Consolidated and the Company's Interim report and financial statements (unaudited)

for the six-month period ended 30 June 2024

LTG LITHUANIAN RAILWAYS

Table of contents

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

Overview

LTG LITHUANIAN RAILWAYS

1.1. Ceo's foreword

Dear colleagues, customers and partners,

We started the year 2024 with the momentum of last year. I am pleased to see not only the improving performance of the LTG Group and its companies, but also the accelerating implementation of strategic projects.

In Lithuania, the first of the three Baltic States to start building the European Rail Baltica line, construction works intensified every month of 2024. The project will continue to rapidly expand throughout the year, with contracts for new railway embankment sections to be signed this year and work planned on a 70 km section. Next year, the construction works is expected to extend to another 49 kilometres towards Panevėžys.

In early 2024, we started contract works for the final stage of electrification of the country's most important railway artery Vilnius-Klaipėda. A project of major importance for Lithuania, which will make travel and freight transport even more sustainable and efficient, is confidently moving towards the finishing line. Completion of this project will not only significantly increase the competitiveness of the transport sector of Lithuania, but will also reduce both direct and indirect GHG emissions by as much as 150,000 tonnes per year, making a significant contribution to a more sustainable and cleaner future for Lithuania.

In 2024, we will continue our work to promote intermodal transport and expand our freight services in Lithuania and abroad. Together with Ukrainian Railways, we have agreed to strengthen international cooperation and develop a joint international intermodal route Klaipėda-Kyjiv via Poland.

The LTG Group continues its strategic investment projects to strengthen its capacity and expand its freight services in Lithuania. This year LTG Cargo has launched an international tender procedure to purchase 200 new open top wagons. Consistent implementation of strategic projects will further increase rail freight volumes.

Innovation in 2024 is at the heart of the day-to-day activities of the LTG Group. This year, a pilot project has been launched to test electric storage (battery) technology. A solar power plant has been installed in a noise abatement wall next to the railway line Kyviškės-Vaičiūnai.

Passengers are presented with new options for purchasing train tickets: self-service ticket vending machines have been installed at stations, and tickets are also available at more than 2,500 new sales points across Lithuania.

In 2024, we are also improving rail safety. This year, we have started testing a new system at level crossings, with an innovative camera based on LIDAR technology installed at one of the crossings. To ensure the safety of vehicles at level crossings, we have set up an advanced level crossing monitoring centre, where the operator will centrally monitor the traffic situation at seven level crossings.

A new European rail link to Klaipėda has also been agreed, which will improve transport and logistics links in the Baltic region and Eastern Europe, create an attractive alternative to road transport, and help the Port of Klaipėda to diversify its activities and open up new markets.

EGIDIJUS LAZAUSKAS
CEO of AB Lietuvos Geležinkeliai

To sum up, during the first half of the year 2024 we have laid a solid foundation for sustainable growth. Consistently increasing freight revenues on the Polish market, popular international passenger routes and the accelerating implementation of strategic infrastructure projects will allow us to maintain our growth momentum and continue to consistently deliver a sustainable return to our shareholder, i.e. Lithuania.

1.2. Activities of the Group

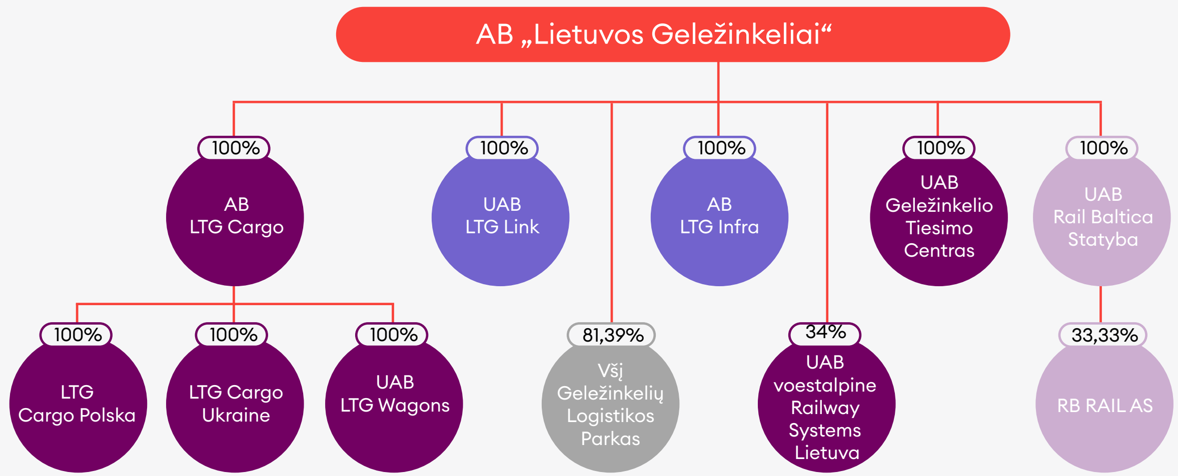
The LTG Group is a group of state-owned railway freight and passenger transport and public railway infrastructure management companies, consisting of the parent management company AB Lietuvos Geležinkeliai and its directly and indirectly owned subsidiaries, subsequent companies, public entity and the association.

Taking into account the structural changes carried out in the LTG Group during 2018–2021 and the purification and separation of the activities of the carriers and the infrastructure manager into separate legal entities in accordance with EU requirements, preconditions are created for the companies providing transport services to operate in a competitive environment and ensuring the liberalisation of the rail market.

Following the structural changes implemented in the LTG Group, there is a clear dividing line according to the activities carried out by the companies: companies carrying out activities of a commercial nature (operating in a competitive market under the same conditions as other Lithuanian and foreign market participants); companies carrying out activities of public interest and ensuring the provision of services of public interest (performing functions entrusted to them by the state); and companies carrying out other kinds of activities.

The principal activity of the LTG Group comprises freight and passenger transportation by rail transport and management of the public railway infrastructure and railway service equipment. The LTG Group earns the major portion of revenue from provision of freight transportation services.

STRUCTURE OF THE GROUP



- Subsidiaries and subsequent companies operating in competitive markets at the same conditions as other participants of Lithuanian and foreign markets
- Subsidiaries imlementing functions imposed by the State – the special obligations
- UAB Rail Baltica Statyba is a founder and shareholder of RB RAIL AS coordinating imlementation of the project Rail Baltica
- Public entity

** By decision of the shareholders of VšĮ Geležinkelių Logistikos Parkas, on 7 May 2024 the capital of the entity was increased by a monetary contribution of EUR 50,000 from LTG. The shareholders' capital in the reporting period amounted to EUR 626,396, including the share of LTG equal to EUR 509,817 or 81.39% and the share of Vilnius City Municipality equal to EUR 116,579 or 18.61%.*

The LTG Group also performs specific obligations entrusted by the State through the provision of public passenger rail services, maintenance, renewal and development of the public railway infrastructure, provision of the minimum access package services and disposal of the public railway infrastructure by the right of trust. The specific obligations are subject to public funding. This significantly contributes to the sustainability of the financial flows of the LTG Group.

The LTG Group has a concentration of rail transport assets worth more than EUR 2.5 billion. The majority of the assets consists of the public railway infrastructure (rail tracks, security, electricity and telecommunication installations and structures), railway service facilities (station buildings and other objects) owned and managed by the State of Lithuania under the right of trust, as well as assets used for their maintenance. Other assets include freight and passenger rolling stock, maintenance and repair facilities, assets necessary for passenger and freight services, information systems and their technical equipment.

As at 30 June 2024, 5,804 employees worked for the LTG Group companies, 737 of them worked for the parent company AB Lietuvos Geležinkeliai.

Main activities of the Group

Management of the Group companies

AB Lietuvos Geležinkeliai is the parent management company.

In addition to the provision of management and shared services to the LTG Group companies, the Company provides the following services to the Group companies: fuel resale, lease of property and vehicles.

Freight transportation by rail

LTG Cargo is a licensed railway company providing rail freight transport services, as well as locomotive and wagon repair and maintenance services.

The companies of LTG Cargo group – LTG Cargo Polska and LTG Cargo Ukraine – provide freight services in Poland and Ukraine.

Passenger transportation by rail

LTG Link is a licensed railway company providing rail passenger services in Lithuania and on international routes. The Company also provides transit services from the Belarusian border to the Kaliningrad region.

Management of the public railway infrastructure

LTG Infra manages all the objects of the public railway infrastructure within the railway network of the Republic of Lithuania by the right of trust, exercises the duties of the public railway infrastructure management ensuring effective functioning, upgrading and development of the public railway infrastructure, organisation of railway transport traffic as well as providing indiscriminatory access to the public railway infrastructure for all railway undertakings legally operating in Lithuania.

Railway construction and repair

GTC is a licensed railway company providing construction, repair, maintenance, specialised equipment rental and design services for railway infrastructure.

1.3. Strategy

The activities of the LTG Group are based on rational strategic planning and management. The long-term corporate strategy of the Group, encompassing all our activities was approved for the first time in 2018: transportation of freight and passengers and provision of related services in domestic and international markets, railway infrastructure management, implementation of top-priority investment projects.

We have undergone a number of significant changes over the last few years. The war in Ukraine, caused by the Russian Federation in February 2022 and the imposition and continuation of economic sanctions on Russia by the EU and the USA have led to a significant reduction in freight flows to and from third countries, including transit flows. Cargo types are changing, with a steady decline in general cargo flows (coal, wood, etc.) and an increase in the importance of intermodal transport in international shipments. There is a growing global focus on sustainability, ecology, the efficient use of energy and natural resources, and initiatives that reduce environmental impact and climate change.

In order to ensure the quality of the implementation of the strategy and to ensure that the LTG Group does not deviate from its objectives in the context of a continuously changing external and internal environment, we review and update the strategy annually.

On 12 December 2023, the LTG Board approved the updated strategy **LTG Strategy 2028: Integration into Europe**. It sets a clear direction until 2028 and outlines a roadmap for action until 2040.

The updated strategy is in line with the State's objectives and expectations for the Company, and thus for the LTG Group as a whole, as set out in **the Shareholder's Letter of Expectations** (link).

Non-financial expectations:

- Planning and development of the public railway infrastructure.
- Implementation of the project Rail Baltica.
- Integrity of the transport system.
- Quality of customer service.
- Leadership and increasing competitiveness.
- Innovation, digitalisation, sustainability.
- Social responsibility and employee engagement.
- Transparency and risk management.
- Good governance.

Financial expectations:

- Long-term profitability of the LTG Group must be in line with the Government's benchmark[1].
- Dividends are calculated in accordance with the legislation governing the determination of the share of profits to be distributed as dividends.
- The LTG Group must ensure that the optimal capital structure ratio is in line with the target set by the Government.

In order to ensure the development of its activities along the lines set out in the Shareholder's Letter of Expectations, LTG Holdings is developing strategic guidelines for all subsidiaries of the LTG Group. The shareholder's expectations are linked to the strategic directions, goals and objectives and the targets to measure them.

[1]The key financial performance indicators to be pursued by the SOEs for the period 2022–2024 have been approved by 18 May 2022 Resolution No 509 of the Government of the Republic of Lithuania (link).

Mission, vision and values of all companies of the Group

Connecting people and businesses for a more sustainable future

Ensuring the necessary connections so that each of us may travel and expand businesses in a sustainable way both in Lithuania and abroad, protecting the environment around us.

By ensuring viability and creating value for Lithuania, we pursue our vision of driving change towards a more sustainable and equitable national transport model.

MISSION

Being the backbone of the transport system

- **Transport axis.** By laying the foundations for more sustainable domestic connectivity for passengers and freight, we are promoting the transformation of railways from a rudimentary link to a major axis to which other modes of transport connect: roads, seas and airports converge into a single network.
- **Smooth connection.** We smoothly integrate Lithuania with other European countries.
- **Critical infrastructure.** We ensure important transportation infrastructure for civil and military mobility, supply of essential goods.

Our values are born from within the organisation, identified as the most important by employees themselves. They guide us in our day-to-day operations to achieve our vision.

VISION

Mission, vision and values of all companies of the Group

RESPONSIBILITY

I do what I say.
I promise what I can.
I protect myself and others.
I boldly commit.

CUSTOMER

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

COOPERATION

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

DEVELOPMENT

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

VALUES

Strategic directions

ESG

Becoming a benchmark for environmental friendliness and sustainability in freight and passenger transport
- We use energy and natural resources efficiently
- We initiate measures enabling reduction of the impact on the environment and climate change
- We are increasing awareness of employees and the society on safety
- We develop best corporate governance practice
- We manage risks in the most efficient way possible
- We contribute to the climate neutrality objectives of the EU and the Republic of Lithuania

Operational efficiency

Ensuring financial stability by improving operational efficiency
- We operate in line with international corporate standards of the highest level
- We optimise the use of assets
- We promote operational excellence
- We identify critical functions

Business development

Improving customer satisfaction with passenger and freight transportation services
- We are increasing infrastructure availability and freight and passenger transportation capacity
- We continue to expand our business into foreign markets, look for diversification solutions, and encourage partnerships
- We ensure optimal interaction with other modes of transport
- We aim to ensure greater competitiveness and independence in the market
- We drive the revenue growth of the LTG Group

Business resilience

Applying the "safety first" principle
- We prioritise national security interests, securing critical infrastructure
- We oversee technology compatibility in the LTG Group
- We strengthen operational resilience from the East and full integration into European countries
- We ensure a high level of road, occupational and business safety
- We take on leadership in ensuring the proper interpretation and enforcement of sanctions

Strong organisational culture

Becoming one of the most attractive employers in Lithuania
- We develop a respectful and transparent corporate culture
- We increase the maturity of the organisation to ensure the successful implementation of the vision
- We promote an inclusive high-performance culture
- We support a smooth transition from a local group to an international one
- We ensure future competencies
- We apply modern reward and recognition measures

Review of the strategy in 2024

To make the most of the opportunities offered by change and to strengthen our activities, **we are reviewing our strategy from early 2024**:

- **Clear and consensual planning of renewal activities until the end of the year.** A timetable for the renewal of the Strategy has been developed during Q1 2024 and agreed with all staff involved in the review. In addition to the renewal activities, strategy sessions of the Board of LTG and the Boards of the Operational Units of LTG, LTG top management sessions, monitoring of the Board's tasks, timelines for the submission of the Strategy to the Ministry of Transport and Communications and to the Public Institution Governance Coordination Centre, and other actions have been planned.

- **Strategy planning horizon.** The previous planning logic is maintained: the strategy is planned in detail 5 years ahead and the operational guidelines are foreseen up to 2040. This year, the detailed planning horizon is extended to 2029 and the guidelines are maintained up to 2040.

- **As part of the increased focus on the customer**, the new strategic direction of LTG – Customer Experience – is being separated from Business Development. Our goal is to dedicate efforts to creating an exceptional customer experience, exceeding customer expectations, and promoting a culture where every customer is everyone's responsibility across the organization. Customers include passengers and freight customers, carriers, internal colleagues of LTG and the State/society to which we are obliged to provide the infrastructure and the uninterrupted transport of goods and people in all circumstances. Following the completion of the strategy review in December 2024, we will plan our activities along 6 strategic directions: Customer Experience; Business Development; Operational Efficiency; ESG; Inclusive Organisational Culture; Business Resilience.

- **LTG's business models for Rail Baltica infrastructure.** As a part of the obligation of the Board of the LTG Group to plan the Rail Baltica infrastructure business, which was planned as early as 2023, passenger and freight traffic forecasts for Rail Baltica were revised during the first half of 2024, with the help of external consultants. The subsidiaries LTG Infra, LTG Cargo and LTG Link have prepared and presented the main operating principles, business opportunities, forecasted flows and investments in Rail Baltica infrastructure at a joint strategy session of the Board of LTG and the Boards of the subsidiaries of LTG. The afore-mentioned models will be incorporated into the strategies of the subsidiaries and the LTG Group during the second half of 2024 and reviewed/added annually as part of the strategic cycle.

- **Sustainability.** Recognising the significant contribution and impact of the activities of the LTG Group at national level, we focus on promoting sustainable organisational change in the environmental, social and governance fields, creating benefits for the country through collaboration with relevant groups in society, positive impacts on air quality, reducing global greenhouse gas emissions, reducing noise pollution and the use of polluting fuels, and strengthening corporate governance. The need to give ourselves a clear answer on how much and what investments and actions are necessary to achieve the level of ambition in this area by the end of the year was identified during the joint strategic session of the Boards of LTG, LTG Infra, LTG Cargo and LTG Link held in May 2024.

Strategic programmes underway and planned

As part of our long-term goals and objectives, **we develop and implement the strategic initiatives** that cut across all strategic directions of LTG: ESG, operational efficiency, business development, strengthening organisational culture and ensuring business resilience. Some of the strategic initiatives have been merged into strategic programmes under the direct management of LTG Holding since 2023.

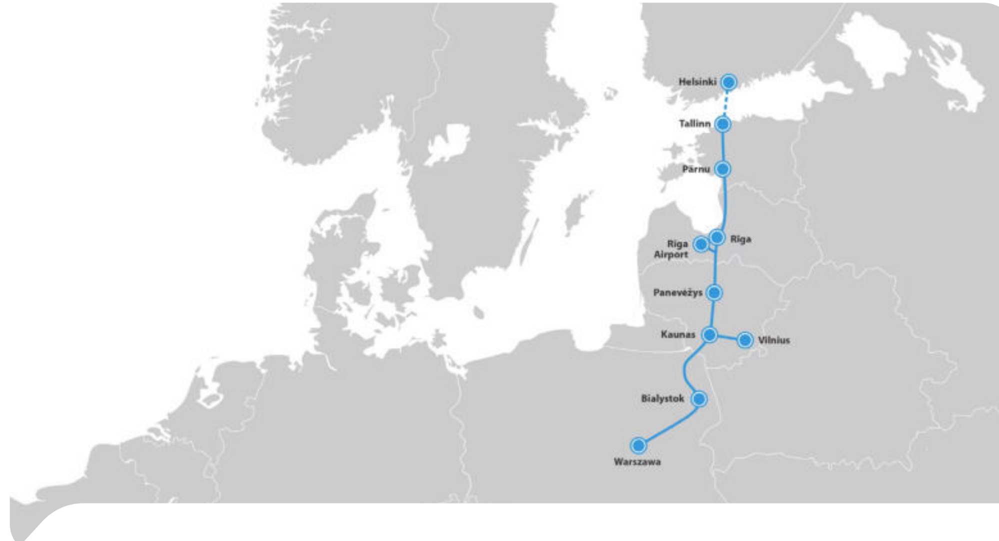
We aim at ensuring:

- synchronisation of tasks between related projects;
- interdependencies and synergies;
- communication between the programme's multifunctional team and external stakeholders;
- uniform strategic guidelines for all project managers.

4 main strategic programmes:

Rail Baltica Programme	Electrification Programme	FREE Rail Programme	Vilnius Connect Programme

Rail Baltica Programme



Rail Baltica is a greenfield rail transport infrastructure project that aims to integrate the Baltic countries into the European rail network by linking Helsinki, Tallinn, Pärnu, Riga, Panevėžys, Kaunas, Vilnius and Warsaw. The project is expected to bring the speed of passenger trains up to 249 km/h and freight trains up to 120 km/h. The Rail Baltica project is becoming increasingly important, not only as an alternative to sustainable international travel or to shift freight transport from road to rail, but also, in the context of the war in Ukraine, as a particularly important factor for regional security, military mobility and critical infrastructure.

In order to ensure the compatibility of the Rail Baltica-related projects of the LTG Group (acquisition of rolling stock, pre-commissioning, rolling stock repair depots), LTG Holding has set up the Rail Baltica Programme, which integrates this strategic project with related activities. In order to improve the efficiency of the management and coordination of the programme, the Board of LTG, by its decision dated 17 October 2023, approved a new management structure of the holding company Lietuvos Geležinkeliai, supplemented by the Rail Baltica management function. During Q2 2024, initial business models for LTG Infra, LTG Cargo and LTG Link on the Rail Baltica infrastructure have been developed and will be integrated into the strategy by the end of 2024.

In the first half of 2024, the European Commission (EC) confirmed that Lithuania has successfully implemented the first European Union funding contract the value of which is EUR 83 million. This means that the objectives of the project have been achieved and the investments made and costs incurred have been assessed as eligible. This is the first such completed contract in one of the most important strategic rail projects.

Length of Rail Baltica track in Lithuania
392 km

Governance models developed for
Rail Baltica operations until the end of 2024 **3**

Total investment with associated
projects until 2030 **EUR 4.7 billion**

Electrification Programme

In order for Lithuania to step up its efforts to meet the objectives of the European Green Deal, intensive electrification work is being carried out on Kaišiadorys-Radviliškis, Šiauliai-Klaipėda and Vilnius railway junction sections.

To ensure optimal benefits for the environment and society, the Electrification Programme has been set up, combining complementary benefit-generating projects, such as the acquisition of electric and battery-electric passenger trains (in service from the second half of 2026) and the acquisition of electric locomotives (17 units, in service from 2027). The socio-economic benefits of the electrification project are estimated to exceed EUR 700 million over the lifetime of the electrification project due to lower emissions, while the potential savings for carriers operating on the Lithuanian rail network due to lower energy and rolling stock maintenance costs are estimated at EUR 505 million, with a payback period of 19 years.

In order to meet the objectives of the programme, intensive electrification work continued in 2024. Contract works for the last (3rd) phase of electrification started on Radviliškis-Klaipėda line. The electrification of 199 km of the railway section is underway. The value of the overhead contact line installation works is estimated at EUR 191 million.

Maintenance facilities for electric locomotives and trains need to be adapted to service them, while Maintenance facilities must be adapted to service the new electric locomotives and trains, while optimising them and replacing old and worn-out equipment and buildings. A new locomotive depot is planned adjacent to Vaidotai railway station. The expansion and adaptation of the passenger rolling stock maintenance facilities to service the new electric trains is planned at the electric train repair depot in Naujoji Vilnia. After the completion of rolling stock optimisation projects in 2026–2027, there are plans to vacate the areas of the existing depots near Vilnius Railway Station.

Reduction of air pollution
150,000 tonnes annually

Proportion of rail traffic carried by electric traction **~50%**

Reduction in fuel consumption
> 30%

FREE Rail Programme

Given the need for a decisive reorientation and accelerated integration into Western Europe, the urgent need to completely and definitively disengage from dependence on Eastern technologies, and to continue to make the most efficient use of the available network capacity, we established the FREE Rail Programme in 2023.

The aim of this programme is to develop and implement a rail operating model tailored to the Baltic region, based on EU rail standards and best practices and aligned with the specificities of broad gauge. Based on the current operating model and in line with European practices, LTG has implemented the following changes during the first half of 2024:

A new operating model in the EU:

- A comprehensive analysis of the EU legislation setting out the requirements that rail operators must meet to operate in the EU has been carried out.
- Proposals for changes to national legislation to ensure the integration of the rail sector into the Western rail system are presented to the authorities.
- Preparation of the documents needed to obtain an EU maintenance certificate has started.
- Cooperation with Latvian and Estonian railways continues to find short-term and long-term solutions to ensure that the EU model is applied in the Baltic region.

Technological integration:

- A detailed analysis of the dependence of the elements of the structural subsystems that make up the railway system on Eastern technologies.
- The first substitution plan for the energy subsystem of the railway system has been prepared and the acquisition of Eastern technology-dependent elements has started in countries friendly to the Republic of Lithuania; the preparation of substitution plans for the other elements of the railway subsystems continues.
- Priorities for updating the regulatory documents of the LTG Group to ensure proper integration of the structural subsystems of the railway system into the Western railway system have been launched.
- 4 GTC locomotives are equipped with a new locomotive safety system that complies with National Safety Requirements.
- Contracts have been signed with the supplier for the installation of new locomotive safety systems on the locomotives of LTG Cargo, LTG Infra and LTG Link, and detailed installation schedules are being finalised.

IT integration:

- In cooperation with the Lithuanian Transport Safety Administration, the registration data of LTG rolling stock was transferred to the European Vehicle Register. Submission of documents to obtain a 12-character number compliant with the EU standards has been initiated.
- LTG Cargo has obtained an MQ licence, which provides a secure channel for the exchange of data between the Baltic States during the transition period.
- LTG Cargo has acquired the Orfeus system for the exchange of CIM consignment notes, and integration with other systems has begun.
- An analysis of the EU requirements for computing and exchanging data has been initiated to determine whether new IT solutions deployed will comply with them.

New operating model for EU+ **By 2030**

Technological integration **Long-term technology replacement plans started in 2024**

IT integration for seamless operations on different railway gauges

Vilnius Connect Programme

A project to renovate the station area is underway in order to increase the economic return of Vilnius Railway Station and the surrounding area, to improve the social environment, and manage the assets efficiently.

Following the approval of funding for the first phase of the design works in 2023, further actions are being carried out during the first half of 2024: (i) negotiation of a contract for design services; (ii) assessment of the Rail Baltica Vilnius-Kaunas link solutions that will have a direct impact on the station design works. The optimisation of the Connect I and Connect II sites and the preparation of the realisation of the assets located there continue.

The scope of Vilnius Connect Programme consists of 7 land plots and 7 projects.

Land area for new development
8 ha

Total area under development
100,000 square metres

Attracting investors
to develop the station area

Continuous improvement function to strengthen organisational culture and improve customer experience

In the second half of 2023, with the support of the Board of LTG and LTG managers, a continuous improvement function was established covering the whole LTG Group. The aim is to promote continuous improvement in all areas of the organisation in order to meet the strategic objectives.

In the first half of 2024, the LTG Group formed a continuous improvement team, developed a communication plan and presentations for top and middle managers, identified tools relevant to the LTG Group (Whiteboards, Problem Solving, Gemba, Kaizen, 5S, VSM) and their implementation logic, and planned training for all levels of employees.

Regular training and certification system in place **Since 2024**

Working tools
Kaizen | Gemba | 5S | PDCA | Asaichi | VSM

Focus on cost reduction / additional revenue generation

Annual targets for 2024

In line with the Shareholder Letter of Expectations and the strategic directions set out in the strategy of the LTG Group, in December 2023 **the Board of LTG approved the annual targets of the LTG Group for 2024**, their metrics and target values. The annual targets help to ensure the achievement of the strategic objectives – value creation through integration into Western markets, expansion of operations in Lithuania and abroad, improved operational efficiency, embedding a culture of sustainability, increasing employee engagement and ensuring business resilience. In line with the approved annual targets, the employees of the LTG Group are given personal targets, thus, involving them in a structured and coherent process of implementing the strategy of the LTG Group, linking the achievement of the targets to the employees' career, development and incentive plans.

Strategic direction / objective	Indicators for measuring achievement of the objectives	Unit of measure	Aims and objectives	Weight, %	Milestones for achieving the objectives
Value creation through integration into western markets	EBITDA margin of the LTG Group	%	Long-term profitability of the LTG Group in line with the shareholder's expectations	20.0	>27
	Strategic projects of the LTG Group	%	Successful implementation of Rail Baltica Programme, Electrification Programme, FREE Rail Programme	20.0	>80
Operational efficiency	Operating costs to revenue ratio of the LTG Group	Ratio	Declining cost levels of the LTG Group to increase competitiveness	15.0	<0.97
Business development	Revenue of the LTG Group from overseas markets and new business development initiatives	Eur million	Business expansion abroad and new business development initiatives in Lithuania to grow the revenue of the LTG Group	15.0	>36.3
ESG	Preparing for the implementation of the Sustainability Reporting Directive *(Corporate Sustainability Reporting Directive (CSRD))*	%	Growing the culture of sustainability of the LTG Group	10.0	>60
Business resilience	Business resilience	Level	Strengthening business resilience by implementing cyber security, anti-corruption, the GDPR, information security and other risk management measures and reducing technological dependence of the LTG Group on unfriendly countries	5.0	<III
	Time lost due to injury rate (LTIFR)	Accidents at work *1 million / total number of hours worked	Minimising incidents by ensuring a high level of occupational safety	5.0	<2.4
Strong organisational culture	Employee engagement	%	Increasing employee engagement	10.0	>50

1.4. Highlights of the reporting period

January

In January 2024, contract works for the last stage of the electrification of the country's most important railway artery, Vilnius-Klaipėda, started on the Radviliškis-Klaipėda section. It will electrify 199 km of the railway section. The value of the overhead contact line installation works is estimated at EUR 191 million.

On 9 January, LTG Link, the LTG Group's passenger transport company, which is preparing for the arrival of new electric and electric-battery trains and improving the sustainability of its operations, and the design company Skaitmeninis lapas signed a contract for the design of a new maintenance depot for the electric trains. The new depot building will be designed on the site of the current electric train depot in Naujoji Vilnia.

Arnoldas Ūkeniekas resigned as member and Chairman of LTG Cargo's Board of Directors as of 11 January. As of 12 January, the Board member Vitalij Rakovski has been appointed Chairman of the Board of LTG Cargo.

On 24 January, the Government of the Republic of Lithuania approved the infrastructure development plan for Kaunas railway junction of the Rail Baltica European rail project.

On 31 January, Kristina Meidė was appointed as the Chief Executive Officer of LTG Link, the passenger transport company of the LTG Group. She took up the position on 1 February.

February

Gediminas Šečkus was appointed as the Business Resilience Director of LTG Group. He took up the position on 1 February.

The Governance Coordination Centre (GCC) has announced the results of the Good Governance Index 2023–2024, with strategy "Integrating into Europe" of the LTG Group receiving the highest score. This is the first time that a company has been awarded the maximum score of 10 points in all five of the sections analysed by the GCC.

On 21 February 2024, the Government of the Republic of Lithuania adopted a resolution approving the sale of the electricity distribution network infrastructure held in trust by the public railway infrastructure manager LTG Infra to Energijos skirstymo operatorius (ESO). The decision will have a positive impact on almost 3,000 customers who will be free to choose the independent energy supplier offering the best price for electricity.

LTG Cargo, a company of the LTG Group, which is continuously increasing its range of services and the volume of international transport to the West, has carried out the first uninterrupted pilot run from Lithuania via Latvia to the Estonian Valga station. The freight transport was organised within the capacity of LTG Cargo which means that all logistics solutions for the route are provided independently.

March

On 14 March, LTG Infra, with the approval of the Government of the Republic of Lithuania, entered into sale and purchase agreements to transfer part of the electricity network to another the State-owned company of Ignitis Group, namely, Energijos skirstymo operatorius (ESO).

The LTG Group, which is implementing the FREE Rail Programme to integrate the rail sector into the European rail system and increase resilience, has taken another significant step by joining the Orfeus system of International Union of Railways (UIC), which is used in the West and allows cooperating carriers to transmit CIM consignment note data.

The LTG Group's reputation index has surged by 22 points in just one year, marking one of the highest increases in recent years. This impressive jump is the largest among the 54 Lithuanian companies and 15 public sector organizations evaluated. The reputation index is one of the most comprehensive and objective sociological assessments in Lithuania, providing insights into the point of view of decision-makers, opinion leaders, and societal leaders on the country's largest private and public sector companies.

April

The winding-up procedures of public entity VšĮ Transporto Inovacijų Centras were finalised. On 4 April 2024, the company was deregistered from the Register of Legal Entities of the State Enterprise Centre of Registers. The decision of the shareholders on the liquidation of the company was taken at the beginning of 2023.

The LTG Group, which is working to modernise the railway infrastructure, is testing a new technology at level crossings. An innovative video camera based on LIDAR technology has been installed at one of Vilnius level crossings as a part of a pilot project. It can monitor the position, distance and size of objects crossing the level crossing in real time. This data and its analysis using artificial intelligence tools will help prevent accidents and can be used to make decisions on the introduction of additional safety measures.

On 17 April, the process of selection of the Chief Executive Officer of the LTG Group company Geležinkelio Tiesimo Centras (GTC) was launched. The selection for the position of the CEO of GTC was announced after the former CEO Justus Vyžintas won the competition for the position of Head of Rail Baltica Management of the LTG Group company LTG Infra.

On 19 April, the Nordic Investment Bank (NIB), the European Investment Bank (EIB) and LTG Link signed a financing agreement for the purchase of electric and battery-powered trains. The NIB and the EIB will provide loans amounting to EUR 100 million each to finance 9 electric and 6 battery-powered trains, which will replace around one third of the passenger train fleet.

By 29 April 2024 Order No 3-147 of the Minister of Transport and Communications of the Republic of Lithuania, the financial statements of AB Lietuvos Geležinkeliai for the year 2023 and the distribution of the profit (loss) for the year 2023 were approved. The Company allocated EUR 13.0 million for dividends.

During their visit to Brussels, LTG Board members and LTG CEO Egidijus Lazauskas presented the updated strategy of LTG Group, recent results, and development plans for international passenger routes and freight corridors to EU transport sector decision-makers, railway associations, and other stakeholders. The meetings' agenda included discussions on the progress of the Rail Baltica project and a presentation of the FREE Rail project, which aims to integrate the Lithuanian and Baltic states' railway sectors into the European railway system. They also engaged in discussions with EU decision-makers about military mobility and the significance of dual-purpose railway infrastructure in the latest revision of the EU Trans-European Transport Network (TEN-T) regulation. The need for international intermodal freight transport, opportunities to promote these environmentally friendly transport options, and LTG Group's plans for developing intermodal transport activities were also addressed.

May

On 6 May, the LTG Group and Ukrainian Railways officially signed a Memorandum of Understanding (MoU) to strengthen international cooperation and develop a joint international intermodal route Klaipėda-Kyiv via Poland. By the aforementioned agreement of strategic importance, the rail carriers of both countries agreed to jointly coordinate the project and allocate the necessary tools and resources for its competitive development.

The LTG Group has started work on the replacement of the Russian KLUB-U locomotive safety system on self-propelled rolling stock. SRPA Impulse, which won the tender procedure, has already started the design of the system, which will be followed by the dismantling of the existing system.

By a decision of the shareholders of public entity VšĮ Geležinkelių Logistikos Parkas in May 2024, the capital of the institution was increased by a monetary contribution amounting to EUR 50,000 from LTG. Currently, the shareholders' capital amounts to EUR 626.4 thousand, including the share of LTG equal to EUR 509.8 thousand or 81.39% and the share of Vilnius City Municipality equal to EUR 116.6 thousand or 18.61%.

The LTG Group, which improved all the key performance indicators and generated a net profit of EUR 21.6 million in 2023, paid dividends in the amount of EUR 13.0 million to the State.

June

Aivaras Čičelis, a finance and corporate governance professional, joined LTG Cargo's Board of Directors as an independent member on 1 June. The selection of the independent member of the Board was made in accordance with best corporate governance practices, following the resignation of Arnoldas Ūkeniekas, Chairman of the Board.

LTG Link, the passenger transport company of the LTG Group, has installed 33 ticket vending machines at the country's most frequented railway stations, where passengers can purchase train tickets independently.

A solar power plant has been installed in a noise attenuation wall next to Kyviškės-Vaičiūnai railway line – a pilot 22.2 KW solar power plant has already delivered its first electricity to the grid and is expected to produce up to 14 MWh of electricity per year. This solution will also reduce the load on the electricity grid, as the energy will be produced at the same place where it is consumed.

The Ministry of Transport and Communications, LTG Infra, the public railway infrastructure manager of the LTG Group, Klaipėda State Seaport Authority, Klaipėda City Municipality and Klaipėda District Municipality signed a memorandum of understanding, which provides for closer cooperation in decision-making on the development of the new European rail line to Klaipėda.

Rolandas Zabilevičius was appointed as the Chief Executive Officer of the LTG Group company UAB Geležinkelio Tiesimo Centras as of 17 June.

The LTG Group, together with EPSO-G, the Centre of Registries and Ignitis Group, developed and presented the Principles for the Secure Use of Generative Artificial Intelligence (GenDI) Systems, a document that establishes the principles for the legal, uniform, consistent, secure and regulatory compliant use of GenDI systems, to the National Cyber Security Centre (NCSC).

The LTG Group has become a member of the Lithuanian Responsible Business Association (LAVA). The LAVA unites 44 companies and organisations concerned with environmental protection, social responsibility and good corporate governance practices. The institution seeks to promote the development of sustainable business, build partnerships, strengthen competences and bring together sustainability professionals.

1.5. Subsequent events

July

On 1 July, AB Lietuvos geležinkeliai (parent company) and LTG Link, the passenger transport company of the LTG Group, have implemented a new business management system SAP S/4Hana, which will enable more efficient planning of production capacity, use of resources, financial management, contract administration, help to optimise and improve processes and reduce the risk of errors. From now on, the SAP S/4Hana system will be used by the employees of the four main companies of the LTG Group, namely, LTG Link, LTG Cargo, LTG Infra, and AB Lietuvos Geležinkeliai.

LTG Cargo, the freight transport company of the LTG Group, purchased 500 wagons for transporting cereals. The first wagons are scheduled to arrive in Lithuania in the next couple of months, while the remaining 300 wagons from the first phase will arrive by the end of this year. A further 200 wagons will be delivered in the first quarter of 2025.

The Board of LTG has taken the strategic decision to set up an office of LTG in Brussels (Belgium). The main objectives of the future office are to represent LTG before the EU institutions and smoothly integrate into the Western European railway system.

Results

2.1. Overview of the main activities of the Group

Indicators of transport volumes		H1 2024	H1 2023	2024/2023↑,%	H1 2022
Freight transportation activities LTG Cargo Group					
Total freight turnover:	**in billion tonne kilometres**	**3.3**	**3.4**	**(1.9%)**	**4.0**
freight turnover in the territory of Lithuania (LTG Cargo)	in billion tonne kilometres	2.8	3.0	(9.1%)	4.0
freight turnover in the territory of Poland (LTG Cargo Polska)	in billion tonne kilometres	0.5	0.4	35.6%	0.04
freight turnover in the territories of other countries (Latvia, Estonia) (LTG Cargo)	in billion tonne kilometres	0.08	-	-	-
Carriage of freight in the territory of Lithuania (LTG Cargo):	**in million tonnes**	**12.2**	**13.1**	**(6.9%)**	**16.1**
Domestic transportation	in million tonnes	7.1	7.0	1.5%	5.9
International transportation:	in million tonnes	5.1	6.1	(16.7%)	10.2
Transit	in million tonnes	2.8	3.5	(20.4%)	4.7
Export from Lithuania	in million tonnes	1.5	1.6	(8.7%)	1.6
Import to Lithuania	in million tonnes	0.8	1.0	(16.9%)	3.9
Passenger transportation activities LTG Link					
Passenger turnover	**in million passenger km**	**242.2**	**208.2**	**16.3%**	**195.3**
Total passengers carried:	**in million passengers**	**2.606**	**2.358**	**10.6%**	**2.212**
Local connection	in million passengers	2.376	2.214	7.4%	2.120
International connection	in million passengers	0.230	0.144	59.9%	0.092
Activities of the public railway infrastructure manager LTG Infra					
Train operational volume	billion tkm gross gross	6.1	6.8	(9.3%)	8.4

Freight transportation activities

Freight transport activities are carried out by the LTG Group company LTG Cargo and its subsidiaries – LTG Cargo Polska and LTG Cargo Ukraine.

The ongoing war in Ukraine and the widening range of sanctions against Belarus and Russia continue to affect rail freight volumes in the country.

With the elimination of sanctioned freight flows and a significant decrease in transit volumes, the domestic freight transport volumes (LTG Cargo) in the first half of 2024 as compared to the first half of 2023 decreased by 6.9% to 12.2 million tonnes, and the freight turnover on the national network by 9.1% to 2.8 billion tonne kilometres. Traditionally, railways have been used for heavy or bulk cargo such as oil and its products, crushed stone and other building materials, and cereals. These freight groups dominated the transport of these goods during the period under analysis and accounted for more than a half of the total volume of freight transported by rail. The decline was recorded in the segments of chemical and mineral fertilisers, ferrous metals and construction materials.

Domestic freight volumes are growing as a result of a significant change in operating conditions. The relative share of domestic transport in total freight transport volumes rose to 58.5% in the first half of 2024, as compared to around one third in previous periods. Domestic transport increased by 1.5% to 7.1 million tonnes in the first half of 2024. As a part of road infrastructure improvement projects, the most significant growth during the period under review was in shipments of construction materials, partly offsetting the decline in shipments of chemical and mineral fertilisers.

International transport, which accounted for 41.5% of the total freight transported, decreased by 16.7% to 5.1 million tonnes in the first half of 2024. Transit freight flows through the territory of the country continue to decline, with a 20.4% decrease in the volume of transit freight to 2.8 million tonnes in the period analysed, with the most significant decrease in construction materials. The volume of international cargo entering and leaving the Port of Klaipėda also decreased by almost a quarter, mainly food products and oil.

Intermodal container train volumes in the first half of 2024 decreased by 7% as compared to the first half of 2023 to 53,000 TEU[2]. This is due to declining flows with CIS countries. Meanwhile, intermodal volumes by semi-trailer trains continue to grow. These shipments grew by almost 28% in the period under analysis, from 2,098 semi-trailers in the first half of 2023 to 2,677 semi-trailers in the first half of 2024.

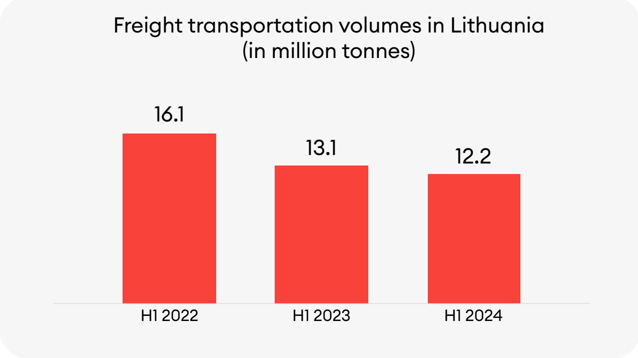
As part of its diversification and expansion into new markets, during the reporting period LTG Cargo started to provide freight transportation services in Latvia and Estonia. As of March 2024, LTG Cargo ensures petroleum product transport services on the route Bugeniai (Lithuania)-Valga (Estonia). To this end, in autumn 2023 the freight transportation company LTG Cargo obtained the General Safety Certificate authorising it to transport freight on rail infrastructure in all three Baltic States.

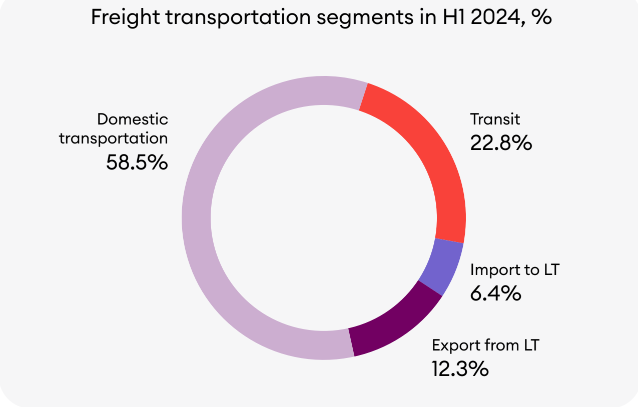
Development in Poland continues with regular intermodal services between Kaunas-Duisburg (Germany) and Kaunas-Slavkov (Poland). The volume of local freight transport on the Polish market, which will start in 2023, is growing, but the competitive environment on the Polish market is very intense.

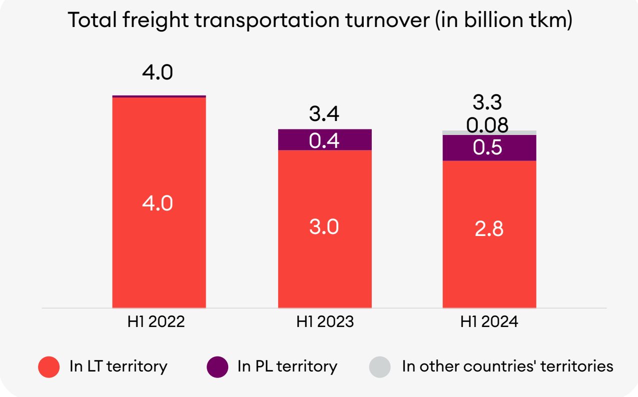
Total freight turnover varied only slightly over the period under review, with freight losses on the domestic network being offset by growth on foreign markets.

The development of international transport remains one of the key strategic areas for the LTG Group as a whole.

[2] *unit of measurement, equivalent to a 20-foot-long container.*







Passenger transportation activities

Passenger transportation activities are carried out by the LTG Group company LTG Link.

The total number of rail passengers in the first half of 2024 as compared to the first half of 2023 increased by 10.6% to 2.6 million passengers and the passenger transport turnover increased by 16.3% to 242.2 million passenger kilometres. The growth in rail passenger numbers was recorded both in the domestic and international transport market. Domestic routes accounted for 91.2% of rail passengers in the first half of 2024, while international routes accounted for 8.8%.

Transportation on domestic routes as compared to the first half of 2023 increased by 7.4% to 2.376 million passengers. The growth in passenger numbers is positively influenced by the annual updating of the timetable to meet passengers' needs, targeted marketing campaigns, the development of ticketing channels and other measures to increase the attractiveness of train travel and promote sustainable mobility.

As a part of the expansion of ticketing channels and following the successful introduction of Smart Ticketing, from June 2024 passengers will also be able to buy tickets from ticket vending machines (ticket machines) and other points of sale. During the reporting period, 33 ticket vending machines were installed at the largest stations of the country.

The "joint ticket" project is also being continued, offering passengers to buy a joint train and bus ticket in major cities of Lithuania.

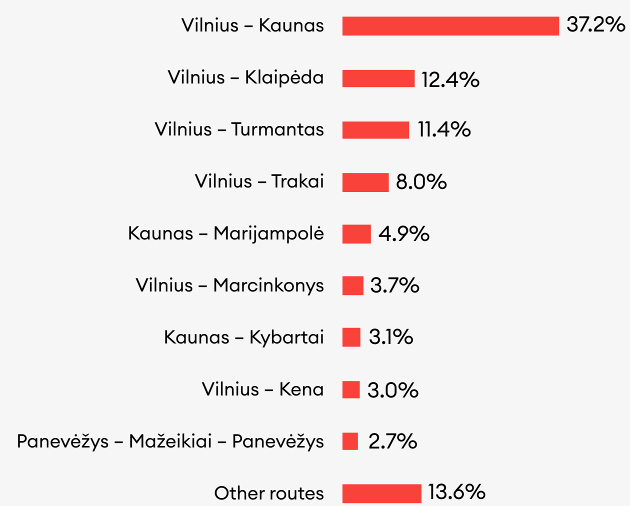
Vilnius-Kaunas remains the most popular domestic transport route (37.2%), with 0.9 million passengers travelling on it in the first half of 2024.

During the reporting period, international carriages were carried out by transit trains through the territory of the Republic of Lithuania to Kaliningrad, as well as by international trains to Poland and Latvia. The total number of passengers in the international segment increased by 59.9% as compared to the first half of 2023 and reached 0.230 million passengers.

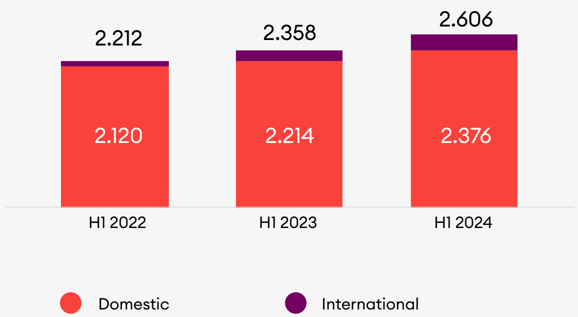
The Vilnius-Warsaw-Kraków train, which started running at the end of 2022, carried 53,000 passengers in the reporting period, while the Vilnius-Riga route, which started running at the end of 2023, carried over 45,000 passengers.

The development of international connections for passengers will continue to be a priority for the LTG Group.

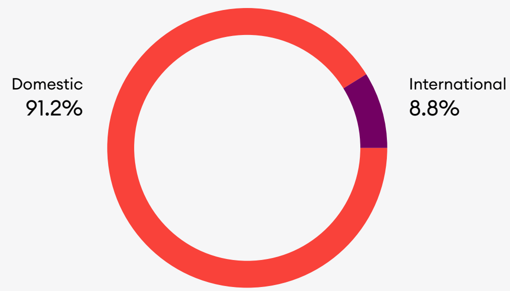
Structure of domestic transportation in H1 2024, %



Passenger transportation volumes (in million of passengers)



Passenger market segments in H1 2024, %



Activities of the public railway infrastructure manager

The functions of management, use and disposal of railway infrastructure under the right of trust and the functions of the manager of public railway infrastructure are performed by the LTG Group company LTG Infra. The functions of the public railway infrastructure manager are set out in the Railway Transport Code of the Republic of Lithuania and other legal acts regulating railway transport activities.

LTG Infra's activities are supervised by the regulator of the rail transport market, which since the beginning of 2017 has been exercised by the Lithuanian Communications Regulatory Authority.

The core services of LTG Infra include:

- services included in the package of minimum access to the public railway infrastructure;
- access to railway service facilities;
- commercial services.

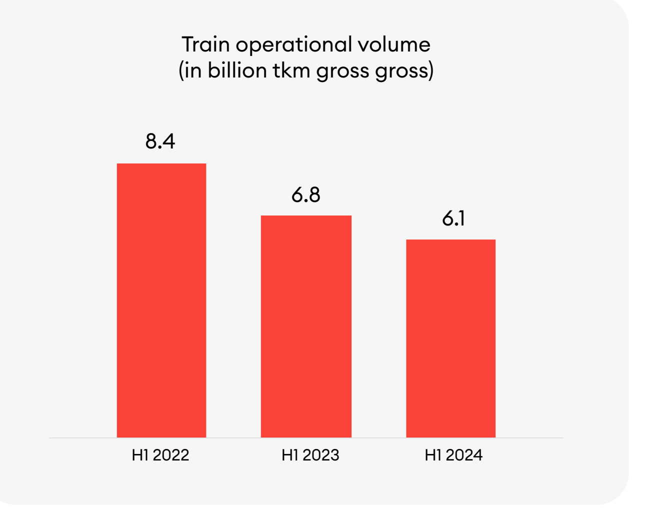
The provision of the minimum access package services by LTG Infra to the public railway infrastructure ensures compliance with the legal requirements applicable to impartiality and financial transparency of the public railway infrastructure manager, and the performance of the essential functions of the public railway infrastructure manager (allocation of the public railway infrastructure capacity, calculation and payment of the minimum access package fee).

The public railway infrastructure is used by railway undertakings (carriers) transporting passengers, luggage and freight by rail, as well as by repair companies entitled to use the public railway infrastructure. Railway undertakings/carriers shall pay a fee for the minimum access package which is necessary for railway undertakings/carriers for the provision of services for the carriage of passengers, luggage and/or freight on domestic and/or international routes. This charge is also paid by repair undertakings. The manager of public railway infrastructure LTG Infra sets the rates of charges, and they are available on the company's website (link).

In 2023, railway undertakings/carriers and repair undertakings paid a minimum access package fee (train traffic; transit of passengers, luggage; transit of freight, freight within the rail transport market segment where a mark-up may apply; use of the overhead contact line).

LTG Infra also carries out the activities of an operator of railway service facilities, i.e. manages, uses and disposes of state-owned railway service facilities and the ones owned by LTG Infra by the right of trust. The tariffs for the use of railway service facilities managed by the operator of the railway service facilities, the railway tracks located thereon, and the basic and ancillary services related to railway transport provided in these facilities shall be set by LTG Infra. The list of access to railway service facilities and services supplied in those facilities are available on LTG Infra website (link).

At the end of the reporting period, LTG Infra owns and maintains assets with a value of EUR 1.9 billion (railway tracks, switches, level crossings, approach roads, freight terminals and yards, railway stations and stops, road and other structures).



In the first half of 2024, the train working volume decreased by 9.3% as compared to the first half of 2023, reaching 6.1 billion tonne-km gross gross. The most significant impact on the indicator is due to the transport volumes of LTG Cargo, the freight transport company of the LTG Group, and the evolution of these volumes.

The company implements high-value investment projects, some of which have been recognised as economic projects of national importance. The implementation of the Rail Baltica project, the railway electrification programme, and other railway infrastructure development and modernisation projects financed by the EU and the company's funds are still in progress.

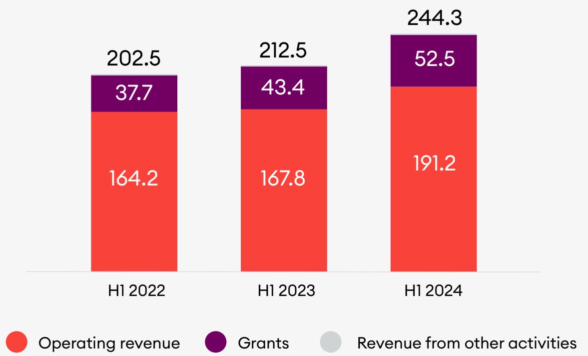
2.2. Financial performance

Revenue of LTG Group

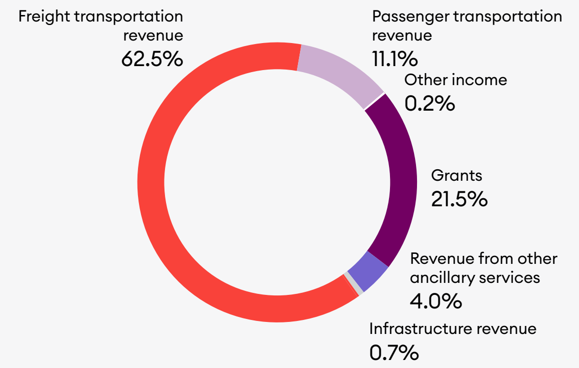
The LTG Group's revenue in the first half of 2024 amounted to EUR 244.3 million, and increased by EUR 32.3 million or 15.3%, as compared to the revenue in the first half of 2023. The LTG Group earned the majority of its revenue, 62.5%, from freight transport activities.

- **Operating revenue** increased by EUR 23.4 million or 14.0% to EUR 191.2 million as compared to the first half of 2023. The increase in revenue is attributable to the successful performance of the Group's freight and passenger service companies in the first half of 2024:
  - Total **freight revenue** increased by EUR 14.8 million or 10.8% to EUR 152.7 million as compared to the first half of 2023. Although LTG Cargo, the freight transport company of the LTG Group, continued to experience a decline in transport volumes during the period under analysis due to the impact of the sanctions, freight revenue increased. This was positively influenced by a change in the structure of freight traffic and higher freight rates, especially in the transit segment. In addition, the diversification of activities and the consistent development of services on the Polish market led to an increase in the volumes and revenues of LTG Cargo Polska, a subsidiary of LTG Cargo (from EUR 16.2 million in the first half of 2023 to EUR 19.4 million in the first half of 2024);
  - **Passenger revenue** in the first half of 2024 increased by EUR 7.9 million or 41.3% to EUR 27.1 million. The comparative weight of the revenue in the Group's total revenue structure increased to 11.1%. The growth in revenue was driven by growing passenger flows on both domestic and international routes. During the period under review, revenue from transit trains services grew due to higher passenger volumes and higher tariffs charged for this segment. As part of the expansion into Western Europe, passengers are carried on an international route to Poland from the end of 2022 and on an international route to Latvia from the end of 2023. Revenues from these international services also grew in the reporting period;
  - **Revenue from the use of public railway infrastructure** from companies outside the Group's transport service providers is not significant in the overall revenue structure and amounted to EUR 1.6 million in the first half of 2024 (EUR 0.5 million in the first half of 2023);
  - The Group also provides **other ancillary services,** such as maintenance and repair of rolling stock, leasing of assets, sale of scrap metal and other services. These revenues accounted for 4.0% of the total revenue structure and decreased by EUR 0.4 million or 3.9% to EUR 9.8 million in the period under analysis. The changes in revenue were affected by the sale of non-main activities – during the period under review, the Group's company LTG Infra transferred a part of the electricity network to the Energijos skirstymo operatorius (ESO), which resulted in a decrease in revenues from the supply of electricity to consumers.

Revenue of LTG Group, EUR million

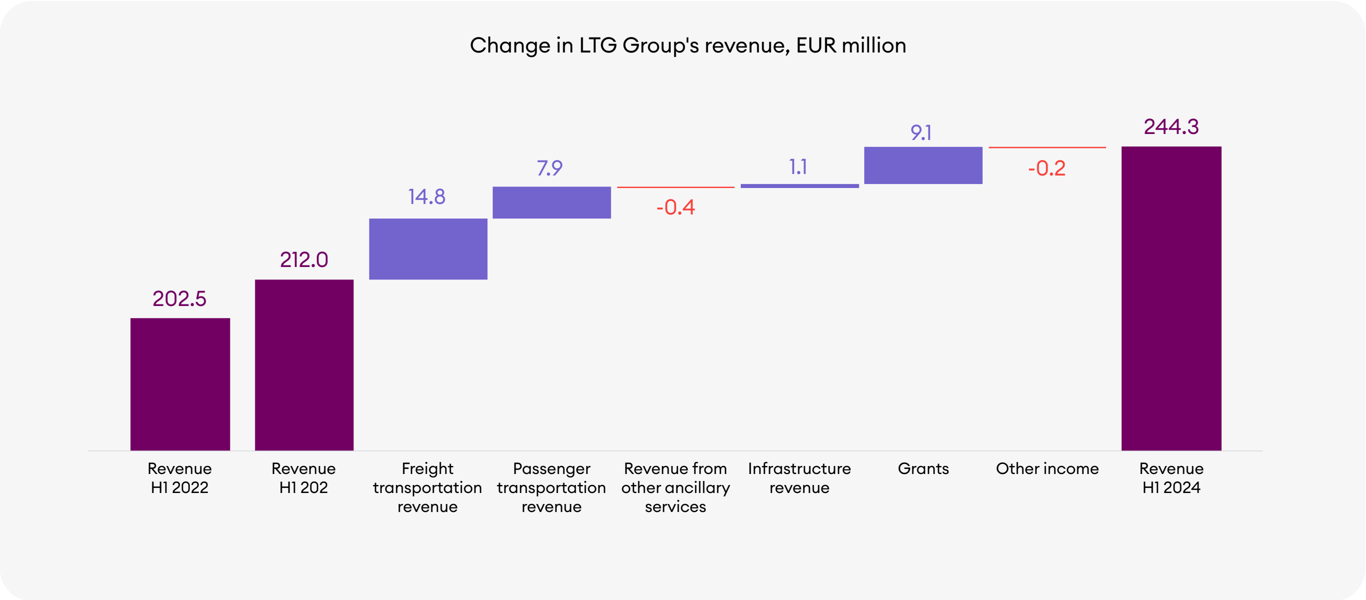


Revenue stucture of LTG Group in H1 2024, %



- **Grants revenue** amounted to EUR 52.5 million in the reporting period (EUR 43.4 million in the first half of 2023). The State budget funds are allocated to the LTG Group companies with specific obligations. In the first half of 2024, the grant revenue of LTG Link to compensate for losses incurred in the provision of public passenger transport services by rail amounted to EUR 19.2 million (EUR 15.5 million in the first half of 2023). In addition, as a result of the significant decrease in freight transport volumes, from 2022 onwards, public funds are also allocated to balance the revenues and costs of the public railway infrastructure manager LTG Infra, with subsidy revenues amounting to EUR 33.3 million in the first half of 2024 (EUR 27.9 million in the first half of 2023). Revenue from special obligations grew during the period under analysis, but due to the higher cost growth of the Group's companies, the total need for grants increased by EUR 9.1 million.

- **Other revenue** was not significant and amounted to EUR 0.6 million in the first half of 2024 (EUR 0.8 million in the first half of 2023).



Costs of LTG Group

The costs of the Group in the first half of 2024 amounted to EUR 218.3 million and increased by EUR 18.4 million or 9.2% as compared to the first half of 2023.

As in previous periods, the majority of the Group's costs were attributable to personnel costs (37.1%), depreciation and amortisation of assets (24.0%) and energy costs (12.3%).

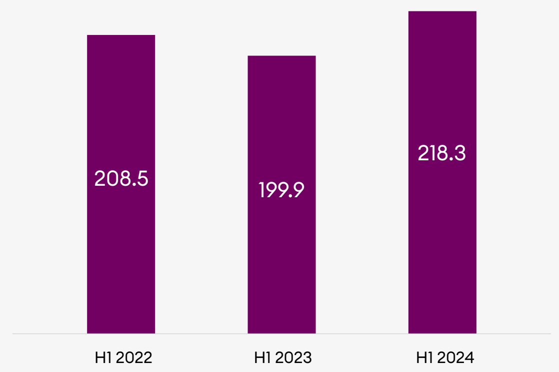
- **Costs of employee benefits** in the first half of 2024 amounted to EUR 80.9 million and increased by EUR 4.7 million or 6.2% as compared to the first half of 2023. The number of employees in the Group's companies decreased by 4.9% during the period under analysis, from 6,104 employees on 30 June 2023 to 5,804 employees on 30 June 2024. The impact on the level of payroll costs was due to the annual periodic review of employees' remuneration, which led to an increase in the average salary and, accordingly, to the allocation of a higher incentive pool to the Group's employees than in the previous year for the 2023 performance.

- **Depreciation charges** in the first half of 2024 amounted to EUR 52.4 million and decreased by EUR 1.5 million or 2.7% as compared to the first half of 2023. Depreciation of LTG Infra, the LTG Group company managing the public railway infrastructure, decreased during the reporting period. Although the investment volumes are significant, the majority of investment projects take more than one year to complete before the assets are put into operation.

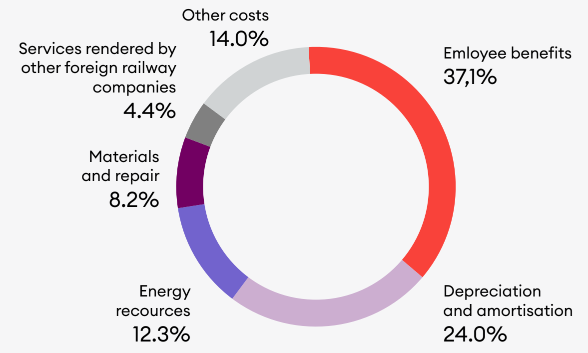
- **The cost of energy resources** (fuel, electricity) amounted to EUR 26.9 million in the first half of 2024 and increased by EUR 0.3 million or 1.3% as compared to the first half of 2023. The most significant impact on the level of this group of costs is due to changes in freight transport volumes and fluctuations in energy prices. In the reporting period, the LTG Group fuel costs decreased by EUR 1.9 million or 9.2%, while electricity costs increased by EUR 2.2 million or 39.1%.

- **The cost of materials, repairs and maintenance** in the first half of 2024 amounted to EUR 17.9 million and increased by EUR 4.1 million or 29.6% as compared to the first half of 2023. During the period under analysis, asset repair services purchased from external suppliers became more expensive, including to a significant extent maintenance and repair services for IT equipment. Repairs of passenger rolling stock and infrastructure necessary to ensure safe operation also increased

Costs of LTG Group, EUR million



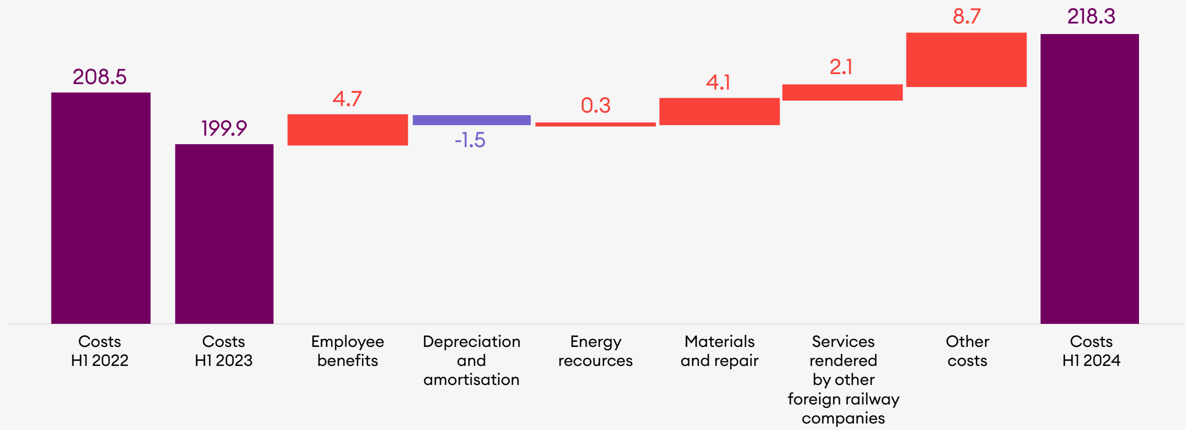
Costs structure of LTG Group in H1 2024, %



- **Services provided by other foreign railways** amounted to EUR 9.6 million in the first half of 2024 and increased by EUR 2.1 million or 28.1% as compared to the first half of 2023. The increase in costs is attributable to the growing volumes of LTG Cargo and LTG Cargo Polska, the LTG Group's freight services companies, in the foreign markets of the Baltic States and Poland.

- **Other costs** amounted to EUR 30.6 million in the first half of 2024 and increased by EUR 8.7 million or 39.4% as compared to the first half of 2023. During the reporting period, the LTG Group's costs for cleaning, insurance, consultancy and other purchased services increased. Other costs are also affected by the development of activities in foreign markets, with a significant increase in the costs of leasing rolling stock in Poland. In addition, an impairment of idle locomotives and locomotives held for sale (LTG Cargo) was recognised in the first half of 2024, which significantly increased other costs of the LTG Group.

Change in LTG Group's costs, EUR million

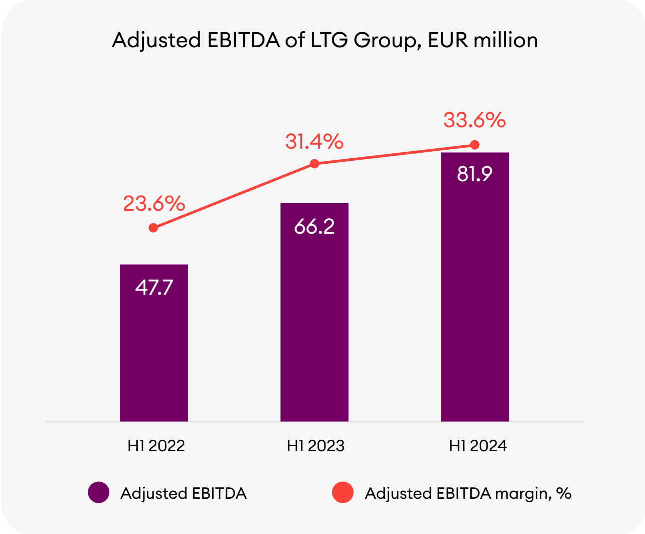


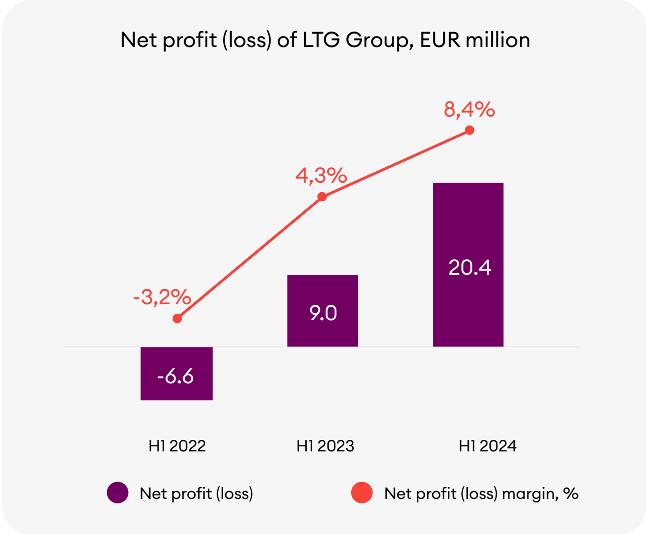
Performance of LTG Group

The results and profitability indicators of the LTG Group improved during the period under review, with the LTG Group's adjusted EBITDA in the first half of 2024 increasing by 23.6% to EUR 81.9 million as compared to the first half of 2023, and the LTG Group's net profit increasing to EUR 20.4 million. The results were significantly influenced by the successful performance of LTG Cargo and LTG Link, the transport service providers of the LTG Group.

The LTG group companies – AB Lietuvos Geležinkeliai (parent company), LTG Cargo, LTG Link – were profitable in the first half of 2024. Losses in the reporting period were incurred by LTG Infra, which manages the public railway infrastructure, Geležinkelio Tiesimo Centras, which provides railway construction and repair services, and LTG Cargo Polska, which carries out freight carrier activities. The results of the companies of the LTG Group are presented in Section 7.3 of the Interim Report.

Taking into account the intensified competitive environment on the Polish market and the results of the first half of the year, in the second half of 2024, along with the LTG Group's long-term strategy, the strategic directions and development plans of the LTG Group's subsidiaries and downstream companies, including LTG Cargo Polska, will be reviewed. Following the update of the strategic documents and the assessment of the business prospects, a reassessment of the return on the investment in LTG Cargo Polska is planned to be carried out in the second half of 2024, as well as the possibility of recovering the loan granted by LTG to the afore-mentioned company.





Changes in the statement of financial position of LTG Group

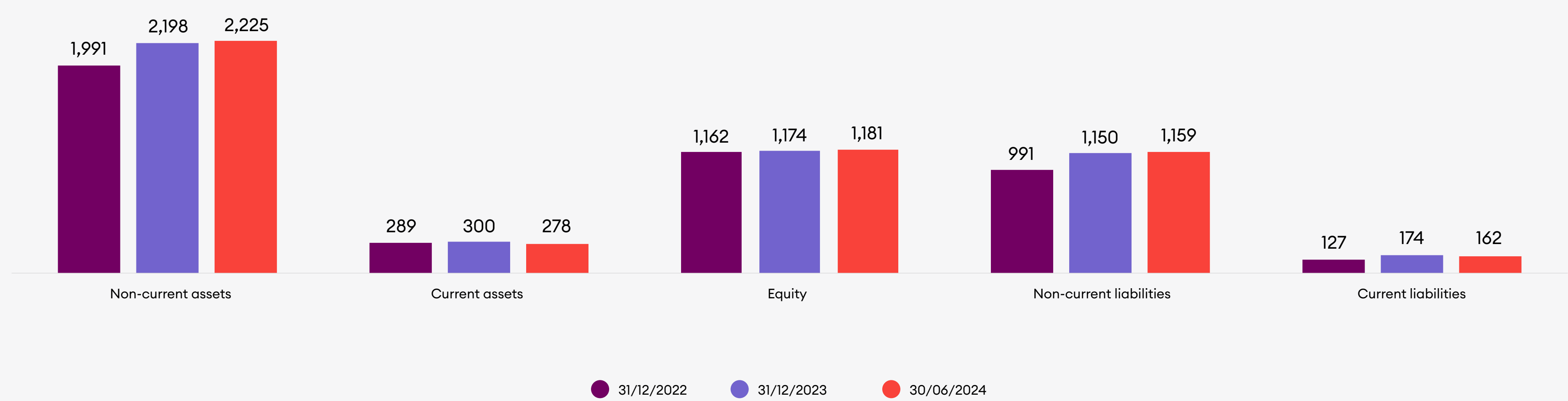
As at 30 June 2024, the assets of the LTG Group amounted to EUR 2,502.3 million, and increased by 0.2% as compared to 31 December 2023. Fixed assets, which accounted for 88.9% of total assets, increased by 1.2% to EUR 2,224.7 million during the period under review. The Company's long-term investment projects, which take several years to complete, showed the most significant increase in construction in progress and prepayments (railway Electrification Programme, Rail Baltica Programme, etc.).

Current assets as at 30 June 2024 amounted to EUR 277.6 million, and decreased by 7.5% as compared to 31 December 2023. The change in current assets was mainly due to a decrease in the cash balance of the companies of the LTG Group, which amounted to EUR 148.2 million at the end of the period.

Authorised capital remained stable at EUR 1,059.3 million in the first half of 2024. The equity increased by 0.5% and amounted to EUR 1,180.7 million at 30 June 2024. The reporting period saw an increase in result of the LTG Group' and a distribution of the parent Company's profit and a dividend for the year 2023 in the amount of EUR 13.0 million to the shareholder.

The total liabilities of the LTG Group decreased by 0.2% to EUR 1,321.6 million in the reporting period. Financial debt (including leases) decreased by 6.7% to EUR 130.4 million in the period under review. The decrease in financial debt was due to the repayment of the existing long-term loans. During the period under review, a long-term loan to the European Investment Bank (EIB) was repaid to finance the purchase of rolling stock (LTG Cargo). In April 2024, a new long-term financing contract was signed for the purchase of electric passenger rolling stock (LTG Link), which will be financed equally by the Nordic Investment Bank (NIB) and the European Investment Bank (EIB). The Group's net debt ratio increased as a result of the lower cash balances of the Group companies.

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



Performance of the parent company LTG

AB Lietuvos Geležinkeliai (LTG) is the parent management company of the LTG Group, which provides management and general services to the Group companies, fuel resale services, railway service facilities (RSF) (refuelling of rolling stock, washing of rolling stock, use of maintenance facilities, etc.) and commercial services (rental of immovable property, vehicles, repair depots, services related to the use and maintenance of immovable property, traffic coordination, etc.).

The Company's revenue in the first half of 2024 amounted to EUR 46.7 million and did not change significantly as compared to the first half of 2023.

The Company's revenue structure is dominated by revenue from the provision of management and general services to the Group companies (51.2%) and revenue from the provision of fuel resale services (35.8%).

Revenue from management and general services depends on the volume of services provided to the Group companies and the costs incurred by the Company to provide these services, while fuel resale revenue depends on the volume of fuel sales to the Group companies, mainly to the companies providing transport services (LTG Cargo and LTG Link).

Other operating income was not significant in the first half of 2024, while in the first half of 2023 most of the other operating revenue consisted of the gain on disposal of fixed assets after transferring the cargo terminal business and related assets from the Company to LTG Infra.

The **Company's costs** in the first half of 2024 amounted to EUR 47.0 million and increased by EUR 1.4 million or 3.1% as compared to the first half of 2023. The majority of the Company's costs are incurred as a result of materials (fuel purchases) (36.5%), labour costs (33.8%), depreciation and amortisation (7.8%).

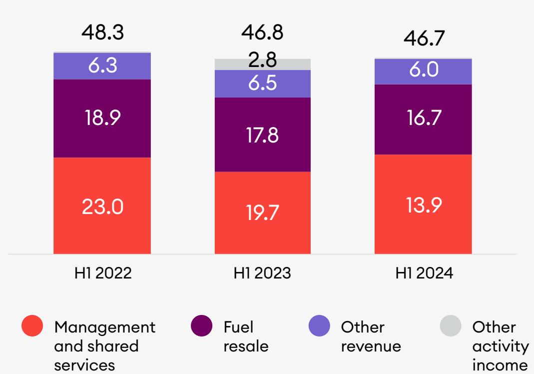
Material costs depend on the volumes of fuel resold to the Group companies and price fluctuations. During the reporting period, this type of costs decreased by 4.3% or EUR 0.8 million to EUR 17.2 million. Labour costs increased by 8.9% or EUR 1.3 million to EUR 15.9 million. The increase was due to an increase in the average salary, which is the result of the annual review of the remuneration of the Company's employees. The number of employees has not changed significantly (737 employees on 30 June 2024 and 759 employees on 30 June 2023).

Other costs are dominated by IT costs (IT equipment (computer equipment, telephones, licences) rental, IT project consultancy costs, maintenance and servicing), and the cost of repairs to the Company's assets.

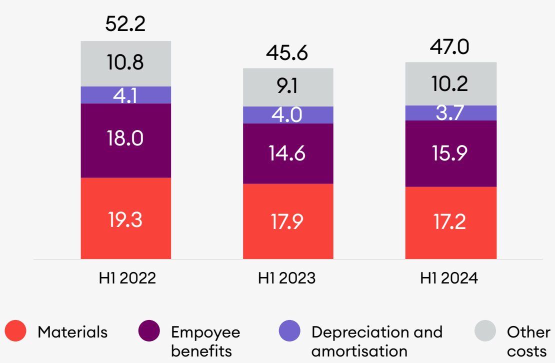
The Company's **financial result** in the first half of 2024 amounted to EUR 24.0 million (EUR 14.4 million in the first half of 2023). During the reporting period, the parent Company received EUR 20.1 million in dividends from the companies of the LTG Group for 2023: EUR 10.5 million from LTG Cargo, EUR 9.2 million from LTG Link, EUR 0.4 million from the associate voestalpine Railway Systems Lietuva UAB (in the first half of 2022 the dividends from the Group companies amounted to EUR 12.3 million). In addition to the impact of higher dividends, the financial performance in the reporting period was improved by higher interest income from loans to the Group companies and from cash balances in bank accounts. The Company's cash balance at the end of the period amounted to EUR 33.0 million.

During the period under review, the Company's **net profit** increased to EUR 23.1 million (in the first half of 2023: EUR 15.0 million).

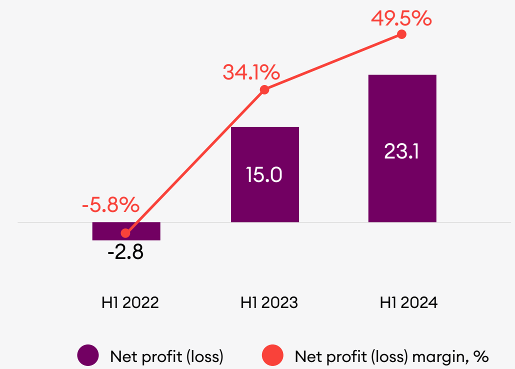
Revenue of the Company, EUR million



Costs of the Company, EUR million



Net profit (loss) of the Company, EUR million



Key financial indicators

		LTG Group			Company		
		H1 2024	H1 2023	H1 2022	H1 2024	H1 2023	H1 2022
Sales revenue / operating revenue	EUR million	191.2	167.8	164.2	46.7	44.0	48.1
Grant revenue	EUR million	52.5	43.4	37.7	-	-	-
Other revenue	EUR million	0.6	0.8	0.6	0.0	2.8	0.1
Total revenue	EUR million	244.3	212.0	202.5	46.7	46.8	48.2
Costs	EUR million	218.3	199.9	208.5	47.0	45.6	52.2
EBITDA	EUR million	78.4	65.9	43.7	3.4	5.2	0.1
Adjusted EBITDA*	EUR million	81.9	66.2	47.7	23.3	17.6	1.2
EBITDA margin	%	32.2%	31.2%	21.6%	7.2%	11.8%	0.2%
Adjusted EBITDA margin*	%	33.6%	31.4%	23.6%	50.0%	40.0%	2.6%
EBIT	EUR million	26.0	12.1	(6.0)	(0.3)	1.2	(4.0)
EBIT margin	%	10.7%	5.7%	(3.0%)	(0.6%)	2.8%	(8.3%)
Net profit	EUR million	20.4	9.0	(6.6)	23.1	15.0	(2.8)
Net profit margin	%	8.4%	4.3%	(3.2%)	49.5%	34.1%	(5.8%)
		30/06/2024	31/12/2023	31/12/2022	30/06/2024	31/12/2023	31/12/2022
Non-current assets	EUR million	2,224.7	2,198.2	1,991.3	1,060.4	1,058.8	1,069.1
Current assets	EUR million	277.6	300.3	289.0	107.3	88.1	63.1
Total assets	EUR million	2,502.3	2,498.5	2,280.3	1,167.7	1,146.9	1,132.2
Equity	EUR million	1,180.7	1,174.3	1,161.5	1,125.4	1,115.3	1,099.0
Financial debt	EUR million	130.4	139.8	159.9	9.1	9.1	8.8
Net debt	EUR million	(17.8)	(88.8)	(53.5)	(23.9)	(25.5)	4.2
Return On Equity (ROE)	%	2.8%	1.9%	0.1%	2.2%	1.5%	(0.3%)
Return On Assets (ROA)	%	1.4%	0.9%	0.1%	2.1%	1.4%	(0.3%)
Return On Investment (ROI)	%	1.5%	1.0%	0.1%	2.2%	1.5%	(0.3%)
Financial debt / EBITDA	ratio	0.9	1.0	1.4	1.8	1.3	2.9
Financial debt / Equity (D/E)	ratio	0.1	0.1	0.1	0.0	0.0	0.0
Net debt / EBITDA	ratio	(0.1)	(0.6)	(0.5)	(4.6)	(3.7)	1.4
Net debt / Adjusted EBITDA*	ratio	(0.1)	(0.6)	(0.4)	(0.9)	(1.3)	0.8
Loan servicing ratio	ratio	4.6	4.1	3.6	-	-	-
Equity ratio	%	47.2%	47.0%	50.9%	96.4%	97.2%	97.1%
Asset turnover ratio	ratio	0.2	0.2	0.2	0.1	0.1	0.1
Quick ratio	ratio	1.6	1.6	2.0	2.7	3.3	1.7
Total liquidity ratio	ratio	1.7	1.7	2.3	3.1	3.5	2.4

** For the calculation of the Adjusted EBITDA and related ratios of the LTG Group and the Company for the reporting period 2022, severance payments and compensation for employees made redundant as part of the Operational Optimisation Project in the event of a material change in operating conditions have been added to the non-ordinary provision charges.*

LTG Group funding

LTG Group's portfolio of loans to credit institutions, taking into account accrued interest on loans, amounted to EUR 118.8 million as at 30 June 2024 (on 31 December 2023: EUR 127.4 million). Long-term loans finance public railway infrastructure investment projects.

The weighted average interest rate on the Group's loan portfolio at 30 June 2024 increased to 5.04% due to rising interbank interest rates. The longest maturity of financial debt is 9 years, with the final maturity in 2032.

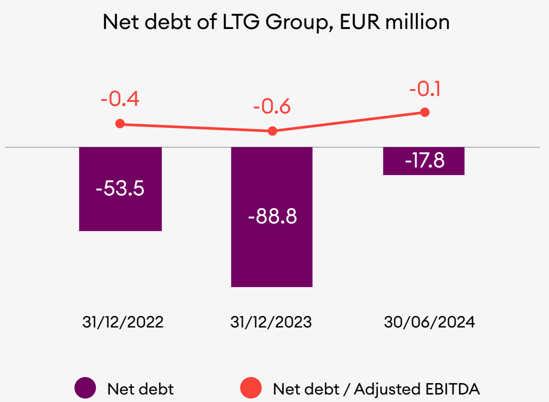
The parent company AB Lietuvos Geležinkeliai did not have any long-term debt liabilities to external credit institutions as at 30 June 2024, but has guarantee agreements with European Investment Banks and Nordic Investment Banks for the liabilities of the companies of the LTG Group to creditors.

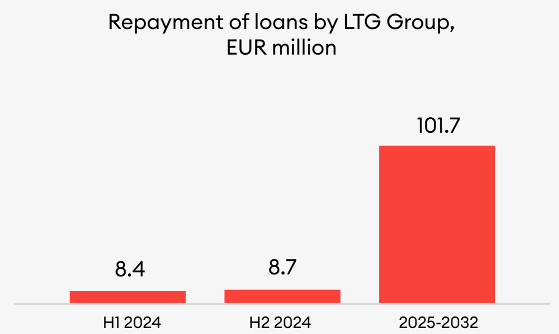
During the reporting period, the LTG Group repaid EUR 8.4 million of loans and paid EUR 3.3 million in interest.

On 19 April 2024, the Nordic Investment Bank (NIB), the European Investment Bank (EIB) and LTG Link, the passenger transport company of the LTG Group, signed a long-term financing agreement for the purchase of electric and battery-powered trains. The NIB and EIB will provide loans of EUR 100 million each to finance 9 electric and 6 battery-powered trains (manufactured by the Swiss Stadler Group company Stadler Polska). 25 June 2024 The Seimas of the Republic of Lithuania approved the granting of a state guarantee for these loans.

During the reporting period, in order to ensure liquidity risk management, the Company signed a new short-term overdraft agreement for the amount of EUR 50 million with one of the Group's commercial banks for the period 2024–2025. The Company had no indebtedness at the end of the reporting period under this and previous agreements.

On 30 June 2024, the net debt of the LTG Group was negative at EUR (17.8) million. As compared to 31 December 2023, the net debt ratio increased by EUR 71.0 million due to the decrease in the cash of the LTG Group.





The Group's financial debt-to-equity ratio (D/E) stands at 0.1 at 30 June 2024. The Group's financial debt level remains low.

During the reporting period, the indicators monitored by institutional creditors were met and the companies of LTG Group had no breaches of financial and non-financial obligations.

Ratios observed by the institutional creditors of the LTG Group	Unit of measure	H1 2024	Established value
Net debt / Adjusted EBITDA	ratio	(0.1)	< 4.0
Equity ratio*	%	86.5	≥ 35%
Loan servicing ratio	ratio	4.6	≥ 2

** During the reporting period, in agreement with the Nordic Investment Bank (NIB), a modification agreement was signed to the existing loan agreement for the indicator Equity Ratio, changing the principle for calculating the indicator. In view of the planned investments of the LTG Group's company LTG Infra, which are to a large extent financed by State and EU funds, the grants are added to the equity of the LTG Group for the calculation of the ratio.*

In order to ensure operational funding at the lowest cost and manage the liquidity risk, the LTG Group has secured the possibility to borrow from one company to another through the Group's cash pool account. The parent company AB Lietuvos Geležinkeliai has entered into a single Group account agreement with a commercial bank and, accordingly, all companies of the LTG Group have entered into intercompany lending agreements. The companies of the LTG Group sign annual inter-borrowing agreements with terms and conditions consistent with normal market conditions.

2.3. Special obligations

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

The relevant list of special obligations to be performed by SOEs and their subsidiaries was adopted by 16 March 2021 Order No 4-193 of the Minister of the Economy and Innovation of the Republic of Lithuania, as subsequently amended (link).

Special obligations performed by LTG Group

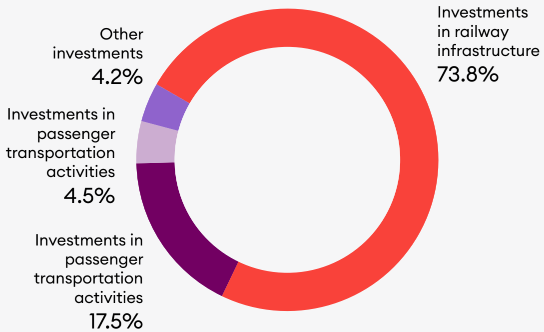
Name	Objectives	Company of the LTG Group performing the obligation
Public rail passenger services	Ensure public passenger transportation services by rail on local and international routes in the territory of the Republic of Lithuania	LTG Link
Maintenance, renewal and development of the public railway infrastructure, provision of the minimum access package services and disposal of the public railway infrastructure by the right of trust	Maintain, upgrade and develop the public railway infrastructure, implementing the projects provided for in the State investment program and ensuring the use of European Union funds and providing railway companies (carriers) with services constituting the minimum access package under non-discriminatory conditions	LTG Infra

Details of the special obligations performed by the companies of the LTG Group, the disclosure of which is governed by the disclosure rules of 14 July 2010. The Guidelines on Transparency of the SOEs, approved by 14 July 2010 Resolution No. 1052 of the Government of the Republic of Lithuania, are published on the websites of the Company, UAB LTG Link and AB LTG Infra, as well as in the Annual Reports for the year 2023.

2.4. Investments

In the first half of 2024, the investments of the LTG Group amounted to EUR 89.4 million. Most of the investments were for the renewal and expansion of railway infrastructure (73.8%).

LTG Group's investment structure in H1 2024, %



Investments of LTG Group

Group investments, EUR million	H1 2024	H1 2023	H1 2022
Renewal and development of railway infrastructure	66.0	135.9	27.6
Renewal of freight transport assets	15.6	13.4	7.6
Renewal of passenger transport assets	4.0	3.7	2.2
Other investments (IT, etc.)	3.8	2.0	4.1
Total	**89.4**	**155.0**	**41.5**

Main areas of development and modernisation of the LTG Group

Priority areas for investment	
Rail Baltica Programme	• Integration into the European rail network
Green projects	• Electrification Programme (electrification of infrastructure, purchase of electric rolling stock, installation of maintenance bases) • Investments in noise reduction measures
Ensuring safety	• Renewal of depreciated infrastructure and rolling stock to ensure safe operation • Upgrading level crossings • Development of video surveillance systems, etc.
Increasing passenger attractiveness	• Adaptation of station areas for people with disabilities • Reconstruction of pedestrian bridges at railway stations • Installation of a ticketing system • Acquisition of new passenger trains • Reconstruction of the Vilnius station building, etc.
Diversification of rail freight activities	• Investments in the Polish market • Projects for promotion of intermodal transportation
Digitising operations	• ERP modernisation programme • Modernisation of station management and tools • Improvement of traffic management efficiency • Digitisation of maintenance, etc.

Key investment projects

Development and renewal of the railway infrastructure

Key projects / groups of projects	Works carried out in the first half of 2024

1. Rail Baltica Programme	Rail Baltica, the largest rail infrastructure development programme, continues to connect the Baltic countries to the EU's dominant European rail network. In the first half of the year, EUR 21.4 million was invested in Rail Baltica.
	Project progress in the first half of 2024:
	• Kaunas-LT/LV border:
	  • Technical design of individual sections of the line continues;
	  • Contract works (construction of the longest bridge in the Baltic States at Jonava over the Neris River (1.5 km long); construction of the embankment and civil engineering works in the sections Šveicarija-Žeimiai and Žeimiai-Šėta (30 km); construction of link roads; and procurement of construction works for individual sections for which design is being finalised (48 km));
	  • Procurement of roadworks on other sections.
	• Territorial planning is being carried out on the Kaunas-PL/LT border and Kaunas-Vilnius sections, land acquisition procedures on the Kaunas-PL/LT border, and design works on the Kaunas node.

2. Railway Electrification Programme	The Railway Electrification Programme continues to significantly reduce air pollution and improve the efficiency of the transport sector of Lithuania. As part of the Vilnius-Klaipėda corridor electrification project, contract works are being carried out both at the Vilnius railway junction and on the section Kaišiadorys-Klaipėda (Draugystė stotis). In the first half of 2024, investment volumes for electrification amounted to EUR 23.7 million. Over 95% of electrification works have been carried out at the Vilnius railway junction, and about 70% on the line from Kaišiadorys to Klaipėda. The completion of the electrification project in 2025 (electrification of 366 km of track) will enable freight and passengers to be transported along the entire railway corridor Kena-Vilnius/Vaidotai-Šiauliai-Klaipėda using environmentally friendly and efficient electric traction. The passenger train battery charging infrastructure project (at Varėna station) is launched.
3. Adapting railway infrastructure to national security needs	• A military-civilian loading bay is being designed in Palemonas. The yard will be connected to the European rail network and will be adapted for military use. • Reconstruction of the access road to the MoD fuel base (Pajuostis, Panevėžys district). • Procurement procedures are finalised for the installation of X-ray inspection systems at Kybartai and Stasyliai border stations.
4. Projects to digitise railway infrastructure	• *The Station Management and Instrumentation Modernisation* (*SMIM*) project is being implemented to improve the efficiency of stations. The project will develop a new operating model and implement the most appropriate station management tool. • Projects to improve the efficiency of traffic management, to develop an operational model for infrastructure maintenance and other digitisation projects.
5. Railway station renewal projects	• To make train journeys easily accessible for passengers with disabilities, a project is being implemented to *make the route barrier-free for people with disabilities in the station area*. The project includes the renovation of station accesses, ramps, warning strips and other measures. In 2023, works were carried out at 15 stations and in 2024, procurement was completed and works started at 16 stations. • The redevelopment of the Vilnius Railway Station building is completed, increasing the attractiveness of Vilnius Station for passengers and adapting the station for commercial purposes. • Pedestrian viaducts at Vilnius and Kaišiadorys stations are being reconstructed to make them accessible to people with disabilities.
6. Other projects	• Capacity expansion works at Kaunas Intermodal Terminal were completed. The terminal's pavement has been reinforced and additional handling equipment for transhipment of semi-trailers has been purchased, and the semi-trailer parking area has been extended. The projects have increased the handling capacity for semi-trailer transport on the Rail Baltica line. • *The second track on the Livintai-Gaižiūnai railway line* is completed. 10.8 km of new and 10.7 km of reconstructed track were built, eliminating the bottleneck of train capacity on the section Vilnius-Klaipėda. • A contract for the purchase of services for the replacement of locomotive safety systems (LSS) on self-propelled infrastructure rolling stock was concluded. The plan is to replace the unsafe Russian-made KLUB-U systems currently in service on 17 rolling stock. • LTG Infra invests in the renewal of its infrastructure to ensure safety and the smooth continuation of its core activities. During the reporting period, the main railway tracks were renewed, the switch replacement programme was carried out, defective bridges were reconstructed, level crossings were repaired, overhead contact line supports in an emergency condition were replaced (on the section Vilnius-Kaunas), the project of replacing the electrical switch and signal switching equipment at Vilnius region stations was carried out, the fence (retaining wall) of Vilnius railway station was rebuilt, and other asset renewal works were carried out. In the first half of 2024, works worth EUR 14.1 million were carried out in the renewal of railway infrastructure assets, including EUR 6.1 million for the renewal of main roads.

Investments in freight transportation activities

Key projects / groups of projects	Works carried out in the first half of 2024
1. Rolling stock repairs	The largest investment of LTG Cargo in 2024 was aimed at renewing of the rolling stock (locomotives and wagons) in service to ensure continuity of freight transport operations and the safe transport of freight: • EUR 6.6 million for capitalised repairs of locomotives. In the first half of 2024, 85 repairs were carried out on freight and shunting locomotives; • EUR 5.6 million for capitalised repairs of freight wagons. In the first half of 2024, 1,151 freight wagons were repaired.
2. Acquisition of electric locomotives	As a part of the Railway Electrification Programme of the LTG Group, LTG Cargo implements a project to acquire electric locomotives. At least 17 new electric locomotives are 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	• In order to meet the needs of Lithuanian railway companies for the transport of grain, 500 wagons adapted for the transport of grain (grain wagons) are purchased. Procurement was carried out in the first half of 2024 and delivery of the wagons is scheduled for the second half of 2024 and 2025. • As a part of the renewal of the worn-out fleet of wagons, 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 project is being prepared as 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, automate and digitalise business processes and ensure data exchange with other systems of LTG. • A project to replace 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.

Investments in passenger transportation activities

Key projects / groups of projects	Works carried out in the first half of 2024
1. Rolling stock repairs	To ensure the availability of passenger trains, it is necessary to fulfil the public service contract concluded with the Ministry of Communications: • renewal of existing passenger trains. Planned overhauls of trains amounted to EUR 3.8 million and 37 passenger carriages were overhauled during the half-year period; • A project to purchase replacement units for 730ML trains is underway. The availability of replacement units will significantly reduce the downtime of trains for major repairs.
2. Project for acquisition of electric passenger trains	The LTG Group implements the Railway Electrification Programme and a *project to purchase new electric passenger trains*. In June 2023, LTG Link signed an agreement with Standler Polska, the Polish subsidiary of the Swiss train manufacturing group Stadler Rail, for the purchase of 15 electric trains (including 6 battery-electric trains). These trains will replace some of the diesel trains on LTG Link which are reaching the end of their service life. The new trains will allow for environmentally friendly passenger transport on electrified lines, while battery trains will replace diesel trains on individual routes that are not fully electrified. They will be more efficient, adapted to the needs of the disabled and provide a higher level of comfort for passengers. In the first half of 2024, the technical design of the trains was being prepared and coordinated. The new trains are expected to start running in 2026.
3. Other projects	• *Smart Ticketing project:* following the introduction of the new ticketing system in 2022, a second phase was carried out in the first half of 2024, with the installation of ticket vending machines in stations. The ticket vending machines will optimise the ticketing process, reduce costs and improve the quality of service for passengers. • *The Passenger Rolling Stock Repair Depot Optimisation Project* of LTG Link is underway to adapt the depots to new electric trains, improve the efficiency of repairs, address environmental issues, etc. Design work has started under a design contract awarded at the end of 2023. The reconstruction of the existing depot in Naujoji Vilnia is expected to free up areas and buildings in Vilnius city (next to Vilnius station) for passenger train repairs. • A project to replace locomotive safety systems (LSS) is underway. The unsafe Russian-made KLUB-U systems currently in service on 35 passenger trains are to be replaced. New systems are being designed in 2024 and replacement work on passenger trains will be carried out since 2025.

2.5. Dividends

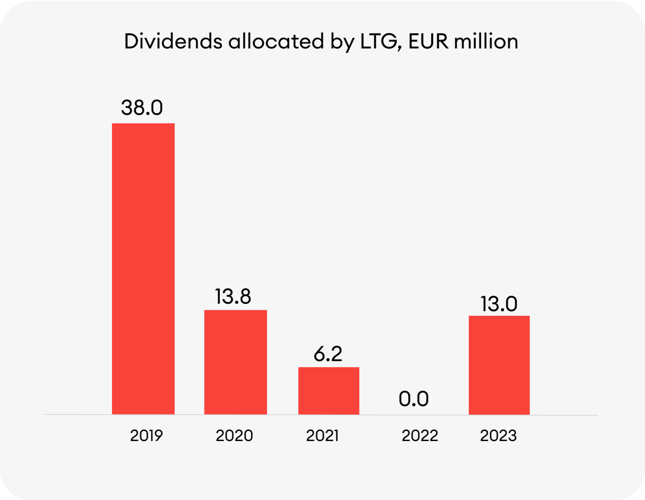
The payment of dividends and the amount of profit contributions in state-owned enterprises is regulated by 6 June 2012 Resolution No. 665 of the Government of the Republic of Lithuania On the Approval of the Description of the Procedure for the Exercise of the Property and Non-Property Rights of the State in State-Owned Enterprises (as amended) (link).

The granting and payment of dividends by the companies of the LTG Group is governed by the LTG Group Dividend Policy, which was updated during the reporting period and approved by the Board of LTG. The Dividend Policy is publicly available on the Company's website (link).

The procedure for calculation and payment of dividends by LTG Infra, which performs the functions of a public railway infrastructure manager, is further regulated by the Description of the Procedure for Calculation and Use of the Operating Result of the Public Railway Infrastructure Manager approved by 6 June 2022 Order No. 3-289 of the Minister of Transport and Communications of the Republic of Lithuania (as amended) (link), which was drawn up in accordance with the provisions of the Railway Transport Code of the Republic of Lithuania.

The dividend distribution to the shareholder for the financial year is planned on the basis of the Group company's return on equity (ROE) for the reporting period. The correlation of the share of profit available for dividend payment with the ROE is shown in the table.

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



The share of profits to be used to pay dividends for periods of less than one financial year must be at least 60% of the Group company's distributable profits.

The Board of the Company may propose to the shareholder to determine a lower or a higher proportion of the profit to be paid as dividends, or refrain from paying dividends, taking into account the conditions and circumstances set out in the Dividend Policy.

The financial statements of AB Lietuvos Geležinkeliai for the year 2023 and the distribution of the profit (loss) for the year 2023 were approved by 29 April 2024 Order No 3-147 of the Minister of Transport and Communications of the Republic of Lithuania. The parent company LTG allocated and paid dividends in the amount of EUR 13.0 million to the State.

During the reporting period, the LTG Group companies have respectively allocated and paid dividends to the parent company Lietuvos Geležinkeliai (shareholder) for the results for 2023, LTG Cargo – EUR 10.5 million, LTG Link – EUR 9.2 million; associated company voestalpine Railway Systems Lietuva UAB – EUR 0.4 million.

Governance report

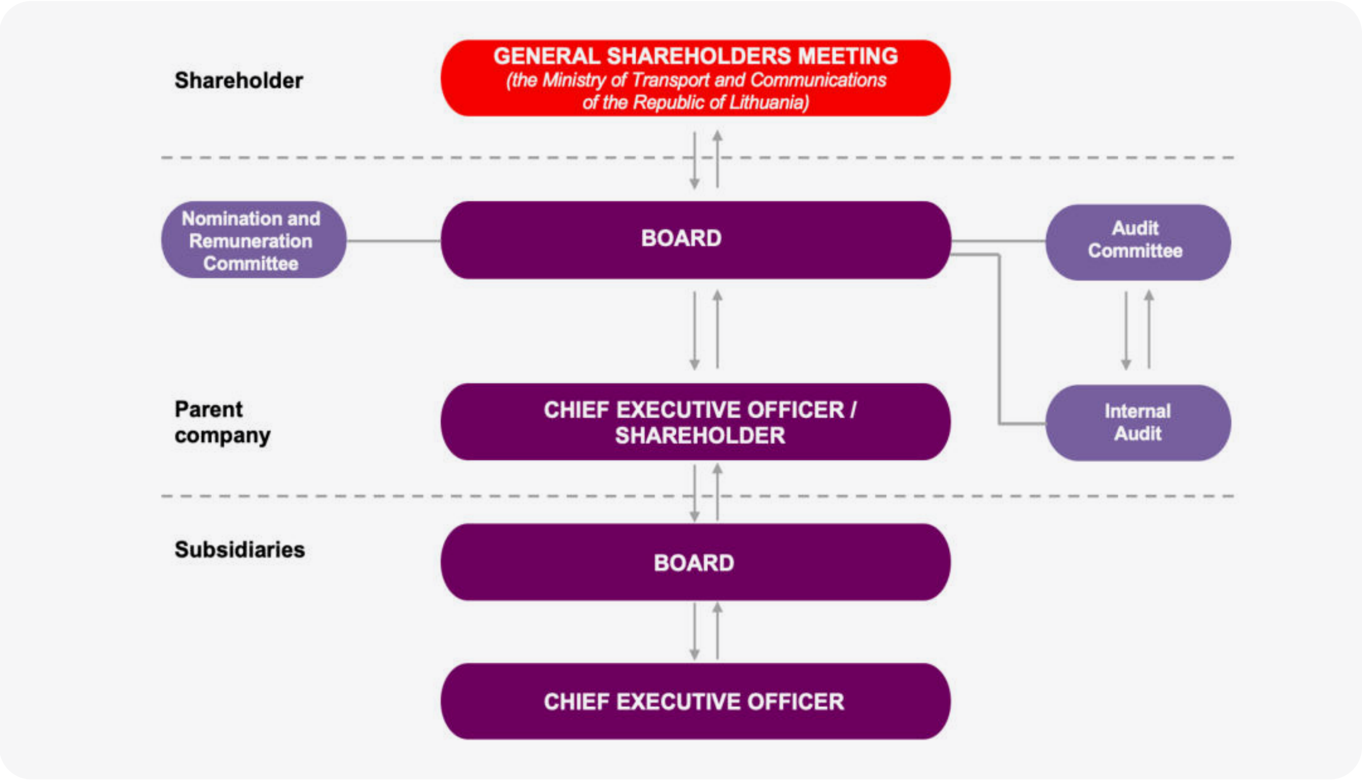
3.1. Overview

3.1.1. Governance model

The **governance model** of the LTG Group **is centralised**: parent the governing bodies of the parent LTG consider and approve the Group's consolidated strategy, consolidated business objectives, the indicators against which they are measured and the targets to be achieved, consolidated budget and operating plan. Although the law and the Articles of Association do not provide for direct management powers of LTG over the subsidiaries, LTG establishes rules and procedures for coordination, supervision and/or control of the activities and functions of the Group's companies. It also establishes policies and rules applicable in the Group, acts as an active shareholder and exercises its rights properly.

As a part of the LTG Group, subsidiaries of LTG are responsible for the performance of main activities and the achievement of defined performance targets. In order to achieve their objectives and ensure good governance, the subsidiaries act independently in their activities, take appropriate decisions and ensure accountability and responsibility for performance.

The LTG Group applies the **functional leadership** model which means that added value is created by centralising business support (corporate) functions, consolidating competencies and introducing functional excellence. The parent company coordinates financial, legal, planning and monitoring, human resources, risk management, auditing, technology, communications and other general areas of the companies of the LTG Group, within the framework of common policies, regulations and norms applicable to all companies of the LTG Group. Each corporate function or activity has an assigned function or activity owner who is responsible for the planning, organisation, implementation and control of the area under his/her responsibility.



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

3.1.2. Governance structure of the Group

The corporate governance structure of the LTG Group consists of the corporate bodies and the committees of the Board of LTG (hereinafter referred to as the Committees of the Board).

3.1.3. Governance principles

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

- **Openness and transparency of activities** – applied to ensure disclosure of accurate, comprehensive, and timely information about the LTG Group by making public disclosures (financial, business, governance) as required by the RoL legislation. The Group companies seek to increase transparency in pursuing all their activities and in implementing their strategic goals, and public disclosures are made in a clear, accurate and understandable manner so that the shareholder and all stakeholders receive the correct information.

- **Compliance of corporate governance with the legal framework and its efficiency** – applied to ensure that the LTG Group's governance model and structure comply not only with mandatory legal requirements, but also with the best corporate governance practices. LTG should continuously seek to keep a balanced approach between the allocation of powers and the application of controls within the Group and to become a role model for corporate governance practices.

- **Meeting the expectations of shareholders** – applied in seeking the growth of business value and the yield from dividends or profit contributions to the state budget, the ensuring of strategic national interests and implementation of strategic projects, in setting the shareholder's expectations of the LTG Group with regard to the strategic directions of activities, in reaffirming clear goals and principles of operation and sustainable development (the letter of expectations from the authority exercising the rights and duties of the shareholder - the Ministry of Transport and Communications of the RoL).

- **Engagement with and role of stakeholders** – applied by recognising the expectations and rights of the stakeholders as established in legislation or mutual agreements, as well as by fostering active cooperation between the LTG Group and the stakeholders to create added value.

- **Effective and efficient risk management and internal control system** – applied by ensuring the transparency, effectiveness and efficiency of risk management and internal control systems.

- **Clarity and sustainability of goals** – applied by setting clear and transparent operational goals at the Group level, which are directed towards the achievement of the goals set out in the long-term strategy and towards long-term business success and growth. Successful achievement of the long-term goals is largely determined by the collegial governing bodies acting in a highly professional manner for the purpose of ensuring the effectiveness and strategic direction of the Group's management at all levels of governance, and therefore a particular focus is given to their formation, composition, role, and powers.

- **Responsibility and accountability of the governing bodies** – applied by ensuring that the governing bodies of the LTG Group or of the independent companies properly perform their functions, actively exercise their rights, and properly discharge their duties, and are accountable to and act in the legitimate interests of shareholders. In their activities the governing bodies and the management observe the principles of ethical business practices, mutual respect, fairness, impartiality, loyalty, and integrity.

3.2. Internal regulation

The corporate governance of the LTG Group is organised in accordance with the legal acts of the Republic of Lithuania regulating the governance of companies, including state-owned companies, EU law, good corporate governance practices set out in the Guidelines for Corporate Governance of State-Owned Enterprises and the Corporate Governance Principles of the Organisation for Economic Co-operation and Development (OECD), the documents of the Institute of Corporate Governance in the Baltic States defining good corporate governance practices and principles, as well as the Code of Corporate Governance of Companies listed on NASDAQ Vilnius.

The corporate governance of the LTG Group is also governed by internal documents: the Articles of Association of the LTG Group companies, the Rules of Procedure of the Boards of the Group companies, the Rules of Procedure of the Committees of the Board of LTG, the Rules of Procedure of the Functional Committee of LTG, the LTG Group Policies, and other documents adopted at the Group level.

3.2.1. Articles of Association

The Articles of Association are the main document guiding LTG in its activities.

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

The current version of the Articles of Association of LTG is available on the Company's website at the following link.

The Articles of Association of LTG 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 attaching to the shares of all the shareholders present at the Meeting.

3.2.2. Operational policies of the Company

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

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

Policies approved by the LTG Board are made public on the Company's website (link).

3.3. Bodies of the Company

The following bodies of the Company are provided in the Company's Articles of Association:

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

3.3.1. General Meeting of Shareholders

The General Meeting of Shareholders is the supreme body of the Company, which shapes the Company's management and supervisory structure, and approves the highest-value transactions of the Group companies. The competence of the general meeting of shareholders, the procedure of its convening as well as resolution-passing is established by the Law on Companies, other legislation as well as in the Articles of Association of the Company.

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

The following property rights are conferred upon the owner of an ordinary registered share (shareholder):

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

The following non-property rights are conferred upon the owner of an ordinary registered share (shareholder):

- to attend general meetings of shareholders;
- to submit to the company in advance the questions related to the issues on the agenda of the general meeting of shareholders;
- to vote at general meetings of shareholders according to voting rights carried by their shares; the shareholder's voting right is not restricted;
- to receive information on the company according to the procedure and terms specified by the Articles of Association;
- to refer to the court with a claim requesting to redress damage incurred on the Company resulting from nonfeasance or malfeasance by the manager of the Company and members of the board of their duties prescribed by the Articles of Association, the Law on Companies of the Republic of Lithuania and other laws, as well as in other cases laid down by laws;
- other non-property rights established by laws of the Republic of Lithuania.

The competence of the General Shareholders Meeting is provided for by the Law on Companies, also in the Articles of Association of LTG.

Competences of the General Meeting of Shareholders are as follows:

- to amend the Articles of Association of the Company, except where otherwise stipulated by the Law on Companies;
- to change the registered office of the Company;
- to elect the members of the Board;
- to remove the Board or its members;
- to elect and remove an auditor or an audit firm for the carrying out of the audit of a set of the annual financial statements and consolidated financial statements, establish conditions for payment for audit services;
- to determine the class, number, nominal value and the minimum issue price of the shares issued by the Company;
- to take a decision on conversion of the company's shares of one class into shares of another class, approve the share conversion procedure;
- to take a decision to change the number of shares of the same class issued by the Company and the nominal value per share without changing the amount of the authorised capital;
- to approve the set of annual financial statements and the set of consolidated financial statements, except where otherwise stipulated by the Law on Companies of the Republic of Lithuania;
- to take a decision on profit/loss distribution;
- to take a decision on the building, use, reduction and liquidation of reserves;
- to approve a set of interim financial statements prepared in order to take a decision on the allocation of dividends for a period shorter than the financial year;
- to take a decision on the allocation of dividends for a period shorter than the financial year;
- to take a decision on issuing of bonds;
- to take a decision on withdrawal for all the shareholders the right of pre-emption in acquiring the Company's shares of a specific issue;
- to take a decision on increase of the authorised capital;
- to take a decision on reduction of the authorised capital, except where otherwise stipulated by the Law on Companies of the Republic of Lithuania;
- to take a decision on the reorganisation or split-off of the Company and approve the terms of reorganisation or split-off, except where otherwise provided for by the Law on Companies of the Republic of Lithuania;
- to take a decision on conversion of the Company;
- to take a decision on the restructuring of the Company in the cases specified by the Law on Insolvency of Legal Persons of the Republic of Lithuania;
- to take a decision on liquidation of the Company or on cancellation of the liquidation of the Company, except where otherwise stipulated by the Law on Companies of the Republic of Lithuania;
- to elect and remove the liquidator of the Company, except where otherwise stipulated by the Law on Companies of the Republic of Lithuania;
- to approve the decisions adopted by the Board of the Company on the following:
  - on the investment, disposal or lease of the Company's non-current assets with a carrying amount equal to or greater than EUR 3,000,000;
  - on the pledge and mortgage of the Company's non-current assets with a carrying amount equal to or greater than EUR 3,000,000;
  - on offering of suretyship or guarantee for fulfilment of obligations of other persons the amount thereof is equal to or greater than EUR 3,000,000;
  - on the acquisition of the fixed assets the price whereof is equal to or greater than EUR 3,000,000;
  - on approval that the Company's executive may conclude transactions for acquisition of goods, works and services where the value of each transaction is equal to or greater than EUR 3,000,000;
  - on transactions related to loans and/or other financing where the value of each transaction is equal to or greater than EUR 3,000,000;
  - on the approval of the Company, as a shareholder of the subsidiaries, of the decisions of the governing bodies of the subsidiaries concerning the investment, transfer, lease, acquisition, mortgage, pledge, hypothecation, and the granting of sureties and guaranties for the obligations of others, the purchase of goods, services, and works, and the granting of a loan or any other financing transactions, where the carrying amount of non-current assets to be invested, disposed of, leased, the cost of non-current assets to be acquired, the carrying amount of non-current assets to be mortgaged or pledged, the amount of the obligations of others for which sureties and guaranties are to be granted, the value of the transaction for the purchase of goods, services, works, or of the value of a loan or other financing transaction, respectively, is equal to or greater than EUR 6,000,000.

The Shareholder's expectations

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

In this context, on 4 October 2022, the Letter on the Objectives and Expectations of the State for the Company was approved by an order of the Minister of Transport and Communications. The Letter of Shareholder Expectations is available on the Company's website at link.

The Letter of Expectations sets out the State's priorities for the LTG as follows:

- Performance of the special obligations:
  - provision of public services of passenger transportation by rail and public services of combined passenger transportation on domestic routes;
  - provision of services for maintenance, renovation and development of the public railway infrastructure, organisation of railway transport traffic and services of the minimum package of access to the public railway infrastructure.
- Development of rail freight activities.
- Transparent distribution of capacities of the public railway infrastructure and effective use of the railway network.
- Implementation of strategic and intermodal projects.

3.3.2. Board

The Board is a collegial governing body consisting of 7 members as set out by the Company's Articles of Association. The members of the Board are elected by the General Shareholders Meeting for a term of 4 years in accordance to the legislation of the Republic of Lithuania. The Board elects the chairman from among its members. More than a half of Board members shall not have employment relationships with the Company. The number of terms of office of the Board Member is not limited.

During the reporting period, the Board of the Company consisted of 7 members, including 5 members who are independent, and 2 members who are delegated representatives of the shareholder.

Independent members of the Board shall be elected in accordance with the the Description for Selection of Candidates to the Board of the State-Owned or Municipality-Owned Enterprise and to the Collegial Supervisory or Management Body Elected by the General Meeting of Shareholders of the State-Controlled or Municipality-Controlled Enterprise (the Description for Selection), approved by 17 June 2015 Resolution No 631 of the Government of the Republic of Lithuania (with subsequent amendments). When forming the Board, the provisions of the Description for Selection regarding versatility of competences of the Board members, requirements for compliance with general and special requirements are followed.

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

The Board is accountable to the General Meeting of Shareholders.

Competence of the Board

The competence of the Board is in line with the competence of the Board provided for by the Law on Companies and other laws, additional competence of the Board is established in the Articles of Association of the Company.

In accordance with the Articles of Association of the Company, the Board adopts decisions:

- for the Company to become an incorporator or a member of other legal persons;
- on the opening of branches and representative offices of the Company;
- on the pledge and mortgage of the Company's non-current assets with a carrying amount equal to or greater than EUR 3,000,000 (excluding value added tax) (calculated individually for every type of transaction);
- on the pledge and mortgage of the Company's non-current assets with a carrying amount equal to or greater than EUR 3,000,000 (excluding value added tax) (calculated for the total amount of transactions);
- on offering of suretyship or guarantee for fulfilment of obligations of other persons the amount thereof is equal to or greater than EUR 3,000,000 (excluding value added tax);
- on the acquisition of the fixed assets the price whereof is equal to or greater than EUR 3,000,000 (excluding value added tax);
- on approval that the Company's executive may conclude transactions for acquisition of goods, works and services where the value of each transaction is equal to or greater than EUR 3,000,000 (excluding value added tax) after considering the draft documents of such purchase presented by the Chief Executive Officer;
- on loan and/or other financing transactions where the value of each transaction is equal to or greater than EUR 3,000,000 (excluding value added tax);
- on the approval of the Company, as a shareholder of the subsidiaries, of the decisions of the governing bodies of the subsidiaries concerning the investment, transfer, lease, acquisition, mortgage, pledge, hypothecation, and the granting of sureties and guarantees for the obligations of others, the purchase of goods, services, and works, and the granting of a loan or any other financing transactions, where the carrying amount of non-current assets to be invested, transferred, leased (calculated individually for every type of transaction), the cost of non-current assets to be acquired, the carrying amount of non-current assets to be mortgaged or pledged (calculated for the total amount of transactions), the amount of the obligations of others for which sureties and guarantees are to be granted, the value of the transaction for the purchase of goods, services, works, or of the value of a loan or other financing transaction, respectively, is equal to or greater than EUR 6,000,000 (excluding value added tax);
- regarding the Company's, as a shareholder of subsidiary companies, approval of the decisions of the management bodies of subsidiary companies regarding becoming of the subsidiaries the founders, participants of other legal entities (except for decisions on becoming founders or participants of associations);
- on consent that the Company, as a shareholder of subsidiary companies, would adopt decisions regarding incorporation, merger, division or transfer of any other legal form of operation of subsidiaries.

The Board shall analyse and assess the information submitted by the Chief Executive Officer of the Company on:

- the implementation of the business strategy of the Company;
- the organisation of the activities of the Company;
- the financial status of the Company;
- the results of economic activities, income and expenditure estimates, the stock-taking and other accounting data of changes in the assets;
- the Company's material risks (prioritised by the Board when assessing such risks);
- other issues of the Company's activities that are related to the areas of competence of the Board, and, if necessary, make decisions on these issues.

The Board shall perform the following supervisory functions:

- supervise the activities of the head of the Company, submit feedback and proposals regarding the activities of the Chief Executive Officer of the Company to the General Meeting of Shareholders;
- consider whether the Company's Chief Executive Officer is fit for office if the Company is making a loss;
- submit proposals to the Chief Executive Officer of the Company to revoke his/her decisions that contradict laws and other legal acts, these Articles of Association, decisions of the General Meeting of Shareholders or the Board;
- decide on other matters within the competence of the Board to supervise the Company and the activities of the Chief Executive Officer of the Company, as provided for in these Articles of Association, as well as in the decision of the General Meeting of Shareholders.

Composition of the Board of the Company

The term of office of the Board is from 20 July 2021 to 20 July 2025.
During the reporting period, none of the members of the Board held shares in the companies of the LTG Group.

KĘSTUTIS ŠLIUŽAS
Chairman of the Board,
independent Board member
Holds the position from 20 July 2021

Education

- Vilnius University, Master's degree;
- IMD Business School (Lausanne, Switzerland), Leadership, Strategy, Innovations;
- London Business School, Leadership programme;
- BICG (Vilnius, Lithuania), Corporate management;
- MCE Management Centre Europe (Belgium).

Main employer, position

CEO of IPI srl / Oji (Japan).

Other positions held

Member of the Supervisory Board and
Audit Committee of PayRay Bank UAB, Lvovo g. 25, Vilnius, company code 304862948.

EUGENIJUS PREIKŠA
Independent Board member
Holds the position from 20 July 2021

Education

- Stockholm University, Master's degree in social sciences (banking);
- Vilnius University, Bachelor's degree in economics (banking and finance);
- INSEAD (Fontainebleau, France), Leadership programme.

Main employer, position

Board Member, Head of Risk Management at UAB European Merchant Bank.

Other positions held

-

DR. AURIMAS VILKELIS
Independent Board member
Holds the position from 20 July 2021

Education

- IMD Lausanne (Switzerland), High Performance Board Programme;
- ETH Zurich (Switzerland), Post doctoral research;
- Vilnius Gediminas Technical University, Doctorate in Technological Sciences.

Main employer, position

Head of Transport at Swiss Post (Switzerland).

Other positions held

Independent member of the Supervisory Board of Klaipėdos valstybinio jūrų uosto direkcija AB (Klaipėda State Seaport Authority), J. Janonio g. 24, Klaipėda, company code 240329870.

BERNARD GUILLELMON
Independent Board member
Holds the position from 20 July 2021

Education

- Ecole Polytechnique Fédérale de Lausanne, Microtechnology engineer and Master's degree in energy;
- INSEAD (Fontainebleau, France, Master's degree in Business Administration, Leadership Challenge Course;
- Trigon, Master's degree in Organisational Development;
- Management Insitute (London), certificate in corporate governance.

Main employer, position

- Owner of consulting Company Bridge The Gap Ltd with focus on senior advisory in energy / mobility / real estate and sparring / coaching for personal and organisational development;
- Various qualifications and authorisations in the transport sector (Nexxiot, Hupac, Rail Logistics Europe, etc.).

Other positions held

- JJM (real estate company owned by family) Vice President and Board Member;
- Camerata Bern (professional chamber orchestra) member of the Board of Trustees;
- PROSE AG (Engineering company) Board Member.

DALIA ANDRULIONIENĖ
Independent Board member
Holds the position from 20 July 2021

Education

- Vilnius University, Master's degree in economics and management;
- ISM University of Management and Economics, Master's degree in management;
- BI Norwegian Business School, Master's degree in management.

Main employer, position

CEO of UAB Omberg group, Gynėjų g. 16, Vilnius, company code 303566387
(held the position until 7 May 2024).

Other positions held

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ROMAS ŠVEDAS
Member of the Board delegated by the shareholder
Holds the position from 20 July 2021

Education

- Vilnius University, Master's degree in law;
- Umea University (Sweden), the course on political democracy;
- The World Trade Organisation (Geneva, Switzerland), Foreign Trade Policy Course;
- International Law Institute (Washington D.C., USA), the course on international trade;
- Baltic Institute of Corporate Governance (Vilnius, Riga, Tallinn, Stockholm), trainings for Board Members and Chairmen of the Board.

Main employer, position

- Head of the Governance Department at VšĮ Valdymo Koordinavimo Centras (State-delegated Board Member), Žalgirio g. 92, Vilnius, company code 110068011;
- Head of MB Romas Švedas ir partneriai, Vytauto Žalakevičiaus g. 16-23, Vilnius, company code 303150481.

Other positions held

- Supervisory Board member of RB Rail AS, Satekles iela 2B, Riga, the Republic of Latvia, company code 40103845025;
- Lecturer at the Vilnius University, Institute of International Relations and Political Science, Universiteto g. 3, Vilnius, company code 211950810;
- Board member of the European Movement Lithuania (non-governmental organisation);
- Facilitator at Business Executive Training Centre.

AGNĖ AMELIJA MIKALONĖ
Board Member, civil servant
Holds the position from 20 July 2021

Education

- Mykolas Romeris University, Bachelor's degree in law, Master's degree in international law;
- Baltic Institute of Corporate Governance (Vilnius, Riga, Tallinn), trainings for Board Members.

Main employer, position

Principal adviser at the Ministry of Transport and Communications of the Republic of Lithuania, Gedimino pr. 17, Vilnius, company code 188620589.

Other positions held

Board member at AB Via Lietuva, Kauno g. 22, Vilnius, company code 188710638.

Changes in the composition of the Board during the reporting period

The composition of the Board has not changed during the reporting period.

Activities of the Board

During the reporting period, the Board of the Company organised its work in accordance with the Annual Operational Plan of the Board for 2024 approved on 9 December 2023, which provided for the consideration of organisational, strategic, planning, risk management, objective setting and evaluation, the Board's self-assessment of its own performance, the presentation of the Company's performance reports and other matters.

During the reporting period, the **Board** held **9 meetings**, including 2 meetings which took place in the form of a written survey.

3.3.3. Committees of the Board

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

The committee shall consist of no less than 3 members. The Board members and other persons, who are not the Board members, can be appointed as members of the committee. Chairman of the committee shall be an independent member of the Board.

Members of committees are appointed and removed by the Board. Chairmen of committees are elected by members of committees. A committee is set up and its members are appointed for a period no longer than the term of office of the Board. The number of terms of office of committee members is not limited.

During the reporting period, the following committees of the Board were working in the Company:

- Audit Committee;
- Nomination and Remuneration Committee.

Audit Committee

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

The Audit Committee operates as an advisory body of the LTG Group, which, inter alia, executes the functions of the audit committee of the subsidiaries, as described in the operating regulations of the Audit Committee.

The functions of the Audit Committee are as follows:

- to supervise financial reporting and auditing processes of the LTG Group;
- to ensure compliance with the principles of independence and objectivity of auditors and audit companies of the LTG Group;
- to supervise the effectiveness of the LTG Group's internal control, risk management and internal audit systems and business processes including monitoring and assessment of the effectiveness of the LTG Group's internal control, risk management and internal audit systems;
- to provide recommendations to the relevant governing bodies of the LTG Group on the selection of the audit firm and the proposed fee;
- to provide recommendations to the Board of the Company on the appointment and dismissal of the head of the structural unit performing the Company's internal audit functions, on promotion, on the application of liability for non-performance or inadequate performance of the rights and duties set out in the Labour Code of the Republic of Lithuania, and on the approval of the terms of reference;
- to inform the Board of the Company of problematic issues related to the audit of the LTG Group companies, in particular where significant deficiencies in internal control over financial reporting have been identified, and recommend on how to remedy these deficiencies and improve the systems for their prevention;
- to provide the Board of the Company with summarised information on the independence of audit firms auditing the LTG Group companies, as defined in the Law on Audit of Financial Statements of the Republic of Lithuania and other applicable legislation, as well as on the non-audit services rendered by such auditors (audit firms) to the LTG Group;
- to prepare and present material for meetings of the relevant governing bodies of the LTG Group on matters within its competence;
- to inform the Company's Board about the audits carried out in the Company and the LTG Group companies by the State Audit Authority of the Republic of Lithuania, the Ministry of Transport and Communications of the Republic of Lithuania or other institutions, and to provide information on the monitoring of the implementation of the recommendations made by the above mentioned institutions;
- to execute the functions of the audit committee of the subsidiaries.

Composition of the Audit Committee

During the reporting period, the Committee consisted of 4 members. The term of office of the Audit Committee started on 23 August 2021. All members of the Audit Committee are members of the Board of LTG.

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

EUGENIJUS PREIKŠA
Chairman of the Audit Committee
Holds the position from 23 August 2021
Independent Board member

DR. AURIMAS VILKELIS
Committee member
Holds the position from 23 August 2021
Independent Board member

BERNARD GUILLELMON
Committee member
Holds the position from 23 August 2021
Independent Board member

ROMAS ŠVEDAS
Committee member
Holds the position from 23 August 2021
Member of the Board delegated
by the shareholder

Changes in the composition of the Audit Committee during the reporting period

There were no changes in the composition of the committee during the reporting period.

Activities of the Audit Committee

During the reporting period, the Audit Committee organised its work in accordance with the Annual Operational Plan of the Audit Committee for 2024, approved on 9 January 2024, which included consideration of the functioning of internal and external audit, risk management and control systems in LTG and its subsidiaries.

During the reporting period, the **Audit Committee** held **9 meetings**, including 3 meetings which were held by written survey.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is an advisory body of the LTG Board, the main objective of which is to submit conclusions, opinions, recommendations and proposals to the Board of LTG, in respect of such issues as election of the Chief Executive Officer of LTG and establishment of the LTG remuneration policy as well as selection of members of governance bodies of the subsidiaries of the Group.

Functions of the Nomination and Remuneration Committee:

The Nomination and Remuneration Committee provides opinions, recommendations, proposals to the Company's Board in respect of the following:

- the selection process of the Chief Executive Officer of the Company;
- nomination of the most suitable candidate as the Chief Executive Officer of the Company, the terms and conditions of the employment contract;
- promotion of the head of the Company, his/her liability for breach of duties;
- candidates to the positions of Board members and heads of the Company's subsidiaries, their nomination;
- the Remuneration Policy of the Company;
- changes in the organisational governance structure of the Company

The Nomination and Remuneration Committee analyses and assesses the material provided by the Company on:

- the selection process to the positions of top-level management of the Company and the candidates;
- the selection process for governance bodies of secondary companies and the candidates;
- structural changes and changes in the number of employees at the Company;
- Setting and achievement of objectives, their measurement indicators and target values for the Company and the consolidated ones for the Company's group of companies;
- incentives to employees of the Company and the Company's group of companies for annual performance results.

Composition of the Nomination and Remuneration Committee

During the reporting period, the Committee has consisted of 3 members. The term of office of the Nomination and Remuneration Committee started on 23 August 2021. All members of the Nomination and Remuneration Committee are members of the Board of LTG.

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

DALIA ANDRULIONIENĖ
Chairwoman of the Nomination and Remuneration Committee
Holds the position from 23 August 2021
Independent Board member

KĘSTUTIS ŠLIUŽAS
Committee member
Holds the position from 23 August 2021
Chairman of the LTG Board, independent Board member

AGNĖ AMELIJA MIKALONĖ
Committee member
Holds the position from 23 August 2021
Board member, civil servant

Changes in the composition of the Nomination and Remuneration Committee during the reporting period

There have been no changes in the composition of the committee during the reporting period.

Activities of the Nomination and Remuneration Committee

During the reporting period, the Nomination and Remuneration Committee organised its work in accordance with the Annual Operational Plan of the Nomination and Remuneration Committee for 2024, approved on 7 December 2023, which provided for the consideration of the main nomination and remuneration issues.

The Nomination and Remuneration Committee held **6 meetings** during the reporting period.

Information on attendance at meetings of the Board, the Audit Committee and the Nomination and Remuneration Committee in the first half of 2024

Name, surname of the member	Meetings of the Board	Meetings of the Audit Committee	Meetings of Nomination and Remuneration Committee
Number of meetings (including external meetings, written vote in advance)	**9**	**9**	**6**
Kęstutis Šliužas	9	-	6
Eugenijus Preikša	9	9	-
Dr. Aurimas Vilkelis	9	9	-
Bernard Guillelmon	9	9	-
Dalia Andrulionienė	9	-	6
Romas Švedas	9	9	-
Agnė Amelija Mikalonė	9	-	6

3.4. Management

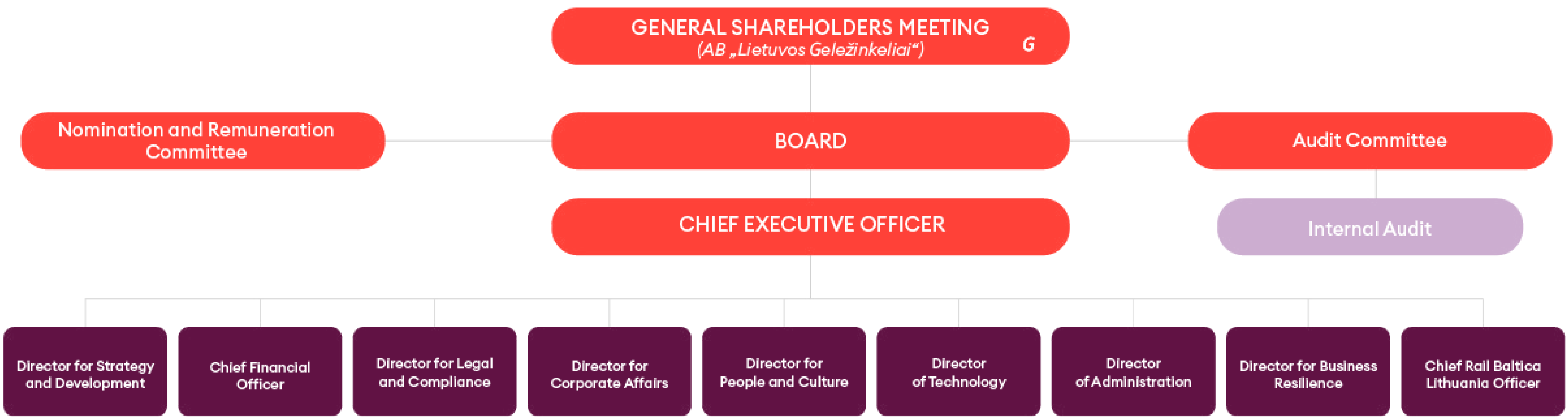
Head of the Company

The Chief Executive Officer (Head of the Company) is a one-person management body of the Company who organises and manages daily operation of the Company in accordance with his/her powers. The competence areas of the CEO are defined by the Law on Companies of the Republic of Lithuania and the Articles of Association of the Company. Based on the Law on Companies, the CEO is elected for a 5-year term office by the Board of the Company, to which he/she is accountable. The same person may be appointed as the CEO for no more than 2 consecutive terms of office.

The essential functions and competences of the CEO:

- Responsible for arrangement of the activity, achievement of operational objectives and implementation of the set goals of LTG;
- Responsible for the preparation of consolidated documents of the LTG Group, the annual financial statements and the interim financial statements of the Company;
- Implements the rights and duties of the shareholder in respect of the subsidiaries of LTG.

Governance and organisational structure of the Company



Management of the Company

EGIDIJUS LAZAUSKAS*
Chief Executive Officer
Holds the position from 23 June 2022

VYTAUTAS RADZEVIČIUS
Director for Strategy and Development
Holds the position from 11 April 2022

ANDREJ KOSIAKOV
Chief Financial Officer
Holds the position from 2 October 2017

IRMANTAS BERŽAUSKAS
Director for Legal and Compliance
Holds the position from 22 February 2022

IRENA JANKUTĖ-BALKŪNĖ
Director for People and Culture
Holds the position from 10 July 2017

ALEKSANDRAS ZUBRIAKOVAS
Director for Corporate Affairs
Holds the position from 25 September 2023

VYTAUTAS BITINAS
Director for Business Resilience
Held the position from 30 June 2023
to 31 January 2024

GEDIMINAS ŠEČKUS
Director for Business Resilience
Holds the position from 1 February 2024

VYTAUTAS BITINAS
Director of Technology
Holds the position from 21 November 2022

IEVA LAURAITYTĖ
Director of Administration
Holds the position from 21 November 2022

ARENIJUS JACKUS
Chief Rail Baltica Lithuania Officer
Holds the position from 17 October 2023

* *The starting date of the first five-year term of office of the Chief Executive Officer of LTG.*

Previous experience

In 2017, E. Lazauskas became the Head of the Freight Transportation Directorate of AB Lietuvos Geležinkeliai at the time. On 1 May 2019, he was appointed as the CEO of LG CARGO, a newly established freight transportation company AB Lietuvos Geležinkeliai, that had continued the activities of the directorate. In 2020, the company's name was changed to LTG Cargo.

Before E. Lazauskas started working at the LTG Group, he led the infrastructure projects team at the company Ernst & Young Baltic. He has also led Lithuanian and international teams of experts working in the logistics sector, participated in the preparation of the feasibility study for the establishment of the Klaipėda Public Logistics Centre, the Port of Klaipėda Development Programme 2030, and, on behalf of the European Bank for Development and Reconstruction, prepared an analysis of investment projects in the transport sector of the Baltic States.

Education

E. Lazauskas graduated from the Vilnius Gediminas Technical University (VGTU) with a bachelor's degree in environmental engineering in 1996. In 1997, he obtained a diploma in environmental engineering, VGTU.

Internal audit

The LTG Group has established a centralised Internal Audit function, which acts as a third line and covers all LTG Group companies. The Internal Audit function had 6 auditors as at 31 December 2023. The purpose of Internal Audit is to provide independent, objective assurance and advisory services in order to contribute to the achievement of the LTG Group's strategic objectives and to preserve and enhance value.

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

The division reports directly to the LTG Board, thus ensuring the independence and objectivity of internal audit and enabling it to identify weaknesses and areas for improvement in operational efficiency.

The activities of the Internal Audit division in 2024 have been planned on the basis of an independent risk assessment and the prioritisation of activities and processes to be assessed. The audit assessments in the first half of 2024 included, among others, the following areas:

- Conducting public procurement;
- IT project management;
- Incident management;
- Ensuring the availability of rolling stock;
- Maintenance;
- Accuracy of external reporting.

Each audit assesses the probability of fraud occurrence. Recommendations have been made on areas for improvement identified during the audit. The findings of the audits carried out and the follow-up of the recommendations were reported to the heads of the responsible departments, the Company's management, as well as to the Audit Committee and to the Boards of LTG and the subsidiaries.

In the 1st half of 2024, the Internal Audit continued to focus on the Quality Assurance and Improvement Programme, initiating and implementing decisions on standardisation of internal processes and planning work on the implementation of the updated Global Internal Audit Standards.

Managing interests

At the end of the reporting period, the members of the Board of LTG, the members of the Committees of the Board of LTG, the Chief Executive Officer and the Company's management have filed declarations of private interests, which can be found in the register of private interests of the High Official Ethics Commission. During the reporting period, there were no conflicts of interest between the members of the Board, the Chief Executive Officer and the Company's management.

Remuneration report

LTG LITHUANIAN RAILWAYS

4.1. Overview

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, ambassadorship, enabling the dissemination of knowledge about the LTG Group and thereby retaining and attracting talent, remains a priority.

One of the core objectives of remuneration policy and their implementation principles is to support and enable the desired changes in organisational culture.

The **Remuneration Policy** of the LTG Group is aimed at providing long-term decisions that are linked to the well-being of employees that:

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

Key events related to employee welfare in the first half of 2024

- Consistently reinforcing the values of the LTG Group (Customer, Responsibility, Cooperation, Development), the **Most Valuable Employee elections** were organised quarterly, and the most valuable colleagues were widely communicated. A unique team activity was introduced – **LTG Gene** – based on real situations of the LTG Group and designed to reinforce the value-based behaviours of employees in their daily work.
- Various forms of learning have been used to ensure continuous improvement, with employees actively taking advantage of 18 distance learning sessions on mental health, sustainability, personal effectiveness and other topics in the first half of the year.
- To strengthen the diversity and inclusion, May was dedicated to **Diversity**: the results of the Equal Opportunities Line were presented to employees, the SOPA initiative DUOday was joined, 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. A shadowing programme for schoolchildren was developed together with Junior Achievement, the Vilnius is a School project was actively engaged in, with pupils participating in various staff-led educational activities, the Growing Leaders internship programme attracted twice as many young talents as last year, and a cooperation agreement was signed with Šiauliai State Higher Education Institution.
- As of 1 April 2024, the **annual review of base salaries** in the companies of the LTG Group was implemented, with a monthly increase of EUR 777 thousand or 7% in the monthly base payroll, and 91% of the employees benefited from a pay rise based on the unified review criteria.
- In April 2024, the performance **incentive fund** of the LTG Group for 2023 was distributed to the LTG Group employees in April 2024, based on the performance of the LTG Group and its companies in 2023, for a total amount of EUR 7.1 million.
- Changes to the organisational structure of the various units have been implemented to plan for more efficient organisational solutions and a better customer experience.
- The limits and reimbursement amounts for reimbursable services have been increased in the updated conditions for supplementary voluntary health insurance, which were updated at the beginning of the year.
- Through information dissemination, the number of employees using the employer's discount platform to purchase various goods and services increased by 56% in the first half of 2024, and the amount saved by employees through discounts exceeded 40,000 EUR during this period.
- Five pilot incentive/variable reward programmes have been launched, targeting staff motivation and targets related to successful project delivery, quality of customer service and effective purchasing and sales growth.

4.2. Remuneration and its structure

The principles of remuneration and the fringe benefits to be granted are set out in the **LTG Group's Sectoral Collective Agreement** and the **Remuneration Policy**. Provisions for the implementation of the remuneration policy are defined in the internal Remuneration Methodology, and internal process standards are intended to further define principles of practical implementation. All relevant documentation is available on the Company's intranet - the employee knowledge base and newsletters.

Elements of setting and review of the remuneration
methodological position evaluation;
periodic comparison of internal remuneration data with the market;
the direct link between the possibilities of the change in remuneration and the employee's performance efficiency - the results of achieving the annual goals, extra effort and value-based behaviour.

A local scale of corporate levels 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 salary 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 remuneration, which is carried out each year, is linked to clear and objective criteria – a comparison of current employee remuneration with the market, the financial performance of the LTG Group 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 the annual objectives of the LTG Group and the Company, achieving high performance, embedding a culture of personal responsibility and continuous feedback, and reinforcing the principle of "the best is rewarded the most".

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

After the end of the financial year, and following an assessment of the performance of the LTG Group and its individual companies, the Boards of the companies of the LTG Group decide to establish an annual performance incentive fund. Such fund is an employer-initiated incentive to employees for good performance and positive performance of the Company, as referred to in Article 139(2)(6) of the Labour Code of the Republic of Lithuania, which is granted on the basis of Article 142(1)(2) of the Labour Code of the Republic of Lithuania. This incentive is also forward-looking as a motivational tool for employees, and the individual opportunities for such incentive are linked to the corporate levels of the positions and to the annual performance summaries of each employee.

Maximum annual incentive opportunities by general function groups

General function group	Maximum annual incentive opportunity having exceptionally exceeded the goals set for the LTG Group, the Company or an employee	
	Coefficient on monthly basic salary	Percentage of annual basic salary
Board of Directors of LTG Holding and Chief Executive Officer of LTG Holding	3.6	30%
High-level managers		
Senior managers and specialists in exceptional fields		
Mid-level managers and individual domain experts	2.4	20%
Team leaders and experienced professionals	1.4	12%
Specialist and experienced operational / service staff		
Operational / service staff, skilled workers		

Measures to create additional employer value in the LTG Group include a fringe benefit package and reimbursement of vehicle costs for managers at a certain level. The fringe benefits package 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 sectoral collective agreement and the Remuneration Methodology of the 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 check-ups 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. From autumn 2023, employees can benefit from a discount programme for various services and goods.

The types and components of remuneration applicable to the LTG Group as a whole as well as the general principles of remuneration management are set out in the Remuneration Policy which is publicly available in the Remuneration section on the LTG website.

4.3. Remuneration of the management bodies of the Company

Remuneration of the Chief Executive Officer of the Company

Direct remuneration of the parent company's Chief Executive Officer consists of:

- **Basic monthly salary.** The monthly base salary of the Chief Executive Officer of the Company at the end of the reporting period, as set out in the employment contract, amounted to EUR 12,740. During the period under review, the monthly base salary of the Company's CEO increased by 15% from EUR 11,075 to EUR 12,740.
- **Annual performance incentives.** In addition to the base salary, the Chief Executive Officer of the Company may be paid a variable annual salary (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 the LTG Group was 90% and the achievement of the leadership team targets was 10%. From 2024 onwards, the level of achievement of the annual targets of the LTG Group has a 100% impact on the incentive payout. The Board of LTG approves the annual target structure, achievement thresholds and weightings of the LTG Group, and approves the results of the achievement of these targets and the opportunity for payment of the annual performance incentive at the end of the year. The maximum annual performance incentive opportunity may not exceed 30% of the annual base salary. The maximum monthly amount, i.e. 1/12th of the 2023 performance incentive, could not exceed EUR 3,323. In April 2024, the monthly (1/12th) of the 2023 performance incentive paid to the CEO of LTG amounted to EUR 2,503.
- In addition to direct remuneration, the LTG CEO's total remuneration package includes internally-defined measures to create additional employer value and **non-monetary rewards.**

Remuneration of the Company's Board and Committees of the Company

The remuneration of the members of the Board and Committees of the Company is set out in the LTG Board Member Agreements and LTG Committee Member Agreements concluded with them.

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

In order to implement the provisions of the aforementioned Resolution, the Order of the Minister of Transport and Communications of the Republic of Lithuania of 2 December 2022 approved the updated regulation on remuneration of the members of the LTG Board and the Committees.

The Order sets the remuneration of the members of the LTG Board and the Committees, providing that the monthly remuneration of the Chairman of the LTG Board shall be EUR 3,742, the monthly remuneration of an independent member of the LTG Board and of a member of the Board, who is another person selected by the Ministry of Transport and Communications of the Republic of Lithuania, shall be EUR 2,807, the monthly remuneration of the member of the LTG Board, who is a civil servant, shall be EUR 1,403. At the same time, the rule is laid down that if individual members of the Board are elected, their remuneration shall be set at the same level as that of the members of the existing Board. The monthly remuneration of a member of a committee set up by the LTG Board is EUR 1,403 and that of the chairman of a committee set up by the Board is EUR 2,105; a member of a committee who is a civil servant is not remunerated for his/her activity on the committee.

Remuneration paid to members of the Board and Committees of the Company in the first half of 2024*

Name, surname of the member	Remuneration for the activities of the Board Member, EUR	Remuneration for the activities of the Audit Committee Member, EUR	Remuneration for the activities of the Nomination and Remuneration Committee Member, EUR
Kęstutis Šliužas	22,452	-	8,418
Eugenijus Preikša	16,842	12,630	-
Dr. Aurimas Vilkelis	16,842	8,418	-
Bernard Guillelmon	16,842	8,418	-
Dalia Andrulionienė	16,842	-	12,630
Romas Švedas	16,842	8,418	-
Agnė Amelija Mikalonė	8,418	-	-

** The remuneration is inclusive of all applicable taxes and contributions.*

Information on the remuneration of the members of the Board, the members of the Committee and the CEO is also available on the Company's website, in the Governance section.

4.4. Information on the remuneration of employees

Indicators of the LTG Group

As at 30 June 2024, the number of employees of the LTG Group was 5 804, with 99 employees on long-term leave (parental leave, maternity leave, military service, etc.). The average monthly salary increased by 7.8% as compared to 2023, from EUR 2,131 to EUR 2,297. The most significant impact on salary movements was the April remuneration review which took place across the LTG Group.

The total **payroll of the LTG Group**, excluding the additional incentive paid for annual performance, amounted to EUR 76.2 million in the first half of 2024 (excluding compensation for unused leave, severance payments, accruals, and non-capitalised pay), and increased by EUR 3.2 million as compared to the same period of 2023 (from EUR 73.0 million in the first six months of 2023 to EUR 76.2 million).

In April 2024, the size of the **incentive fund** distributed to the employees of the LTG Group for 2023 performance amounted to EUR 7.1 million.

Number of employees of the LTG Group companies and average salary by companies

Group companies	30/06/2024		31/12/2023		31/12/2022	
	Number of employees	Average salary, EUR	Number of employees	Average salary, EUR	Number of employees	Average salary, EUR
Lietuvos Geležinkeliai (parent company)	737	3,139	738	2,908	785	2,616
LTG Cargo Group*	1,852	2,263	1,852	2,098	2,026	1,862
LTG Link	633	2,264	593	2,125	567	1,851
LTG Infra	2,367	2,069	2,418	1,920	2,453	1,749
Geležinkelio Tiesimo Centras	217	2,267	227	2,130	291	1,947
Rail Baltica Statyba	3	3,547	3	3,668	4	3,148
Total**	**5,804**	**2,297**	**5,825**	**2,131**	**6,126**	**1,922**

** Due to tax differences in foreign countries where LTG Cargo has subsidiaries, only the average salary of LTG Cargo is presented, excluding the companies of the Company registered in foreign countries.*

*** In cases where the same employee works for more than one company in the LTG Group, the number of unique employees is reported at the LTG Group level.*

Number of employees of the LTG Group and average salary by general function groups

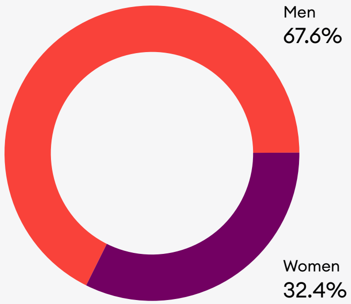
Position group	30/06/2024**						31/12/2023		31/12/2022	
	Number of employees			Average salary, EUR			Number of employees	Average salary, EUR	Number of employees	Average salary, EUR
	Total	Women	Men	Total	Women	Men				
CEO of the LTG Holding*	1	-	1	12,740	-	-	1	10,897	1	10,450
Managers Council of the LTG Holding*	12	4	8	9,115	-	-	12	8,308	11	8,181
Top-level managers	40	19	21	6,955	6,876	7,019	42	6,584	35	6,247
Senior executives and specialists in exceptional fields	147	50	97	5,079	4,930	5,166	139	4,867	115	4,514
Middle-level managers and individual experts	612	274	338	3,414	3,358	3,460	587	3,231	545	3,075
Team leaders and experienced specialists	1,755	654	1,101	2,278	2,199	2,326	1,742	2,146	1,821	2,006
Specialists and experienced operational/service staff	1,565	544	1,021	2,169	1,765	2,403	1,567	2,067	1,633	1,859
Operational/service staff, qualified workers	1,672	337	1,335	1,635	1,526	1,663	1,735	1,538	1,965	1,414
Total	**5,804**	**1,882**	**3,922**	**2,297**	**2,251**	**2,319**	**5,825**	**2,131**	**6,126**	**1,922**

** Fixed remuneration as of the end of the period is provided.*

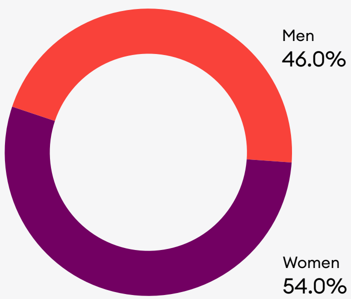
*** For confidentiality reasons, if a particular function group includes less than 5 employees of the same gender, the information on the average salary and the difference of the average salary are not disclosed. In addition, due to tax differences and for objective comparison reasons, the average salaries of the LTG Cargo subsidiaries registered in foreign countries are excluded.*

Company indicators

Distribution of employees of LTG Group by gender in H1 2024, %



Distribution of the Company's employees by gender in H1 of 2024, %



Data on the average remuneration of the Company's employees by general job group is published on a regular basis on the Company's website in the Remuneration Section and is updated after the end of each calendar quarter. A comparison of the average salaries of women and men is published at the same time.

As at 30 June 2024, the Company had 737 employees, with a further 41 employees on long-term leave (parental leave, maternity leave, military service, etc.). During the period under review, the number of employees of the Company changed only slightly, i.e. by 1 employee, while the average monthly salary increased from EUR 2,908 to EUR 3,139 as compared to 2023.

The parent Company's **payroll** for the first half of 2024, excluding the additional incentive paid for annual performance, amounted to EUR 13.7 million, and increased by EUR 0.7 million as compared to the first half of 2023 (from EUR 13.0 million to EUR 13.7 million).

In April 2024, the amount of the **incentive fund** distributed to the Company's employees for 2023 performance was EUR 1.9 million.

Number of the Company's employees and average salary by general function groups

Position group	30/06/2024**						31/12/2023		31/12/2022	
	Number of employees			Average salary, EUR			Number of employees	Average salary, EUR	Number of employees	Average salary, EUR
	Total	Women	Men	Total	Women	Men				
CEO of the LTG Holding*	1	-	1	12,740	-	-	1	11,075	1	10,450
Managers Council of the LTG Holding*	8	2	6	8,635	-	-	8	7,905	7	8,044
Top-level managers	18	11	7	6,904	7,002	6,768	17	6,666	12	6,462
Senior executives and specialists in exceptional fields	69	37	32	5,102	4,848	5,409	66	4,918	57	4,545
Middle-level managers and individual experts	268	153	115	3,531	3,426	3,666	268	3,342	258	3,166
Team leaders and experienced specialists	272	167	105	2,334	2,240	2,478	290	2,223	329	2,104
Specialists and experienced operational / service staff	42	20	22	1,829	1,718	1,928	40	1,763	66	1,727
Operational / service staff, qualified workers	59	8	51	1,691	1,484	1,699	48	1,582	55	1,492
Total	**737**	**398**	**339**	**3,139**	**3,061**	**3,228**	**738**	**2,908**	**785**	**2,616**

** Fixed remuneration at the end of the period. The detailed remuneration structure of the Head of the LTG holding is disclosed in the section Remuneration of the Company's Governance Bodies of the Remuneration Report. Having taken into account annual performance incentives, the actual average monthly salary of top-level managers amounted to EUR 9,557 in 2023.*

*** For confidentiality reasons, if a particular function group includes less than 5 employees of the same gender, the information on the average salary and the difference of the average salary are not disclosed.*

Risks and risk management report

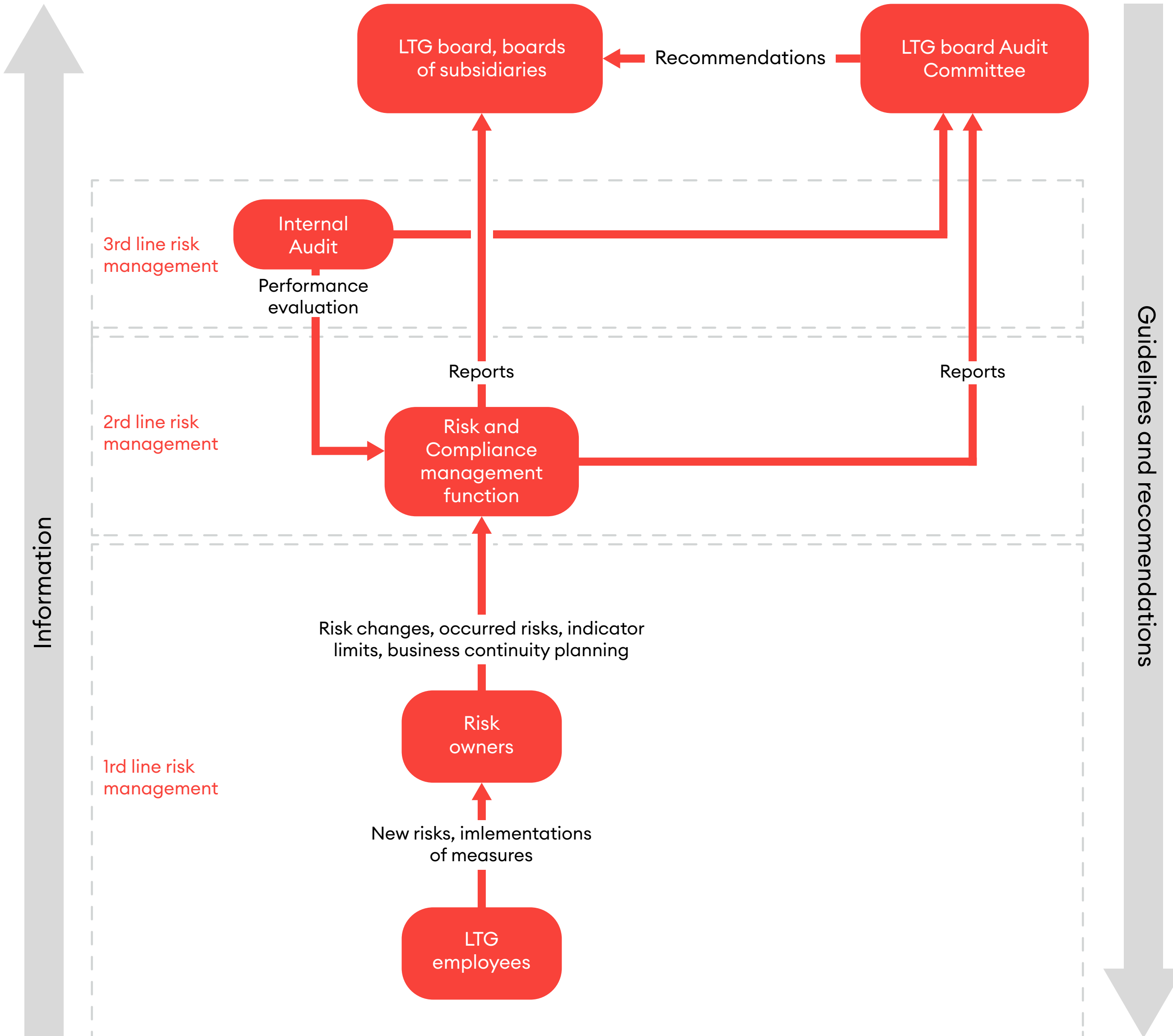
LTG LITHUANIAN RAILWAYS

The Company applies and continuously improves the **unified risk management system of the LTG Group**. It is defined in the LTG Group's risk management policy (publicly available on the Company's website link), methodology and process standards developed in accordance with the International Organization of Standardization (ISO 31000) and Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management (COSO ERM) standards and best practices.

In the LTG Group, risk management responsibilities are allocated according to the **Model of Three Lines of Defense**. According to this model:

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

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



The Audit Committee of the LTG Board actively contributes and makes recommendations to the LTG Board on the improvement of the LTG Group's risk management and the risk management framework to ensure the internal control and oversight of the effectiveness of its business processes and the resolution of issues of the LTG Group.

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

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

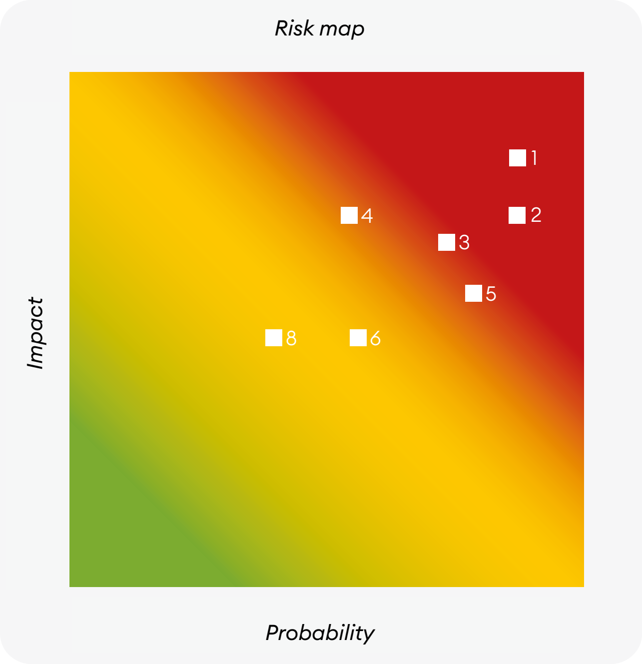
The level of identified risks is assessed by determining their likelihood and potential impact (assessing financial, legal and reputational impact, impact on activities as a going concern, on employee safety) and attributing them to one out of four risk categories (strategic, operational, financial,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

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

In the LTG Group, strategic decisions are made taking into account the experience gained, the identified and managed risks and resilience of the activities carried out, as well as the context of the external environment and related global factors.

Main risks of the LTG Group and their management measures

1. Risk of delays in strategic infrastructure projects.
2. Possible provocations in the context of hybrid threats.
3. Challenges of expansion in foreign markets.
4. “Third party” risks.
5. Risk of sanctioned freight transport / circumvention schemes.
6. Lack of critical competences due to the development of new technologies and the ageing of employees.
7. Risk of safety incidents.



The table below highlights the main risks for the LTG Group in the first half of 2024.

Risk	Main sources of risk	Potential impact	Basic risk management measures
Risk of delays in strategic infrastructure projects	• Failure to secure public funding • Supply chain disruptions • Delays by contractors	• Delayed implementation of projects • Reputational damage • Loss of EU funding	• Detailed planning of project execution • Timely communication with stakeholders • Monitoring project implementation
Possible provocations in the context of hybrid threats	• Geopolitical situation • Activities of hostile states or groups	• Cyber attacks • Operational disruptions • Spread of misinformation • Data theft	• Incident management and monitoring • Managing security vulnerabilities • Cooperation with institutions
Challenges of expansion in foreign markets	• Intensified competitive environment on the Polish market • Lack of technical operational compatibility • Compliance with local legal regulations	• Failure to achieve strategic objectives • Insufficiently rapid diversification of activities	• Review of the strategy • Consolidation of the customer service process • Ensuring quality control
“Third party” risks	• Increase in prices of materials and raw materials • Increased delivery times • Possible non-compliance with supplier sanction requirements	• Operational failures due to lack of repair parts • Work delays	• Advance planning • Reallocation of resources • Control and monitoring of sanctions • Finding alternative suppliers • Rolling stock recovery programmes
Risk of sanctioned freight transport / circumvention schemes	• Malicious efforts of customers to circumvent sanctions • Lack of information to verify sanctions compliance	• Damage to reputation • 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
Lack of critical competen-ces due to the development of new technologies and the ageing of employees	• National labour market trends • Ageing employees • Changing nature of work as new technologies emerge	• Potential impact on business processes	• Improvement of working conditions • Managing critical positions • Enhancing the prestige of the position • Employer branding • Cooperation with educational institutions
Risk of safety incidents	• Failure to comply with work safety instructions • Unsafe behaviour of road users *Inherent risks inherent in the activity. These risks are managed with a strong focus on continuous and syste-mic measures*	• Financial losses due to damage to rolling stock or infrastructure • Damage to reputation 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

Consolidated and the Company‘s Interim financial statements (unaudited),

Prepared in accordance with the IFRS accounting standards,
as adopted by the European Union
for the six-months period ended on 30 June 2024

6.1. Statements of financial position

	Notes	Group		Company	
		30/06/2024	31/12/2023	30/06/2024	31/12/2023
Non-current assets					
Property, plant and equipment	5	2,170,659	2,142,806	21,956	24,257
Right-of-use assets	6	11,593	12,304	9,081	8,954
Intangible assets	7	29,546	29,590	13,769	12,534
Investment property	8	2,381	2,478	9,198	8,690
Financial assets		7,653	7,262	1,005,593	1,003,043
Investments	9	5,261	4,793	884,032	883,982
Loans to related and other companies	26	100	100	120,764	118,264
Trade and other receivables	11	2,292	2,369	797	797
Other non-current assets		101	105	-	-
Deferred tax asset		2,735	3,662	786	1,359
Total non-current assets		2,224,668	2,198,207	1,060,383	1,058,837
Current assets					
Inventories	10	24,633	25,024	10,531	4,976
Non-current assets held for sale	10	3,179	7,100	834	954
Contracts assets		10	4	-	-
Loans to related and other companies	26	60	60	37,265	19,943
Trade and other receivables	11	95,141	33,588	16,193	17,997
Prepayments	12	6,393	5,920	9,427	9,586
Cash and cash equivalents	13	148,220	228,566	33,032	34,650
Total current assets		**277,636**	**300,262**	**107,282**	**88,106**
Total assets		**2,502,304**	**2,498,469**	**1,167,665**	**1,146,943**

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

6.1. Statements of financial position (continued)

	Notes	Group		Company	
		30/06/2024	31/12/2023	30/06/2024	31/12/2023
Equity					
Share capital	14	1,059,282	1,059,282	1,059,282	1,059,282
Legal reserve	16	34,839	34,025	34,839	34,025
Other reserves	16	8,113	5,672	8,113	5,672
Currency translation reserve		(239)	(175)	-	-
Retained earnings (losses)		78,664	75,482	23,121	16,278
Total equity		**1,180,659**	**1,174,286**	**1,125,355**	**1,115,257**
Liabilities					
Non-current liabilities					
Grants	17	984,224	983,466	495	602
Loans and borrowings	18	101,745	109,523	-	-
Lease liabilities	19	6,820	6,181	6,444	5,824
Employee benefits	20	5,804	6,473	387	420
Trade and other payables	21	16,278	2,016	-	-
Provisions		16,453	16,453	-	-
Deferred tax liabilities		27,988	25,633	-	-
Total non-current liabilities		**1,159,312**	**1,149,745**	**7,326**	**6,846**
Current liabilities					
Loans and other borrowings	18,26	17,064	17,887	-	-
Lease liabilities	19	4,805	6,217	2,684	3,311
Corporate income tax liability		2,417	3,314	61	407
Employee benefits	20	26,634	26,069	4,953	4,871
Trade and other payables	21	94,651	103,640	11,127	7,644
Contract liabilities		11	2	-	-
Prepayments received	22	15,845	16,093	15,933	8,381
Provisions		906	1,216	226	226
Total current liabilities		**162,333**	**174,438**	**34,984**	**24,840**
Total liabilities		**1,321,645**	**1,324,183**	**42,310**	**31,686**
Total equity and liabilities		**2,502,304**	**2,498,469**	**1,167,665**	**1,146,943**

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

Financial statements and explanatory notes on pages from 73 to 97 were approved and signed:

Egidijus Lazauskas
Chief Executive Officer

Andrej Kosiakov
Chief Financial Officer

Lina Užlienė
Head of Accounting

6.2. Statements of profit or loss and other comprehensive income

	Notes	Group		Company	
		06/2024	06/2023	06/2024	06/2023
Sales revenue	23	191,233	167,779	46,690	44,060
Grant		52,464	43,393	-	-
Income from other activities		593	782	27	2,765
Total revenue		244,290	211,954	46,717	46,825
Expenses related to employee benefits		(80,865)	(76,170)	(15,912)	(14,616)
Depreciation and amortisation		(52,425)	(53,876)	(3,669)	(3,961)
Fuel		(18,884)	(20,800)	(70)	(189)
Repairs and maintenance		(10,617)	(7,430)	(1,988)	(816)
Services rendered by other foreign railway companies		(9,653)	(7,538)	-	-
Electricity		(8,019)	(5,766)	(213)	(446)
Materials		(7,282)	(6,378)	(17,165)	(17,932)
Increase (decrease) in the value of non-current assets		(2,189)	112	-	-
(Revaluation) reversal of inventories to net realisable value		32	-	26	-
Increase (decrease) in the value of investments		-	-	-	(215)
Increase (decrease) in the value of receivables		71	(20)	(15)	(27)
Change in provisions		(346)	(186)	-	-
Other costs		(28,141)	(21,839)	(8,004)	(7,395)
Total expenses		(218,318)	(199,891)	(47,010)	(45,597)
Operating profit (loss)		**25,972**	**12,063**	**(293)**	**1,228**
Finance income	24	2,831	793	24,142	14,566
Finance expenses	24	(3,815)	(2,476)	(152)	(120)
Financial net result		(984)	(1,683)	23,990	14,446
Share of net profit (loss) of associated entities		828	127	-	-
Profit (loss) before taxation		25,816	10,507	23,697	15,674
Income tax	25	(5,430)	(1,518)	(576)	(653)
Net profit (loss)		**20,386**	**8,989**	**23,121**	**15,021**
Other comprehensive income (expenses)					
Currency exchange rate differences due to translation of financial statements of foreign undertakings		(64)	(211)	-	-
Total other comprehensive income (expenses)		(64)	(211)	-	-
Total comprehensive income (expenses)		**20,322**	**8,778**	**23,121**	**15,021**

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

6.3. Statements of changes in equity

Group	Notes	Share capital	Share premium	Legal reserve	Other reserves	Currency translation reserve	Total
Balance as at 31 December 2022		**1,059,282**	**-**	**34,025**	**8,757**	**48**	**1,161,504**
Net profit (loss)		-	-	-	-	-	8,989
Other comprehensive income, after tax		-	-	-	-	(211)	(211)
Total comprehensive income (expenses)						(211)	8 778
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income		-	-	-	-	-	(80)
Total transactions with owners of the Company		-	-	-	-	-	(80)
Balance as at 30 June 2023		**1,059,282**	**-**	**34,025**	**8,757**	**(163)**	**1,170,202**
Balance as at 31 December 2023		**1,059,282**	**-**	**34,025**	**5,672**	**(175)**	**1,174,286**
Net profit (loss)		-	-	-	-	-	20,386
Other comprehensive income, after tax		-	-	-	-	(64)	(64)
Total comprehensive income (expenses)		-	-	-	-	(64)	20,322
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income		-	-	-	-	-	(927)
Reserves formed	16	-	-	814	2,441	-	-
Dividends	15	-	-	-	-	-	(13,022)
Total transactions with owners of the Company		-	-	814	2,441	-	(13,949)
Balance as at 30 June 2024		**1,059,282**	**-**	**34,839**	**8,113**	**(239)**	**1,180,659**

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

Statements of changes in equity (continued)

Group	Notes	Share capital	Share premium	Legal reserve	Other reserves	Retained earnings (loss)	Total
Balance as at 31 December 2022		**1,059,282**	**-**	**34,025**	**8,757**	**(3,085)**	**1,098,979**
Net profit (loss)		-	-	-	-	15,021	15,021
Total comprehensive income (expenses)		-	-	-	-	15,021	15,021
Balance as at 30 June 2023		**1,059,282**	**-**	**34,025**	**8,757**	**11,936**	**1,114,000**
Balance as at 31 December 2023		**1,059,282**	**-**	**34,025**	**5,672**	**16,278**	**1,115,257**
Net profit (loss)		-	-	-	-	23,121	23,121
Total comprehensive income (expenses)		-	-	-	-	23,121	23,121
Reserves formed	16	-	-	814	2,441	(3,255)	-
Dividends	15	-	-	-	-	(13,022)	(13,022)
Total transactions with owners of the Company		-	-	814	2,441	(16,277)	(13,022)
Balance as at 30 June 2024		**1,059,282**	**-**	**34,839**	**8,113**	**23,121**	**1,125,355**

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

6.4. Statements of cash flows

	Notes	Group		Company	
		30/06/2024	30/06/2023	30/06/2024	30/06/2023
Cash flows from operating activities					
Net profit (loss)		20,386	8,989	23,121	15,021
Adjustments					
Depreciation and amortisation		66,094	67,342	3,776	4,068
(Amortisation) of grants	17	(11,842)	(11,855)	(107)	(107)
(Profit) loss from disposal/write-off of non-current assets		313	399	(2)	(2,754)
Decrease (increase) in the value of non-current assets		2,189	(112)	-	-
Revaluation (reversal) of inventories to net realisable value		(32)	-	(26)	-
Decrease (increase) in the value of investments		-	-	-	215
Decrease (increase) in the value of receivables		(71)	20	15	27
Change in accrued income/expenses		(1,714)	(446)	(4,423)	662
Interest (income) expenses and other loan related fees		1,452	2,462	(4,023)	(2,295)
Increase (decrease) in provisions		346	186	-	-
Effect of currency exchange fluctuations		139	368	(71)	(67)
Interest on lease liability		194	85	8	47
Income tax expenses (income)	25	5,430	1,518	576	653
(Profit) loss of an associated company		(828)	(127)	-	-
Cash flows from operating activities after adjustments		82,056	68,829	18,844	15,470
Changes in working capital					
Decrease (increase) in inventories		(5,715)	(11,356)	(5,403)	(1,649)
Decrease (increase) in trade and other receivables and prepayments		(62,094)	(40,533)	(14,182)	(2,459)
Increase (decrease) in current and non-current trade payables and received prepayments		(13,542)	45,475	11,241	7,998
Increase (decrease) in employment related liabilities		(105)	1,461	49	224
Increase (decrease) in other non-current and current payables		4,591	1,587	(1,018)	2,119
Income tax (paid)		(2,364)	-	-	-
Net cash from operating activities		2,827	65,463	9,531	21,703
Cash flows from investing activities					
(Acquisition) of non-current assets and change in prepayments for non-current assets		(85,996)	(147,581)	(1,818)	9,458
Disposal of non-current assets		4,718	-	-	-
Dividends received		408	328	20,106	328
Interest received		2,078	-	-	-
Loans granted		-	-	(15,419)	(10,303)
Net cash used in investing activities		(78,792)	(147,253)	2,869	(517)
Cash flows from financing activities					
Loans (repaid)		(8,444)	(12,830)	-	-
Grants received (repaid, used)		25,057	31,664	-	-
Interest on lease liability		(194)	(85)	-	(25)
Payment of lease liabilities		(4,329)	(2,822)	(996)	(257)
Interest (paid)		(3,330)	(2,437)	-	25
Dividends (paid)	15	(13,022)	-	(13,022)	-
Other cash flows from financing activities		(119)	-	-	-
Net cash flows from financing activities		(4,381)	13,490	(14,018)	(257)
Net increase (decrease) in cash and cashequivalents		(80,346)	(68,300)	(1,618)	20,929
Cash and cash equivalents at the beginning of the period		228,566	213,434	34,650	4,567
Cash and cash equivalents at the end of the period		**148,220**	**145,134**	**33,032**	**25,496**

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

6.5. Explanatory notes

1. Background information

AB Lietuvos Geležinkeliai (the Company, LTG) was registered in the Register of Legal Entities of the Republic of Lithuania on 24 December 1991 after the reorganisation of SPAB Lietuvos Geležinkeliai.

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

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

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

As at 30 June 2024 and 31 December 2023, the Republic of Lithuania represented by the Ministry of Transport and Communications was the sole shareholder of the Company.

As at 30 June 2024 the share capital of the Company comprised 3,657,492 ordinary registered shares at EUR 289.62 nominal value per share. The authorized capital amounted to EUR 1,059,282 thousand. The company did not purchase its own shares.

As at 30 June 2024 the actual number of the Group's and the Company's employees was 5,804 and 737 respectively (at 31 December 2023: 5,825 and 738 respectively).

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

Subsidiaries

Company	Company's address	Owned share, %		Main activities
		30/06/2024	31/12/2023	
AB LTG Cargo	Geležinkelio St. 12, Vilnius	100	100	Freight transportation by rail.
UAB LTG Link	Geležinkelio St. 16, Vilnius	100	100	Passenger transportation by rail.
AB LTG Infra	Geležinkelio St. 2, Vilnius	100	100	Management of public railway infrastructure and implementation of functions of the manager of public railway infrastructure.
UAB Geležinkelio tiesimo centras	Trikampio St. 10, Lentvaris	100	100	Public railway infrastructure road repairs and construction.
UAB Rail Baltica statyba	Geležinkelio St. 16, Vilnius	100	100	Implementation of shareholder's functions of the joint Baltic States company RB Rail AS, which monitors implementation of the Rail Baltica project.
LTG Cargo Polska Sp.zo.o.	Świętojerska 5/7, 00-236, Warsaw, Poland	100	100	Activities of freight carrier and provision of related services
UAB LTG Wagons	Geležinkelio St. 12, Vilnius	100	100	Lease of wagons and containers used for freight transportation by rail and provision of related services.
LTG Cargo Ukraine LLC	Puškino St. 21, Kiev, Ukraine	100	100	Lease, repair forwarding of rolling stock used for freight transportation by rail and provision of other logistic services.
VšĮ Geležinkelių logistikos parkas	Švitrigailos St. 39, Vilnius	81.39	79.61	Responsible for the development and management of Vilnius Public Logistics Centre Fleet. The Company is not significant thus not material for consolidation.

Associated and secondary companies

Company	Company's address	Owned share, %		Main activities
		30/06/2024	31/12/2023	
voestalpine Railway Systems Lietuva, UAB	Sostinės St. 18, Valčiūnai, Vilnius district	34	34	Manufacture of railway switches.
RB Rail AS	Satekles St. 2B, LV-1010, Riga, Latvia	33.33	33.33	Implementation of Rail Baltica project and of functions of central project coordinator. Controlled through UAB Rail Baltica Statyba.
VšĮ Transporto Inovacijų Centras	Geležinkelio St. 16, Vilnius	-	33. 33	Development of innovation testing possibilities in transport sector infrastructure. The company is under liquidation

2. Basis of preparation

These interim financial statements for the six-month period ended 30 June 2024 (hereinafter – interim financial statements) have been prepared in accordance with International Accounting Standard (hereinafter – the IAS) 34 'Interim Financial Reporting'.

These interim financial statements do not include all the information required for annual financial statements and should therefore be read with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRS accounting standards as approved by the International Accounting Standards Board (IASB) and adopted by the EU.

The interim financial statements of the Group and the Company for the six-month period ended 30 June 2024 have been prepared on a going concern basis and valued using the historical cost method unless stated otherwise.

In these financial statements all amounts are presented in thousands of euros, unless otherwise stated. Because of rounding, figures between tables may not coincide. Such inconsistencies in the financial statements are considered as insignificant.

The financial year of the company is the same as the calendar year.

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

3. Significant accounting principles

The accounting principles applied in the preparation of these interim financial statements are the same as those applied in the preparation of the Consolidated financial statements and the Company's annual financial statements for the year ended 31 December 2023, except for the new standards which became effective from 1 January 2024. In preparing these interim financial statements, the Group and the Company have not applied the new standards, amendments and interpretations that have been adopted but are not yet effective.

4. Significant accounting estimates

The significant estimates made by management in the preparation of these interim financial statements in the application of accounting policies and the identification of key uncertainties were the same as those applied in the preparation of the financial statements for the year ended 31 December 2023.

5. Property, plant and equipment

Property, plant and equipment of the Group comprised:

Group	Land	Buildings and structures	Machinery and plant	Vehicles	Other fixtures, fittings and tools	Construction in progress and prepayments	Total
ACQUISITION COST							
31 December 2022	**152,437**	**1,465,172**	**256,325**	**567,481**	**120,135**	**291,861**	**2,853,411**
- acquisitions	335	314	31	10,298	2,288	330,729	343,995
- sales, disposals, write-offs	(17)	(1,485)	(2,626)	(13,953)	(1,847)	(288)	(20,216)
- reclassification from/(to) current assets	-	(13,990)	(15,849)	(5,478)	(254)	16,034	(19,537)
- reclassification from/(to) intangible assets	-	-	-	-	-	(499)	(499)
- reclassification from/(to) investment property	-	733	-	-	-	-	733
- reclassifications	(67)	149,194	(65,427)	22,719	(71,981)	(34,438)	-
31 December 2023	**152,688**	**1,599,938**	**172,454**	**581,067**	**48,341**	**603,399**	**3,157,887**
- acquisitions	3	546	237	3 181	82	81,847	85,896
- sales, disposals, write-offs	-	(1,504)	(1,537)	(145)	(73)	-	(3,259)
- reclassification from/(to) current assets	-	303	(35)	(319)	(11)	5,946	5,884
- reclassification from/(to) intangible assets	-	-	-	-	-	(206)	(206)
- reclassification from/(to) investment property	-	14	-	-	-	-	14
- reclassifications	133	19,790	362	11,359	326	(31,970)	-
30 June 2024	**152,824**	**1,619,087**	**171,481**	**595,143**	**48,665**	**659,016**	**3,246,216**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES							
31 December 2022	**-**	**(481,204)**	**(121,903)**	**(244,679)**	**(50,373)**	**(18,114)**	**(916,273)**
- depreciation	-	(68,284)	(11,807)	(35,243)	(5,009)	-	(120,343)
- impairment	-	(1,185)	(29)	(813)	(145)	(3,952)	(6,124)
- sales, disposals, write-offs	-	2,306	2,171	10,041	1,742	-	16,260
- reclassification (from)/to current assets	-	3,097	5,230	3,012	128	-	11,467
- reclassification (from)/to investment property		(68)	-	-	-	-	(68)
- reclassifications	-	(42,316)	24,509	(602)	18,409	-	-
31 December 2023	**-**	**(587,654)**	**(101,829)**	**(268,284)**	**(35,248)**	**(22,066)**	**(1,015,081)**
- depreciation	-	(36,592)	(3,604)	(17,785)	(1,384)	-	(59,365)
- impairment	-	1	6	(2,196)	-	-	(2,189)
- sales, disposals, write-offs	-	373	1,508	(748)	25	-	1,158
- reclassification (from)/to current assets	-	(277)	23	172	3	-	(79)
- reclassification (from)/to investment property	-	(1)	-	-	-	-	(1)
30 June 2024	**-**	**(624,150)**	**(103,896)**	**(288,841)**	**(36,604)**	**(22,066)**	**(1,075,557)**
CARRYING AMOUNT							
31 December 2022	**152,437**	**983,968**	**134,422**	**322,802**	**69,762**	**273,747**	**1,937,138**
31 December 2023	**152,688**	**1,012,284**	**70,625**	**312,783**	**13,093**	**581,333**	**2,142,806**
30 June 2024	**152,824**	**994,937**	**67,585**	**306,302**	**12,061**	**636,950**	**2,170,659**

Property, plant and equipment of the Company comprised:

Company	Buildings and structures	Machinery and plant	Vehicles	Other fixtures, fittings and tools	Construction in progress and prepayments	Total
ACQUISITION COST						
31 December 2022	**33,692**	**12,297**	**906**	**14,644**	**336**	**61,875**
- acquisitions	-	97	-	38	54	189
- sales, disposals, write-offs	(80)	(42)	-	(587)	-	(709)
- reclassification from/(to) investment property	2,497	-	-	-	-	2,497
- reclassification from/(to) current assets	(356)	(185)	(168)	(216)	-	(925)
- reclassifications	-	-	-	12	(12)	-
31 December 2023	**35,753**	**12,167**	**738**	**13,891**	**378**	**62,927**
- acquisitions	-	-	-	-	116	116
- sales, disposals, write-offs	-	(4)	-	-	-	(4)
- reclassification from/(to) investment property	(1,422)	-	-	-	-	(1,422)
- reclassification from/(to) current assets	-	(16)	(68)	-	-	(84)
- reclassifications	-	-	-	6	(6)	-
30 June 2024	**34,331**	**12,147**	**670**	**13,897**	**488**	**61,533**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
31 December 2022	**(15,988)**	**(8,919)**	**(566)**	**(9,557)**	**(149)**	**(35,179)**
- depreciation	(2,093)	(745)	(40)	(823)	-	(3,701)
- impairment	(362)	(23)	-	(177)	(183)	(745)
- sales, disposals, write-offs	130	56	(1)	605	-	790
- reclassification (from)/to investment property	(306)	-	-	-	-	(306)
- reclassification (from)/to current assets	121	133	116	101	-	471
31 December 2023	**(18,498)**	**(9,498)**	**(491)**	**(9,851)**	**(332)**	**(38,670)**
- depreciation	(916)	(340)	(14)	(373)	-	(1,643)
- sales, disposals, write-offs	-	6	-	-	-	6
- reclassification (from)/to investment property	651	-	-	-	-	651
- reclassification (from)/to current assets	-	15	64	-	-	79
30 June 2024	**(18,763)**	**(9,817)**	**(441)**	**(10,224)**	**(332)**	**(39,577)**
CARRYING AMOUNT						
31 December 2022	**17,704**	**3,378**	**340**	**5,087**	**187**	**26,696**
31 December 2023	**17,255**	**2,669**	**247**	**4,040**	**46**	**24,257**
30 June 2024	**15,568**	**2,330**	**229**	**3,673**	**156**	**21,956**

The Group's depreciation charge included to the statement of profit or loss and other comprehensive income of the Group amounted to EUR 46,519 thousand (EUR 47,832 thousand as at 30 June 2023). This amount included EUR 59,365 thousand (EUR 60,350 thousand as at 30 June 2023) depreciation expenses, which were reduced by depreciation of grants of EUR 11,019 thousand (EUR 10,906 thousand as at 30 June 2023) as disclosed in Note 17 and by capitalised depreciation costs amounting to EUR 1,827 thousand (EUR 1,612 thousand as at 30 June 2023.

The Company's depreciation charge included to the statement of profit or loss and other comprehensive income amounted to EUR 1,601 thousand (EUR 1,893 thousand as at 30 June 2023). This amount included EUR 1,643 thousand (EUR 1,935 thousand as at 30 June 2023) depreciation expenses which were reduced by depreciation of grants of EUR 42 thousand (EUR 42 thousand as at 30 June 2023) as disclosed in Note 17.

As at 30 June 2024, the carrying amount of assets managed under the right of trust at the Group comprised EUR 963,755 thousand (at 31 December 2023: EUR 973,174 thousand).

The acquisition cost of fully depreciated but still used tangible assets of the Group was EUR 148,663 thousand (EUR 141,556 thousand as at 31 December 2023) and the Company EUR 12,157 thousand (EUR 10,887 thousand as at 31 December 2023). The Group's most of fully depreciated property, plant and equipment comprised other equipment, fittings and tools, the Company's - other fixtures, fittings and tools, machinery and plant.

The Group and the Company have no assets pledged.

6. Right-of-use assets

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

Group	Land	Buildings and structures	Machinery and equipment	Vehicles	Other fixtures, fittings and tools	Total
ACQUISITION COST						
31 December 2022	**1,527**	**1,363**	**-**	**15,938**	**899**	**19,727**
- acquisitions	1	666	-	8,378	1,391	10,436
- disposed assets	(474)	(660)	-	(1,131)	(655)	(2,920)
31 December 2023	**1,054**	**1,369**	**-**	**23,185**	**1,635**	**27,243**
- acquisitions	181	221	-	3,812	1,320	5,534
- disposed assets	(6)	(396)	-	(5,436)	(406)	(6,244)
30 June 2024	**1,229**	**1,194**	**-**	**21,561**	**2,549**	**26,533**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
31 December 2022	**(89)**	**(716)**	**-**	**(7,003)**	**(558)**	**(8,366)**
- depreciation	(35)	(220)	-	(7,971)	(397)	(8,623)
- depreciation reversal of disposed assets	13	516	-	1,131	390	2,050
31 December 2023	**(111)**	**(420)**	**-**	**(13,843)**	**(565)**	**(14,939)**
- depreciation	(24)	(75)	-	(3,952)	(190)	(4,241)
- depreciation reversal of disposed assets	6	169	-	3,659	406	4,240
30 June 2024	**(129)**	**(326)**	**-**	**(14,136)**	**(349)**	**(14,940)**
CARRYING AMOUNT						
31 December 2022	**1,438**	**647**	**-**	**8,935**	**341**	**11,361**
31 December 2023	**943**	**949**	**-**	**9,342**	**1,070**	**12,304**
30 June 2024	**1,100**	**868**	**-**	**7,425**	**2,200**	**11,593**

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

Company	Land	Buildings and structures	Machinery and plant	Vehicles	Other fixtures, fittings and tools	Total
ACQUISITION COST						
31 December 2022	**1,327**	**5,329**	**30**	**4,680**	**477**	**11,843**
- acquisitions	102	945	-	1,150	1,167	3,364
- disposed assets	(474)	(881)	-	(537)	(8)	(1,900)
31 December 2023	**955**	**5,393**	**30**	**5,293**	**1,636**	**13,307**
- acquisitions	189	570	-	269	1,317	2,345
- disposed assets	-	(1,723)	-	(509)	(403)	(2,635)
30 June 2024	**1,144**	**4,240**	**30**	**5,053**	**2,550**	**13,017**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
31 December 2022	**(87)**	**(972)**	**(30)**	**(1,890)**	**(336)**	**(3,315)**
- depreciation	(38)	(561)	-	(1,276)	(238)	(2,113)
- depreciation reversal of disposed assets	12	790	-	265	8	1,075
31 December 2023	**(113)**	**(743)**	**(30)**	**(2,901)**	**(566)**	**(4,353)**
- depreciation	(27)	(212)	-	(643)	(187)	(1,069)
- depreciation reversal of disposed assets	-	598	-	485	403	1,486
30 June 2024	**(140)**	**(357)**	**(30)**	**(3,059)**	**(350)**	**(3,936)**
CARRYING AMOUNT						
31 December 2022	**1,240**	**4,357**	**-**	**2,790**	**141**	**8,528**
31 December 2023	**842**	**4,650**	**-**	**2,392**	**1,070**	**8,954**
30 June 2024	**1,004**	**3,883**	**-**	**1,994**	**2,200**	**9,081**

7. Intangible assets

Intangible assets of the Group comprised:

Group	Software	Licenses and similar rights	Other intangible assets	Total
ACQUISITION COST				
31 December 2022	**38,001**	**3,760**	**5,240**	**47,001**
- acquisitions	17	1,197	3,942	5,156
- sales, disposals, write-offs	(1,015)	(30)	(29)	(1,074)
- reclassification from/(to) tangible assets	5,596	1	(5,098)	499
31 December 2023	**42,599**	**4,928**	**4,055**	**51,582**
- acquisitions	11	-	2,143	2,154
- sales, disposals, write-offs	1	-	-	1
- reclassification from/(to) tangible assets	206	52	(52)	206
30 June 2024	**42,817**	**4,980**	**6,146**	**53,943**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
31 December 2022	**(15,050)**	**(2,566)**	**(493)**	**(18,109)**
- amortisation	(4,429)	(473)	(55)	(4,957)
- impairment	-	-	-	-
- sales, disposals, write-offs	1,015	30	29	1,074
31 December 2023	**(18,464)**	**(3,009)**	**(519)**	**(21,992)**
- amortisation	(2,188)	(189)	(27)	(2,404)
- sales, disposals, write-offs	(1)	-	-	(1)
30 June 2024	**(20,653)**	**(3,198)**	**(546)**	**(24,397)**
CARRYING AMOUNT				
31 December 2022	**22,951**	**1,194**	**4,747**	**28,892**
31 December 2023	**24,135**	**1,919**	**3,536**	**29,590**
30 June 2024	**22,164**	**1,782**	**5,600**	**29,546**

Intangible assets of the Company's comprised:

Company	Software	Licences and similar rights	Other intangible assets	Total
ACQUISITION COST				
31 December 2022	**13,379**	**3,673**	**1,530**	**18,582**
- acquisitions	-	1,196	2,970	4,166
- sales, disposals, write-offs	-	-	(1)	(1)
- reclassification from/(to) tangible assets	3,790	-	(3,790)	-
31 December 2023	**17,169**	**4,869**	**709**	**22,747**
- acquisitions	-	-	2,036	2,036
30 June 2024	**17,169**	**4,869**	**2,745**	**24,783**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
31 December 2022	**(6,149)**	**(2,479)**	**(28)**	**(8,656)**
- amortisation	(1,087)	(472)	-	(1,559)
- impairment	-	-	-	-
- sales, disposals, write-offs	1	-	1	2
31 December 2023	**(7,235)**	**(2,951)**	**(27)**	**(10,213)**
- amortisation	(617)	(184)	-	(801)
30 June 2024	**(7,852)**	**(3,135)**	**(27)**	**(11,014)**
CARRYING AMOUNT				
31 December 2022	**7,230**	**1,194**	**1,502**	**9,926**
31 December 2023	**9,934**	**1,918**	**682**	**12,534**
30 June 2024	**9,317**	**1,734**	**2,718**	**13,769**

Amortisation costs of intangible assets of the Group which amounted to EUR 1,581 thousand (EUR 1,340 thousand as at June 2023) are accounted for in the statement of profit or loss and other comprehensive income. This amount includes EUR 2,404 thousand (EUR 2,288 thousand as at June 2023) of amortisation expenses which were reduced by amortisation of grants of EUR 823 thousand (EUR 948 thousand as at June 2023,) as disclosed in Note 17.

Amortisation costs of intangible assets of the Company which amounted to EUR 736 thousand (EUR 661 thousand as at 30 June 2023) are accounted for in the statement of profit or loss and other comprehensive income. This amount includes EUR 801 thousand (EUR 725 thousand as at 30 June 2023) of amortisations expenses which were reduced by amortisation of grants of EUR 65 thousand (EUR 64 thousand as at 30 June 2023) as disclosed in Note 17.

The Group's fully amortised intangible assets still in use amounted to EUR 10,585 thousand (EUR 10,139 thousand as at 31 December 2023). The Company's fully amortised intangible assets still in use amounted to EUR 7,216 thousand (EUR 6,770 thousand as at 31 December 2023). Most of fully amortised assets was software.

8. Investment property

Investment property of the Group and the Company comprised:

	Group	Company
ACQUISITION COST		
31 December 2022	**4,265**	**17,634**
- acquisitions	179	-
- sold, written off, disposed assets	-	(1)
- reclassification from/(to) tangible assets	(733)	(2,497)
31 December 2023	**3,711**	**15,136**
- reclassification from/(to) tangible assets	(14)	1,422
30 June 2024	**3,697**	**16,558**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES		
31 December 2022	**(1,096)**	**(5,351)**
- depreciation	(205)	(616)
- sold, written off, disposed assets	-	20
- impairment	-	(805)
- reclassification (from)/to tangible assets	68	306
31 December 2023	**(1,233)**	**(6,446)**
- depreciation	(84)	(263)
- reclassification (from)/to tangible assets	1	(651)
30 June 2024	**(1,316)**	**(7,360)**
CARRYING AMOUNT		
31 December 2022	**3,169**	**12,283**
31 December 2023	**2,478**	**8,690**
30 June 2024	**2,381**	**9,198**

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

Part of the Group's investment property with the acquisition cost as at 30 June 2024 of EUR 126 thousand (EUR 126 thousand as at 31 December 2023) was fully depreciated but still used in operations.

Part of the Company's investment property with the acquisition cost as at 30 June 2024 of EUR 418 thousand (EUR 327 thousand as at 31 December 2023) was fully depreciated but still used in operations.

9. Investments

The movement of the Group's investments in associates and other companies was as follows:

Company	Controlled share, %	30/06/2024			31/12/2023		
		Investment value	Accounted impairment	Carrying amount	Investment value	Accounted impairment	Carrying amount
Shares of Associates							
Voestalpine Railway Systems Lietuva, UAB	34	2,203	-	2,203	2,515	-	2,515
VšĮ Transporto inovacijų centras	33.33	-	-	-	2	-	2
RB Rail AS	33.33	2,989	-	2,989	2,257	-	2,257
		5,192	**-**	**5,192**	**4,774**	**-**	**4,774**
Long-term investments							
VšĮ Geležinkelių logistikos parkas	81.39	510	(443)	67	460	(443)	17
Brussels Centralised Payment Centre	1.34	2	-	2	2	-	2
		512	**(443)**	**69**	**462**	**(443)**	**19**
Total		**5,704**	**(443)**	**5,261**	**5,236**	**(443)**	**4,793**

The movement of the Company's investments in subsidiaries and other companies was as follows:

Company	Controlled share, %	30/06/2024 Investment value	30/06/2024 Accounted impairment	30/06/2024 Carrying amount	31/12/2023 Investment value	31/12/2023 Accounted impairment	31/12/2023 Carrying amount
Shares of subsidiaries							
AB LTG Cargo	100	39,752	-	39,752	39,752	-	39,752
UAB LTG Link	100	142,778	-	142,778	142,778	-	142,778
AB LTG Infra	100	673,668	-	673,668	673,668	-	673,668
UAB Geležinkelio tiesimo centras	100	24,752	-	24,752	24,752	-	24,752
UAB Rail Baltica statyba	100	4,804	(2,536)	2,268	4,804	(2,536)	2,268
VšĮ Geležinkelių logistikos parkas	81.39	510	(443)	67	460	(443)	17
		886,264	**(2,979)**	**883,285**	**886,214**	**(2,979)**	**883,235**
Shares of associates							
Voestalpine Railway Systems Lietuva, UAB	34	745	-	745	745	-	745
VšĮ Transporto inovacijų centras	33.33	-	-	-	93	(93)	-
		745	**-**	**745**	**838**	**(93)**	**745**
Long-term investments							
Brussels Centralised Payment Centre	1.34	2	-	2	2	-	2
		2	**-**	**2**	**2**	**-**	**2**
Total		**887,011**	**(2,979)**	**884,032**	**887,054**	**(3,072)**	**883,982**

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

	Investment value
Acquisition value as at 31 December 2022	**883,982**
Increase (+)	-
Decrease (-)	-
Acquisition value as at 31 December 2023	**883,982**
Increase (+)	50
Decrease (-)	-
Acquisition value as at 30 June 2024	**884,032**

In April 2024, VšĮ Transporto inovacijų centras was deregistered from the Register of Legal Entities of the State Enterprise Centre of Registers and is no longer in operation.

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

The Group's and the Company's inventories comprised:

	Group		Company	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Spare parts	2,123	2,053	41	41
Superstructure materials	3,854	695	-	-
Materials	4,507	5,362	104	107
Fuel	11,699	6,389	10,371	4,792
Other inventories	2,416	2,604	13	30
Total raw materials, supplies and components	**24,599**	**17,103**	**10,529**	**4,970**
Purchased services/ assets for resale	34	7,921	2	6
Purchased services/ assets for resale, total	**34**	**7,921**	**2**	**6**
Total	**24,633**	**25,024**	**10,531**	**4,976**

The carrying amount of the Group's inventories of EUR 29,284 thousand was reduced by EUR 4,651 thousand to the net realizable value as at 30 June 2024 (EUR 29,676 thousand reduced by EUR 4,651 thousand to the net realizable value as at 31 December 2023).

The carrying amount of the Company's inventories of EUR 10,687 thousand was reduced by EUR 158 thousand to the net realizable value as at 30 June 2024 (EUR 5,134 thousand reduced by EUR 158 thousand to the net realizable value as at 31 December 2023).

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

In the Group, the decrease in purchased services/assets for resale as at 30 June 2024 relates to the transfer of assets to be developed by the investment projects to entities representing the Republic of Lithuania (project partners) under joint operating agreements.

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

	Group		Company	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Non-current assets held-for-sale	3,179	7,100	834	954
Total	**3,179**	**7,100**	**834**	**954**

The carrying amount of the Group's non-current assets held-for-sale of EUR 8,653 thousand was reduced by EUR 5,474 thousand to the net realizable value as at 30 June 2024 (EUR 27,244 thousand reduced by EUR 20,144 thousand to the net realizable value as at 31 December 2023). Accordingly, the carrying amount of the Company's non-current assets held-for-sale EUR 840 thousand was reduced by EUR 6 thousand to the net realizable value (EUR 987 thousand was reduced by EUR 33 thousand to the net realizable value as at 31 December 2023).

The sale of the electricity network complex operated by LTG Infra to another state-owned company AB Ignitis grupė, to its subsidiary AB Energijos skirstymo operatorius (ESO) took place in March 2024.

As at 30 June 2024, the majority of the Group's non-current assets held for sale consisted of wagons, locomotives and diesel locomotives, machinery for railway construction. Most of the sales are carried out by public auction.

11. Trade and other receivables

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

	Group		Company	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
External trade receivables, gross value	20,544	18,388	753	968
Impairment (-)	(4,353)	(4,465)	(166)	(152)
Total external trade receivables	**16,191**	**13,923**	**587**	**816**
Receivables from related parties	7	19	8,145	14,645
Impairment (-)	-	-	-	-
Total receivables from related parties	**7**	**19**	**8,145**	**14,645**
Receivable VAT	2,107	3,136	1,363	-
Other amounts receivable from the budget	61,172	9,889	475	1,268
Accrued income from related parties	-	-	5,599	1,227
Accrued income	5,417	2,703	14	31
Other receivables	16,813	10,561	5,081	5,081
Impairment (-)	(4,274)	(4,274)	(4,274)	(4,274)
Total other receivables	**81,235**	**22,015**	**8,258**	**3,333**
Total	**97,433**	**35,957**	**16,990**	**18,794**

The Group's Other receivables from the budget increased mainly by EUR 33,256 thousand due to the accrual of the grant accounted for under the contract "Quality Assurance and Financing of Public Railway Infrastructure and Railway Service Facilities Owned by the State of Lithuania" as well as the accrual of a grant for the compensation for the losses on passenger transport by train on domestic transport routes for a total amount of EUR 19,208 thousand.

The Company accrued other amounts receivable from related parties of EUR 3,755 thousand for management and general administration services rendered to Group companies (EUR 972 thousand as at 31 December 2023).

The following table provides information about the exposure to credit risk and ECL for the Group's and the Company's trade and other receivables:

Group	30/06/2024				31/12/2023			
	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying amount	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying amount
Not past due	0.23%	28,004	(65)	27,939	0.11%	17,602	(19)	17,583
1-30 days past due	10.48%	372	(39)	333	2.32%	603	(14)	589
31-60 days past due	32.46%	228	(74)	154	6.97%	531	(37)	494
61-120 days past due	32.44%	299	(97)	202	38.79%	763	(296)	467
More than 120 days past due	98.71%	8,461	(8,352)	109	88.43%	9,469	(8,373)	1 096
Total		**37,364**	**(8,627)**	**28,737**		**28,968**	**(8,739)**	**20,229**

Company	30/06/2024				31/12/2023			
	Not past due	Gross carrying amount	Impairment	Net carrying amount	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying amount
1-30 days past due	0.00%	14,009	-	14,009	0.00%	15,499	-	15,499
31-60 days past due	0.00%	534	-	534	0.00%	1,076	-	1,076
61-120 days past due	0.07%	84	-	84	0.01%	657	-	657
61–120 d.pradelstos	0.57%	327	(2)	325	1.55%	34	(1)	33
More than 120 days past due	99.00%	4,638	(4,438)	200	94.43%	4,686	(4,425)	261
Total		**19,592**	**(4,440)**	**15,152**		**21,952**	**(4,426)**	**17,526**

Impairment accounted for by the Group and the Company reflects the estimated losses from doubtful trade receivables. The principal component of this impairment is individually assessed loss related to significant doubtful trade receivables. The impairment assessment methods are reviewed on an ongoing basis to minimise the differences between estimated losses and actual losses.

12. Prepayments

Prepayments of the Group and the Company comprised:

	Group		Company	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Prepayments to external suppliers	963	1,921	524	165
Prepayments to related parties	-	-	7,216	7,216
Guarantees paid to suppliers	49	45	341	341
Deferred costs	5,381	3,954	1,346	1,864
Total	**6,393**	**5,920**	**9,427**	**9,586**

13. Cash and cash equivalents

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

	Group		Company	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Cash in banks	148,207	228,557	33,032	34,650
Cash in hand	13	9	-	-
Total	**148,220**	**228,566**	**33,032**	**34,650**

As at 30 June 2024 and 31 December 2023 the Group and the Company did not hold any term deposits. Cash was not pledged.

Seeking the higher efficiency in cash management and liquidity assurance within the Group, on 30 December 2021 a cash-pool agreement with AB Swedbank was signed. The Group and the Company implemented an inter-company borrowing and lending platform (Cash Pool service), which ensures the possibility of mutual borrowing for a maximum period of one year. The Group companies owed the Company EUR 10,721 thousand as at 30 June 2024 (as at 31 December 2023 the Group companies did not have any payables under the cash-pool agreement). During first half of 2024, the members of the Group used the cash-pool funds as required and accrued interest income of EUR 6 thousand (EUR 26 thousand as at 30 June 2023) and incurred no interest expense (no interest expense as at 30 June 2023).

As at 30 June 2024, due to bank guarantees issued, the use of cash and cash equivalents of EUR 100 thousand was restricted (EUR 100 thousand as at 31 December 2023).

14. Share capital

During the first half of 2024, there were no changes to the Company's share capital.

15. Dividends

In accordance with Order No 3-264 of the Minister of Transport and Communications, dated 29 April 2024, it was decided to allocate EUR 13,022 thousand for dividends from the Company's distributable profit for 2023. The payment was made on 22 May 2024. Dividends per share amounted to EUR 3.56.

16. Reserves

In accordance with Order No 3-264 of the Minister of Transport and Communications, dated 29 April 2024, it was decided to increase the share capital by EUR 814 thousand and other reserves by EUR 2,441 thousand. The share capital of the Group and the Company amounted to EUR 34,839 thousand and other reserves to EUR 8,113 thousand.

17. Grants

Movement of grants of the Group and the Company:

	Group		Company	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Balance at the beginning of the period	**983,466**	**809,164**	**602**	**822**
Received	22,003	207,441	-	-
Used for reduction of depreciation and amortisation costs of non-current assets	(11,842)	(22,641)	(107)	(215)
Used for reduction of other expenses	-	(3,752)	-	(5)
Impairment	-	(6,215)	-	-
Repaid/transferred	(9,403)	(531)	-	-
Balance at the end of the period	**984,224**	**983,466**	**495**	**602**
Including assets managed under right of trust	**277,120**	**271,764**	**-**	**-**

Grants are mainly related to the financing of investment programmes, assets received under the Trust Agreement and subsidies earmarked for compensating costs.

18. Loans and borrowings

Borrowings of the Group and the Company comprised:

	Group		Company	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Long-term loans	101,745	109,523	-	-
Short-term loans	17,064	17,887	-	-
Total	**118,809**	**127,410**	**-**	**-**

Borrowings of the Group comprised:

	Loan currency	30/06/2024	31/12/2023
Bank EIB - 4, total [1]	EUR	-	674
Nordic Investment Bank - 3, total [2]	EUR	59,274	63,002
Nordic Investment Bank - 4, total [3]	EUR	28,191	29,958
Nordic Investment Bank - 5, total [4]	EUR	31,344	33,776
Total		**118,809**	**127,410**

During the first half of 2024 the Group repaid EUR 8,444 thousand loan and EUR 3,330 thousand interest (EUR 12,830 thousand and EUR 2,535 thousand during the first half of 2023).

[1] The Loan EIB-4 was fully repaid on 5 February 2024.

[2] Two loan agreements have been signed with the Nordic Investment Bank (NIB-3) for the renovation and development of the railway infrastructure. During the first half of 2024 AB LTG Infra repaid EUR 3,677 thousand loan and EUR 1,702 thousand interest.

[3] The loan agreement has been signed with the Nordic Investment Bank (NIB-4). The loan was granted to ensure co-financing of the national part of the public railway infrastructure project Rail Baltica, which is financed by the EU support funds for 2007-2013. During the first half of 2024 AB LTG Infra repaid EUR 1,719 thousand loan and EUR 766 thousand interest.

4 (NIB-5) loan is intended for the implementation of the investment projects for 2014–2021 and the Rail Baltica project. During the first half of 2024, AB LTG Infra paid EUR 2,381 thousand of the loan and EUR 852 thousand of interest.

As at 30 June 2024, the Group has accrued interest of EUR 1,508 thousand (EUR 1,665 thousand as at 31 December 2023).

19. Lease liabilities

Lease liabilities of the Group and the Company comprised:

	Group		Company	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Non-current portion	6,820	6,181	6,444	5,824
Current portion	4,805	6,217	2,684	3,311
Total	**11,625**	**12,398**	**9,128**	**9,135**

20. Employee benefits

Employee benefits and liabilities by type:

	Group		Company	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Non-current liabilities				
Provisions for pensions and similar liabilities	5,804	6,473	387	420
Total non-current liabilities	**5,804**	**6,473**	**387**	**420**
Current liabilities				
Vacation pay accrual	8,502	7,377	1,560	1,212
Wages and salaries payable	7,427	6,807	1,248	1,194
Social security contributions payable	3,713	3,409	581	503
Personal income tax payable	2,733	2,126	461	391
Other employment related liabilities	4,259	6,350	1,103	1,571
Total current liabilities	**26,634**	**26,069**	**4,953**	**4,871**
Total	**32,438**	**32,542**	**5,340**	**5,291**

21. Trade and other payables

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

	Group		Company	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Trade payables	78,345	87,130	641	2,040
Trade accounts payable to related parties	1,096	1,836	6,684	1,000
Cash guarantees received	1,748	2,662	776	843
Other taxes payable to the budget	2,418	2,662	374	925
Accumulated costs of foreign railways services	223	604	-	-
Accrued other amounts payable from related parties	-	-	97	691
Other accrued costs	9,094	7,557	2,465	1,937
Other amounts payable and liabilities	18,005	3,205	90	208
Total	**110,929**	**105,656**	**11,127**	**7,644**

In the first half of 2024 other accrued amounts payable from related parties of the Group increased due to higher local and transit fares and increased passenger flows. Furthermore, funding was also obtained for the project partner's share of the project's assets to meet the overall objectives of the investment project.

22. Prepayments received

	Group		Company	
	30/06/2024	31/12/2023	30/06/2024	31/12/2023
Received prepayments, non-current portion	-	-	-	-
Received prepayments, current portion	15,845	16,093	15,933	8,381
Total	**15,845**	**16,093**	**15,933**	**8,381**

The largest part of the prepayments received by the Group and the Company consisted of an advance payment of EUR 8,186 thousand received from OAO Belaruskalij and EUR 7,391 thousand advance payment for goods and services from the Group companies.

23. Sales revenue

Sales revenue of the Group and the Company comprised:

	Group		Company	
	06/2024	06/2023	06/2024	06/2023
Freight transportation income	152,683	137,834	-	-
Income for the use of public railway infrastructure	1,627	539	-	-
Revenue from passenger transportation	27,094	19,173	-	-
Other revenue	9,829	10,233	46,690	44,060
Fuel resale	-	-	16,739	17,778
Management and general administration services	-	-	23,915	19,733
Other services	9,829	10,233	6,036	6,549
Total	**191,233**	**167,779**	**46,690**	**44,060**

The Group's revenue growth was driven by a change in the structure of freight traffic and increased freight rates, as well as increased freight volumes at the Group's foreign operations, and growing passenger traffic on both domestic and international routes.

24. Financial net result

The financial net of the Group and the Company comprised:

	Group		Company	
	06/2024	06/2023	06/2024	06/2023
Total finance income	**2,831**	**793**	**24,142**	**14,566**
Interest	2,078	453	4,029	2,295
Currency exchange gain	-	204	-	-
Dividends	-	-	20,106	12,251
Fines and penalties	752	136	7	20
Other income	1	-	-	-
Total finance expenses	**(3,815)**	**(2,476)**	**(152)**	**(120)**
Interest	(3,411)	(2,462)	(6)	-
Currency exchange loss	(100)	-	(71)	(66)
Fines and penalties	(74)	(5)	-	(7)
Other costs	(230)	(9)	(75)	(47)
Total	**(984)**	**(1,683)**	**23,990**	**14,446**

The Company's dividend income consists of EUR 408 thousand from voestalpine Railway Systems Lietuva, UAB, EUR 9,163 thousand from UAB LTG Link and EUR 535 thousand from AB LTG Cargo.

25. Income tax

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

	Group		Company	
	06/2024	06/2023	06/2024	06/2023
Income tax for the reporting year	2,200	1,076	3	148
Deferred tax expenses (benefit)	3,230	442	573	505
Total income tax expenses (benefit) recognised in profit or loss	**5,430**	**1,518**	**576**	**653**

26. Related party transactions

The Company's related party transactions before elimination:

	06/2024		30/06/2024	
	Company's sales	**Company's purchases**	**Company's receivables**	**Company's payables**
AB LTG Cargo	28,978	155	145,643	8,195
UAB LTG Link	6,418	146	1,590	6,717
AB LTG Infra	12,622	938	16,370	95
UAB Geležinkelio Tiesimo centras	875	-	375	2
UAB Rail Baltica Statyba	1	-	-	-
UAB LTG Wagons	5	-	98	-
LTG Cargo Ukraine LLC	9	-	184	-
LTG Cargo Polska SP. Z. o. o.	653	-	14,896	-
Total	**49,561**	**1,239**	**179,156**	**15,009**

	06/2023		31/12/2023	
	Company's sales	**Company's purchases**	**Company's receivables**	**Company's payables**
AB LTG Cargo	28,976	10	143,541	1,469
UAB LTG Link	5,457	32	2,286	368
AB LTG Infra	21,249	1,517	5,909	765
UAB Geležinkelio Tiesimo centras	625	-	202	2
UAB Rail Baltica Statyba	1	-	-	-
UAB LTG Wagons	8	-	76	-
LTG Cargo Ukraine LLC	16	-	9,243	-
LTG Cargo Polska SP. Z. o. o.	449	-	189	-
Total	**56,781**	**1,559**	**161,446**	**2,604**

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

The Group's and the Company's loans to related companies comprised:

	Group		Company	
	30/06/2024	**31/12/2023**	**30/06/2024**	**31/12/2023**
Loans granted to related parties	100	100	120,764	118,264
Total non-current part receivables	100	100	120,764	118,264
Loans granted to related parties	60	60	26,544	19,943
Cash-pool / Credit line	-	-	10,721	-
Total current receivable	60	60	37,265	19,943
Total	**160**	**160**	**158,029**	**138,207**

More details on the borrowing from cash-pool are presented in Note 13.

Management remuneration and other benefits. As of June 30, 2024, the number of managers was 10 people, i.e., Director General, Chief Financial Officer, Director for Strategy and Development, Director for People and Culture, Director for Legal and Compliance, Director for Business Resilience, Director of Technology, Director of Administration, Director of Corporate Affairs, Director of Rail Baltica Lietuva.

	30/06/2024	30/06/2023
Management remuneration	782	600
Incentives*	199	88
Number of executives	10	9
Allowances for members of the Board	115	115
Number of Board Members	7	7
Payments to Audit Committee members	38	38
Number of Audit Committee members	4	4
Payments to Remuneration Committee members	21	21
Number of Remuneration Committee members	2	2

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

As at 30 June 2024 the management was not granted with loans, provided with guarantees or other paid or accrued benefits or disposed assets, except as disclosed above.

27. Contingent assets and liabilities, potential disputes

During the first half of the 2024, there have been no significant changes in litigation from that disclosed in the 2023 annual financial statements and no significant new litigation or liabilities.

28. Events after the reporting period

There have been no significant events after the reporting period up to the date of issuing these financial statements.

Additional information

7.1. Information on the auditor

The annual financial statements of the companies of the LTG Group and the Company 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 and shareholder of LTG approval was obtained. The audit services agreement was signed on 27 July 2023.

Information on the remuneration for audit services rendered to LTG Group companies in 2023 is set out in the Consolidated Annual Report of LTG Group for 2023 (link), which is available on the Company's website.

7.2. Information on compliance with the guidelines on transparency in state-owned enterprises

The companies of the LTG Group companies and the Company comply with the the requirements of the description of the Guidelines for Ensuring Transparency in the Activities of State-Owned Enterprises, approved by the Government of the Republic of Lithuania by Resolution No. 1052 of 14 July 2010 (link), by disclosing the required information in its annual and interim reports and by ensuring disclosure of the information on the websites.

Structured information on compliance with the Transparency Guidelines is provided in the Consolidated Annual Report of LTG Group for 2023 (link), which is available on the Company's website.

7.3. Results of the Group companies

Parent company, its subsidiaries and results of operations in the first half of 2024

LTG LIETUVOS GELEŽINKELIAI

AB Lietuvos Geležinkeliai

Parent company – managing and coordinating the activities of the Group companies

Company code:	110053842
Legal form:	public limited liability company
Address of the registered office:	Geležinkelio St. 16, LT-02100 Vilnius
Telephone:	Pelesos St. 10, LT-02111 Vilnius
Website:	+370 5 269 2038
E-mail:	info@ltg.lt
Website:	https://ltg.lt
Sole shareholder:	the Republic of Lithuania, the property and non-property rights of which are exercised by the Ministry of Transport and Communications
Authorised capital:	EUR 1,059,282,833.04
Number of shares:	3,657,492
Nominal value per share:	EUR 289.62
Date and place of registration:	24 December 1991, Register of Legal Entities of the Republic of Lithuania

- The shares of the Company and its subsidiaries are of a single class, i.e. ordinary registered shares. The shares are uncertificated and are recorded in personal securities accounts in accordance with the procedure established by law. No preference shares have been issued by the Company or its subsidiaries.
- The Company and its subsidiaries did not acquire any treasury shares during the reporting period.
- The subsidiaries and associate did not acquire any shares in the Company during the reporting period.

Operational results for H1 2024, EUR million	Consolidated	Separate
Sales revenue	191.2	46.7
Grant revenue	52.5	-
Costs	218.3	47.0
EBITDA	78.4	3.4
EBITDA margin, %	32.2%	7.2%
Adjusted EBITDA	81.9	23.3
Adjusted EBITDA margin, %	33.6%	50.0%
Net profit / loss	20.4	23.1
Assets	2,502.3	1,167.7
Equity	1,180.7	1,125.4
Financial debt	130.4	9.1
Net debt	(17.8)	(23.9)
Net debt / EBITDA	(0.1)	(4.6)
Return on equity, %	2.8%	2.2%
Equity / Assets, %	47.2%	96.4%
Number of employees on 30 June 2024	5,804	737

REPRESENTATIONS ABROAD

- In 2022, the representative offices of AB Lietuvos Geležinkeliai in the Russian Federation, the Republic of Belarus and the People's Republic of China were closed.
- A representative office in the Republic of Poland was closed during the reporting period.
- The activities of the representative office in the Republic of Kazakhstan were suspended (6, D. Kunayevo Str., Room 310/10, 010000, Astana).

LTG CARGO

AB LTG Cargo

Freight transport by rail

Company code:	304977594
Legal form:	public limited liability company
Address of the registered office:	Geležinkelio St. 12, LT-02100 Vilnius
Correspondence address:	Pelesos St. 10, LT-02111 Vilnius
Telephone:	+370 5 202 1515
E-mail:	info@ltgcargo.lt
Website:	https://ltgcargo.lt
Shareholder:	100% shareholding in AB Lietuvos Geležinkeliai
Authorised capital:	EUR 44,086,741.36
Number of shares:	209,299
Nominal value per share:	EUR 210.64
Date and place of registration:	28 December 2018, Register of Legal Entities of the Republic of Lithuania
Head of the Company:	Eglė Šimė
Board:	**Vitalij Rakovski** Independent Member of the Board, Chairman **Aivaras Čičelis** Independent Member of the Board **Vytautas Radzevičius** Member of the Board delegated by the shareholder **Irena Jankutė-Balkūne** Member of the Board delegated by the shareholder **Natalija Baranauskienė** Member of the Board, civil servant

Operational results, EUR million	**H1 2024**	**H1 2023**	**H1 2022**
Sales revenue	151.1	137.9	146.8
Costs	128.3	126.8	148.4
EBITDA	35.2	23.3	10.6
EBITDA margin, %	23.3%	16.9%	7.2%
Adjusted EBITDA	38.5	23.2	11.9
Adjusted EBITDA margin, %	25.5%	16.8%	8.1%
Net profit / loss	16.9	7.8	(1.8)
	30/06/2024	**31/12/2023**	**31/12/2022**
Assets	338.5	332.2	325.6
Equity	122.8	116.5	105.5
Financial debt	160.1	158.4	161.0
Net debt	96.4	100.3	108.0
Net debt / EBITDA	1.6	2.0	2.9
Return on equity, %	22.2%	15.8%	10.1%
Equity / Assets, %	36.3%	35.1%	32.4%

Number of employees on 30 June 2024: **1,714**

LTG LINK

UAB LTG Link

Passenger transport by rail

Company code:	305052228
Legal form:	private limited liability company
Address of the registered office:	Geležinkelio St. 16, LT-02100 Vilnius
Correspondence address:	Pelesos St. 10, LT-02111 Vilnius
Telephone:	+370 700 55 111
E-mail:	info@ltglink.lt
Website:	https://ltglink.lt
Shareholder:	100% shareholding in AB Lietuvos Geležinkeliai
Authorised capital:	EUR 143,589,614.85
Number of shares:	156,237
Nominal value per share:	EUR 919.05
Date and place of registration:	28 February 2019, Register of Legal Entities of the Republic of Lithuania
Head of the Company:	Kristina Meidė
Board:	**Aurelija Kazlauskienė** Independent Board member, Chairperson **Viktoras Bakhmetjevas** Independent Board member **Irmantas Beržauskas** Member of the Board delegated by the shareholder **Andrej Kosiakov** Member of the Board delegated by the shareholder **Aistė Gasiūnienė** Member of the Board, civil servant

Operational results, EUR million	**H1 2024**	**H1 2023**	**H1 2022**
Sales revenue	27.7	20.0	13.8
Grant revenue	19.2	15.5	17.3
Costs	38.2	30.2	29.2
EBITDA	15.1	11.8	8.6
EBITDA margin, %	32.1%	33.3%	27.5%
Adjusted EBITDA	15.1	12.0	8.7
Adjusted EBITDA margin, %	32.1%	33.8%	27.8%
Net profit / loss	7.8	4.8	1.8
	30/06/2024	**31/12/2023**	**31/12/2022**
Assets	187.4	183.3	170.7
Equity	161.2	162.6	154.8
Financial debt	4.1	3.9	4.0
Net debt	(24.2)	(49.0)	(38.2)
Net debt / EBITDA	(0.8)	(1.8)	(1.7)
Return on equity, %	10.2%	8.2%	4.7%
Equity / Assets, %	86.0%	88.7%	90.7%

Number of employees on 30 June 2024: **633**

LTG INFRA

AB LTG Infra

Public railway infrastructure manager

Company code:	305202934
Legal form:	public limited liability company
Address of the registered office:	Geležinkelio St. 2, LT-02100 Vilnius
Correspondence address:	Geležinkelio St. 2, LT-02100 Vilnius
Telephone:	+370 5 269 3353
E-mail:	info@ltginfra.lt
Website:	https://ltginfra.lt
Shareholder:	100% shareholding in AB Lietuvos Geležinkeliai
Authorised capital:	EUR 654,928,000
Number of shares:	654,928
Nominal value per share:	EUR 1,000
Date and place of registration:	1 July 2019, Register of Legal Entities of the Republic of Lithuania
Head of the Company:	Vytis Žalimas
Board:	**Gediminas Almantas** Independent Board member, Chairman **Haroldas Nausėda** Independent Board member **Ieva Lauraitytė** Member of the Board delegated by the shareholder **Sigitas Kubilis** Member of the Board delegated by the shareholder **Ramūnas Rimkus** Member of the Board, civil servant

Operational results, EUR million	H1 2024	H1 2023	H1 2022
Sales revenue	58.6	57.7	73.2
Grant revenue	33.3	27.9	20.4
Costs	94.2	87.7	93.7
EBITDA	27.4	28.9	29.8
EBITDA margin, %	29.8%	33.8%	31.8%
Adjusted EBITDA	28.2	28.7	29.3
Adjusted EBITDA margin, %	30.7%	33.5%	31.3%
Net profit / loss	(4.1)	(2.9)	(1.5)
	30/06/2024	**31/12/2023**	**31/12/2022**
Assets	1,892.2	1,894.9	1,704.4
Equity	636.9	641.9	659.3
Financial debt	131.2	128.9	143.1
Net debt	115.3	51.9	31.1
Net debt / EBITDA	2.2	0.9	0.6
Return on equity, %	(2.0%)	(1.3%)	(1.7%)
Equity / Assets, %	33.7%	33.9%	38.7%

Number of employees on 30 June 2024: **2,367**

GTC

UAB Geležinkelio Tiesimo Centras

Construction and repair of railway infrastructure

Company code:	181628163
Legal form:	private limited liability company
Address of the registered office:	Trikampio St. 10, LT-25112 Lentvaris, Trakai District
Correspondence address:	10 Pelesos St., LT-02111 Vilnius
Telephone:	+370 655 37023
E-mail:	info@gtc.lt
Website:	https://gtc.lt
Shareholder:	100% shareholding in AB Lietuvos Geležinkeliai
Authorised capital:	EUR 30,897,354.44
Number of shares:	109,748
Nominal value per share:	EUR 281.53
Date and place of registration:	21 December 2001, Register of Legal Entities of the Republic of Lithuania
Head of the Company:	Rolandas Zabilevičius
Board:	the Articles of Association do not provide for a collegiate management body, i.e. the Board

Operational results, EUR million	**H1 2024**	**H1 2023**	**H1 2022**
Sales revenue	6.3	10.0	6.2
Costs	8.5	10.5	10.6
EBITDA	(0.7)	0.6	(3.2)
EBITDA margin, %	(11.5%)	6.0%	(52.0%)
Adjusted EBITDA	(0.7)	0.6	(3.2)
Adjusted EBITDA margin, %	(11.5%)	6.0%	(52.0%)
Net profit / loss	(1.5)	(0.6)	(4.0)
	30/06/2024	**31/12/2023**	**31/12/2022**
Assets	31.1	32.1	31.1
Equity	26.2	27.7	25.9
Financial debt	0.4	0.3	0.4
Net debt	(3.4)	(3.4)	0.4
Net debt / EBITDA	4.7	(0.9)	(0.2)
Return on equity, %	(5.7%)	6.5%	(17.3%)
Equity / Assets, %	84.2%	86.1%	83.4%

Number of employees on 30 June 2024: **217**

Rail Baltica

UAB Rail Baltica Statyba

Performing the functions of a shareholder in the Baltic joint venture RB Rail AS

Company code:	303227458
Legal form:	private limited liability company
Address of the registered office:	Geležinkelio St. 16, LT-02100 Vilnius
Telephone:	+370 611 25263
E-mail:	rbs@litrail.lt
Website:	https://www.rail-baltica.lt
Shareholder:	100% shareholding in AB Lietuvos Geležinkeliai
Authorised capital:	EUR 4 161 494,08
Number of shares:	143,698
Nominal value per share:	EUR 28.96
Date and place of registration:	23 January 2014, Register of Legal Entities of the Republic of Lithuania
Head of the Company:	Arenijus Jackus
Board:	the Articles of Association do not provide for a collegiate management body, i.e. the Board

Operational results, EUR million	**H1 2024**	**H1 2023**	**H1 2022**
Sales revenue	0.03	0.03	0.03
Costs	0.03	0.04	0.04
EBITDA	0.002	(0.01)	(0.01)
Net profit/loss	0.002	(0.01)	(0.01)
	30/06/2024	**31/12/2023**	**31/12/2022**
Assets	3.02	3.01	2.30
Equity	2.99	2.99	2.28
Financial debt	-	-	-
Net debt	(0.03)	(0.02)	(0.04)
Equity / Assets, %	99.0%	99.3%	99.1%

Number of employees on 30 June 2024: **3**

Downstream Group companies

voestalpine Railway Systems Lietuva UAB (associated company)

Manufacture of railway switches

Company code:
110709524

Legal form:
private limited liability company

Address of the registered office:
Sostinės St. 18, Valčiūnai, Vilnius District

Website:
http://www.railwaysystems.lt

Shareholding:
34% held by AB Lietuvos Geležinkeliai

Authorised capital:
EUR 2,191,924

Date and place of registration:
28 July 1995, Register of Legal Entities of the Republic of Lithuania

RB Rail AS

Implementation and coordination of the Rail Baltica project

Company code:
40103845025

Legal form:
public limited liability company

Address of the registered office:
Satekles iela 2B, Riga,
Republic of Latvia, LV-1050

Website:
https://www.railbaltica.org

Shareholding:
33.33% held by UAB Rail Baltica Statyba, a subsidiary of AB Lietuvos Geležinkeliai

Authorised capital:
EUR 1,950,015

Date and place of registration:
12 November 2014, Republic of Latvia

LTG Cargo Polska Sp.zo.o.

Freight carrier activities in Poland

Company code:
386573260

Legal form:
private limited liability company

Address of the registered office:
Świętojerska 5/7, 00-236 Warsaw,
Republic of Poland

Website:
https://ltgcargo.pl

Shareholding:
100% share held by AB LTG Cargo, a subsidiary of AB Lietuvos Geležinkeliai

Authorised capital:
PLN 34,398,000

Date and place of registration:
21 July 2020, Republic of Poland

Head of the Company:
Mindaugas Skunčikas

Operational results in H1 2024 (EUR million)

Revenue: 19.4

Cost: 24.2

Net profit/(loss): (4.8)

Investments: 2.9

Assets: 16.8

Equity: 0.7

Liabilities: 16.1

Number of employees on 30 June 2024: 135

LLC LTG Cargo Ukraine

Freight carrier activities in Ukraine

Company code:
43987945

Legal form:
private limited liability company

Address of the registered office:
Pushkin St. 21, Office No 3,
01004 Kiev, Ukraine

Website:
https://ltgcargo.ua

Shareholding:
100% held by AB LTG Cargo, a subsidiary of AB Lietuvos Geležinkeliai

Authorised capital:
UAH 17,027,300 hryvnias

Date and place of registration:
9 December 2020, Ukraine

Head of the Company:
Saulius Stasiūnas

Operational results in H1 2024 (EUR million)

Revenue: 0.5

Cost: 0.2

Net profit/(loss): 0.3

Investments: -

Assets: 0.9

Equity: 0.6

Liabilities: 0.3

Number of employees on 30 June 2024: 6

Downstream Group companies

UAB LTG Wagons

Rental of wagons used for freight transport

Company code:
305651295

Legal form:
private limited liability company

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

Website:
https://ltgcargo.lt

Shareholding:
100% held by AB LTG Cargo, a subsidiary of AB Lietuvos Geležinkeliai

Authorised capital:
EUR 150,000

Date and place of registration:
4 November 2020, Register of Legal Entities of the Republic of Lithuania

Head of the Company:
Mindaugas Skunčikas

No economic activity

Number of employees on 30 June 2024: 1

VšĮ Geležinkelių Logistikos Parkas

A public body belonging to Vilnius City Municipality and AB Lietuvos Geležinkeliai, responsible for the development and management of the Vilnius Public Logistics Centre

Company code:
302674602

Legal form:
Public entity

Address of the registered office:
Švitrigalios St. 39, LT-03209 Vilnius

Website:
https://www.logisticspark.lt

Shareholding:
Share held by AB Lietuvos Geležinkeliai is 81.39%

Equity:
EUR 626,396

Date and place of registration:
7 October 2011, Register of Legal Entities of the Republic of Lithuania

Head of the Company:
Renata Šostakienė

Association of Lithuanian Railway Companies

Representing the rights and interests of the employers of the association's members in the social partnership

Members: LTG, LTG Cargo, LTG Link, LTG Infra, GTC, RBS

Company code:
304949011

Legal form:
Association

Address of the registered office:
Geležinkelio St. 16, LT-02100 Vilnius

Date and place of registration:
13 November 2018, Register of Legal Entities of the Republic of Lithuania

Head of the Company:
Irena Jankutė-Balkūnė

Participation in international organisations

International Settlement Centre (BCC)
http://bcclearing.eu/

Organisation for Cooperation between Railways (OSJD)
http://en.osjd.org

Rail Transport Council (GTT)
http://www.sovetgt.org/

Cooperation Organisation for Railway Undertakings Police Safety (COLPOFER)
http://www.colpofer.org/

International Union of Railways (UIC)
http://www.uic.org/

RailNetEurope (RNE)
http://www.rne.eu/

International Committee for Rail Transport (CIT)
http://www.cit-rail.org/

Intergovernmental Organisation for International Carriage by Rail (OTIF)
http://www.otif.ch/

North Sea-Baltic Sea freight corridor
http://rfc8.eu/

European Community of Railway Undertakings and Infrastructure Managers (CER)
http://www.cer.be

Platform of Railway Infrastructure Managers in Europe (PRIME)
https://webgate.ec.europa.eu/multisite/primeinfrastructure/prime-news_en

7.4. Definitions

Indicator	Definition of calculation
Revenue	Sales revenue + grant revenue + other activity income (excluding finance income)
Sales revenue / Operating revenue	Revenue, excluding grant revenue, other activity income and finance income
Grant revenue	State budget funds to compensate the activities of LTG Link and LTG Infra
Costs	Costs, excluding the corporate tax and expenses from financial activities
Financial debt	Long-term loans + Long-term lease liabilities + Current portion of long-term loans + Short-term loans + Current portion of lease liabilities
Net debt	Financial debt - Cash and cash equivalent investments
Return On Equity (ROE)	Net profit (loss) for the last 12 months / Average of equity at the beginning and at the end of the reporting period
Return On Assets (ROA)	Net profit (loss) for the last 12 months / Average of assets at the beginning and 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 the corporate tax – the result of financial activities
EBITDA	Profit (loss) before the corporate tax – the result of financial activity + depreciation and amortization
Adjusted EBITDA	Profit (loss) before the corporate tax + interest expenses – interest income + depreciation and amortisation + (decrease) increase in the value of non-current assets, inventories and investments + (decrease) increase in the value of amounts receivable and contract assets + costs of provisions not related to operating activities
EBIT margin*	EBIT / Sales revenue
EBITDA margin*	EBITDA / Sales revenue
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

Indicator	Definition of calculation
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 payable + Interest payable for the last 12 months
Asset turnover ratio*	Sales revenue for the period of the last 12 months / Assets at the end of the period
Financial debt / EBITDA	Financial debt / EBITDA for the period of 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 period of the last 12 months
Quick ratio	Current assets at the end of the reporting period - Inventories at the end of the reporting period / Current liabilities at end of the reporting period
Total liquidity ratio	Current assets at the end of the reporting period / Current liabilities at end of the reporting period
Turnover of freight transportation (tonne km)	Freight transport indicator, which is the product of the amount of transported freight (tonnes) and the distance travelled (kilometres)
Passenger turnover (passenger kilometres)	Passenger transport indicator, calculated by multiplying the trip of each transported passenger by the distance travelled
Train operational volume (gross-gross tonne km)	Unit of measure representing by multiplying the gross weight of the train, including the weight of the tractive vehicle, by the distance travelled (included are the weights of: tractive unit, hauled railway vehicle and its load. Passengers and their luggage are excluded. Shunting and other similar movements are excluded)
Number of employees	The number of listed active employees as of the end of the period (excluding the employees on parental leave, military service, long-term incapacity)
Average salary	Average gross salary per employee

** Grant revenue is added to sales revenue to calculate the profitability ratios of LTG Group, LTG Link and LTG Infra.*

7.5. Abbreviations

Company / LTG Holding / LTG	Parent company AB Lietuvos Geležinkeliai
ESG	Environmental, Social and Corporate Governance
EU	European Union
GDPR	General Data Protection Regulation
Government	Government of the Republic of Lithuania
GTC	UAB Geležinkelio Tiesimo Centras
IFRS	International Financial Reporting Standards
IT	Information technology
LTG Cargo	AB LTG Cargo
LTG Cargo Poland	LTG Cargo Polska Sp.zo.o.
LTG Cargo Ukraine	LLC LTG Cargo Ukraine
LTG Group, Group	AB Lietuvos Geležinkeliai and its subsidiaries
LTG Infra	AB LTG Infra
LTG Link	UAB LTG Link
RBS	UAB Rail Baltica Statyba
RSF	Railway service facilities
SAP	Business management system
SOE	State-owned enterprise

LTG LITHUANIAN RAILWAYS

https://ltg.lt/en/home/

Back to content