The Company's Interim Management Report and Financial Statements (Unaudited)

for the six-month period ended 30 June 2025

LTG KOMPETENCIJŲ CENTRAS

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Management report / Overview

LTG KOMPETENCIJŲ CENTRAS

CEO's foreword

Dear customers, partners and colleagues,

Six months ago we started as a new Company, UAB LTG Kompetencijų centras. This was a significant step in the transformation of the LTG Group from a unit to an independently operating company, which today brings together more than 500 professionals and provides shared services to the entire Group. The change was not only structural - but it was also a qualitative leap to a new operating logic, a new approach to the service and its value to the customer.

Even though the Company was incorporated back in late 2024, we officially started the Shared Services business on 1 February, following the spin-off procedures and the transfer of staff, assets and liabilities. This start was not symbolic, but it had very clear objectives: quality service, strong customer experience, process efficiency and an engaged team.

Customer orientation is not a slogan, but the core of our business. In our view, service is not about the task performed, but about the value to the customer, which must be clearly perceived.

In the same month, the results of a customer satisfaction survey became the starting point for a series of improvement initiatives. This was followed by the Leaders' Strategy Sessions in March, which clarified our organisation's identity, values and direction. At the same time, our day-to-day operations, ranging from the transfer of staff and systems to the introduction of service management tools, also picked up pace.

In April and May, in line with the LTG Group's long-term planning guidelines, we continued to deepen our strategic foundation by reviewing internal and external environmental factors, assessing the consistency of the Group's corporate plans, and fine-tuning our overall direction. A new service management tool was introduced, allowing systematic monitoring of service quality, faster response to customer needs and an even distribution of responsibilities.

In parallel, a continuous improvement programme Lean was integrated into the rhythm of operations. Already in the first half of the year, the team has delivered more than 500 initiatives, with savings of more than half a million euro, around 2/3 of the annual targets met, and an average customer rating of 5 points.

Another important step is the start of our cultural identity creation. The workshop "Kompetencijų centras DNA" brought teams together to talk about who we are, who we want to be and what culture helps us to act. This is particularly important because UAB LTG Kompetencijų centras is about people, their skills, their engagement and their desire to create a better business environment for the Group.

The development of the strategy continues, with a clear focus and ambition to be not only a service provider but also a strong partner, creating value through efficiency, quality and growth. The newly elected Board also contributes to this direction and its competences strengthen our ability to see bigger, act bolder and grow sustainably.

This half-year has been more than just a pick-up. It was like laying the foundations for what we will do next. The volume of services, the quality of processes, the involvement of people and the feedback from customers have confirmed that UAB LTG Kompetencijų centras is an integral part of the Group.

Thank you to everyone who have contributed to this successful launch. Every decision, work, idea and conversation you made have contributed to this result. Our Company is laying the foundation for the success of the entire Group. And we are doing it together.

IEVA LAURAITYTĖ
Chief Executive Officer of
UAB LTG Kompetencijų centras

Activity of the Company

General information about the Company

Name:
UAB LTG Kompetencijų centras

Company code:
307037118

Legal form:
Private limited liability company

Registered office address:
Pelesos st. 10-102, 02111 Vilnius

Correspondence address:
Pelesos st. 10-102, 02111 Vilnius

Phone:
+370 5 269 20 38

E-mail: info@ltgkc.lt

Website: ltg.lt/ltg-kompetenciju-centras/

Date and place of registration:
2024 11 29 the Register of Legal Entities of the Republic of Lithuania

Core business: **Consultancy services**

CEO of the Company: **Ieva Lauraitytė**

Shareholder: **100% of shares is owned by AB Lietuvos geležinkeliai**

Company branches and representative offices abroad

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

Business model of the Company

UAB LTG Kompetencijų centras is a company servicing the companies of the AB Lietuvos geležinkeliai Group (LTG Group), providing shared services to all companies of the LTG Group. The Company helps LTG Group companies to focus on their core business, ensuring the delivery of high-quality internal services and contributing to the creation of an advanced, sustainable and European rail ecosystem.

The operation of Kompetencijų centras is based on the model of Shared Service Centres (SSCs), which ensures centralised provision of internal administration services to LTG Group companies, thus achieving efficiency, quality and cost optimisation. The Company's strategy is guided by the LTG Group's long-term strategic orientations and values.

The objectives of UAB LTG Kompetencijų centras are set out in its Articles of Association:

- Ensure the uninterrupted provision of shared internal administration services to AB Lietuvos geležinkeliai Group companies.
- Achieve continuous growth in the Company's operational efficiency, competitiveness and quality of services.
- Achieve socially responsible and sustainable growth in the value of the Company's business and long-term shareholder benefits.

Company activities and services

UAB LTG Kompetencijų centras is an internal service centre for LTG Group's businesses, centralising and streamlining the activities of internal administrative functions to ensure synergies between different parts of the organisation.

Key areas of activity:

- Accounting
- Information technology
- Human resources
- Procurement
- Process management
- Legal
- Asset management
- Safety and Business Resilience

UAB LTG Kompetencijų centras employs more than 500 professionals with expert knowledge and high competences in their respective fields to ensure that LTG Group's business operations are conducted efficiently and to high quality and management standards.

Market and competitive environment

Since UAB LTG Kompetencijų centras operates as an internal service provider, the market for the Company's activities is limited to LTG Group companies and not to external customers. This specificity means that the Company operates in a closed environment where competition in the traditional sense does not exist, as the customers are other entities of the LTG Group. However, although the business is conducted in a closed environment, the Company uses market benchmarking to ensure that its activities are in line with best practices and standards. Services are subject to Service Level Agreements (SLAs), which define the level of quality, efficiency and accountability to ensure the best alignment with customer expectations.

Kompetencijų centras has no direct competitors but operates in the domestic market with indirect competition from other shared service centres, operating both nationally and internationally, as well as companies providing similar services (acccounting, HR, law and etc.). In such an environment, operational efficiency, the ability to innovate and to adapt to the changing needs of the organisation's internal environment become key factors of competitiveness. Maintaining a competitive advantage requires continuous process optimisation, investment in the development of staff competences and assurance of a high standard of service quality.

Internal market characteristics:

- Clearly defined customer base: key customers include LTG Infra, LTG Cargo, LTG Link and other LTG Group companies.
- Publicly managed sector: The Company is a subsidiary of AB Lietuvos geležinkeliai, which in turn is 100% owned by the State of Lithuania.
- Operational efficiency orientation: the main objective is to optimise internal processes, reduce expenses and improve service quality.

The competitive environment is influenced most by:

- Technological advances driving automation and digitalisation in service delivery.
- Labour market dynamics, especially in IT and finance, where demand for skilled professionals outstrips supply.
- Regulatory changes to improve public sector efficiency and transparency requirements.
- Internal transformation initiatives that lead to a broader range of services, process optimisation and business model improvements.

Taking these factors into account, UAB LTG Kompetencijų centras has consistently improved its business model, strengthened the competences of its employees and implemented LEAN principles and modern automation and process management systems. Organisational culture is a major focus, with a high level of employee engagement being an important factor in ensuring the quality and efficiency of services. The combination of these tools allows for more efficient order management, analysis of service quality and optimisation of working time, thus consolidating internal efficiency and quality standards and the role of a strategic partner within the LTG Group.

Key customers

The key customers of UAB LTG Kompetencijų centras are the internal companies of the AB Lietuvos geležinkeliai Group, to which the Company provides centralised services. These customers are not only service recipients, but also strategic partners with whom the Company works closely to achieve efficiency, quality and innovation.

Key customers:

- LTG Infra is a company responsible for the management, modernisation and development of railway infrastructure. Kompetencijų centras provides the company with HR administration, financial accounting, procurement, IT and other shared services, allowing LTG Infra to focus on its core business of implementing infrastructure projects.
- LTG Cargo is one of the largest rail freight companies in the Baltic States. Kompetencijų centras supports the company's operations through accounting, information technology, procurement and HR administration services.
- LTG Link is a passenger transport company operating domestic and international routes. Given the nature of this customer's business, the focus is on responsiveness, high level of customer service and support for digital solutions.
- Other LTG Group companies, including the parent company, LTG Cargo subsidiaries and GTC - UAB Geležinkelių tiesimo centras. Kompetencijų centras acts as an integrated service provider, ensuring a uniform standard of service across the Group.

Participation in associations

UAB LTG Kompetencijų centras belongs to the Lithuanian Railway Companies Association.

Strategy

UAB LTG Kompetencijų centras is currently actively developing its strategy, which will be closely aligned with the strategic priorities of the LTG Group. While the strategy is still being formulated, the Company is guided by the Group's direction and values to ensure consistent growth and value creation for the organisation.

All LTG Group companies are guided by a common mission, vision and values.

MISSION

CONNECTING PEOPLE AND BUSINESSES FOR A MORE SUSTAINABLE FUTURE

Mission describes the reason for existence of the LTG as the company: **to connect people and companies** to enjoy travel and grow our business **while protecting the environment around us**

VISION

BEING THE BACKBONE OF THE TRANSPORT SYSTEM

Transport axis. We lay foundations for more sustainable domestic transportation of passengers and freight.
Smooth connection. We smoothly integrate Lithuania with other European countries
Critical infrastructure. We ensure critical infrastructure for civil and military mobility

VALUES

The values of the LTG Group are born from within the organisation, identified as the most important by employees themselves. These values guide us in our day-to-day operations to achieve the vision of the LTG Group.

RESPONSIBILITY

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

CUSTOMER

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

COOPERATION

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

DEVELOPMENT

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

Strategic directions and goals

In 2024, based on decision of the LTG management, Customer experience was separated from the Business development strategic direction. The aim is to focus attention on the main beneficiary for whom the work is carried out – the customer. The customer of the LTG Group is diverse: passengers, business enterprises – contractors of freight transportation services, the state and the public, LTG companies acquiring services from one another, and their employees. Strategic directions:

Strategic direction	Priorities of the strategic direction	Strategic goals
CUSTOMER EXPERIENCE	• Implementation of a unified customer service standard of the LTG Group. • Care for consistent quality of services, to execute obligations towards customers. • Increase of customer loyalty and satisfaction. • Education of employees about the customer – for whom are we working. • Strengthening awareness of the LTG Group brand.	• Improvement of the LTG Group reputation.
BUSINESS DEVELOPMENT	• Expansion to foreign markets, integration into Europe, diversification of services. • Increase of competitiveness through renewal of rolling stock, new services, products. • Ensuring financial return, increasing revenue. • Growth of the multimodal transport share.	• Increase of revenue from primary services in foreign markets and new business development initiatives. • Increase of revenue from non-primary services and products.
OPERATIONAL EFFICIENCY	• Optimising the use of assets. • Implementation of operational efficiency initiatives and innovations in activities. • Effective management of the rolling stock fleet: optimisation, ensuring quality maintenance. • Accelerating digitalisation. • Instilling a culture of continuous improvement (LEAN).	• Increase operational efficiency. • Increasing the value created by employees.
ESG	• Effective use of resources, energy and RES in activities. • Reduction of impact on the environment and climate change. • Increasing awareness of employees and the society on safety. • Contribution to improvement of the public's quality of life. • Ensuring a sustainable alternative for transporting passengers and freight. • Development of the best corporate governance practice.	• Minimise impact on environment and climate change. • Maintaining the Good Governance Index A+.
INCLUSIVE ORGANISATIONAL CULTURE	• Creation of an open, respectful, safe and LTG values-based working environment. • Encouraging employee engagement in continuous improvement thereby creating value for the customer. • Creation of internal career opportunities. • Development of both current and future competences. • Creation of an attractive employer image.	• Creation of an inclusive high-performance culture. • Increasing customer loyalty.
BUSINESS RESILIENCE	• Caring for traffic, working and business (including cyber) safety. • Fighting against corruption, risk management. • Leadership in enforcement of sanctions. • Contribution to ensuring national security, ensuring resilience from the East. • Promotion of technological and IT integration into Europe, creation of a European business model.	• Increase of occupational safety. • Reduction of risks to the public. • Ensuring a high level of business resilience. • Reduction of danger to traffic safety.

Strategic initiatives

As a Shared Services Centre, UAB LTG Kompetencijų centras consistently implements strategic initiatives focused on increasing operational efficiency, digitisation, strengthening staff competences and improving service quality. These initiatives are closely aligned with the LTG Group's strategic objectives and are in line with the best initiatives of the Shared Service Centres:

1. Process automation and digitisation:

- Robotic Process Automation (RPA) solutions are being deployed to reduce manual work and increase the accuracy of operations.
- Document management and service ordering processes are digitised for faster and more transparent service delivery.

2. Developing competences:

- An internal training system has been strengthened, including e-learning, mentoring programmes and knowledge sharing initiatives.
- Continuous professional development and self-improvement is encouraged to ensure high quality service and staff engagement.

3. Improving service quality and customer experience:

- A catalogue of services has been developed, defining the scope and standards of the services provided.
- Service Level Agreements (SLAs) are in place and a KPI monitoring system is being developed to objectively measure service performance.
- Customer satisfaction surveys are carried out regularly and the results are used to develop improvement action plans.
- Feedback mechanisms are being developed to strengthen cooperation with internal customers.

4. Integrating sustainability into operations:

- Processes are digitised to reduce paper use and promote environmentally friendly activities.
- Sustainability principles are integrated into procurement and asset management processes.
- Employee involvement in social and environmental initiatives is encouraged, by strengthening the organisation's social responsibility.

Annual targets for 2025

On 30 June 2025, the Board of the Company approved the **annual targets of UAB LTG Kompetencijų centras**, the indicators that measure them and the target values. In line with Kompetencijų centras ambition and strategic objectives, annual targets have been developed to help ensure customer satisfaction, increase operational efficiency, reduce environmental impact, ensure business resilience and increase employee engagement. Based on the approved annual targets, personal targets have been set for Kompetencijų centras staff. This engages Kompetencijų centras employees in a structured and coherent process of implementing the LTG Group strategy, linking the achievement of objectives to career, development and incentive plans.

Strategic orientation / objective	Indicators for measuring achievement of objectives	Unit of measure	Weight, %	Milestones for achieving the objectives
OPERATIONAL EFFICIENCY				
Improving operational efficiency	Maturity Level I of Continuous Improvement achieved	Scoring of maturity	20.0	≥1.3
	LTG KC planned cost management	%	25.0	≤104
CUSTOMER EXPERIENCE				
Improving customer satisfaction	Customer Satisfaction Score (CSAT)	score	25.0	≥3.84
BUSINESS RESILIENCE				
Ensuring occupational safety	Business resilience level ensured	%	5.0	≥80
	Increased safety of workers (accidents through the fault of the employer)	Accidents at work through the fault of the employer*1 M / total hours worked	5.0	≤1.4
ESG				
Reducing environmental impact	Reduction of CO2 emissions (g/km) for cars and trucks up to 3.5t	%	10.0	(≥) 3% below the 2024 value
INCLUSIVE ORGANISATIONAL CULTURE				
Strengthening organisational culture	Staff engagement level maintained	%	10.0	≥80

Highlights of the reporting period

JANUARY

Following the decision of the Board of AB Lietuvos geležinkeliai to increase the authorised capital of the newly established company UAB LTG Kompetencijų centras, preparations were made for the transfer of the internal administration services business, which consisted of the assets to be transferred as an integral part of the provision of the services, more than 500 employees working in the structural unit of Kompetencijų centras, as well as the existing contracts with suppliers and customers directly related to the aforementioned part of the business.

FEBRUARY

On 1 February, the new Company started operating its services. Ieva Lauraitytė, who had been LTG's Director of Administration for two years, has been entrusted with the management of the Company. The new Company has clear strategic objectives: to ensure high quality service delivery, to enhance customer experience, to increase operational efficiency and to promote employee engagement.

The results of a customer satisfaction survey carried out in January have formed the basis for performance improvement initiatives aimed at improving the customer experience, enhancing service quality and managing expectations more effectively.

MARCH

Strategy sessions for managers, focusing on understanding customer needs, ensuring service quality and improving operational efficiency, were organised. These sessions clarified the Company's identity, value principles and common lines of action, which became the basis for sustainable growth, consistent service development and high added value creation within the LTG Group.

APRIL

In accordance with the guidelines for long-term planning developed by AB Lietuvos geležinkeliai, strategic sessions were organised in Kompetencijų centras, during which the internal and external environment analyses were updated, the relevance of key assumptions was reviewed, and the compatibility of plans between LTG Group companies was assessed. These activities will help to ensure strategic coherence, the focus of Kompetencijų centras and effective cooperation between the Group's companies.

MAY

A service management tool was introduced to monitor the quality of services and manage customer needs more effectively. The tool enables systematic management of service delivery, a more transparent allocation of responsibilities and continuous performance improvement.

JUNE

The Board of UAB LTG Kompetencijų centras launched its activities. The Board consists of 3 members: 2 independent members, Giedrius Dzekunskas and Eglė Juzėnaitė, and the LTG Group's LTG Technology Director Vytautas Bitinas.

Events after the end of the reporting period

JULY

There were no highlights in the post-reporting period.

Results

Overview of key performance indicators

Key performance indicators

The performance of Kompetencijų centras in 2025 is measured against the strategic indicators approved on 30 June, which reflect the organisation's progress towards achieving its annual targets. The assessment covers five main areas: operational efficiency, customer experience, business resilience, reduction of environmental impacts (ESG) and strengthening organisational culture. Each area has specific measurement indicators, their weighting in the overall assessment, and target values that allow for an objective assessment of performance. Indicator values are recorded in percentages or scores, depending on the area being assessed. UAB LTG Kompetencijų centras started its Shared Services activities in February 2025, so it is not possible to carry out a comparative analysis of this period with previous periods. For this reason, this year's indicators are considered as baseline and will be used as a basis for further performance evaluation and monitoring in the future.

Indicators	Unit of measurement	2025 m. I pusm.	Calculation principle
Customer Satisfaction Score (CSAT)	score	-	The purpose of the measurement is to determine customers satisfaction with specific internal LTG KC services or interactions. Customer satisfaction with specific aspects or services is measured, e.g. IT support, HR services, behaviour of LTG KC staff, etc. The target is for the overall evaluation of LTG KC services, on a scale of 1-5. Tolerance ±1%. The results are measured at the end of the year.
Maturity Level I of Continuous Improvement achieved	score	0.75	Continuous Improvement Level I maturity assessment out of 5 points. The result is updated every quarter.
LTG KC Planned Cost Management	%	91	It shows the extent to which the actual expenses incurred by the Company are in line with those planned in the approved budget. The result is updated monthly.
Reduction of CO_2 emissions (g/km) for cars and trucks up to 3.5t	%	94.7	Shows the change in CO_2 in g/km, comparing the result for 2024 and 2025 (cars and trucks up to 3.5t). The result is updated monthly.
Business resilience level	%	-	Calculated from the percentage weighting of the three components: (1) 30% weighting "Enhance personal data security" – Personal data breaches that occurred as a result of LTG KC's action/omission that resulted in a high level of risk to the rights and freedoms of data subjects (target value 0); (2) 10% weighting "Strengthen resilience to corruption" – Share of those who participated in the LTG KC tolerance of corruption survey and who believe that LTG KC is affected by corruption (no more than 6.5%) (3) 60% weighting "Level of progress in implemented risk plans" – Percentage of implementation of the management actions set out in the risk management plans (at least 90%). The results are measured at the end of the year.
Safety level of workers	%	0	Number of occupational accidents recorded in UAB LTG Kompetencijų centras due to employer's fault* 1 million / total number of hours worked in LTG KC. The result is updated monthly.
Staff engagement level maintained	%	-	Measured by the Organisational Culture Survey (a standardised online survey of all employees), which asks employees to rate a series of statements on a scale ranging from "strongly disagree" to "strongly agree". The results are measured at the end of the year.

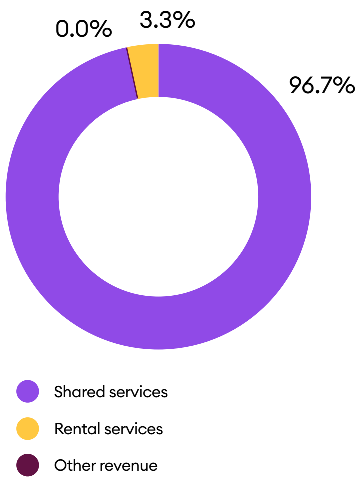
Financial results

Revenue

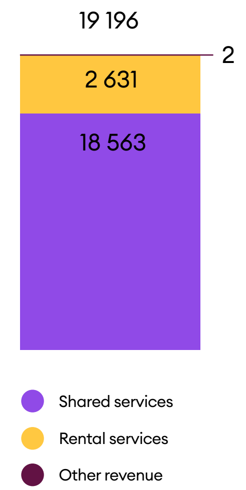
UAB LTG Kompetencijų centras, as a business service company of the AB Lietuvos geležinkeliai Group, generates revenue by providing internal services to other companies of the Group. In the 2024 financial statements, sales revenue was EUR 0, which is because the Company was only established at the end of the year, in November 2024. With the start of active operations in 2025, the main source of revenue has been the Shared Internal Administration Services, which is EUR 18 563 thousand in the reporting period and accounts for 96.7% of the Company's revenue.

UAB LTG Kompetencijų centras provides centralised administration of car rental services for the entire LTG Group. The Company is responsible for managing the vehicle lease contracts, overseeing operations and allocating expenses between Group companies. UAB LTG Kompetencijų centras periodically invoices the relevant LTG Group companies for services rendered, thus ensuring a transparent and efficient internal billing process. This revenue represents 3.3% of the Company's revenue (EUR 631 thousand).

Revenue structure of Kompetencijų centras in H1 2025, %



Revenue of Kompetencijų centras in H1 2025, EUR thousand



Expenses

The expenses of Kompetencijų centras reflect the nature of the Company's activities as a Shared Service Centre and play an important role in ensuring continuity, quality and alignment with the Group's strategic objectives. The H1 2025 expenses of Kompetencijų centras, which amounted to EUR 18 096 thousand, are broken down into several main categories:

Employee benefit expenses. The largest part of the expenses is the costs related to staff salaries, social security contributions, vacation pay and other employment-related benefits. This expense group reflects the importance of human resources in the service delivery process.

Other expenses. This category is dominated by the costs of information technology (IT) services, which account for around 89% of these expenses. This includes IT infrastructure support, software licences, cloud services, system maintenance and other costs related to digital activities. The remainder may include miscellaneous operating expenses that do not fall under other specific categories.

Depreciation and amortisation. These expenses include depreciation of tangible and intangible non-current assets (e.g. IT equipment, vehicles).

Energy resources include the expenses of fuel, electricity and other energy sources required to support the Company's operations. Although these expenses are a small part of the overall structure, they are essential for the functioning of the infrastructure and jobs.

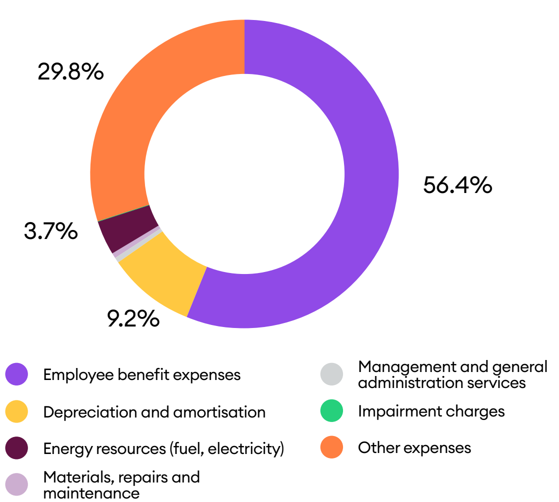
Materials, repairs and maintenance. This category records costs relating to the maintenance, repair and consumables of office equipment, work equipment, vehicles or other assets.

Management and general administration services: a fee for strategic coordination at Group level.

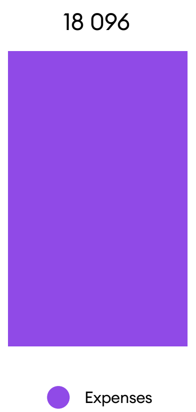
Impairment charges include accounting entries for decreases or increase in the value of assets relating to inventories, non-current assets or receivables. These charges reflect adjustments to the value of assets in accordance with accounting standards and can be either positive or negative.

The largest part of the expenses are salaries and IT expenses, as Kompetencijų centras is focused on providing human resources and technological solutions to the whole LTG Group. Human resources are the main driver of service delivery and IT is the necessary infrastructure for efficient process management and digitisation of services.

Costs of Kompetencijų centras in the H1 2025, EUR thousand



Costs structure of Kompetencijų centras in H1 2025, %



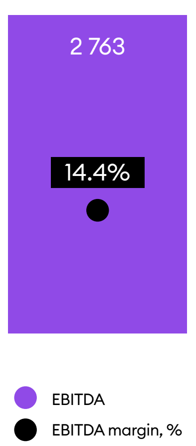
Operational results

The pricing of UAB LTG Kompetencijų centras is based on the arm's length principle, i.e. cost plus a reasonable margin. This ensures a fair level of intra-group settlements.

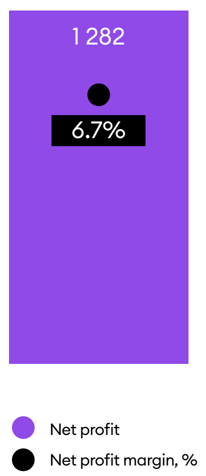
In the reporting period, the Company's EBITDA amounted to EUR 2 763 thousand, and EBITDA margin reached 14.4%.

UAB LTG Kompetencijų centras generated a net profit of EUR 1 282 thousand in the first half of 2025, with a net profit margin of 6.7%.

EBITDA of Kompetencijų centras in H1 2025, EUR thousand



Net profit of Kompetencijų centras in H1 2025, EUR thousand



Changes in the Balance Sheet

As of June 2025, the Balance Sheet of Kompetencijų centras is largely made up of equity, which has increased significantly because of the shareholder's contributions and a positive operating result.

Non-current assets account for the second largest part of the Balance Sheet, consisting mainly of IT equipment, software, licences and vehicles included under IFRS 16.

Current assets include cash balances and receivables from Group companies for services rendered.

Current liabilities arise from current operating expenses, such as payables to suppliers, employees and other current liabilities.

Non-current liabilities mainly relate to asset lease obligations under IFRS 16.

The structure of the Balance Sheet reflects the stable capital base and the consistent growth of the business in the early months of the Company's operations.

Balance Sheet items of Kompetencijų centras, EUR thousand

Key financial indicators

The Company commenced shared services operations in February 2025, and therefore this half-yearly financial statement covers the period from 1 January 2025 to 30 June 2025. Given that all financial ratios presented, including Return on Equity (ROE) and Return on Investment (ROI), are calculated based on the actual period of operation.

Indicators are not extrapolated to 12 months to avoid possible distortion of results due to insufficient operating time. This is intended to provide the most accurate and realistic assessment of the Company's performance during the reporting period.

	Unit of measurement	H1 2025
Sales revenue	EUR thousand	19 194
Other operating income	EUR thousand	2
Total revenue	**EUR thousand**	**19 196**
Expenses	**EUR thousand**	**18 096**
EBITDA	EUR thousand	2 763
EBITDA margin	%	14.4
EBIT	EUR thousand	1 100
EBIT margin	%	5.7
Net profit	**EUR thousand**	**1 282**
Net profit margin	%	6.7

		30 06 2025
Non-current assets	EUR thousand	22 557
Current assets	EUR thousand	21 307
Total assets	**EUR thousand**	**43 864**
Equity	EUR thousand	28 970
Financial debt	EUR thousand	7 731
Net debt	EUR thousand	(1 882)
Return on equity (ROE)	%	4.4
Return on Assets (ROA)	%	2.9
Return on Investment (ROI)	%	4
Financial debt/EBITDA	times	2.8
Financial debt/Equity	%	27
Net debt/EBITDA	times	(0.7)
Equity ratio	%	66.0
Asset turnover ratio	times	0.4
Quick ratio	times	2.4
Total liquidity ratio	times	2.4

Company financing

The Company had no debt obligations to credit institutions as at 30 June 2025.

Dividend policy

Payment of dividends and the level of corporate contributions by state-owned enterprises are governed by Resolution No. 665 of the Government of the Republic of Lithuania of 6 June 2012 approving the Description of the procedure for the exercise of State property and non-property rights in state-owned enterprises" and amendments thereto (link). The consolidated version is valid from 5 April 2022.

Company ROE indicator (%)	Share of distributable profit allocated to dividends (%)
≤ 1	≥ 85
> 1 and ≤ 3	≥ 80
> 3 and ≤ 5	≥ 75
4 > 5 and ≤ 10	≥ 70
> 10 and ≤ 15	≥ 65
> 15	≥ 60

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

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

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 to refrain from paying dividends, considering the conditions and circumstances set out in the Dividend Policy. The Company did not pay dividends during the reporting period.

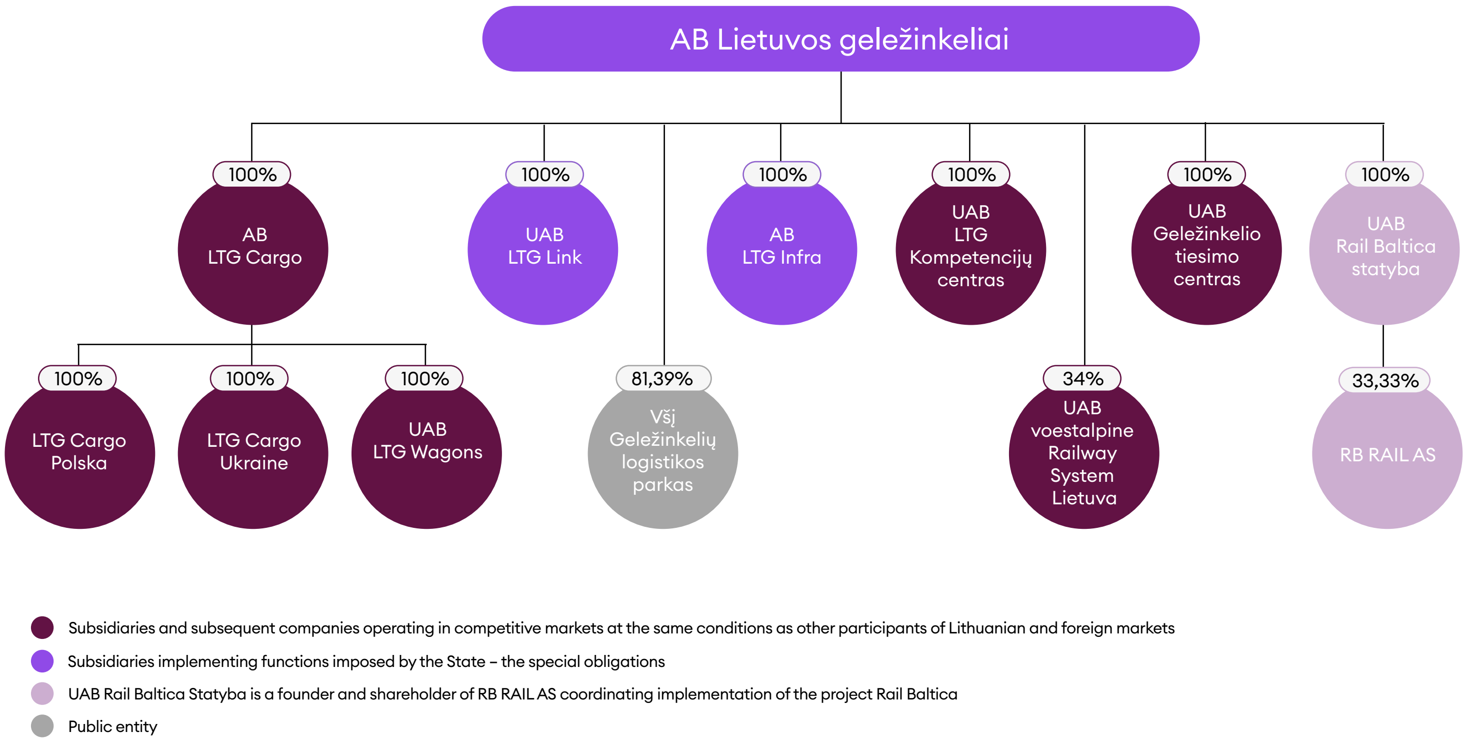
Governance report

Overview

Group structure

The Company is part of the LTG Group, the largest freight, passenger transport and infrastructure management group in the Baltic States. 100% of the Company's shares are owned by the parent company AB Lietuvos geležinkeliai. The State of Lithuania is the shareholder of AB Lietuvos geležinkeliai, owning 100% of the shares, and the Ministry of Transport and Communications of the Republic of Lithuania exercises the rights and duties of the shareholder.

During the reporting period, the Company had no subsidiaries.



Governance model

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

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

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

- Openness and transparency of activities.
- Compliance and effectiveness of corporate governance.
- Meeting shareholders' expectations.
- Role of stakeholder cooperation.
- Effective and efficient risk management and internal control systems.
- Certainty and sustainability of objectives.
- Responsibilities and accountability of the governing bodies.

LTG Group operational policies

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

- The updated **Procurement Policy**, which aims to define the key principles and objectives of the management of procurement activities and to ensure that procurement is carried out to high quality standards, promoting competition, innovation, sustainability and value for money, and that stocks are managed in accordance with best stock management practices and techniques.
- **The National Security Compliance Policy**, which aims to establish a strategic and unified approach to national security compliance within the LTG Group, which derives from the LTG Group's status as a group of companies whose respective entities are of importance for national security and the resulting duty to act in the interests of national security.
- The updated **Strategic Planning and Management Policy** sets out the general principles, responsibilities and key business processes of strategic planning and management of the AB Lietuvos geležinkeliai Group of companies and aims to ensure coordinated strategic planning and management across the Group.

Articles of Association of the Company

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

The Articles of Association of UAB LTG Kompetencijų centras are 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 of all the shares of the shareholders present at the meeting.

During the reporting period, the Company's Articles of Association were amended twice.

- On 29 January 2025, the Articles of Association of UAB LTG Kompetencijų centras were amended by increasing the Company's authorised capital.
- On 12 March 2025, the Articles of Association of UAB LTG Kompetencijų centras were amended after forming a collegial governing body of the Company, i.e. the Board, and adding new competences for the Board.

The Articles of Association are available on the Company's website https://ltg.lt/ltg-kompetenciju-centras/valdymas/vidaus-teises-aktai/

Information on shares as at 30 June 2025

Amount of authorised capital, EUR thousand	Number of shares, pcs	Nominal value of shares, EUR
25 822	25 822 166	1

All shares are of one class: ordinary registered shares. The shares are book entry shares and are recorded in personal securities accounts in accordance with the law.

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

Bodies of the Company

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

- General Meeting of Shareholders.
- Board.
- Head of the company (Chief Executive Officer).

General Meeting of Shareholders

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

The Company's sole shareholder is AB Lietuvos geležinkeliai, which takes the main decisions related to the implementation of ownership rights and obligations.

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

During the reporting period, the shareholder's economic and moral rights were not restricted, and no special rights were granted to the shareholder.

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

- On the prioritisation of the Company's material risks and the approval of strategies to manage them.
- On investing in, buying, selling or otherwise transferring, pledging or mortgaging the Company's facilities and assets of importance for national security.
- 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 (three million euro) exclusive of value added tax (VAT) in the Company's Group companies or third parties.
- On the pledge and mortgage of the Company's non-current assets with a carrying amount equal to or greater than EUR 3 000 000 (three million euro), exclusive of value added tax (VAT).
- On surety or guarantee of the performance of other persons' obligations for an amount equal to or greater than EUR 3 000 000 (three million euro), exclusive of value added tax (VAT).
- On the acquisition of non-current assets for a price equal to or more than EUR 3 000 000 (three million euro), exclusive of value added tax (VAT).
- On loan or other financing transactions with a value equal to or greater than EUR 3 000 000 (three million euro), exclusive of value added tax (VAT).
- On the conclusion of transactions for the procurement of goods, services and works with a value equal to or greater than EUR 3 000 000 (three million euro) exclusive of value added tax (VAT) and the approval of the essential terms of these transactions (before the Company starts the procurement procedure).
- On the approval of the material terms of contracts for the provision of services by the Company, if the estimated annual revenue of the contract, or the revenue expected to be generated during the entire term of the contract, is equal to or more than EUR 3,000,000 (three million euro), exclusive of value added tax (VAT).
- On the Company becoming a founder or participant of other legal entities.
- On the commencement of a new activity of the Company or the discontinuation of an existing activity of the Company, if the relevant decision has not been taken at the time of approval of the Company's strategy.
- On the establishment of branches and representative offices of the Company, termination of their activities, appointment and dismissal of managers of the Company's branches and representative offices, and approval of the regulations of branches and representative offices.
- On the approval by the Company, as a shareholder of the subsidiaries, of the decisions of the governing bodies of the subsidiaries, as referred to in the Articles of Association of the subsidiaries, concerning the investment, transfer, lease, acquisition, mortgage, pledge, hypothecation, guarantee and provision of sureties and sureties for obligations of other persons, the procurement of goods, services, works, loans or other financing transactions, where the value of the transaction is equal to or exceeds EUR 3,000,000 (three million euro), exclusive of value added tax (VAT)

The Board

The Company's Articles of Association provide for a collegiate management body, which during the reporting period consisted of 3 members, 2 of whom are independent members and 1 member delegated by the shareholder. The members of the Board are elected by the General Meeting of Shareholders for a term of 4 years. The Board elects the Chairperson of the Board from among its members. The same person may not be elected as a member of the Board for more than two consecutive terms. The Board is accountable to the Company's General Meeting of Shareholders.

Independent members of the Board are elected in accordance with the Description of the procedure for the selection of candidates to a collegial supervisory or management body of a state-owned or a municipal enterprise elected by the general meeting of shareholders (hereinafter – Selection Procedure), approved by Resolution No. 631 of the Government of the Republic of Lithuania of 17 June 2015 (with successive amendments). The composition of the Board is subject to the provisions of the Selection Procedure concerning the diversity of competences of the Board members, the general and specific eligibility requirements.

The competence of the Board corresponds to the competence of the Board established by the Law on Companies of the Republic of Lithuania and other laws, and additional competences of the Board are established by the Articles of Association of the Company.

Additional competences of the Board during the reporting period:

- Approve the Company's business strategy.
- Set the Company's objectives.
- Approve the Company's annual operating plan (budget).
- Approve the list of information considered to be the Company's trade (industrial) secret and confidential information, the conditions for the use and storage of such information.
- Analyse and assess the Company's material risks (prioritised by the Board when assessing these risks) and approve strategies to manage them.
- Make decisions on the investment, sale and purchase or any other transfer, pledge or mortgage of the Company's facilities and assets of importance for national security.
- Make decisions on the investment, disposal or lease of the Company's non-current assets with a carrying amount equal to or greater than EUR 1,000,000 (one million euro) exclusive of value added tax (VAT) in the Company's Group companies or third parties.
- Make decisions on pledges and mortgages of the Company's non-current assets with a carrying amount equal to or greater than EUR 1 000 000 (one million euro) exclusive of value added tax (VAT).
- Make decisions on surety or guarantees for the fulfilment of obligations of other persons for an amount equal to or greater than EUR 1 000 000 (one million euro) exclusive of value added tax (VAT).
- Make decisions to acquire non-current assets for a price equal to or greater than EUR 1,000,000 (one million euro) exclusive of value added tax (VAT).
- Make decisions on loan or other financing transactions with a value equal to or greater than EUR 1,000,000 (one million euro).
- Make decisions to enter transactions for the procurement of goods, services and works with a value equal to or greater than EUR 1 000 000 (one million euro) exclusive of value added tax (VAT), and approve the material terms of such transactions (before the Company commences procurement procedures).
- Make decisions on the approval of the material terms of contracts for the provision of services by the Company, if the estimated annual revenue of the contract, or the revenue expected to be generated over the entire duration of the contract, is equal to or more than EUR 3,000,000 (three million euro), exclusive of value added tax (VAT).
- Make decisions on the Company becoming a founder or participant of other legal entities.
- Make decisions for the Company to commence new activities or to discontinue the Company's existing activities, if the relevant decision was not taken at the time of approval of the Company's business strategy.
- Make decisions on the establishment of branches and representative offices of the Company, termination of their activities, appointment and dismissal of the heads of the Company's branches and representative offices and approve the regulations of branches and representative offices.
- Make decisions on the approval by the Company, as a shareholder of the subsidiaries, of the decisions of the governing bodies of the subsidiaries, as referred to in the Articles of Association of the subsidiaries, concerning the investment, transfer, lease, acquisition, pledge, mortgage, and provision of guarantees and sureties for the obligations of other persons, the procurement of goods, services, and works, and the conclusion of loans or other financing transactions, where the value of the transaction is equal to or exceeds EUR 1,000,000 (one million euro), exclusive of value added tax (VAT).

- Make decisions on the approval by the Company, as a shareholder of the subsidiaries, of the decisions of the governing bodies of the subsidiaries on the merger, amalgamation, division, subdivision, assignment or transfer of activities by any other legal means, becoming a founder or participant of other legal entities (except for decisions on becoming a founder or participant of associations).
- Approve, promote and sanction the terms and conditions of employment of the Company's Chief Executive Officer.
- Approve the total amount of the incentive to be granted to the Company's employees for their performance, considering the performance of the Company.
- Analyse and evaluate other information provided by the Company's Chief Executive Officer on key issues relating to the Company's business.
- Analyse other matters relating to the Company's business, which fall within the Board's remit and, if necessary, take decisions on such matters.

The Board carries out the following **supervisory functions**:

- Supervises the performance of the Company's Chief Executive Officer and provides feedback and proposals on the performance of the Company's Chief Executive Officer to the General Meeting of Shareholders.
- Considers whether the Company's Chief Executive Officer is fit for office if the Company is making a loss.
- Proposes to the Company's Chief Executive Officer to revoke his/her decisions that are contrary to laws and regulations, these Articles of Association, decisions of the General Meeting of Shareholders or of the Board.
- Decides on other matters of supervision of the Company and the activities of the Company's Chief Executive Officer that are within the competence of the Board under the Articles of Association, as well as under the decisions of the General Meeting of Shareholders.

Information on attendance at Board meetings in H1 2025

Member's name and surname	Board meetings
Number of meetings	1
Giedrius Dzekunskas	1
Eglė Juzėnaitė	1
Vytautas Bitinas	1

The term of office of the Board is from 11 June 2025 to 11 June 2029.

The first Board of the Company was elected during the reporting period.

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

1 (one) Board meeting was held during the reporting period.

Composition of the Company's Board

GIEDRIUS DZEKUNSKAS

Independent Board member, Chairperson
Holds the office since 11 June 2025
Has been performing the duties of the Chairperson since 30 June 2025

EDUCATION

- Baltic Management Institute, International Business Management Master Programme
- Vytautas Magnus University, Master's degree in Business Administration
- Vilnius Technical University, Automation Engineering

MAIN EMPLOYER, POSITION

- CEO of Danske bank A/S Lithuanian Branch, Member of the Board, Saltoniškių St. 7B, Vilnius, company code 301694694

OTHER CURRENT POSITIONS

- Vilnius Gediminas Technical University, Council Member, Saulėtekio alley 11, Vilnius, Public Undertaking code 111950243

EGLĖ JUZĖNAITĖ

Independent Board member
Holds the office since 11 June 2025

EDUCATION

- London Business School, Sustainability Leadership and Corporate Social Responsibility Programme
- London Business School, Accelerated Development Programme
- School of Governance, Risk and Compliance / Berlin Steinbeis University / von Fürstenberg Board Services Course, Supervisory Board Member Certificate
- Frankfurt am Main Institute of Internal Audit, Internal Auditor Certificate
- University of Mannheim (Konrad Adenauer Stiftung scholarship), Diploma in Business Administration
- Kaunas University of Technology, Bachelor of Business Administration

MAIN EMPLOYER, POSITION

- CFO of IKI Lietuva UAB, Member of the Board, Pilaitės Av. 42, Vilnius, company code 110193723

OTHER CURRENT POSITIONS

- Member of the Board of Greituolis UAB, Lvivo St. 37-101, Vilnius, company code 305054987
- Member of the Board of Startuolis UAB, Lvivo St. 37-101, Vilnius, company code 306978022

VYTAUTAS BITINAS

Member of the Board delegated by the shareholder
Holds the office since 11 June 2025

EDUCATION

- Kaunas University of Technology, Master of Computer Science
- Baltic Institute of Corporate Governance graduate

MAIN EMPLOYER, POSITION

- CTO, AB Lietuvos geležinkeliai, Geležinkelio St. 16, Vilnius, company code 110053842

Competence matrix

The general and special requirements for independent members of the Board and members of the Board delegated by the parent company as set out by UAB LTG Kompetencijų centras apply to the members of the Board of AB Lietuvos geležinkeliai.

Mandatory Advantage

Composition of members of the Board	Competences of the member delegated by the parent company	Competences of independent board members	
	Member No. 1	Member No. 2	Member No. 3
Areas of competence	**Digitising technology and activities**	**Organisation development and change management**	**Strategic planning and performance management**
General requirements (compulsory, applicable to all candidates)			
University degree or equivalent			
Must not be disqualified from holding or performing the duties or functions of the post applied for			
The candidate must not have been removed from a single-person or collegiate body of a legal entity for misconduct within the last 5 years			
Must be of good repute			
Must be free from any relationship with other natural or legal persons which, in the performance of their duties, could give rise to a conflict of interests			
Special requirements (applicable to all candidates)			
Very good English language skills (written and oral)			
Experience in implementing strategic objectives and sustainably increasing corporate value			
Knowledge of corporate governance principles and good corporate governance knowledge and experience			
Excellent leadership, teamwork and stakeholder engagement skills			
Special requirements (compulsory, applicable to areas of competence)			
At least 5 years' experience in a senior management position (as a company manager, as a senior manager reporting directly to the CEO, or as a member of a management or supervisory collegiate body)			
Hands-on experience in corporate strategic planning, organisational transformation and change management			
Experience of developing an organisation and its culture			
Hands-on experience in digitisation, innovation, efficiency solutions			
Hands-on experience in improving the customer experience, implementing a customer-focused work culture			
Experience in internal control or risk management			
Good knowledge of the strategy and objectives of the Lietuvos geležinkeliai Group			
At least 5 years of management experience in service delivery, operational efficiency, manufacturing, finance or consulting			
Practical experience in project management, assessment and financing			
Practical experience in financial management and analysis			
Experience in the B2B sector			
Work experience in an international group of companies			
Experience of working in collegiate supervisory and management bodies			

Information about the remuneration of Board members

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

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

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

The remuneration of the members of the Board of the Company was determined by a decision of the Company's sole shareholder, with the monthly remuneration of the Chairperson of the Board of the Company being EUR 3 677, the monthly remuneration of the independent member of the Board of the Company being EUR 2 750 and the monthly remuneration of the Board who is a delegate of the parent Company being EUR 1 375. At the same time, the rule is that if individual members of the Board are elected, they shall be remunerated at the same level as the members of the existing Board.

Committees and their activities

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

The Audit Committee's main task is to provide opinions and proposals to the LTG Board on the functioning of the internal and external audit, risk management and control systems of LTG and its subsidiaries.

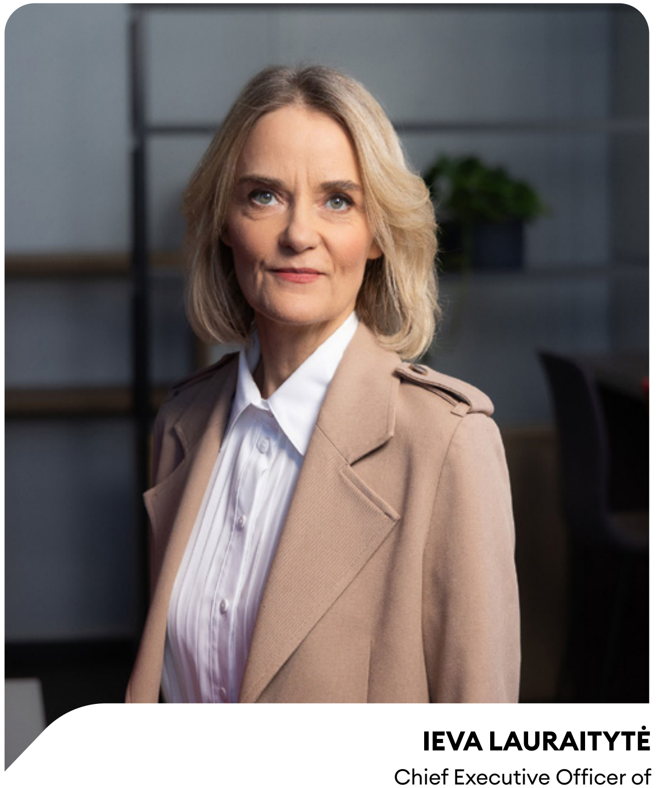
The purpose of the Nomination and Remuneration Committee is to provide findings, opinions, recommendations and proposals to the LTG Board on matters relating to the selection of the LTG Group's governing bodies and the LTG Group's remuneration policy.

Management

Chief Executive Officer

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

The first five-year term of office of the Company's Chief Executive Officer, Ieva Lauraitytė, started on 29 November 2024.



IEVA LAURAITYTĖ
Chief Executive Officer of
UAB LTG Kompetencijų centras

The Company's Chief Executive Officer Ieva Lauraitytė, prior to taking up this position, worked as Director of Administration at AB Lietuvos geležinkeliai.

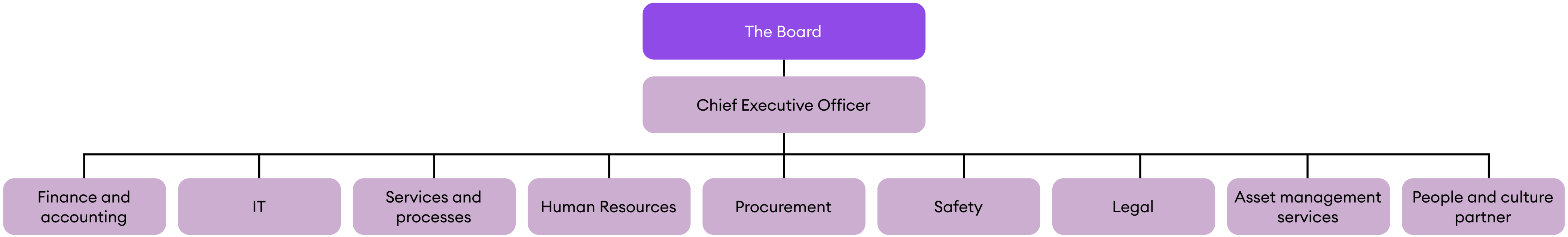
Ieva Lauraitytė also holds the following additional management positions:

- Member of the Board of the Lithuanian Association of Pedigree Bird Breeders, Bažnyčios St. 35, Labanoras, Švenčionys district, company code 302919044 (since 31/05/2023)
- Chairperson of the Board of the National Federation of Pedigree Bird Breeders, Vilniaus St. 79, Giedraičiai, LT-33276 Molėtai district, company code 307031649 (since 15/11/2024)

Information on the Chief Executive Officer's education:

- Vilnius University, Master of Law.
- Business Management Studies for Executives at ISM University of Management and Economics and BI Norwegian Business School)
- Executive and board member studies at the Baltic Institute of Corporate Governance

Corporate governance and organisational structure



Company management

IEVA LAURAITYTĖ	Chief Executive Officer of the Company	In office from 29 November 2024
LINA UŽLIENĖ	Head of Finance and Accounting	In office from 1 February 2025
VAIDA GENYTĖ-KAZLAUSKIENĖ	Head of Procurement	In office from 1 February 2025
RAIMONDA GAIDELIONIENĖ	Head of Asset Management Services	In office from 1 February 2025
VIGANTAS NIKONTAS	Head of IT	In office from 1 February 2025
ARTŪRAS VASILIAUSKAS	Head of Legal	In office from 1 February 2025
MILDA ŠAPOKIENĖ	Head of Human resources	In office from 1 February 2025
MARTYNAS ČEKANAUSKAS	Head of Safety	In office from 1 February 2025
BRIGITA VALENČIENĖ	Head of Services and Processes	In office from 1 February 2025
JURGA SNARSKIENĖ	People and Culture Partner	In office from 1 February 2025

Management of interests

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

During the reporting period, all members of the Board of the Company, the Company's Chief Executive Officer and senior executives submitted declarations of private interests to the Chief Official Ethics Commission, which can be found on the website of the Chief Official Ethics Commission www.vtek.lt.

Employees

Relevant people and culture policies applicable to all LTG Group companies are published together with publicly available internal legislation on the LTG Group's website.

Information on the principles of remuneration management, together with links to the relevant remuneration policies, are published in the LTG Group Consolidated Annual Management Report 2024, in the Remuneration Report section.

Initiatives and highlights in H1 2025

- As of 1 February, the formal transfer and recruitment of staff to the newly established Company of the LTG Group was implemented.
- In April, the results of the branch's collective agreement for 2024 were discussed with trade union representatives, and the topics of wages, staff development, organisational culture and training, and occupational safety were presented and discussed in detail.
- The annual review of basic salaries was implemented as of 1 April, with a monthly increase of EUR 136 thousand or 8.2% in the basic salary pool and a pay rise based on the uniform review criteria implemented for 91% of staff.
- In April 2025, the LTG Board decided to pay an incentive for the 2024 results, distributing EUR 1.5 million to the Company's employees.
- Based on the Voice of Employees survey carried out by LTG in autumn 2024, which achieved the highest ever employee turnout (90%) and revealed a strong increase in engagement (83), the following areas were highlighted as areas for engagement after organised discussions with employees at the beginning of the year: improving reputation, developing managers and leadership, improving efficiency, improving working conditions and employee well-being, talent management and recognition. Despite the high overall engagement rate, the units have incorporated individual measures or initiatives into their plans in teams where lower engagement was identified.
- April also saw the launch of an inclusive recognition programme for all LTG Group employees, aimed at increasing employee engagement as a key contributor to the success of the organisation. This programme combined new and existing measures to recognise, nominate and thank colleagues who, in addition to their direct roles, actively share and implement ideas; are seen as role models; engage in LTG peer-to-peer, LTG awareness-raising and other activities promoted by the organisation; and are loyal and have been faithful to the organisation for many years. Employees who are nominated are awarded ePoints, which can be used in the MELP partner e-shop to purchase LTG-branded products or to choose from a wide range of other goods and services. The MELP platform not only provides access to the e-shop, but also a wide range of discounts, a tool to keep up to date with internal news, and a one-stop shop for all employee benefits.
- As part of the principles of equality, diversity and inclusion, which are part of the strategic orientation of an inclusive organisational culture, the concept of close family member was extended in May to include partners and non-biological children. In June, the LGBTQ+ march "For Equality" was joined for the first time. An extensive internal communication campaign on the Transparency Line was conducted. Duoday was organised independently and with SOPA. The extension of the supplementary medical insurance contract and the invitation to employees to choose their preferred option include employees on parental leave. The Diversity Awareness Project included lectures for all staff and training for targeted groups of staff.
- In the first half-year, a significant focus was placed on fostering a culture of feedback to create an open, collaborative and continuously evolving organisational environment. Staff were actively encouraged to give feedback to each other, thus building trust and awareness in their daily work.
- As part of the expansion of measures to strengthen responsible leadership and sustainable human resource development, all managers were invited to take a 360-degree assessment of their leadership competences, and a significant number of managers did so. The assessment was carried out using the internal SAP SF 360 feedback platform and aims to provide qualitative and constructive feedback on leadership competences, to help identify strengths and behaviours to be improved and to draw up individual development plans.
- As part of the continuous improvement initiatives, 17 teleconferences on mental health, sustainability, personal effectiveness, diversity and inclusion, etc. were organised for staff during the first half-year, and staff actively took advantage of the opportunity to participate.
- In order to strengthen the Company's employee communities in the regions, employees were concentrated in shared offices in Kaunas, Klaipėda, Radviliškis and Šiauliai, premises were renovated, and open space workplaces and spaces were created. Activities to foster staff togetherness, motivation and engagement were initiated.
- The Leaders' Days of the Company were launched, focusing on team collaboration and leadership competences.
- The Company's identity project was initiated and is ongoing, with the aim of clarifying the Company's way of doing business and the principles that guide the Company's employees in their day-to-day activities. The newly established Company, which brings together staff from different units, aims to strengthen the sense of unity, i.e. of looking in the same direction. Both top and middle management are actively involved in the project.

Number and remuneration of employees of the company

- **The number of employees of the Company** as of 30 June 2025 was 527 (the number of active employees as at the end of the period (excluding employees on parental leave, military service, long-term sick leave)). As a result of the transfer of employees to the newly created company in the LTG Group as of 1 February 2025, there is no comparable reporting period to assess the change in the number of employees.
- The **average monthly salary** is shown in the table below and there is no change in this rate for the period under review for comparison: the employees were transferred to the newly established company in the LTG Group as of 1 February 2025.
- The **total wage fund** in H1 2025 amounted to EUR 8.3 million. In addition, in April 2025, in line with other LTG Group companies, the Company's employees were paid an annual performance incentive of EUR 1.5 million.

Position group	30 06 2025**						31 12 2024	
	Number of employees			Average salary, EUR			Number of employees	Average salary, EUR
	Total	Women	Men	Total	Women	Men		
Company CEO*	1	1	-	11 000	11 000	-	1	100
High-level managers*	8	5	3	7 623	7 551	-	-	-
Senior managers and professionals in exceptional fields	45	22	23	5 475	5 214	5 724	-	-
Mid-level managers and individual area experts	226	126	100	3 915	3 762	4 122	-	-
Team leaders and experienced professionals	235	148	87	2 643	2 535	2 826	-	-
Professionals and experienced operational/service staff	4	4	-	-	-	-	-	-
Operational/service staff, skilled workers	8	5	3	1 076	1 076	-	-	-
Total	**527**	**311**	**216**	**3 539**	**3 353**	**3 815**	**1**	**100**

** The level of fixed remuneration at the end of the period is shown.*
*** For reasons of confidentiality, information on the average salary the average salary differential will not be disclosed if there are fewer than 5 staff members of the same sex in the job group.*

On 29 November 2024, the CEO of the Company was recruited to the newly established Company on a part-time basis only (4 hours per week) at a salary of EUR 100/month. The salary for the CEO of the Company was set at EUR 10 500 as of 1 February 2025, following the start of full-time employment. At the end of the reporting period, i.e. 30 June, the remuneration of the Company's Chief Executive Officer amounted to EUR 11 000, an increase of 5% or EUR 500, which was raised as part of the LTG Group-wide annual review of base remuneration with effect from 1 April 2025.

In addition to the base salary, the Company's Chief Executive Officer may be paid a variable annual salary (annual performance incentive). The incentive scheme is approved by the LTG Board. Under this scheme, the level of achievement of the LTG Group's annual targets is 60% and the level of achievement of the Company's annual targets is 40%. The structure of the Company's annual targets, their thresholds and benchmarks for 2025 will be approved by the newly formed Board of the Company. At the end of the year, the Board of the Company will approve the achievement of these targets and the possibility of an annual incentive payment.

No annual incentive was paid to the CEO for the achievement of the Company's 2024 targets, as no such targets were set for the newly established company. In April 2025, the appointed CEO of the Company was paid a monthly incentive (1/12) of the annual incentive by his previous employer in respect of the LTG Administration Director position and the achievement of the 2024 targets, which amounted to EUR 2 331. The average actual salary for the period from 1 February 2025 to 30 June 2025, considering the annual performance incentive, was EUR 13 240.

In addition to direct remuneration, the total remuneration package of the CEO includes internally defined measures that add value to the employer and non-monetary remuneration.

The average monthly remuneration of senior managers, as set out in their contracts of employment on 30 June 2025, was EUR 7 623 and the average actual remuneration of this group of staff for the period from 1 February 2025 to 30 June 2025, after considering the annual performance incentive, was EUR 8 773.

Risks and risk management report

KOMPETENCIJŲ CENTRAS

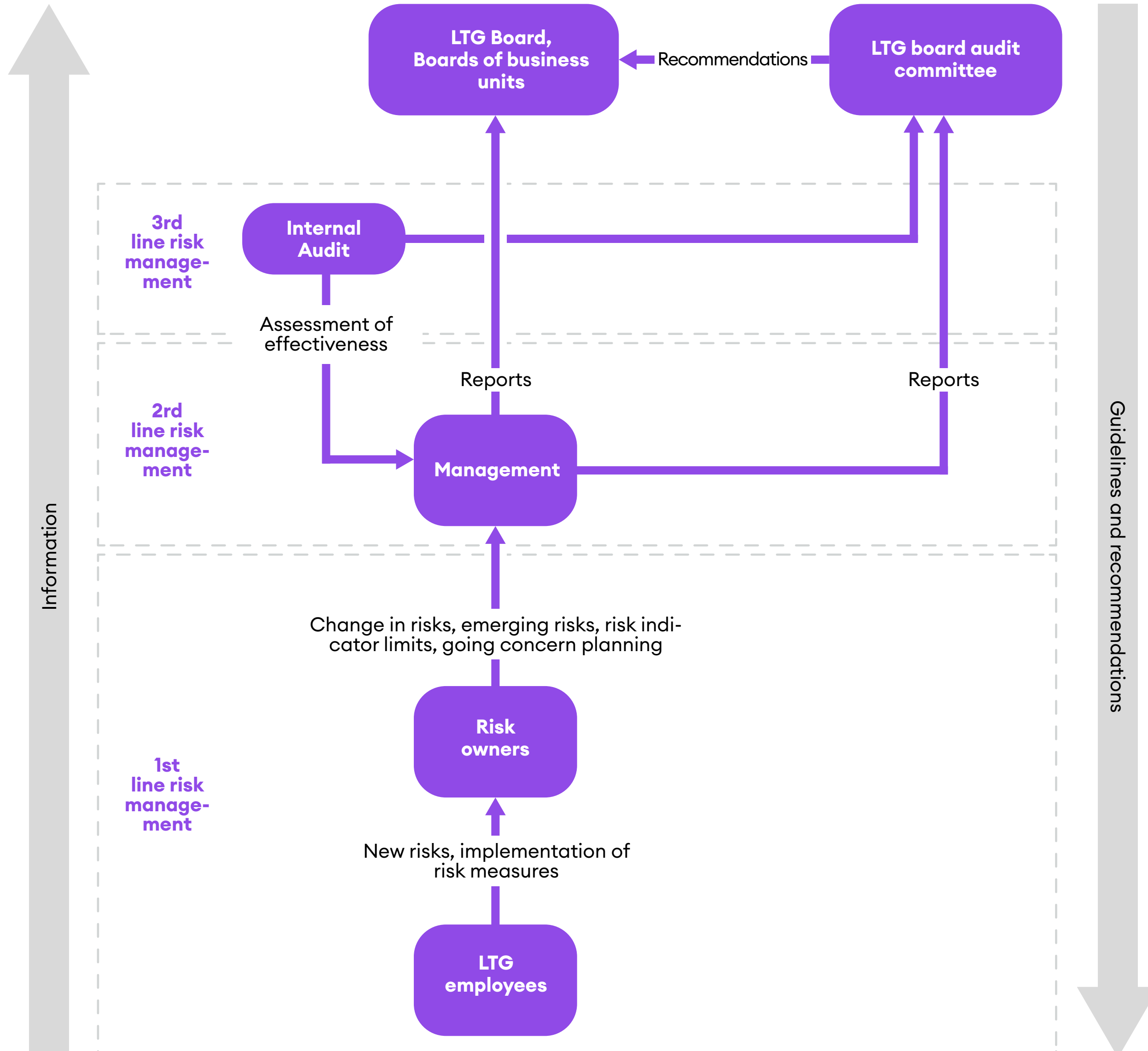
The Company has implemented and is continuously improving the **LTG Group's unified risk management** system. It is defined in the LTG Group's Risk Management Policy, methodology and process standards, which have been developed in line with international standards ISO 31000 of the International Organization of Standardization and COSO ERM (Committee of Sponsoring Organisations of the Treadway Commission, Enterprise Risk Management) and best practices.

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

According to it:

- In Line 1, risk management activities are carried out by managers and staff of LTG Group companies and LTG corporate functions, who identify, assess and manage risks and ensure the development of business continuity plans.
- In Line 2, risk management activities are carried out by LTG's Risk and Compliance Management function, which develops and refines the overall framework, carries out coordination and control activities, provides advice and education on methodological and expert risk management issues to the companies and units operating at Level 1 risk management, and prepares reports on risk management to the top management.
- In Line 3, risk management activities are carried out by LTG Internal Audit, which provides an independent assessment of the effectiveness of Level 1 and Level 2 risk management and independently comments and makes recommendations for improving the risk management system.

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



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

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

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

A well-established reporting system ensures the periodic and timely dissemination of risk-related information. On a quarterly basis, the state of risk management in each of the companies is reviewed in reports to the Boards of the companies and the LTG Group. The LTG Group Board is informed monthly of risks exceeding the tolerable limit. 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, strategic decisions are taken in the light of experience, risks and resilience identified and managed by the activities carried out, as well as the context of the external environment and relevant global factors. In line with the methodologies set out by the LTG, the Company's risk identification process was launched in the first half of 2025 to identify risks relevant to the specific nature of the business.

Additional information

LTG KOMPETENCIJŲ CENTRAS

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

The LTG Group and the Company comply with the following as of 14 July 2010. The LTG Group and LTG Group companies have complied with the requirements of the Description of guidelines for ensuring transparency in the activities of state-owned enterprises, approved by Resolution No. 1052 of the the Government of the Republic of Lithuania of 14 July 14 2010 (link) by disclosing the required information in the Company's annual and interim management reports and by ensuring disclosure on the website (link).

Definitions

Indicator	Definition of calculation
Revenue	Sales revenue + Other operating income (excluding Finance income)
Sales revenue	Revenue, excluding Other operating income and Finance income
Expenses	Expenses, excluding the income tax and finance expenses
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)	$\frac{\text{Net profit (loss) for the last 12 months}}{\text{Average equity at the beginning and end of the reporting period}}$
Return on Assets (ROA)	$\frac{\text{Net profit (loss) for the last 12 months}}{\text{Average assets at the beginning and end of the reporting period}}$
Return on Investment (ROI)	$\frac{\text{Net profit (loss) for the last 12 months}}{\text{Average assets at the beginning and end of the reporting period – Average current liabilities at the beginning and end of the reporting periods}}$
EBIT	Profit (loss) before income tax – Result of financial activities
EBITDA	Profit (loss) before income tax – Result of financial activities + Depreciation and amortisation
EBIT margin	$\frac{\text{EBIT}}{\text{Sales revenue}}$
EBITDA margin	$\frac{\text{EBITDA}}{\text{Sales revenue}}$
Net profit margin	$\frac{\text{Net profit (loss)}}{\text{Sales revenue}}$
Equity ratio	$\frac{\text{Equity at the end of the reporting period}}{\text{Assets at the end of the reporting period}}$
Debt Servicing Ratio	$\frac{\text{Net profit/(loss) for the last 12 months + Depreciation, amortisation and grant expense for the last 12 months + Interest expense for the last 12 months (adjusted for non-cash balance sheet items)}}{\text{Amortisation of interest payable + Interest payable for the last 12 months}}$
Asset turnover ratio	$\frac{\text{Sales revenue for the last 12 months}}{\text{Assets at the end of the reporting period}}$
Financial debt / EBITDA	$\frac{\text{Financial debt}}{\text{EBITDA for the last 12 months}}$
Financial debt / Equity (D/E)	$\frac{\text{Financial debt}}{\text{Equity at the end of the reporting period}}$
Net debt / EBITDA	$\frac{\text{Net debt}}{\text{EBITDA for the last 12 months}}$
Quick Ratio	$\frac{\text{Current assets at the end of the reporting period – Inventories at the end of the reporting period}}{\text{Current liabilities at the end of the reporting period}}$
Total Liquidity Ratio	$\frac{\text{Current assets at the end of the reporting period}}{\text{Current liabilities at the end of the reporting period}}$
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

Abbreviations

ESG	Environmental, Social Responsibility and Governance
GDPR	General Data Protection Regulation
Company, Kompetencijų centras, LTG KC	UAB LTG Kompetencijų centras
CSAT	Customer Satisfaction Score
EU	European Union
IT	Information technology
KPI	Key Performance Indicators
LTG Cargo	AB LTG Cargo
LTG Cargo Polska	LTG Cargo Polska Sp.zo.o.
LTG Cargo Ukraine	LLC LTG Cargo Ukraine
LTG	Parent company AB Lietuvos geležinkeliai
LTG Group, Group	AB Lietuvos geležinkeliai and its subsidiaries
LTG Infra	AB LTG Infra
LTG Link	UAB LTG Link
LRV	Government of the Republic of Lithuania
CSI	Customer Satisfaction Index
SAP	Business Management System
IFRS	International Financial Reporting Standards
AWS	Average salary
VKC	Public Undertaking Governance Coordination Centre: an analytical and good governance centre established by the Government of the Republic of Lithuania to ensure consistent and professional management of state-owned enterprises
VšĮ	Public Undertaking

UAB LTG Kompetencijų Centras Interim financial statements

Prepared in accordance with the IFRS accounting standards, as adopted by the European Union for the six-months period ended on 30 June 2025

LTG KOMPETENCIJŲ CENTRAS

(total amounts in EUR thousand, unless otherwise stated)

Statement of financial position

	Notes	30 06 2025	31 12 2024
NON-CURRENT ASSETS			
Property, plant and equipment	5	202	-
Right-of-use assets	6	7 676	-
Intangible non-current assets	7	14 197	-
Deferred tax assets		482	-
Total non-current assets		**22 557**	**-**
CURRENT ASSETS			
Inventories	8	59	-
Trade and other receivables	9	9 292	-
Prepayments	10	2 343	-
Cash and cash equivalents	11	9 613	1
Total current assets		**21 307**	**1**
TOTAL ASSETS		**43 864**	**1**
EQUITY			
Authorised capital	12	25 822	1
Retained earnings (loss)		3 148	-
Total equity		**28 970**	**1**

	Notes	30 06 2025	31 12 2024
LIABILITIES			
Non-current liabilities			
Lease liabilities		5 761	-
Employee benefits	13	359	-
Total non-current liabilities		**6 120**	**-**
Current liabilities			
Lease liabilities		1 971	-
Income tax liabilities		210	-
Employee benefits	13	3 743	-
Trade and other payables	14	2 774	-
Prepayments received	14	76	-
Total current liabilities		**8 774**	**-**
Total liabilities		**14 894**	**-**
TOTAL EQUITY AND LIABILITIES		**43 864**	**1**

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

The financial statements and the explanatory notes on pages 44 to 59 have been approved and signed by:

IEVA LAURAITYTĖ
CEO

LINA UŽLIENĖ
Head of Finance and Accounting

ANNA KISLOVSKAJA
Financial statements and control Financial Controller
acting under Decision
No. SPR-L1(KC)-35/2025 of 12/08/2025

(total amounts in EUR thousand, unless otherwise stated)

Statement of profit or loss and other comprehensive income

	Notes	30 06 2025	30 06 2024
Sales revenue	15	19 194	-
Revenue from other activities		2	-
Total revenue		**19 196**	**-**
Expenses related to employee benefits		(10 264)	-
Depreciation and amortisation	5,6,7	(1 664)	-
Management and shared administrative services		(1 048)	-
Computer and software rental services		(4 800)	-
Fuel		(31)	-
Materials		(31)	-
Electricity		(88)	-
Insurance		(32)	-
Repairs and maintenance		(94)	-
Increase (decrease) in value of receivables		(2)	-
Other expenses		(42)	-
Total expenses		**(18 096)**	**-**
Operating profit (loss)		**1 100**	**-**
Finance expenses		(88)	-
Net result of financial activity	**16**	**(88)**	**-**
Profit (loss) before tax		**1 012**	**-**
Income tax		270	-
Net profit (loss)		**1 282**	**-**
Total comprehensive income (expense)		**1 282**	**-**

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

Statement of changes in equity

	Authorised capital	Retained earnings (loss)	Total
Balance as at 31 December 2024	**1**	**-**	**1**
Net profit (loss)	-	1 282	1 282
Total comprehensive income (expense)	-	1 282	1 282
Profit (loss) from business transfer not recognised in the Profit (Loss) Statement and other comprehensive income	-	1 866	1 866
Increase in authorised capital	25 822	-	25 822
Total transactions related to owners of the company	25 822	1 866	27 688
Balance as at 30 June 2025	**25 822**	**3 148**	**28 970**

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

(total amounts in EUR thousand, unless otherwise stated)

Statement of cash flows

	Notes	30 06 2025	30 06 2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit (loss)		1 282	-
ADJUSTMENTS			
Depreciation and amortisation	5,6,7	1 664	-
Increase (decrease) in the value of receivables		2	-
Change in accrued income/expenses		703	-
Increase (decrease) in provisions		547	-
Interest on lease liabilities		88	-
Income tax expenses (income)		(270)	-
Cash flows from operating activities after adjustment		**4 016**	**-**
Decrease (increase) in inventories		(52)	-
Decrease (increase) in trade and other receivables and prepayments		794	-
Increase (decrease) in trade payables and prepayments received		3 559	-
Increase (decrease) in employment-related liabilities		557	-
Increase (decrease) in other non-current and current payables		681	-
Net cash flows from operating activities		**9 555**	**-**

	Notes	30 06 2025	30 06 2024
CASH FLOWS FROM INVESTING ACTIVITIES			
Non-current assets (acquisition)		222	-
Disposal of non-current assets		(77)	-
Net cash flows from investing activities		**145**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest on lease liabilities	16	(88)	-
Net cash flows from financing activities		**(88)**	**-**
Net increase (decrease) in cash flows		**9 612**	**-**
Cash and cash equivalents at the beginning of the period	**11**	**1**	**-**
Cash and cash equivalents at the end of the period	**11**	**9 613**	**-**

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

Explanatory notes

1. General information

UAB LTG Kompetencijų centras ("the Company") was registered in the Register of Legal Entities of the Republic of Lithuania on 29 November 2024.

The Company is a legal entity independently organising economic, financial, organisational and legal activities. The Company is a part of AB Lietuvos geležinkeliai Group ("the Group"). Company registration code 307037118, VAT registration code LT100017453315, legal (registration) address: Pelesos St. 10-102, 02111 Vilnius.

The main activities of the Company to provide administration services to the companies of the AB Lietuvos geležinkeliai Group.

On 31 December 2024 and 30 June 2025, the sole shareholder of the Company was the parent company AB Lietuvos geležinkeliai. 100% of the shares of AB Lietuvos geležinkeliai are owned by the Ministry of Transport and Communications of the Republic of Lithuania.

On 30 June 2025, the Company's authorised capital was EUR 25 822 thousand. It consists of 25 822 166 ordinary registered shares with a nominal value of EUR 1 each. All shares are fully paid up. On 31 December 2024, the Company's authorised capital was EUR 1 thousand.

The Company has no branches or representative offices.

The Company's actual number of employees on 30 June 2025 was 527 (1 on 31 December 2024).

2. Basis of preparation

These condensed interim financial statements of the Company ("the interim financial statements") for the six-month period ended 30 June 2025 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting.

3. Summary of significant accounting principles

Investments in subsidiaries. The Company had no investments in subsidiaries at the date of issue of the financial statements.

Affiliated companies. The Company had no investments in affiliated companies at the date of issue of the financial statements.

Functional and presentation currency. The Company's functional currency is the euro. In these financial statements, all amounts are presented in thousands of euros, unless otherwise stated, and figures between tables may not match due to rounding. Such mismatches are considered immaterial in the financial statements.

Foreign currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Gains and losses arising from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the profit (loss) and other comprehensive income statement.

The statement of cash flows was prepared using the indirect method.

Property, plant and equipment and intangible assets.

The initial value of property, plant and equipment comprises the acquisition cost, including non-refundable acquisition taxes, capitalised borrowing costs and any directly attributable costs incurred in preparing the asset for use or bringing it into use. Costs incurred after the property, plant and equipment is placed in service are generally recognised in profit or loss of the period in which they are incurred.

The acquisition value includes the cost of replacing parts of property, plant and equipment as incurred, provided that the cost meets the criteria for recognition. The residual value of the replaced part of the asset is written off. Repair costs are added to the residual value of an asset if it is probable that future economic benefits will flow to the Company from those costs and they can be measured reliably. All other repair and maintenance costs are recognised in the income (loss) statement.

Property, plant and equipment include spare parts, spare plant and maintenance equipment when they meet the definition of property, plant and equipment. The assets' residual values and useful lives are reviewed at least annually and, if necessary, adjusted.

Intangible assets from which the Company expects to derive future economic benefits have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. The Company's intangible assets are assigned an estimated useful life. Intangible assets include capitalised computer software licences. Acquired computer software licenses and patents are capitalised at the cost incurred to acquire and put them into use.

Amortisation of intangible assets is calculated using the straight-line method over their estimated useful lives or specific useful lives, if any. The useful life is reviewed annually.

Depreciation. Groups of property, plant and equipment are depreciated using the straight-line method to allocate cost to their residual values over their estimated useful lives.

Groups of property, plant and equipment	Useful life
Machinery and equipment	3-5
Vehicles	5-6
Computers and hardware	3-5
Other fixtures, fittings and tools	4-6

Impairment of property, plant and equipment and intangible assets.

If the estimated recoverable amount of an asset (or a group of income-generating assets) is lower than its carrying amount, the carrying amount of the asset is reduced to the recoverable amount of the asset (or group of income-generating assets). Impairment losses are recognised immediately in the statement of profit or loss and other comprehensive income. Intangible assets are written off when the economic benefits from use or disposal are no longer expected. Profit and losses arising on de-recognition of intangible assets are measured as the difference between the net realisable value and the carrying amount of the asset and are recognised in the statement of profit or loss.

Construction in progress.

Construction in progress refers to tangible assets that have not been constructed. The cost of such assets comprises the cost of design, construction, plant and equipment to be installed and other directly attributable costs. It is carried at cost less impairment losses. Construction in progress is reclassified to the appropriate property, plant and equipment group when it is completed, and the constructed asset is ready for its intended use.

Prepayments for non-current assets are classified as non-current assets because they are used in a long-term activity and are shown as construction in progress in the balance sheet.

Inventories held for the repair of property, plant and equipment that comply with IAS 16 are transferred from inventories to construction in progress.

Assets held for sale.

Assets (or groups of assets) held for sale or disposal are measured at the lower of their previous carrying amount and fair value less costs to sell. An available-for-sale asset is reclassified if it meets the criteria for such assets provided in IFRS 5.

If the estimated recoverable amount of an asset (or a group of income-generating assets) is lower than its carrying amount, the carrying amount of the asset is reduced to the recoverable amount of the asset (or group of income-generating assets). Impairment losses are recognised immediately in the statement of profit or loss and other comprehensive income.

Investment assets.

The Company had no investment assets at the date of issue of the financial statements.

Financial instruments

Financial assets.

The Company's financial assets include cash, trade and other receivables.

The Company recognises a financial asset in the statement of financial position only when it becomes a party to the contractual provisions of the financial instrument and the purchase or sale of the financial asset is recognised or derecognised using trade date accounting. On initial recognition, the Company measures financial assets at fair value, except for trade receivables that do not include a significant financing component. When a financial asset is not measured at fair value through profit or loss, the initial measurement of the financial asset includes the fair value of the instrument plus transaction costs directly attributable to the acquisition of the financial asset.

Financial assets that are measured at amortised cost in subsequent periods are measured using the imputed interest rate method. Amortised cost is reduced by impairment losses.

Impairment of financial assets due to credit risk.

For financial assets measured at amortised cost, impairment losses due to credit risk are measured using the Expected Credit Loss (ECL) model.

The Company assesses receivables using either an expected credit loss provision matrix or an individual assessment, whereby each debtor's financial condition and credit risk are assessed individually by analysing the debtor's financial statements, payment discipline and other publicly available information about the debtor that may affect the assessment of the debtor's credit risk.

The maximum credit risk is equal to the residual value of the financial asset.

Credit losses are measured as the present value of total cash losses (the difference between the cash flows available to the Company under the contract and the cash flows expected to be available). ECL is discounted using an effective interest rate. The ECL for cash and cash equivalents is calculated by considering the credit ratings of the financial institutions where the cash is held and other relevant criteria (such as liquidity, capital adequacy supervision). Management has assessed that the ECL of cash and cash equivalents is generally not material.

Expected credit losses on trade receivables are recognised in the statement of profit or loss and other comprehensive income throughout the period.

Losses on financial assets measured at amortised cost are recognised as provisions affecting the net carrying amount of those assets.

Write-off of financial assets.

The gross carrying amount of financial assets is written off when the Company has no reasonable expectation of recovering all or part of the asset. Assets that are not recoverable are written off against the recognised impairment if all necessary steps have been taken to recover the asset and the amount of the loss has been determined.

For financial assets that have been written off and are still subject to enforcement action, the Company is taking steps in relation to the legal framework to maximise recovery.

Amounts previously written off and recovered in subsequent periods are included in impairment losses in the statement of profit or loss and other comprehensive income.

Financial liabilities.

The Company's financial liabilities include obligations under customer contracts, trade and other payables. Financial liabilities are carried at fair value less transaction costs at initial recognition. In subsequent periods, financial liabilities are carried at amortised cost, calculated using the effective interest rate method. Interest expense is recognised using the effective interest rate method.

Financial liabilities are classified as non-current if a financing agreement entered before the statement of financial position date provides evidence that the liability was non-current in nature at the statement of financial position date.

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

De-recognition of financial liabilities.

The Company de-recognises a financial liability when the contractual obligations are discharged, cancelled or expire, the terms are modified, and the cash flows of the modified liability are materially different. On de-recognition of a financial liability, the difference between the de-recognised carrying amount and the consideration paid (including non-monetary assets transferred or liabilities assumed) is recognised in the statement of profit or loss and other comprehensive income.

Trade and other receivables.

Trade and other receivables are recognised at transaction price on initial recognition and measured at amortised cost in subsequent periods. Trade and other receivables are mainly due from related parties.

Trade and other payables.

Trade and other payables are recognised on initial recognition when the Company becomes a party to the terms of the contract. Trade and other payables are initially measured at fair value plus directly attributable transaction costs. Most of the payables relate to lease liabilities and employee benefits.

Cash and cash equivalents.

It is cash that has a value close to its fair value. Cash consists of money in bank accounts and cash in hand. Cash equivalents are short-term, highly liquid investments that are easily convertible into a known amount of cash. These investments have a maturity of less than three months and the risk of changes in value is negligible.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, deposits in current accounts and other short-term highly liquid investments.

Loans and other financial debts.

The Company had no loans or other long-term financial debts at the date of issue of the financial statements.

Lease.

A lease is a contract, or part of a contract, granting the right to use an asset (the leased asset) for a specified period of time for consideration.

Leases where the Company is the lessee

A right-of-use asset is an asset that represents the Company's right to use the leased asset during the lease term. The Company recognises right-of-use assets for all types of leases, including leases of right-of-use assets under subleases, except for leases of intangible assets, short-term leases and leases of low-value assets.

The Company does not apply the lease recognition provisions to short-term leases (leases of up to one year) and leases with low lease values (computers, telephones, printers, furniture, etc.). Low-value assets are those with a value of up to EUR 1 000.

Leases where the Company is the lessor

Rent. The Company recognises rentals related to operating leases as income on a straight-line basis over the lease term. The Company recognises as an expense the costs (including depreciation) incurred in generating rental income. The Company includes the initial direct costs incurred in obtaining an operating lease in the carrying amount of the leased asset and recognises those costs as an expense over the lease term on the same basis as rental income. The Company accounts for a modification of an operating lease as a new lease from the effective date of the modification and treats prepaid or accrued lease payments related to the original lease as part of the new lease payments.

Sublease. A transaction whereby the lessee (intermediate lessor) subleases the leased property to a third party and the lease (the main lease) remains in force. In classifying a sublease, an intermediate lessor classifies the sublease as a financial lease or an operating lease. Otherwise, subleases are classified based on the right-of-use assets specified in the framework contract, rather than the leased assets (for example, the property, plant and equipment that are the subject of the lease). At the inception date, the Company recognises leased assets under finance leases in the statement of financial position and presents them as a receivable equal to the amount of the net investment in the lease. The Company uses the interest rate provided for in the lease agreement to measure the net investment in the lease. In the case of a sublease, if the interest rate provided for in the sublease agreement is not readily determinable, the Company, as an intermediate lessor, uses the discount rate used for the framework contract (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease. The initial direct costs are included in the initial measurement of the net investment in the lease and reduce the amount of income recognised over the lease term. The interest rate in the lease agreement is set so that the initial direct costs are automatically included in the net investment in the lease; they are not added separately.

Income taxes.

Income taxes are presented in the financial statements in accordance with legislation enacted or substantively enacted at the end of the reporting period. Income tax comprises current tax and deferred income tax and is recognised in the statement of profit or loss and other comprehensive income, except to the extent that the tax is recognised in other comprehensive income or directly in equity because it relates to transactions that are recognised in the same period or in another period in other comprehensive income or directly in equity. In 2024, the corporate income tax rate for companies in the Republic of Lithuania was 15%. The amendment to the Republic of Lithuania Law on Corporate Income Tax, which came into force on 1 January 2025, increased the corporate income tax rate by 1 percentage point, i.e. the standard corporate income tax rate was set at 16%.

Deferred tax.

Deferred tax is accounted for using the liability method. Deferred tax assets and liabilities are recognised for future tax purposes by noting differences between the residual values of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are recognised for all temporary differences that will subsequently increase taxable profit, and deferred tax assets are recognised only to the extent that it is probable that they will reduce taxable profit in the future.

The residual value of deferred tax assets is reviewed at each reporting date and is reduced if it is not probable that sufficient future taxable profit will be available to realise the asset or part of it. The amount of the deferred tax asset is reduced to the amount that is expected to reduce future taxable profit.

Deferred tax is calculated using the tax rates that are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. As the 16% rate became effective in the jurisdiction on 1 January 2025, the Company's deferred income tax has been recalculated to reflect future accounting periods when the temporary differences giving rise to the deferred tax will reverse.

Inventories.

Inventories are measured at the lower of cost and production cost and are subsequently carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less costs of completion and potential selling costs. Cost is calculated using the FIFO method. The cost of inventories is reduced by discounts and write-downs received from suppliers during the reporting period and applied to inventories held in stock. Inventories that can no longer be realised are written off. The structure of the Company's inventories is presented in note 8.

The change in the Company's write-down of inventories to net realisable value is reflected in the statement of profit or loss and other comprehensive income, under the item "Restoration of inventories (write-down) to net realisable value".

Equity.

Equity and reserves related to equity are presented in the statement of financial position.

According to the Republic of Lithuania Law on Companies, the authorised capital of a public liability company must be at least EUR 40 000 (or EUR 2 500 for a private liability company), and the equity must be at least 50% of the Company's authorised capital.

The Company's management monitors compliance with the provisions of the Republic of Lithuania Law on Companies, which stipulates that if the Company's equity becomes less than 1/2 of the amount of the authorised capital specified in the Articles of Association, the Board shall, not later than within 3 months from the date on which the Board became or should have become aware of the situation, convene a general meeting of shareholders which shall discuss the issues on decisions referred to in Articles 59(10)(2) and (11) of the Law. The situation in the Company must be remedied not later than within 6 months from the date on which the Board became or should have become aware of the situation.

During 2025 and 2024, the Company has complied with the requirements of the provisions of the Law on Companies.

Employee benefits.

The Company does not have defined employee benefit and incentive plans or share-related payments. The state takes over the pension obligations. Short-term employee benefits are recognised as current expenses in the period in which the employees render services. Benefits include salaries, social security contributions, bonuses, paid holidays, etc.

Provisions for pension benefits.

Every worker is entitled to a benefit of 2 months' salary if he/she leaves the job at retirement age, in accordance with Lithuanian law. Previously incurred costs were recognised as an expense in the statement of profit or loss and other comprehensive income as soon as the liability is measured. Gains or losses arising from a change in the terms of benefits (whether a reduction or an increase) are recognised immediately. The employee benefit obligation is calculated based on actuarial valuations using the projected unit credit method. The liability is recorded in the Statement of Financial Position and reflects the present value of those benefits at the Statement of Financial Position date. The present value of employee benefit obligations is determined by discounting the estimated future cash flows based on the interest rate on government securities denominated in the same currency as the benefits and with a maturity date like the expected life of the benefits. Actuarial gains and losses are recognised in other comprehensive income. Provisions are therefore made for these contingencies.

Bonus plans.

The Company recognises a liability and bonus expense when it has a contractual obligation or a past practice that has created a constructive obligation.

Revenue recognition.

The Company recognises revenue in accordance with IFRS 15, i.e. it recognises revenue at the time and to the extent that the transfer of promised goods or services to customers reflects the amount of consideration it expects to receive in exchange for those goods or services. In applying this standard, the Company considers the terms of the contract and all relevant facts and circumstances.

Operating income generated by the Company: provision of shared internal administration services to the companies of the AB Lietuvos geležinkeliai Group.

Expense recognition.

Expenses are recognised in the statement of profit or loss on an accruals basis as they are incurred.

Revenue and expenses from financial activities.

The structure of revenue and expenses from financing activities is presented in Note 16. Interest income is recognised on an accrual basis using the imputed interest rate method. Borrowing costs that are not directly attributable to the acquisition or production of an asset that qualifies for capitalisation are recognised in the statement of profit or loss using the imputed interest rate method. The positive or negative effect of changes in exchange rates is presented net in the statement of profit or loss.

Events after the end of the reporting period.

All events that are significant but are not adjusting events are disclosed in Note 19. Events after the end of the reporting period that provide additional information about the Company's position at the end of the reporting period at the date of the financial statements (adjusting events) are disclosed in the financial statements. Events after the end of the reporting period that are not adjusting events are disclosed in the notes if they are material.

Related parties.

Related parties include shareholders, employees, members of the board, members of their families and entities that directly or indirectly, through one or more intermediaries, control the Group or are controlled by the Group, either individually or jointly with intermediaries, if the relationship enables one of the parties to exercise control or significant influence over the financial and operating decisions of the other entity.

4. Significant judgements and estimates

The preparation of these interim financial statements requires the Company's management to make estimates and judgements that affect the application of accounting principles and the reported amounts of assets and liabilities, revenue and expenses. The estimates and related assumptions are kept under review and are based on historical experience and other factors, including expectations of future events based on current circumstances.

The significant estimates and assumptions made by management and the key sources of estimation uncertainty used in the preparation of these interim financial statements that could cause a material change in the carrying amounts of the related assets and liabilities within the next financial year are presented below:

Significant judgements

Joint venture transactions.

The sale of the assets is between jointly controlled entities and therefore the difference between the consideration paid and the carrying amount of the net assets sold at the date of reclassification is recognised immediately in equity as retained earnings.

Duration of the lease period.

In determining the lease term, management considers all facts and circumstances that give rise to an economic incentive to exercise the option to renew or not to exercise the option to terminate. Lease agreements provide for renewal options (or periods beyond the termination option) only if the lease can reasonably be expected to be renewed (or not terminated).

Significant estimates and assumptions

Useful lives of intangible assets and property, plant and equipment.

The Company assesses the useful lives of its property, plant and equipment on an annual basis. There is no indication of impairment of the asset, given the assumptions used in the assessment of the recoverable amount.

Impairment losses on intangible assets and property, plant and equipment.

The Company verified the value of property, plant and equipment to determine whether it corresponds to fair value. The assumptions used in estimating the deferred revenue of a transmission service are the most significant influences on the determination of the fair value of the asset.

Impairment losses on receivables.

The Company assesses whether there is a reasonable indication that future cash flows from receivables may be impaired before determining whether a specific receivable is impaired. Management estimates the expected future cash flows from receivables based on historical loss experience for receivables with similar credit risk. The methods and assumptions used to estimate the expected future cash flows, and their timing are reviewed regularly to minimise differences between the estimated and actual amount of loss.

Write-down of inventories to net realisable value.

The Company reviews the inventory list at least annually to determine the net realisable value of inventories. Inventories acquired more than one year ago are reviewed to determine whether they are available for future disposal. In the case of slow-moving spare parts and other materials, an impairment loss is recognised based on detailed operating plans for each item of inventory, its potential realisation period and estimated realisation price.

In making the assessment, Management analyses whether there have been any significant changes, and whether the reassessment of the assumptions used in the recoverable amount assessment have had an insignificant effect on the change in the carrying amount. Inventories that can no longer be realised are written off. The change in the write-off of inventories to net realisable value is shown in the statement of profit or loss and other comprehensive income under the item of write-off to net realisable value expense.

Provisions and contingent liabilities.

The Company makes significant judgements in assessing and recognising provisions and contingent liabilities for ongoing litigation or other pending claims that will be resolved by negotiation, mediation or arbitration, and other contingent liabilities. The decision needs to be based on an assessment of the likelihood of a favourable decision on the claim or the creation of an obligation, and a quantification of the possible options for final settlement. Due to the inherent uncertainties in this estimation process, actual losses may differ from the provisions initially estimated. These estimates are subject to change as new information becomes available, in particular because of in-house professionals such as lawyers.

Contingent liabilities are not recognised in the financial statements. They are described in the financial statements, except where it is not probable that resources will be available to meet them.

Contingent assets are not recognised in the financial statements but are described in the financial statements when it is probable that income or economic benefits will be received.

(total amounts in EUR thousand, unless otherwise stated)

5. Property, plant and equipment

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

	Machinery and equipment	Vehicles	Other equipment, fittings and tools	Construction in progress and prepayments	Total
ACQUISITION VALUE					
31 December 2024	-	-	-	-	-
acquisitions during the year	3	2	132	108	245
reclassification from (to) current assets	-	-	(1)	-	(1)
reclassifications	18	-	89	(108)	(1)
30 June 2025	21	2	220	-	243
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
31 December 2024	-	-	-	-	-
depreciation	(3)	(1)	(37)	-	(41)
30 June 2025	(3)	(1)	(37)	-	(41)
CARRYING AMOUNT					
31 December 2024	**-**	**-**	**-**	**-**	**-**
30 June 2025	**18**	**1**	**183**	**-**	**202**

The depreciation charge on property, plant and equipment and right-of-use assets included in the statement of profit or loss and other comprehensive income was EUR 990 thousand.

The cost of the Company's fully depreciated but still in use property, plant and equipment amounted to EUR 8 thousand (31 December 2024: EUR 0). Most of the fully depreciated property, plant and equipment were computers and computer equipment.

(total amounts in EUR thousand, unless otherwise stated)

6. Right-of-use assets

Right-of-use assets consisted of:

	Buildings and structures	Vehicles	Other equipment, fittings and tools	Total
ACQUISITION VALUE				
31 December 2024	-	-	-	-
acquisitions during the year	3 233	3 745	1 900	8 878
disposed assets	(198)	(55)	-	(253)
30 June 2025	3 035	3 690	1 900	8 625
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES				
31 December 2024	-	-	-	-
depreciation	(156)	(578)	(215)	(949)
30 June 2025	(156)	(578)	(215)	(949)
CARRYING AMOUNT				
31 December 2024	**-**	**-**	**-**	**-**
30 June 2025	**2 879**	**3 112**	**1 685**	**7 676**

(total amounts in EUR thousand, unless otherwise stated)

7. Intangible non-current assets

The Company's intangible non-current assets comprised:

	Software	Licenses and similar rights	Unfinished projects	Total
ACQUISITION VALUE				
31 December 2024	-	-	-	-
acquisitions during the year	11 890	2 946	35	14 871
30 June 2025	11 890	2 946	35	14 871
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES				
31 December 2024	-	-	-	-
depreciation	(534)	(140)	-	(674)
30 June 2025	(534)	(140)	-	(674)
CARRYING AMOUNT				
31 December 2024	**-**	**-**	**-**	**-**
30 June 2025	**11 356**	**2 806**	**35**	**14 197**

The Company's intangible non-current assets (software) which have been fully amortised but continue to be used amounted to EUR 0 (31 December 2024: EUR 0).

(total amounts in EUR thousand, unless otherwise stated)

8. Inventories

The Company's inventories consisted of:

	30 06 2025	31 12 2024
Fuel	1	-
Other	58	-
Total raw materials, supplies and components	59	-
Total	**59**	**-**

9. Trade and other receivables

The Company's trade and other receivables comprised:

	30 06 2025	31 12 2024
External trade receivables, gross	3	-
Impairment (-)	(2)	-
Total external trade receivables	**1**	**-**
Receivables from related parties	5 480	-
Total receivables from related parties	**5 480**	**-**
Other receivables from the budget	4	-
Accrued income from related parties	3 799	-
Other receivables	8	-
Total other receivables	**3 811**	**-**
Total	**9 292**	**-**

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

	Expected credit losses, %	Gross carrying amount	Impairment	Net book value
Not overdue	-	9 289	-	9 289
overdue 1-30 days	-	3	-	3
More than 120 days overdue	96.36%	2	(2)	-
Total		**9 294**	**(2)**	**9 292**

The impairment recorded by the Company reflects the estimated losses on doubtful recoverable trade receivables. The main component of this impairment is the individually assessed loss on significant doubtful recoverable trade receivables. The impairment assessment methods are kept under constant review to minimise the differences between the estimated losses and the actual losses.

(total amounts in EUR thousand, unless otherwise stated)

10. Prepayments

The Company's prepayments consisted of:

	30 06 2025	31 12 2024
Prepayments to external suppliers	12	-
Prepayments to related parties	20	-
Deferred costs	2 311	-
Total	**2 343**	**-**

11. Cash and cash equivalents

The Company's cash and cash equivalents consisted of:

	30 06 2025	31 12 2024
Cash in bank	9 613	1
Total	**9 613**	**1**

On 30 June 2025, the Company did not have any fixed-term deposits. The cash was not pledged.

12. Authorised capital

On 29 January 2025, a Share Subscription Agreement was signed between AB Lietuvos geležinkeliai and UAB LTG Kompetencijų centras. Under the agreement, AB Lietuvos geležinkeliai transfers the property complex – the business part of AB Lietuvos geležinkeliai – the business of Kompetencijų centras. AB Lietuvos geležinkeliai paid for the Company's shares with a non-cash contribution of EUR 25 821 thousand, the value of which was used to increase the authorised capital of UAB LTG Kompetencijų centras on 17 February 2025.

Legal reserve. The legal reserve is required by the legislation of the Republic of Lithuania. At least 5% of net profit must be transferred to it each year until the reserve reaches 10% of the authorised capital. The legal reserve cannot be distributed as dividends but can be used to cover future losses. 30 June 2025, the Company did not have a legal reserve.

13. Employee benefits

Employee benefits and liabilities by type:

	30 06 2025	31 12 2024
NON-CURRENT LIABILITIES		
Provisions for pensions and similar liabilities	359	-
Total non-current liabilities:	359	-
CURRENT LIABILITIES		
Accrued vacation pay	1 122	-
Payable remuneration	1 033	-
Social security contributions payable	448	-
Personal income tax payable	367	-
Other employment-related liabilities	773	-
Total current liabilities:	**3 743**	**-**
Total	**4 102**	**-**

(total amounts in EUR thousand, unless otherwise stated)

14. Trade and other payables

The Company's trade and other payables consisted of:

	30 06 2025	31 12 2024
Trade payables	1 253	-
Trade payables to related parties	230	-
Prepayments received	76	-
VAT payable	489	-
Accrued expenses	514	-
Accrued expenses from related parties	190	-
Deferred income	98	-
Total	**2 850**	**-**

15. Sales revenue

The Company's sales revenue consisted of:

	06 2025	06 2024
Shared service revenue:	18 563	-
Shared internal administration services	18 563	-
Revenue from other services:	631	-
Lease of assets	539	-
Other revenue	92	
Total	**19 194**	**-**

The Company's main income is generated by providing shared internal administration services to the companies of the AB Lietuvos geležinkeliai Group.

16. Result of financial activities

The Company's financial result was as follows:

	06 2025	06 2024
Total expense of financial activities	(88)	-
Interest and other charges related to loans	(88)	-
Total	**(88)**	**-**

17. Related party transactions

The Company's related party transactions and balances for the six-month period ended 30 June 2025 were as follows:

	Sales	Purchases	Accounts receivable	Accounts payable
AB Lietuvos geležinkeliai	1 762	865	923	399
AB LTG Cargo	4 866	-	2 209	-
AB LTG Infra	9 784	31	4 633	10
UAB Geležinkelio tiesimo centras	613	-	274	-
UAB LTG Link	2 285	32	1 187	11
LTG Cargo Polska Sp.zo.o.	101	-	68	-
UAB LTG Wagons	4	-	3	-
LTG Cargo Ukraine LLC	2	-	2	-
Total	**19 417**	**928**	**9 299**	**420**

(total amounts in EUR thousand, unless otherwise stated)

18. Management remuneration and other benefits

On 30 June 2025, the Company's management consisted of the Chief Executive Officer and the heads of the following units: Finance and accounting, People and Culture, Asset Management, Legal, Security, Services and Processes, IT, Procurement, HR.

	06 2025	06 2024
Management remuneration	415	-
Incentive payments*	124	-
Accrued long-term benefits**	6	-
Number of managers	10	-
Benefits for members of the Board	5	-
Number of Board members	3	-

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

In H1 2025, there were no loan guarantees granted to management of the Company, no other amounts paid or accrued and no disposals of assets other than as described above.

19. Events after the reporting period

There were no material events after the end of the reporting period that should be recognised or disclosed in the financial statements for H1 2025.

https://ltg.lt/en/ltg-competence-centre/

LTG KOMPETENCIJŲ CENTRAS