**(2,993)**
- depreciation	(3,536)	(159)	(3,695)
- assets sold, written off, disposed	1,256	348	1,604
31 December 2023	**(4,812)**	**(272)**	**(5,084)**
- depreciation	(1,686)	(61)	(1,747)
- assets sold, written off, disposed	390	88	478
30 June 2024	**(6,108)**	**(245)**	**(6,353)**
CARRYING AMOUNT			
31 December 2022	**28,656**	**525**	**29,181**
31 December 2023	**28,060**	**179**	**28,239**
30 June 2024	**27,310**	**192**	**27,502**

7. Intangible assets

The Company's intangible fixed assets consist of the following:

	Software	Other intangible assets	Total
ACQUISITION COST			
31 December 2022	**1,435**	**1,263**	**2,698**
- acquisitions	-	843	843
- assets sold, written off, disposed	(101)	(3)	(104)
- reclassifications	1,099	(1,099)	-
31 December 2023	**2,433**	**1,004**	**3,437**
- acquisitions	-	96	96
30 June 2024	**2,433**	**1,100**	**3,533**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
31 December 2022	**(279)**	**(37)**	**(316)**
- depreciation	(241)	(40)	(281)
- assets sold, written off, disposed	101	3	104
31 December 2023	**(419)**	**(74)**	**(493)**
- depreciation	(238)	(24)	(262)
30 June 2024	**(657)**	**(98)**	**(755)**
CARRYING AMOUNT			
31 December 2022	**1,156**	**1,226**	**2,382**
31 December 2023	**2,014**	**930**	**2,944**
30 June 2024	**1,776**	**1,002**	**2,778**

8. Investments

Movements in investments in subsidiaries and other companies consisted of:

Company name		Controlled share (%)	30/06/2024			31/12/2023		
			Investment value	Impairment	Carrying value	Investment value	Impairment	Carrying value
SHARES IN SUBSIDIARIES								
LTG Cargo Polska Sp. Zo.o.	a)	100	7,735	-	7,735	7,735	-	7,735
LTG Wagons UAB	b)	100	150	(150)	-	150	(150)	-
LTG Cargo Ukraine LLC	c)	100	489	-	489	489	-	489
Total			**8,374**	**(150)**	**8,224**	**8,374**	**(150)**	**8,224**

Financial position of subsidiaries:

30/06/2024	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity
LTG Cargo Polska Sp. Zo.o.	8,115	8,664	9,318	6,808	653
LTG Wagons UAB	-	16	-	99	(83)
LTG Cargo Ukraine LLC	2	923	-	287	638

31/12/2023	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity
LTG Cargo Polska Sp. Zo.o.	9,296	8,664	6,808	9,318	1,834
LTG Wagons UAB	-	5	-	76	(71)
LTG Cargo Ukraine LLC	2	757	11	432	316

Statements of profit or loss and other comprehensive income of subsidiaries:

Įmonės pavadinimas	06/2024			06/2023		
	Revenue	(Expenses)	Profit (loss)	Revenue	(Expenses)	Profit (loss)
LTG Cargo Polska Sp. Zo.o.	19,402	(24,182)	(4,780)	16,161	(17,403)	(1,242)
LTG Wagons UAB	-	(12)	(12)	-	(17)	(17)
LTG Cargo Ukraine LLC	547	(208)	339	287	(260)	27

Movements in the Company's investments in related parties:

	Investicijos vertė
Acquisition value at 31 December 2022	**16**
Acquisition (+)	7,307
Impairment (-)	901
Acquisition value at 31 December 2023	**8,224**
Acquisition (+)	-
Impairment (-)/recovery (+)	-
Acquisition value at 30 June 2024	**8,224**

9. Inventories and non-current assets held for sale

The Company's inventories consist of:

	30/06/2024	31/12/2023
Fuel	1,131	1,401
Materials	3,217	4,166
Other inventories	1,308	1,241
Total raw materials, supplies and assemblies	**5,656**	**6,808**
Purchased goods for resale	3	3
Total purchases of goods for resale	**3**	**3**
Non-current assets held-for-sale	1,016	1,315
Non-current assets held-for-sale	**1,016**	**1,315**
Total	**6,675**	**8,126**

The carrying amount of the Company's inventories amounting to EUR 6,067 thousand (EUR 7,219 thousand as at 31 December 2023) was reduced by EUR 408 thousand (EUR 408 thousand as at 31 December 2023) to the net realisable value at 31 December 2023.

In the first half of 2024, inventories (excluding fuel) amounting to EUR 2,055 thousand (EUR 2,069 thousand in the first half of 2023) were written off to operating expenses.

10. Trade and other receivables

The Company's trade and other receivables consisted of:

	30/06/2024	31/12//2023
Gross external trade debtors	12,546	10,687
Impairment (-)	(2,803)	(2,598)
Total external trade receivables	**9,743**	**8,089**
Receivables from related parties	2,777	3,458
Total receivables from related parties	**2,777**	**3,458**
VAT receivable	-	549
Other receivables from the budget	167	330
Accrued other receivables from related parties	-	390
Accrued income	52	750
Other receivables	57	48
Total other receivables	**276**	**2,067**
Total	**12,796**	**13,614**

The Company's information on the credit risk and expected credit loss for trade and other receivables:

	30/06/2024				31/12/2023			
	Expected credit losses, %	Gross carrying amount	Decrease in value	Net carrying amount	Expected credit losses, %	Gross carrying amount	Decrease in value	Net carrying amount
Not overdue	0.01%	11,852	(2)	11,850	0.01%	11,448	(1)	11,447
1-30 days overdue	0.23%	128	-	128	0.35%	491	(2)	489
31-60 days overdue	0.00%	0	-	0	8.88%	103	(9)	94
61-120 days overdue	2.85%	51	(1)	50	0.08%	52	-	52
More than 120 days overdue	82.33%	3,401	(2,800)	601	79.84%	3,239	(2,586)	653
Total		**15,432**	**(2,803)**	**12,629**		**15,333**	**(2,598)**	**12,735**

11. Prepayments

The Company's prepayments consisted of:

	30/06/2024	1/12/2023
Prepayments to external suppliers	21	212
Prepayments to related parties	8,460	1,205
Guarantees paid to external suppliers	32	32
Guarantees paid to related parties	730	735
Deferred expenses	841	526
Total	**10,084**	**2,710**

12. Cash and cash equivalents

The Company's cash and cash equivalents consisted of:

	30/06/2024	31/12/2023
Cash in bank	63,679	58,054
Total	**63,679**	**58,054**

On 30 June 2024, the Company did not have any fixed-term deposits. There was no pledged.

13. Reserves

Legal reserve

The statutory reserve is mandatory under the legislation of the Republic of Lithuania. At least 5% of net profits must be transferred to it each year until the reserve reaches 10% of the share capital. As at 30 June 2024, the statutory reserve amounted to EUR 3,260 thousand and as at the end of 2023 the statutory reserve amounted to EUR 2,382 thousand.

Other reserves

At 30 June 2024, other reserves amounted to EUR 58,615 tho-usand (on 31 December 2023: EUR 52,470 thousand).

14. Dividends

Dividends distributed and paid out of the distributable profit of AB LTG Cargo in 2023 amounted to EUR -10,534 thousand (EUR 6,573 thousand from 2022).

15. Loans and borrowings

The Company's loans consisted of:

	30/06/2024	31/12/2023
Bank EIB - 4	-	667
AB Lietuvos geležinkeliai	120,363	120,363
Interest	11,956	8,930
Total	**132,319**	**129,960**
Long-term loans	103,169	111,766
Short-term loans	29,150	18,194
Total	**132,319**	**129,960**

EIB-4 loan for the purchase of new rolling stock. AB LTG Cargo repaid EUR 667 thousand of the loan in the first half of 2024 (EUR 3,333 thousand in the first half of 2023) and paid EUR 9 thousand (EUR 97 thousand in the first half of 2023) of interest.

The Company's loan payments relating to the retirement of the rolling stock received are shown in the Statement of Cash Flows under Acquisition of Fixed Assets.

In order to manage funds more efficiently and ensure liquidity, the Company uses a Group Cash-pool account. As at 30 June 2024, the Company had no debt obligations.

16. Employee benefits

Employee benefits and liabilities by type:

	30/06/2024	31/12/2023
NON-CURRENT LIABILITIES		
Provisions for pensions and similar liabilities	1,516	1,746
Total non-current liabilities:	**1,516**	**1,746**
CURRENT LIABILITIES		
Accumulated leave pay	2,209	1,975
Wages payable	2,033	1,996
Social security contributions payable	1,051	946
Personal income tax payable	745	650
Other employment-related liabilities	1,053	1,986
Total current liabilities:	**7,091**	**7,553**
Total	**8,607**	**9,299**

17. Trade and other payables

The Company's trade and other payables consisted of:

	30/06/2024	31/12/2023
Trade payables	2,537	4,513
Trade payables to related parties	4,379	8,555
Prepayments received	5,579	5,005
Prepayments received from related parties	7,220	7,216
Cash guarantees received	470	527
Other taxes payable to the budget	896	433
Accrued costs of foreign rail services	152	550
Accrued amounts payable to related parties	9,440	8,078
Accrued costs	539	859
Other payables and liabilities	8	7
Total	**31,220**	**35,743**

The majority of the accrued costs were uncollected fuel bills. The Company recorded a liability for audit and other non-audit services of EUR 50 thousand under accrued expenses.

18. Sales revenue

The Company's revenue consisted of:

	06/2024	06/2023
Revenue from the domestic freight transportation	53,599	51,825
Revenue from international freight transport	57,867	49,846
Provision of freight-related services	24,952	24,610
Locomotive and locomotive crew work abroad	659	719
Maintenance and repairs	3,058	2,113
Wholesale trade	1,838	2,068
Lease of assets	3,342	3,150
Other services	5,782	3,604
Total	**151,097**	**137,935**

The Company's revenue at the time of revenue recognition was as follows:

	06/2024	06/2023
Recognised immediately	144,697	135,148
Recognised over a continuous period	6,400	2,787
Total	**151,097**	**137,935**

19. Financial net result

The Company's financial result was as follows:

	06/2024	06/2023
Total finance income	**851**	**429**
Penalties and interest on overdue customer debts	148	177
Interest	669	196
Effects of changes in exchange rates	34	56
Total finance costs	**(3,267)**	**(2,121)**
Interest	(3,035)	(1,831)
Other costs	(232)	(290)
Total	**(2,416)**	**(1,692)**

20. Related party transactions

The Company's related party transactions and balances for the six-month period ended 30 June 2024 were as follows:

	06/2024		06/2024	
	Sales	Purchases	Receivables	Payables
AB Lietuvos geležinkeliai*	155	28,978	1,469	143,541
AB LTG Infra"**	299	48,346	736	11,175
UAB LTG LINK	6,117	184	2,049	30
UAB Geležinkelio tiesimo centras	441	-	15	-
LTG Cargo Ukraine LLC	44	313	76	21
Cargo Polska SP. Zo.o.	281	6,184	794	334
"voestalpine VAE Legetecha UAB	37	-	19	-
Total	**7,374**	**84,005**	**5,158**	**155,101**

The Company's related party transactions and balances for the six-month period ended 31 December 2023 were as follows:

	06/2023		31/12/2023	
	Sales	Purchases	Receivables	Payables
AB Lietuvos geležinkeliai*	10	28,976	1,469	143,353
AB LTG Infra**	192	48,707	736	9,948
UAB LTG LINK	3,587	184	2,049	29
UAB Geležinkelio tiesimo centras	531	-	16	-
LTG Cargo Ukraine LLC	495	66	76	21
LTG Cargo Polska SP. Zo.o.	181	7,012	794	334
voestalpine VAE Legetecha UAB	34	-	19	-
Total	**5,029**	**84,945**	**5,159**	**153,685**

In line with the methodology of LTG Group, all related party transactions are carried out on an arm's length basis.

Management remuneration and other benefits

At 30 June 2024, there were 8 managers, i.e. the Chief Executive Officer and the heads of the following departments: Service, Technology Asset Management, Service Sales and Development, Development of Intermodality and International Business, Business Support, Customer Experience Management, Finance.

	06/2024	06/2023
Management remuneration	427	376
Incentive payments*	-	1
Accrued long-term benefits**	1	1
Number of managers	8	7
Allowances for members of the Board	48	51
Number of the members of the Board	5	5

**Incentive payments are performance bonuses and one-off bonuses.*
*** Accrued long-term benefits are provisions for pensions and similar obligations accrued at the year-end of the reporting period.*

On 30 June 2024, no loans, guarantees, other disbursements or accruals or transfers of assets have been made to the management of the Company other than as set out above.

21. Contingent assets and liabilities

The tax administrator has not carried out a full tax audit 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 3 preceding calendar years, and in certain cases for the current and the 5 or 10 preceding calendar years, and may assess additional taxes and penalties. The management of the Company is not aware of any circumstances that could give rise to a potential material liability for unpaid taxes.

22. Events after the reporting period

There were no material events after the end of the reporting period that should be recognised or disclosed in the financial statements for the first half of 2024.