



Company's management report, financial statements,
Independent auditor's report for the year 2024



Content

MANAGEMENT REPORT	3	INFORMATION ON COMPLIANCE WITH THE GUIDELINES ON TRANSPARENCY IN STATE-OWNED ENTERPRISES	63
OVERVIEW	3	DEFINITIONS	66
CEO'S FOREWORD	4	ABBREVIATIONS	67
ACTIVITY OF THE COMPANY	6	SUSTAINABILITY REPORT	68
STRATEGY	10	FINANCIAL STATEMENTS	73
HIGHLIGHTS 2024	16	INDEPENDENT AUDITOR'S REPORT	74
EVENTS AFTER THE REPORTING PERIOD	21	STATEMENT OF FINANCIAL POSITION	77
PERFORMANCE	22	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	78
OVERVIEW OF KEY PERFORMANCE INDICATORS	23	STATEMENT OF CHANGES IN EQUITY	79
FINANCIAL RESULTS	24	STATEMENT OF CASH FLOWS	80
SPECIAL OBLIGATIONS	29	EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS	81
INVESTMENTS	31	ACTIVITY ACCOUNTING REPORTS OF PUBLIC RAILWAY INFRASTRUCTURE MANAGER (UNAUDITED)	113
DIVIDEND POLICY	34	STATEMENT OF FINANCIAL POSITION	118
GOVERNANCE REPORT	35	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	120
EMPLOYEES / REMUNERATION REPORT	51	STATEMENT OF CHANGES IN EQUITY BY ACTIVITIES	121
RISKS AND RISK MANAGEMENT REPORT	57	STATEMENT OF CASH FLOWS	125
ADDITIONAL INFORMATION	61	EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS	127
INFORMATION ABOUT EXTERNAL AUDIT	62		
INFORMATION ON THE MAIN INTANGIBLE RESOURCES	62		



Management report / overview

Ceo's foreword

Dear clients, partners and colleagues,

The year 2024 was a busy year for our team. A number of agreements were reached, important contracts were signed and important works were carried out.

We continued to successfully implement one of our Company's key projects - the electrification of the Vilnius-Klaipėda railway line. At the beginning of the year, we started the last phase of the contract and achieved a completion rate of more than 77%.

*We continued our intensive implementation of **Rail Baltica**, the strategic European rail project, to connect the country's rail network with Western Europe. In Lithuania, important contracts were signed last year regarding: the preparation of electricity transmission networks for connection to the traction substations of the Rail Baltica project; the purchase of land for public needs in the section from Kaunas (Jiesia) to the Polish border; and the design of Kaunas railway station, including the design of a new railway bridge over the Nemunas. One of the Rail Baltica project team's key achievements in 2024 is the successful implementation of the EU funding contract, which has been fully accounted for to the European Commission. This is the first such contract, which was completed under the Rail Baltica project.*

Last year, active earthwork and engineering constructions under the Rail Baltica project were carried out on the 27.7 km section from Kaunas towards the Latvian border. Furthermore, a contract was signed for a new 17 km section. In the construction of the longest bridge across the Neris River in the Baltics (1.51 km), we reached important agreements and moved from underground to aboveground works. We carried out the largest testing of the piles in the history of Lithuanian railways, followed by concreting of the first piles that connect the headers. In the coming year, not only will the Neris Bridge be going up fast, but the total

section of the excavation construction work of Rail Baltica is expected to extend to 114 km.

The upper structure of the high-speed rail track is already under construction. The materials needed for this have been delivered to Lithuania in 2024: 86,200 tonnes of crushed rock, 30,000 reinforced concrete sleepers and the first 42 km of track. We are ready to start the construction of the superstructure, with an 8.8 km section of track with culverts on the most mature section, Šveicarija-Žeimiai, scheduled for 2025.

In order to act purposefully in creating conditions for the development of the common Trans-European Transport Network (TEN-T) and to realise the ambition to connect Lithuania and the Klaipėda Seaport with the Baltic, North Sea, Black Sea and Adriatic Sea corridors by a standard 1435 mm gauge railway track, we have signed a memorandum with the Ministry of Transport and Communications of the Republic of Lithuania, the Klaipėda State Seaport Authority, the municipalities of the city of Klaipėda and Klaipėda region, with the following objectives: to ensure effective and coordinated cooperation in the implementation of the European rail link to Klaipėda and to take a joint decision on the optimal alternative for the route of the European rail link, which would best meet the needs of all stakeholders - businesses, communities and public sector entities.

In 2024, we started the first but firm steps towards the new station concept. The idea is to turn railway stations into oases of cultural, artistic and entertainment life.

While continuing our strategic focus on operational efficiency we started implementing a culture of continuous improvement in the company, using LEAN practices, and this is the start of a very significant change in the working culture, which I believe will benefit not only the company but



VYTIS ŽALIMAS

Chief Executive Officer of AB LTG Infra

*also the employees. These practices were introduced to the Šiauliai regional team, and this year we plan to extend **LEAN** to teams in other Lithuanian regions.*

To further improve safety at level crossings, we have set up an advanced level crossing monitoring centre. The centre's integrated intelligent video surveillance and analytics system recognises moving objects - people, cars, trucks, abandoned objects - records car numbers, and sends an alarm to the operator when an object stops in the crossing area. The operator currently monitors the traffic situation at seven level crossings centrally. In the future, we plan to further expand the centre to more and more crossings. In total, the centre is expected to monitor around 90 level crossings.

This year we have successfully continued our level crossing modernisation programme. We signed a contract to modernise 9 important level crossings on the Vilnius-Klaipėda international rail corridor, making them safer and more comfortable for traffic. We have also modernised four level crossings between Mauručiai and Kazlų Rūda. This has made the crossings even safer and more comfortable for users.

As part of our efficiency drive, we have transferred the electricity distribution network infrastructure we manage to AB Energijos skirstymo operatorius. This is a long-awaited move, as it was not rational for us, as managers of public railway infrastructure, to manage and maintain an energy facility that is not related to our activities and is classified as a shared electricity network. Moreover, this decision will also have a positive impact on almost 3,000 customers, who will be free to choose the best-priced independent energy supplier.

As part of our long-term network transformation projects, we have been moving steadily towards the wider digitisation of processes, the efficiency of railway infrastructure and maintenance, and the improvement of safety. We have launched a tool to analyse track geometry parameters to monitor the condition of railway infrastructure, as the first part of a new system being developed (RIMS). With this system, we will move towards a proactive and predictive maintenance model. We have also introduced RELIS, which digitises one of the main systems that ensures the functionality of the railways, the relay system.

As regards the Company's choice of a western orientation, it is important to mention the long-term programme "FREE Rail", which has been developed and launched. The aim of this programme is to develop and implement a rail operating model tailored to the Baltic region, based on EU rail standards and best practices.

As part of our efforts to increase military mobility and contribute to national security, we have adapted the Vilnius Intermodal Terminal for the transport of NATO military car-

go. The additional location for loading military cargo will ensure that military equipment can be transported safely, reliably and quickly - both in times of military threat and in peacetime.

A team of nearly 2,500 employees worked every day to ensure the safe transport of passengers and freight by rail. In 2024, we repaired 3 main tracks covering almost 30 km, replaced 33 railway switches, repaired 7 level crossings, 4 bridges and 9 culverts. We also repaired 2 pedestrian viaducts and carried out work at 15 railway stations as part of the Barrier-Free Route Accessibility Programme for people with disabilities at railway stations.

In 2024, a renewed and strengthened management team gave impetus to increased employee involvement. This was also reflected in the results of the year-end Voice of Employees survey. It is encouraging to see that more and more employees are taking part in the survey, and this year we achieved a record participation rate with 92% of employees taking part in the survey and the involvement rate rising to 87%. This shows that we are making the right choices and taking the right actions to make our staff more motivated and engaged, with great and tangible results.

In 2025, we will continue focusing not only on operational efficiency and process optimisation, but also on an in-depth study of the opportunities and needs for network expansion. I have no doubt that by optimising and streamlining our operations and modernising and improving the railway infrastructure entrusted to us, we will make a significant contribution to the country's economic growth, safety, sustainability, mobility of the population and regional development.

VYTIS ŽALIMAS

Chief Executive Officer of AB LTG Infra



Activity of the company

General information about the company

Name

AB LTG Infra

Address

Geležinkelio St. 2, LT-02100 Vilnius

Legal form

Public limited liability company

Date and place of registration

1 July 2019, Register of Legal Entities

Company code

305202934

Telephone

(+370 5) 269 3353

E-mail

info@ltginfra.lt

Website

<https://ltginfra.lt>

Principal activity

Management, use and disposal of the railway infrastructure and execution of the functions of the public railway infrastructure manager

CEO of the Company

Vytis Žalimas

Shareholder

100% of shares held by AB Lietuvos geležinkeliai

Data about the Company is collected and stored by the Register of Legal Entities of the State Enterprise Centre of Registers.

The company's branches, representative offices abroad

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

Company's business model

LTG Infra together with the parent company AB Lietuvos geležinkeliai and its directly and indirectly controlled legal entities comprise the LTG Group. LTG provides management services to the companies of the Group, and, as regards the Company, these services are provided to the extent that they are in line with the regulatory requirements applicable to impartiality of management and financial transparency of the public railway infrastructure manager, execution of the fundamental functions of the public railway infrastructure manager (allocation of capacities of public railway infrastructure, calculation and payment of consideration for the minimum package of access to the public railway infrastructure). To ensure compliance with the said requirements, all decisions concerning the exe-

cution of the fundamental functions of the public railway infrastructure manager are taken by the head of the Company or by his authorised staff, in addition, solely the Company's employees authorised by the head of the Company can participate in making these decisions.

The Company's activities within the LTG Group are guided by the **LTG Group's strategy** and guiding principles, as well as by the approved operational policies, which the LTG Group companies are required to take into account in their operations. The Company follows the **LTG Group's strategy** and its key directions as well as the operational policies adopted by LTG to the extent that these documents are compatible with the above-mentioned legal requirements for the activities of the public railway infrastructure manager that are applicable to the Company.

Primary activity and functions

LTG Infra was registered with the Register of Legal Entities of the Republic of Lithuania on 1 July 2019; the Company started its activities on 8 December 2019, when it took over the operations of the Railway Infrastructure Directorate of LTG.

The principal activity of the Company involves management, use and disposal of the railway infrastructure by the right of trust and the execution of the functions of the public railway infrastructure manager.

The functions of the public railway infrastructure manager are defined in the Railway Transport Code of the Republic of Lithuania and other legal acts on rail transport operations. Key functions:

- Renewal of the public railway infrastructure and carrying out of its maintenance;
- Organisation of the railway traffic;
- Submission of proposals on draft programmes for the development of the public railway infrastructure;
- Implementation of programmes and projects for the development of the public railway infrastructure;
- Operation of the public railway infrastructure, except for the decision-making falling within the competence of the Minister for Transport and Communication in accordance with the Code;
- Provision of services comprising the minimum access package;
- Management, use and disposal of the State-owned public railway infrastructure and railway service facilities.

The public railway infrastructure is used by railway undertakings (carriers) engaged in the transportation of passengers, luggage and goods by railway transport as well as Repair undertakings, accordingly, that are entitled to use the public railway infrastructure following the conditions

laid down by Article 28(1) and (3) of RTC. Railway undertakings (carriers) and repair companies shall pay LTG Infra the appropriate fees for the use of the public railway infrastructure, calculated in accordance with the procedure laid down by legislation.

The tariffs applied by the Company in 2024 for the use of the public railway infrastructure have been calculated in accordance with Order No. JS-PAJ(INFRA)-2233 of 12 December 2022 (as amended by Order No. JS-PAJ(INFRA)-85/2023 of 12 September 2023) (for the period of the service timetable 2023-2024) and the tariffs calculated by Order No JS-PAJ(INFRA)-201/2023 of 13 December 2023 (for the period of the service timetable 2024-2025). The contribution tariffs of the fee for the minimum package of access to the public railway infrastructure and the fee for using the public railway infrastructure to provide transit rail transport services are published on the Company's website ["PSP services: Tariffs for the Minimum Access Package Fee and other Charges"](#). The above tariffs are calculated in accordance with the "Rules for calculation and payment of the fee for the minimum package of access to the public railway infrastructure, the fee for using the public railway infrastructure to provide transit rail transport services and the fee for the allocated but unused capacity of the public railway infrastructure", approved by the Resolution of the Government of the Republic of Lithuania of 19 May 2004 No. 610 "On approval of the rules for calculation and payment of the fee for the minimum package of access to public railway infrastructure, the fee for the use of public railway infrastructure for rail transit services and the fee for the allocated but unused public railway infrastructure capacity", which lays down the components of the fee for the minimum access package to the public railway infrastructure, the fee for using the public railway infrastructure to provide transit rail transport services, the tariffs of the contributions constituting these fees, the procedures for calculating and paying the fee for the minimum access package to the public railway infrastructure, the fee for the use of public railway infrastructure for rail transit services and the fee for the allocated but unused capacity of the

public railway infrastructure.

In 2024, the railway undertakings (carriers) and repairers paid the following charges for the use of the public railway infrastructure: a train traffic charge; a charge for rail freight services on the 1 520 mm gauge rail network when freight is transported to or from third countries; a charge for freight belonging to the rail freight market segment on which a mark-up may be applied; a charge for the use of the contact line network; a charge for the carriage of passengers, baggage in transit and freight in transit.

The Company also acts as an operator of railway service facilities – by the right of trust, manages, uses and disposes railway service facilities owned by the State and LTG Infra. The fees for the use of railway service facilities, managed by the manager of railway service facilities, for railway tracks located therein and for main and additional services related to railway transport provided in these facilities are set by the Company, following sections 1, 2 and 41 of the Article 304 of the Railway Transport Code.

The Company's activities are monitored by a regulator of railway transport market, the functions whereof have been carried out by the Communications Regulatory Authority of the Republic of Lithuania as of the beginning of 2017.

Services provided

Core services provided by the manager of the public railway infrastructure are as follows:

- **minimum package services of access to public railway infrastructure.** These include the processing of requests for the allocation of public railway infrastructure capacity; the right to use the public railway infrastructure in accordance with the allocated public railway infrastructure capacity, as well as switches, passenger platforms, and power supply facilities to provide traction current where such facilities are available, are granted; train traffic management, which includes signalling, regulation, traffic management; the transmission and provision of information on train movements as well as any other information necessary for the commencement of the service or for the provision of the service for which public railway infrastructure capacity has been allocated. The contribution tariffs of the fee for the minimum package of access to the public railway infrastructure and the fee for using the public railway infrastructure to provide transit rail transport services are published on the Company's website ["PSP services: Tariffs for the Minimum Access Package Fee and other Charges"](#).
- **access to railway service facilities ("RSF") and the services they provide.** The following services were provided in 2024 in the RSF operated by the Company: use of passenger railway stations, their buildings and other facilities (during the period of validity of the service timetable 2023-2024); use of ticketing facilities (2023-2024); use of ticketing areas (during the period of validity of the service timetable 2023-2024); Use of passenger railway stations, stops, their buildings and other facilities, places suitable for the provision of travel information and ticketing services (service during the period of validity of the

service timetable 2024-2025); access to railway tracks connected to rail service facilities; use of railway tracks for the provision of services at rail service facilities; use of rolling stock forming and shunting facilities; use of rail service facilities for the storage of rolling stock; use of the wagon marshalling yard; use of the track gauge change mechanism; provision of traction current; accident recovery at RSF; intermodal loading of intermodal units at VIT/KIT/SIT (the service at SIT shall be available from 2024 to 2025 service timetable). Intermodal storage of intermodal units at VIT/KIT/HIT (SIT service available from 2024-2025 service timetable); access to loading terminals, loading or unloading of goods from/into wagons, containers, vehicles, work with handling equipment, mobile crew handling; access to the rolling stock maintenance facility (inspection pits). Tariffs for access to railway service facilities and a list of services provided therein are published on the Company's website ["Railway Service Facilities \(RSF\)"](#).

- **Services operated on a commercial basis.** The Company provides maintenance and repair of facilities, short-term lease of special rolling stock, wagons and vehicles, lease of long-distance rolling stock, inspection of joints and tracks, maintenance of automation and communication equipment, maintenance of power supply equipment, marking of underground tracks, inspection, calibration and rental of instrumentation and measurement and control equipment, rental of communication services, rental of public railway infrastructure facilities (structures). Also, services of intermodal terminals: in addition to the main intermodal handling service for intermodal transport units, the LTG Infra-controlled intermodal terminals provide a number of additional services, such as handling of containers carried by road only, weighing services, transportation inside the territory of the termi-

nal, services of the representatives of the Customs Broker and handling of cargo on pallets, which is very frequently requested by our customers, and cargo storage in covered warehouses. The commercial services provided by the Company and the applicable fees are published on the Company's website, in section ["Commercial Services"](#).

Main customers

In 2024, the public railway infrastructure and RSF managed by the Company were used by the following customers: AB LTG Cargo, UAB LTG Link, AB Akmenės cementas, Elecnor Servicios Y Proyectos S.A. Lithuanian branch, UAB Geležinkelio tiesimo centras, UAB Gargždų geležinkelis, Orlen Kolej sp.z.o.o, UAB Transachema, UAB Top Rails, UAB Gindana, UAB Alkesta, AB Klovainių skalda, cooperative Gerkonių elevatorius, UAB KT valda, UAB Rizgonys, UAB Žvyro karjerai, UAB Leonhard Weiss Lietuva, UAB Linas Agro Grūdų centrai, UAB Granitinė skalda, UAB Energijos sistemų servisas, AB Dolomitas, UAB Kauno grūdai, UAB Energijų sistemų servisas, UAB Agrokoncerno grūdai, UAB Joniškio agrochemija, UAB Malsena plius, UAB Maltosa, UAB Vakarų krova, UAB Agrochema, and etc.

Capacity of the public infrastructure

Public railway infrastructure managed by the Company, as well as rules, terms, procedures and criteria for charging for the use of public railway infrastructure and allocation of public railway infrastructure capacity etc. are described in the Regulations of the Public Railway Infrastructure Network (published on the Company's website under the section "[Public Railway Infrastructure Service Timetable Network Regulations](#)"), which are updated regularly (for each period of validity of the service timetable).

In October 2023 and 2024, LTG Infra made decisions to allocate or refuse to allocate public infrastructure capacity for the periods 2023 to 2024 and 2024 to 2025 respectively, for the duration of the timetables for service trains. Also, LTG Infra allocated public infrastructure capacity for the periods of validity of these working timetables of trains on the basis of the last-minute requests received.

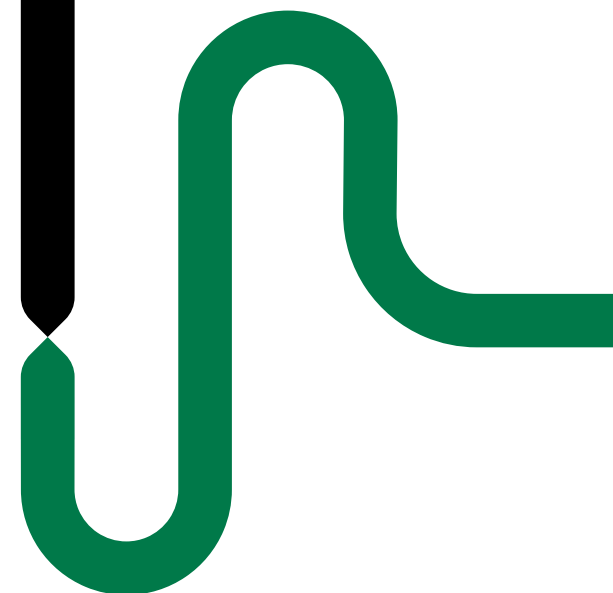
Market and competitive environment

Activities of LTG Infra as a public railway infrastructure manager are a natural monopoly on the Lithuanian market,

competing with railway infrastructure managers in neighbouring countries. Competition with infrastructure managers in neighbouring countries exists and is likely to increase in the future, especially in view of the infrastructure development plans of other countries, which increase the attractiveness of their railway infrastructures. In order to increase the competitiveness of LTG Infra, the State of Lithuania, following the example of neighbouring countries, in 2024 contributed to an increase of the attractiveness of the public railway infrastructure. LTG Infra, in turn, in 2024 increased the operational efficiency of the public railway infrastructure by introducing new technologies, digitising business processes, ensuring rail traffic safety, security and improving the quality of the public railway infrastructure.

As an operator of RSF, the Company competes with other RSF operators performing on the Lithuanian rail network.

As the Company's pursues its chosen western orientation, it is important to mention the long-term programme "FREE Rail", which has been developed and launched. The aim of this programme is to develop and implement a rail operating model tailored to the Baltic region, based on EU rail standards and best practices and aligned with the specifics of broad gauge. The **FREE Rail** programme seeks to find alternative sources of supply in the event of a supply chain disruption from the East. This initiative is designed to explore alternatives to complete disengagement from the supply systems, parts supply and regulatory framework of unfriendly countries. Managing the rising costs of using alternatives requires the promotion of operational efficiency initiatives in all areas of activity: operations management, asset management, pricing, human resources.



Strategy

In response to geographical and economic changes in the market for transport services, resulting in changing trade routes and passenger flows, the LTG Group adopted at the end of 2023 and updated in December 2024 a long-term strategy that sets a clear direction until 2029 and defines a roadmap for action until 2040. This strategy sets the direction for the whole LTG Group and gives all employees the opportunity to contribute to the future of rail operations.

The strategy of LTG Infra, developed under LTG Group guidelines, reflects a number of shareholder expectations. First and foremost, it is a commitment to sustainability and social responsibility. It seeks ways to contribute positively to Lithuania's well-being by increasing access to rail services, rail safety and environmental sustainability. In the area of business development, it advocates a diversification strategy, aims to facilitate the development of passenger and intermodal freight routes, and contributes to the ambition of railway companies (carriers) to expand their markets abroad, including Poland, Western Europe and the Baltic States. Particular attention is paid to the importance of the Rail Baltica project. Adapting to the complexity of the environment, an operational efficiency strategy is in place to meet today's key challenges and to manage the Company's costs. Due to the strategic importance of LTG Infra for Lithuania's national security, the business resilience strategic direction focuses on national and corporate security. In addition, the objectives of the FREE Rail programme aim to make an effective contribution to society. Finally, the strategy emphasises a strong organisational culture, the strategic direction of which is reinforced by a plan developed by LTG's People and Culture functions, which provides for the need for, and the development and motivation of, future professions.

Changes in the strategy updated in 2024

On 16 December 2024, the Board of LTG Infra approved the updated strategy for 2025-2029. The updated strategy focuses on securing more funding for the infrastructure repair programme, improving infrastructure parameters and a stronger focus on customer experience. Key aspects of the updated strategy are as follows:

- Detailed planning for several years ahead, up to 2029, and looking ahead to 2040. The strategy analyses the short term period in as much detail as possible in order to ensure the smooth and efficient operation of the Company.
- In order to ensure the smooth management of the railway infrastructure by providing a qualitative and customer-oriented service standard, the updated strategy has introduced a new strategic orientation "Customer Experience".
- The updated strategy of the Company focuses on the development of stations and stops. LTG Infra aims that in the future the stations operated by the Company would become multifunctional: to become places for the development and activation of business opportunities, be accessible, promoting cultural, business and social events.
- The changed geopolitical context highlighted the importance of railways when ensuring connections for military mobility. Currently, 8 loading sites of LTG Infra are equipped to handle military equipment, with 4 more planned by 2027. Within the scope of military mobility, the Strategy envisages contributing to the development of the Rūdninkai ranges (modernisation of the Jašiūnai level crossing, development of the railway infrastructure up to the boundary of the range, development of the passenger platform and station, and the construction of tracks for loading).
- The updated strategy puts a strong emphasis on the Operational Efficiency Programme. The strategy analyses opportunities for cost reduction, aims at improving the quality of operations, facilitating the technical interoperability, and improving organisational competences. The strategy includes asset optimisation, operational excellence initiatives with the introduction of LEAN culture and practices at its core, and digitalisation of operations.

MISSION, VISION, VALUES

MISSION



CONNECTING PEOPLE AND
BUSINESSES FOR A MORE
SUSTAINABLE FUTURE

VISION



BEING
THE BACKBONE OF THE
TRANSPORT SYSTEM

VALUES - THE FOUNDATION OF OUR SUCCESS AND CULTURE



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



CUSTOMER EXPERIENCE

To ensure the smooth management of railway infrastructure by providing a quality standard of service and customer-oriented services. In order to successfully implement this strategic direction, the following objectives have been set: 1.1. To improve customer satisfaction and 1.2. Develop a strategy for the renewal of passenger stations



OPERATIONAL EFFICIENCY

To ensure financial stability by increasing operational efficiency and optimising the use of assets, operating in line with international corporate standards and enabling a culture of continuous improvement within the organisation. In order to successfully implement this strategic direction, the following objectives have been set: 2.1. To improve the operational efficiency; 2.2. To improve the efficiency of infrastructure and terminals; 2.3. To increase the value created by employees.



BUSINESS DEVELOPMENT

The aim is to increase the capacities of intermodal terminals, implement diversification of activities and ensure implementation of the European-gauge infrastructure project Rail Baltica in the territory of Lithuania. In order to successfully implement this strategic direction, the following objectives have been set: 3.1. To increase the use of railway; 3.2. To ensure the smooth implementation of the Rail Baltica project; 3.3. To increase service revenues



ESG (ENVIRONMENTAL, SOCIAL AND GOVERNANCE AREAS)

The areas of environmental protection, social partnership and progress in responsible governance (ESG) form the basis for building a sustainable future. The aim is to use energy and natural resources efficiently, to initiate measures to reduce the impact on the environment and climate change, to raise safety awareness among employees and society, and to develop best practices in corporate governance. In order to successfully implement this strategic direction, the following objectives have been set: 4.1. To reduce environmental impact and climate change; 4.2. To maintain the Good Governance Index.



BUSINESS RESILIENCE

To comply with the "safety above all" principle, ensuring a high level of traffic safety, occupational safety and business safety, follow the interests of national security, ensure technology compatibility and independence in the LTG Group. It is important that in recent years this strategic direction has placed a strong emphasis on the FREE Rail programme and military mobility projects, which contribute to the national security of our country. In order to successfully implement this strategic direction, the following objectives have been set: 5.1. To increase the safety level of the workers; 5.2. To reduce the danger to society; 5.3. To reduce danger to traffic safety. To maintain a high level of business resilience.



INCLUSIVE ORGANISATIONAL CULTURE

To create an open, respectful, safe and LTG values-based working environment that encourages all employees to engage in continuous improvement, thereby creating value for the customer and increasing operational efficiency. In order to successfully implement this strategic direction, two objectives have been set: 6.1. To increase employee engagement; 6.2. To increase employee loyalty

Implementation of strategic direction projects and their progress in 2024

- **Customer experience.** The aim is to improve customer satisfaction and to develop a strategy for the renewal of passenger stations. In 2024, the main actions related to this new strategic direction were the development of a service standard for passenger stations, and the incorporation of the key points of the station strategy into the LTG Infra strategy. In 2025, further plans for the development of station services are foreseen. For example, realisation of the commercial potential of Vilnius railway station, a reconstruction project for Kaunas railway station, a study of the refurbishment plan for level II and III stations, and the preparation of Rail Baltica station and stop projects. In addition to these plans, this strategic direction includes the development of Vilnius Connect and Kaunas Connect projects, the renewal of platforms and the acceleration of passenger trains at stations.
- **Operational efficiency.** The aim is to use LTG Infra's resources efficiently and effectively, while improving operational efficiency. Different digitalisation and optimisation projects are currently being implemented: **Modernisation of station management and tools (MSMT)**, **Traffic management operational efficiency project (TMOE)** and etc. The projects include the development of a hardware and software module conversion, diagnostics, modelling, design and maintenance centre for the train traffic management system and control, as well as the installation of a modern **Station Management System (SMS)** at the country's most important railway stations, which will allow for a more efficient utilisation of resources and a more effective exchange of data between the railway undertakings (carriers), shunting undertakings

and the managers of the railway infrastructure of neighbouring countries. Significant achievements in digitisation projects were recorded in 2024. The first part of the **Railway Infrastructure Maintenance System (RIMS)**, a tool for analysing track geometry parameters, has been launched. Full implementation of the RIMS will enable LTG Infra's team to move from physical monitoring of railway infrastructure to proactive and predictive maintenance, which means that the system will allow the technical condition of railway infrastructure to be viewed in a dedicated application in real time, eliminating the need for frequent visits to railway infrastructure sites to assess its technical condition, and resulting in significant savings for the Company. The transition to a predictive maintenance model allows a gradual reduction in operating costs of around EUR 3-4 million/year. In 2024, **a new incident analytics module integrated into the Infracore incident management system was launched**. This module allows to make detailed analysis of traffic incidents, train delays, infrastructure signalling and equipment failures and other incidents, providing information in clear visualisations through the Power BI platform. Moreover, **a rail traffic breaks map has been developed**, to manage traffic breaks more efficiently. This solution allows all data related to traffic breaks to be automatically transferred from Infracore to ArcGIS and displayed in real time on an interactive map. Finally, at the end of the year, LTG Infra **implemented the RELIS system**, which helped to digitise one of the main systems that ensures the functionality of the railways - the relay system. The new system provides information on the status of relays, which are used to operate railway automation equipment to control train traffic and ensure safety at intermediate points and stations, the location of installations, inspection deadlines, faults, maintenance and repair work, will now be stored in a single database. **Operational Efficiency programme**, initiated last year, which provides for additional ongoing measures - to improve the efficiency of the Company's operations, to upgrade idle assets, to increase operational excellence, to review pricing, to identify

critical functions etc. The implementation of the LEAN culture and practices, which started in 2024 and will continue, is crucial for the implementation of this strategic direction. The measures are expected to help reduce operating costs and generate additional revenue.

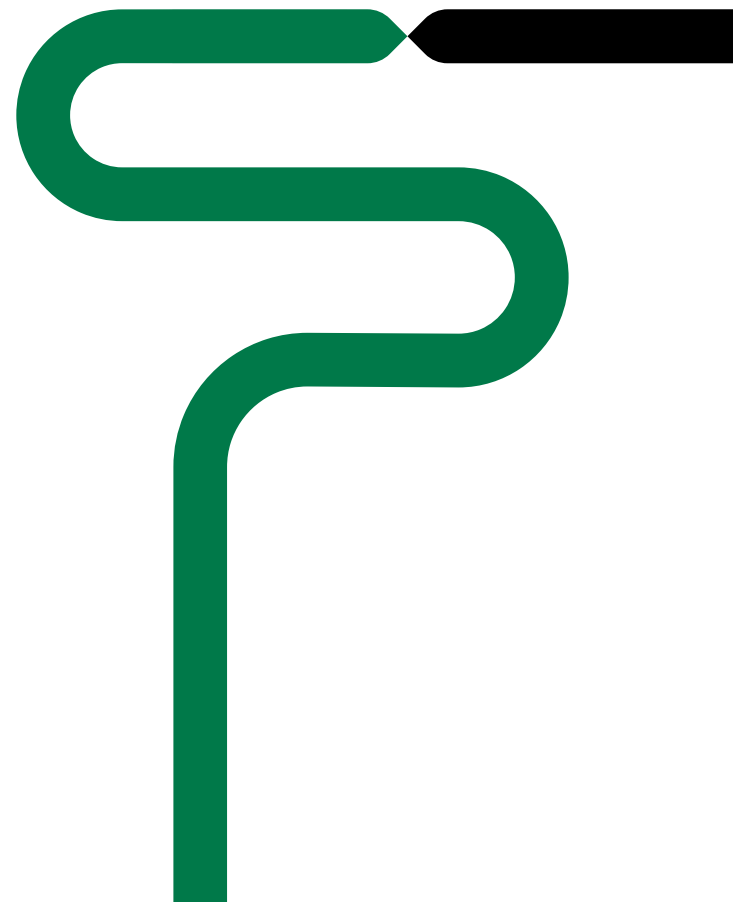
- **Business development.** The most important project in this area is **Rail Baltica**. It is an integral part of the European Union's international transport corridor "North Sea-Baltic Sea". The aim of this project is to integrate the Baltic countries into the European rail network. The total length of the route in the Baltic countries is 870 km, of which 392 km are in Lithuania. The project is expected to bring the speed of passenger trains up to 249 km/h and of freight trains up to 120 km/h. "The Rail Baltica project is becoming increasingly important, not only in terms of providing an alternative to shifting freight transport from road to rail, thus contributing to a reduction in environmental impacts and accidents, but also in the context of the war in Ukraine, making it particularly important for the security of the region in a geopolitical context. In 2024, the major construction works are taking place on two sections of the line towards the Latvian border - the 10 km section Šveicarija-Žeimiai and the 17.7 km section Žeimiai-Šėta. During the construction of the bridge over the Neris River (Jonava district), 317 piles supporting the bridge were installed (and tested), 15 piers for installing the pile heads, and access roads to the construction site to ensure the continuous execution of the works, and the bridge columns are to be concreted in 2025. In 2024, the first Rail Baltica rails, 30,000 Rail Baltica sleepers and a 50,000-tonne batch of ballast for the Rail Baltica track also arrived in Lithuania.
- **ESG (environmental, social and governance areas).** One of the ESG key projects is electrification of railways (Kaišiadorys-Klaipėda and Vilnius railway junction). In Lithuania, the transport sector accounts for the largest share of air emissions. When implemented, the project is expected to reduce air pollution by 150,000 tonnes per

year. The socio-economic benefits of the project are estimated to exceed EUR 700 million over the lifetime of the project. It is estimated that the potential savings for railway undertakings (carriers) operating on the Lithuanian rail network, due to lower energy and rolling stock maintenance costs, will be around EUR 505 million and the project will pay for itself in 19 years. Electrification of railways will have a significant impact on the competitiveness of the Lithuanian transport sector. In order to achieve these objectives, intensive rail electrification work continued in 2024. At the Vilnius railway junction, the connection of the newly built overhead contact line to the existing overhead contact line has been completed. The interconnection of the new contact line creates a voltage to the nearest divider. Full voltage and testing work is planned for the Vilnius railway junction in 2025.

- **Business resilience.** To improve the safety of rail transport, a programme of rehabilitation of main railway tracks, a programme of switch replacements and safety improvements at level crossings are being implemented. In 2024, the latest initiative to improve safety at level crossings was introduced, with the creation of a level crossing monitoring centre, where the operator will centrally monitor the traffic situation at seven level crossings. At the end of 2024, the physical reconstruction of the 27+549 km of the surface of the level crossing Jašiūnai-Stasylos was completed. The reconstruction of the level crossing is important for the development of military mobility as it will contribute to the safe access of the military contingent to the road leading to the newly built Rūdninkai military training ground and to the safe crossing of the railway track at the crossing. The Palemonas dual-purpose military mobility loading site project will continue in 2025. New business resilience projects are planned to be initiated in cooperation with the Ministry of National Defence of the Republic of Lithuania and the representatives of the Armed Forces.

- **Inclusive organisational culture.** The aim is to increase employee engagement, which has a direct impact on performance, productivity, job satisfaction, loyalty and the emotional and physical well-being of employees. In 2024, a particular focus was placed on: LTG Group's values - through the unique board game "LTG Gene", team-building activities were organised, which resulted in increased awareness of values, mutual knowledge, cooperation and trust in each other; employee development - leadership competences were strengthened through various development programmes, the "Manager's Standard" was updated, and the initiative "Friday for Growth" was implemented for the personal growth of all LTG Group employees (various themes: sustainability, emotional well-being, digital literacy, etc.); diversity awareness - LTG became a member of the Diversity Charter, joined the SOPA DUODay, started the "ABC of Equality and Non-Discrimination" training, and the Equal Opportunities Ombudsman's Office awarded the LTG Group the third out of the three "Equal Opportunities Wings" for ensuring a safe and inclusive environment; cooperation with educational institutions - to raise the profile of the railway professions, knowledge was shared at conferences, lectures and active involvement in the initiatives of educational partners, participation in the projects "Transport and Communications Career Laboratory" and "Vilnius is a School", signing of a cooperation agreement with the State College of Šiauliai and the Massachusetts Institute of Technology for the International Science and Technology Initiatives Programme, doubling of the number of young talent in the "Growing Leaders" internship programme. This year also saw the creation of a "New Traveller" programme for new staff, the relaunch of the LTG Women's Club and the LTG Cultural Ambassadors Club, and the launch of a women's mentorship programme. In 2024, the periodic extended organisational culture survey "Voice of the Employees" was conducted,

which revealed high employee engagement, satisfaction and rapidly increasing loyalty rates, significantly above the Scandinavian transport sector average, and helped to identify areas for improvement, which will be the focus of initiatives and activities in 2025.



Achieving the goals in 2024

In line with the orientations adopted in the Strategy, the Board of Directors of the Company has set the main operational goals for 2024. The goals set correspond to the Company's priorities: to implement strategically significant projects, to balance revenue/costs, to ensure safe and high-quality infrastructure, to improve conditions for infrastructure customers to promote greenery, to ensure safety at the workplace.

Main goals	Indicators of achievement of goals	Measure unit	Weight, percent	2024 Benchmarks for achievement of goals	Indicators of goal achievement for 2024	Achievement of goals in 2024
Implemented strategic projects	LTG Infra Rail Baltica programme	%	10.0%	>35	32.6	Partially Achieved
	LTG Infra Rail Baltica CAPEX	EUR million	10.0%	>139	111.6	Partially Achieved
	Other Infra projects (excl.RB and Electrification programmes CAPEX)	EUR million	5.0%	>85	55.5	Partially Achieved
Optimised infrastructure revenue and cost level	LTG Infra costs	EUR million	10%	<197.2	189.4	Exceeded
	Implementation of initiatives under the operational efficiency programmes	Level of achievement	5.0%	Implementation of measures under the Programme launched in 2023	Achieved	Achieved
Achieved quality criteria of MAC agreement	Minutes of delay for passenger trains caused by actions of the infrastructure manager	Min/train km	7.5%	<8	3.4	Exceeded
	Section length with short-term speed limitations due to poor infrastructure condition	km	7.5%	<43	15.1	Exceeded
Expanded commercial potential of passenger terminals	Commercial potential of stations	Level of achievement	10.0%	Development of commercial potential of stations	Minimum threshold achieved	Partially Achieved
Progress of electrification programme in 2024	Electrification programme (as to attached list)	%	15.0%	>100	114	Exceeded
Improve the risk management level and increase employee safety	Risk management level	%	5.0%	>90	92	Achieved
	Time lost due to injury rate (TLDIR)	Accidents at work *1 M / total working hours	5.0%	<0.9	0.7	Exceeded
Increased employee engagement level	Employee engagement	%	10.0%	>57	87	Exceeded

Highlights 2024

JANUARY

8th. Contract works for the last (3rd) stage of the electrification of the country's most important railway artery, Vilnius-Klaipėda, have started on the Radviliškis-Klaipėda line. During this stage, 199 km of the railway section will be electrified.

24th. The Government approved the infrastructure development plan for the Kaunas railway junction of the Rail Baltica European rail project.

FEBRUARY

6th. Market consultations were launched on the planned procurement of the track superstructure for Rail Baltica on the section from Kaunas towards the Latvian border.

9th. The Ministry of Transport and Communications and LTG Infra signed a contract with Tyrens Lietuva, which will prepare and implement the project of land acquisition for public needs at the Kaunas junction of the Rail Baltica European railway. The value of the planned work amounts to EUR 961 million (excluding VAT).

21th. The Government of the Republic of Lithuania adopted a resolution approving the sale of the electricity distribution network infrastructure held in trust by LTG Infra, the manager of the public railway infrastructure, to Energijos skirstymo operatorius (ESO).

MARCH

21th. The contractor, who has won the tender issued by LTG Infra, starts the reconstruction phase of the pedestrian viaduct at Vilnius railway station, which will allow the viaduct to be adapted not only for the comfortable use of people with mobility disabilities, but also to ensure safer and more comfortable access for the citizens and visitors between Naujininkai and Naujamiestis.

APRIL

LTG Infra and Ardanuy Ingenieria signed an agreement on design services. Under this contract, the Spanish company will carry out design works for the infrastructure of Kaunas passenger station territory, the value of which is EUR 9.88 million (excluding VAT). The project is an integral part of the Kaunas node of the new European Rail Baltica railway.

17th. Modernisation of the video surveillance system of the Kybartai border inspection post - the former analogue video surveillance cameras have been replaced by digital IP cameras and the video surveillance system has been upgraded from analogue to digital.

The LTG Group, which contributes to increasing the country's military mobility, has also adapted the Vilnius Intermodal Terminal (VIT) for the transport of NATO military cargo. Previously, loading of NATO military cargo was carried out only at Kaunas Intermodal Terminal.

MAY

The position of Rail Baltica's Head of Governance was taken by Justas Vyžintas.

Upon request of the Mažeikiai District Municipality, the building of the Mažeikiai Railway Station, which was held in trust, was transferred. This decision was taken in order to make the most efficient use of the assets entrusted to the company, for example by renting out areas of the station buildings for various commercial, cultural or other activities, as well as by giving up assets that are not necessary for the performance of functions but can serve the public interest.

The European Commission confirmed that Lithuania has successfully implemented the first European Union (EU) funding contract worth EUR 83 million for the Rail Baltica project. The bulk of the investment - 85% (EUR 70.5 million) - was financed by the Connecting Europe Facility (CEF). The eligibility of the investments made and the costs incurred have been confirmed once the project has achieved its objectives.

13th. A contract was signed with UAB Fima for the modernisation of 9 priority level crossings on the Vilnius-Klaipėda international rail transport corridor. The contract value amounts to EUR 3.4 million. The project is partly financed by the European Union funds.

The rail track geometry analysis tool has been launched to monitor the condition of railway infrastructure, as an initial part of the newly developed Railway Infrastructure Maintenance System (RIMS) programme. This system will help to move towards a proactive and predictable maintenance model and gradually reduce operating costs by EUR 3-4 million.

JUNE

12th. The Government approves the infrastructure development plan for the section of the Rail Baltica project from Jiesia (Kaunas) to the border with Poland. During the meeting it was also decided to launch the procedures for the acquisition of land for public needs.

21st. A Memorandum was signed in Klaipėda, providing for closer cooperation in decision-making on the development of the new European gauge rail line to Klaipėda. The Memorandum was signed by the heads of the Ministry of Transport and Communications, LTG Infra, the public railway infrastructure manager of the Lithuanian Railways Group (LTG), the Klaipėda State Seaport Authority, the municipalities of Klaipėda city and Klaipėda district. The signatories to the Memorandum agreed to take a joint decision on the optimal alternative for the railway route to Klaipėda.

JULY

2nd. For the first time in Lithuania, LTG Group will replace old wooden rails with sustainable composite ones. LTG Infra, in cooperation with the Estonian company SRTS OSAÜHING, has launched a pilot project to install composite sleepers made in Germany on objects such as bridges, where heavy reinforced concrete sleepers cannot be used due to their weight and elasticity properties.

9th. The city's first mobile container loader started operating in Kaunas. The first mobile container loader in the city has started work at Kaunas Intermodal Terminal (KIT). The 77-tonne, Swedish-built, nearly EUR 700,000 powerhouse is just part of the expansion of KIT, which will allow it to expand its handling capacity and offer additional and high-quality intermodal services to its customers, both narrow and wide gauge.

16th. LTG Infra launched a new service - it will accept customer requests for freight or passengers 24/7. TG Infra will accept customer requests for capacity booking, i.e. requests for rail freight, repair equipment or passengers, 24 hours a day to make ordering its services even more convenient and faster.

22nd. The President is briefed on Rail Baltica's progress - focusing on military mobility and the public needs.

During his visit to Southern Lithuania, President Gitanas Nausėda was presented with the most important projects for the development of transport and energy infrastructure - Rail Baltica, Via Baltica and Harmony Link. LTG Group presented the progress, results and long-term benefits of the Rail Baltica project for the residents of Kalvarija District.

25th. The Rail Baltica project will involve the reconstruction of Litgrid's power transmission lines. Litgrid, the Lithuanian electricity transmission system operator, has signed tripartite contracts for the connection service of electricity installations, under which reconstruction and overhaul works will be carried out on the Kaunas-Ramygala sections of the Rail Baltica project.

Rail Baltica is included in a common European transport corridor with Ukraine. In July, the revised guidelines for the Trans-European Transport Network (TEN-T) came into force, aimed at improving the connectivity, efficiency, resilience and sustainability of Europe's transport infrastructure. According to the revised guidelines, Rail Baltica is part of two corridors of the European transport network. In addition to the North-Baltic maritime corridor, Rail Baltica is also considered part of the Baltic, Black Sea and Aegean corridors. The inclusion in these two corridors underlines the strategic importance of Rail Baltica at European level.

AUGUST

7th. The spandrels for the construction of the Rail Baltica bridge over the Neris River were delivered - a new construction phase has started. Rizzani de Eccher, the contractor for the Rail Baltica bridge over the Neris, has delivered the spandrels to the construction site in the Jonava region, marking the start of a new phase of the bridge construction. The protective sheet piles will form a temporary perimeter to allow safe work during the installation of the bridge pile heads. They will then be pulled out of the ground and dismantled.

29th. Effective actions on control of the State border of the Republic of Lithuania: LTG Infra will install X-ray inspection systems at Kybartai and Stasyliai railway stations. In order to prevent threats to national security due to the illegal transportation of goods and other items across the state border, X-ray inspection systems will be installed at Kybartų and Stasylių railway stations.

SEPTEMBER

Upon approval of the Rail Baltica Regional Stations Plan by the Government, 7 stations and stops have been included. The Government approved a specific plan for the development of regional stations on the section of Rail Baltica from Kaunas to the Lithuanian-Latvian border, providing for the possibility of linking the Rail Baltica main line to the regions.

OCTOBER

1st. The first Rail Baltica Information Centre in Lithuania was opened at Kaunas railway station. The aim of the centre is to provide up-to-date information on the ongoing project, which will fundamentally change rail transport in the Baltic region, its benefits and future phases.

8th. A contract is signed for the first part of the Rail Baltica section Šėta-Ramygala. The construction of the crossings, engineering structures and local roads were extended to a new 17 km section, which will be carried out by the main contractor, the Czech company Eurovia CZ a.s., with its partner Eurovia Lietuva AB, for almost EUR 98 million, excluding VAT.

30th. NATO Force Integration Unit visited the Rail Baltica construction site in Jonava District. During the visit, the NATO delegation was shown the ongoing construction of the European gauge track, presented the progress and future phases of the project, and other military mobility infrastructure projects underway in Lithuania.

NOVEMBER

6th. The largest so far financing agreement for Rail Baltica project was signed. The European Climate, Infrastructure and Environment Executive Agency (CINEA) and RB Rail AS, an authorized joint venture by ministries of transport of three Baltic States, signed an additional financing agreement on European Infrastructure Network Facility (CEF) grant for Rail Baltica project this summer. The European Infrastructure Network Facility has allocated a support of nearly EUR 1.16 billion. Together with the national funding of the three Baltic States, the total allocated amount is EUR 1.43 billion. Of these, EUR 529 million have been allocated to implement the part of the project in Lithuania.

13th. LTG Infra carried out modernisation of four level crossings between Mauručiai and Kazlų Rūda. In the area of Mauručiai and Kazlų Rūda, the crossings were modernised at Miškininkų str., the Kazlų Rūda railway station, the Jūrė railway station, the village of Kampiniai and the district municipality of Prienai. All crossings are equipped with additional safety measures that improve traffic safety: installed barriers to half -car transport roads, video analytics and tracking systems. The crossing at Miškininkų str. in the Kazlų Rūda railway station was additionally equipped with an automatic pedestrian signalling.

20th. The Government approved the infrastructure development plan for Panevėžys railway node. The Government has approved the development plan of Panevėžys railway node under the Rail Baltica project. The Government has also decided to open land redemption procedures for public use, which are expected to last until the end of 2027.

26th. 30,000 railway sleepers of Rail Baltica arrived in Lithuania. As part of the strategic LTG Group's project Rail Baltica, the first fast railway sleepers have been delivered to Lithuania. 8,000 concrete sleepers have already been delivered, and the remaining part from the 30,000 portion will arrive by the end of the year. The sleepers will be used for installation of the upper track construction of the Šveicarija–Žeimiai rail section.

DECEMBER

3rd. The largest tests of the Neris bridge poles under the Rail Baltica project were performed in Lithuania. At the Rail Baltica construction site, the Italian contractor Rizzani de Eccher performed pole tests to determine and verify pole holding power and solidity. The 2280 tonnes load was used - the maximum load used for such tests in the history of Lithuanian railways.

LTG Infra is replacing the Russian locomotive safety system KLUB-U in the self-propelled rolling stock with the Ukrainian new generation system SRPA Impulse. The installation of the new safety system is part of the FREE Rail program initiated and implemented by the LTG Group. The objective of Free Rail is the integration of the rail sector into the European Railway System and an increase of resilience. FREE Rail will also allow the creation and implementation of a railway operating model adapted to the Baltic region, based on EU standards, best practices and aligned with the specifics of broad gauge.

LTG Infra has introduced RELIS system, which helps to digitise one of the main systems that ensures the functionality of the railways - the relay system. After the installation of the new system, information about the condition, installation location, inspection deadlines, malfunctions, maintenance and repairs of relays helping to operate the railway automation devices that are designed to control train traffic and ensure safety at intermediate stations and stations will now be stored in a unified database.

Events after the reporting period

JANUARY

In accordance with the rotation principle, Mr. Arenijus Jackus, the Head of Rail Baltica in Lithuania, was appointed as the new Chairman of the Supervisory Board of RB Rail AS. Based on the agreement between the shareholders of the three-Baltic joint venture RB Rail, the rotation structure of the executives is being continued, which ensures equal representation of Lithuania, Latvia and Estonia in the joint venture.

FEBRUARY

1st. The composition of the Board of LTG Infra, the railway infrastructure company of AB Lietuvos geležinkeliai (LTG) Group, has changed - Gediminas Šečkus, Director of Business Resilience of the LTG Group, has taken over the position from Ieva Lauraitytė.

14th. A contract was signed to adapt the software and hardware of the existing traffic management system on the Šiauliai-Klaipėda section to the electrified railway. The contract was signed with the Lithuanian branch of Siemens Mobility Oy and is worth almost EUR10 million.

A rail network architecture study is launched to define a clear and focused vision for the development of the rail network infrastructure. The project is being carried out in response to the requirements of the European Parliament and the Council to assess the conditions for a smooth transition of the existing Lithuanian rail network to a European standard rail network. The study will include an assessment of the integration into the European standard 1435 mm gauge, options for the efficiency of the rail transport system, and the identification of the optimal need for a wide 1520 mm gauge track. The work will be carried out by Ernst & Young Baltic UAB under a signed contract.

MARCH

17th. Replacement of the safety systems of Russian KLU-B-U locomotives on LTG Infra rolling stock was successfully completed. All 15 rolling stock of the Company are now equipped with state-of-the-art safety systems manufactured by the Ukrainian company SRPA Impulse, which ensure greater reliability and comply with European railway standards.

18th. Data from a study commissioned by LTG Infra have been published, showing that every euro invested in the maintenance, repair and development of Lithuania's rail network generates double benefits for the country's economy. The study estimates that every euro invested in the maintenance, repair and development of railway infrastructure, through direct and indirect impacts, generated a benefit of EUR 2.04 for the country in 2023, amounting to almost EUR 591 million.

26th. A contract was signed to build the first battery train charging station in the Baltic States. The first such charging station will be built in Varėna and will be designed and installed by UAB Fima under a contract signed with LTG Infra. This will allow LTG Group, which plans to purchase battery-electric trains, to transport passengers in an even more sustainable way. The loading station is scheduled to be completed by the end of the third quarter of 2026 at a cost of EUR 3.2 million.



Performance



Overview of key performance indicators

Indicators	Measurement unit	2022	2023	2024	2024/2023 Δ, %
Train operational volume	billion tkm gross	15.9	13.9	13.5	-3%
Train runs	million train km	12.3	12.3	12.4	1%

The decline in train operational volumes was due to the continued military action by Russia in Ukraine and the wide range of US and EU sanctions imposed on Belarus and Russia during the reporting period. The decrease in freight train work volumes was partially offset by a 6.9 percent increase in passenger train work volumes.



Financial results

Revenue

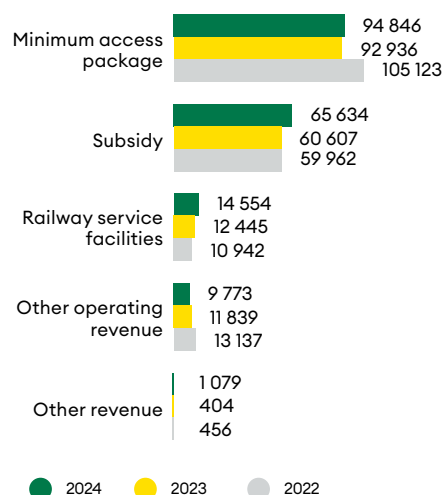
The Company's revenue with the grant in 2024 amounted to EUR 185.9 million, showing an increase of EUR 7.7 million, or 4.3%, compared to the revenue for 2023. The majority of the revenue, i.e. 51.0%, was generated from providing services of the minimum access package.

- The revenue from the minimum access package increased by EUR 1.9 million or 2.1%, compared to 2023, and amounted to EUR 94.8 million. The increase was determined by increased rates of 18.5% in freight transit and by 126.5% increased passenger transit income.

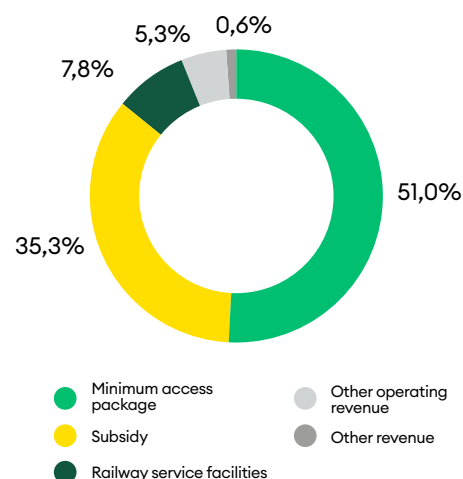
- Grant revenues amounted to EUR 65.6 million in the period under review, showing an increase by EUR 5.0 million or 8.3%, compared to 2023. The State funds are intended to balance the revenues and costs of the public railway infrastructure manager due to the fall in freight transport volumes.
- Revenues from services provided in RSFs managed by the Company in 2024 increased by EUR 2.1 million or 16.9% to EUR 14.6 million. The comparative weight of these revenues in the Company's total revenue structure is 7.8%. The growth of income was mainly affected by increased rates for the use of passenger stations, the marshalling hump and RSF rolling stock storing. The growth in revenue was also driven by increasing volumes of services provided by intermodal terminals as well as the use of loading sites, which the Company acquired in April 2023.

- The Company's other income from ordinary activity is derived from the maintenance and repair of public railway infrastructure, junctions and rail track inspections, property rentals, provision of electricity, communication services, sale of scrap metal, and a variety of other services of a commercial nature provided by the Company. These revenues amounted to EUR 9.8 million in 2024 and accounted for 5.3 % of the Company's total revenues. Compared to 2023, this revenue fell by 17.5% due to decreased electricity sales which were affected by lower electricity price.
- Other operating income of the Company in 2024 amounted to EUR 1.1 million and, compared to 2023, have increased by EUR 0.7 million

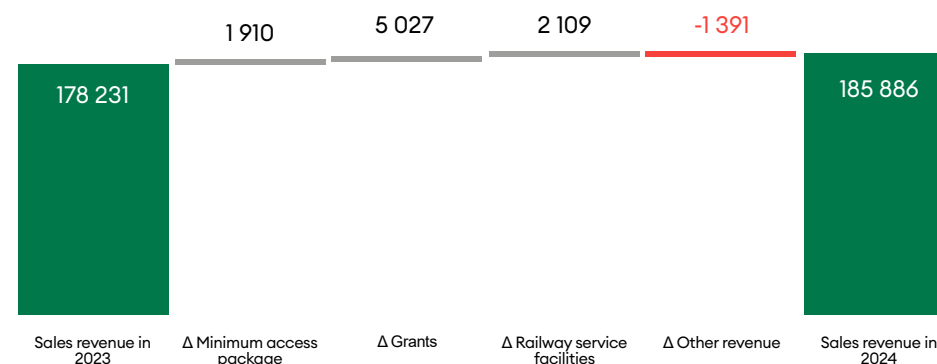
The Company's revenue, EUR thousand



Revenue structure of the Company in 2024, %



Change in Company's sales revenue, EUR thousand



Costs

The Company's costs for primary and non-primary activities in 2024 amounted to EUR 190.5 million. Compared to 2023, the costs have increased by EUR 8.8 million or 4.8%.

The major part of these costs includes depreciation and amortisation (31.6%), wages and salaries (31.4%), management services (12.6%), materials, repairs and maintenance (11.5%) and energy resources (4.7%). The remaining costs account for 8.2%.

- In 2024, depreciation and amortisation costs amounted to EUR 59.8 million, showing a decrease of EUR 2.6 million or 4.2% compared to 2023. The reduction (EUR 1.2 million) was mainly caused by an agreement, dated 14 March 2024, based on which part of the electricity network was transferred to another state-owned entity of Ignitis group - Energijos skirstymo operatorius (ESO). The majority

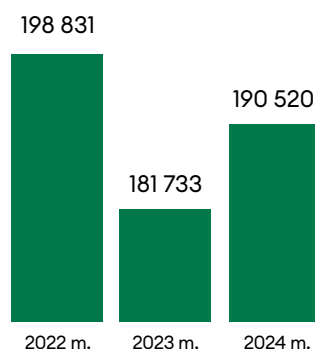
of the investment projects carried out by the Company are long-term projects, the implementation of which takes more than one year before the asset is put into operation, and due to prolonged works the asset may be put into operation later than planned.

- In 2024, wages and salaries and related costs amounted to EUR 60.2 million and have increased by EUR 2.6 million or 4.4%, compared to 2023. Although the number of employees of the Company has decreased by 2.7%, compared to 2023, the costs have increased due to an annual review of the employees' average monthly salary (refer to section Personnel) and greater than the accumulated incentive amounts paid in April 2024 for the year 2023.
- Materials, repairs and maintenance costs in 2024 amounted to EUR 21.9 million, showing an increase by EUR 2.1 million, compared to 2023. The growth was influenced by previously planned repairs performed during the repor-

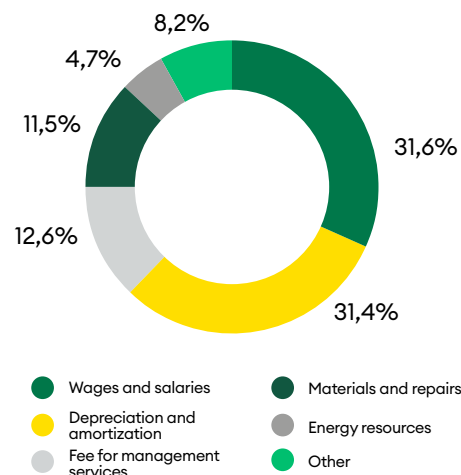
ting period to ensure safe traffic, as well as by increased service prices.

- The cost of energy resources (fuel, electricity) amounted to EUR 8.9 million in 2024, showing an increase of EUR 0.3 million, compared to 2023. Efficiency measures reduce electricity consumption by 10%, compared to the year 2023, but this has not fully compensated increased electricity prices.
- Other costs amounted to EUR 15.6 million in 2024 and have increased by EUR 3.2 million, compared to 2023. The main influence was made by impairment or write-off of projects after the review of ongoing investment projects, the review of old assets for implementation of new projects and the utilisation of used sleepers.

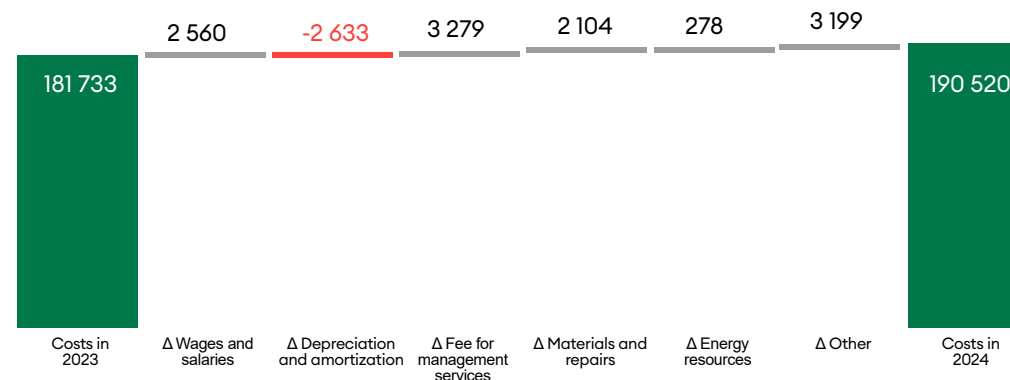
Company's costs, EUR thousand



Structure of the Company's costs in 2024, %



Change in the Company's costs, EUR thousand



Performance

Analysing the Company's financial results, we can see that due to the impact of the sanctions on Russia and Belarus and the desire to reduce the links with these countries, the volumes of freight transported from 2021 onwards have continued to decrease. In 2024, one of the key performance indicators, the train work volume amounted to 13.5 billion tkm gross (3.0% lower than in 2023 and 15.0% lower than in 2022).

The Company's sales revenue, excluding State grants to balance revenues and costs, increased from EUR 117.6 million in 2023 to EUR 120.3 million or by EUR 2.6 million in 2024. A substantial part of the revenue is generated from fees, which are paid for the use of public railway infrastructure in accordance with the legislation.

The Quality and Financing Agreement (valid for five years) signed on 6 April 2022 with the Ministry of Transport and Communications of the Republic of Lithuania for the railway service facilities owned by the State of Lithuania is very important for the stability of the Company's operations, as it makes it possible to ensure the stable maintenance of the infrastructure, a high level of safety of the railway traffic, and the quality of services provided. This Agreement is published on the Company's website https://doc.ltginfra.lt/lt/apie_mus/specialieji_ipareigojimai/2022-04-06_MAC_sutartis.pdf. The long-term commitment of the State to **balance revenue and expenses of the infrastructure manager** is established in the legal acts of the European Union and Lithuania.

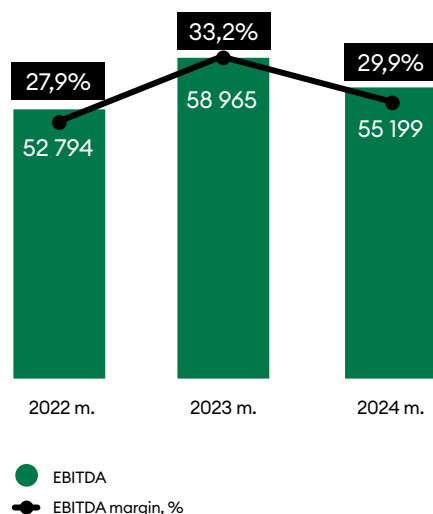
Operation efficiency programme generated EUR 2.2 million savings result in 2024. The major part of this result account for EUR 1.4 million of saved funds due to operational efficiency solutions (digitised and optimised processes allowed to give up 91 work places), and EUR 0.8 million effect due to abandoned unnecessary assets and additional income for asset activation.

The Company's EBITDA reached EUR 55.2 million (by 6.4% less than in 2023). The net result of the Company remains negative. Compared to 2023, the loss has been slightly increasing and amounted to EUR -8.8 million.

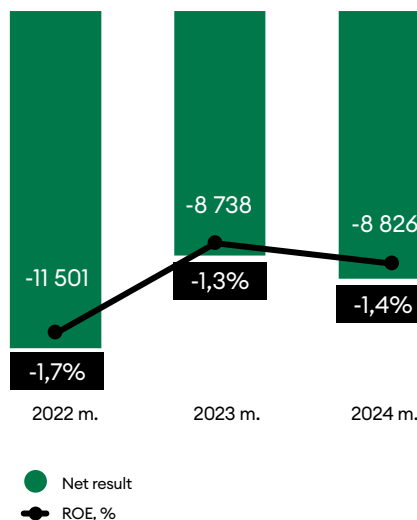
The Company's management continues to assess the main risks and threats related to going concern and the impact on the Company's business and continues to implement the necessary actions to manage the situation. On 16 December 2024, the LTG Board approved the updated Long-term Strategy of LTG Infra for 2029: Integration into Europe. The Company continues to implement the major and most important strategic initiatives that have been developed: **Rail Baltica** – project for integration of the Baltic States in the European Railway Network, **Electrification** project, and projects for improvement of customer experience, reduction of repair necessity, development of infrastructure parameters.

The measures taken will allow the Company to balance the cash flows necessary to ensure the continuity of its operations and to service the existing loan agreements.

Company's EBITDA, EUR thousand



Company's net result, EUR thousand



Changes in the statement of financial position

As at 31 December 2024, the Company's assets amounted to EUR 2,035.6 million and increased by 7.4%, compare to the year ended 31 December 2023. Non-current assets, which accounted for 95.7% in the overall structure, increased by 2.0% up to EUR 1,948.0 million. Due to the Company's long-term investment projects, which take several years to complete, the most significant increase was observed in construction in progress.

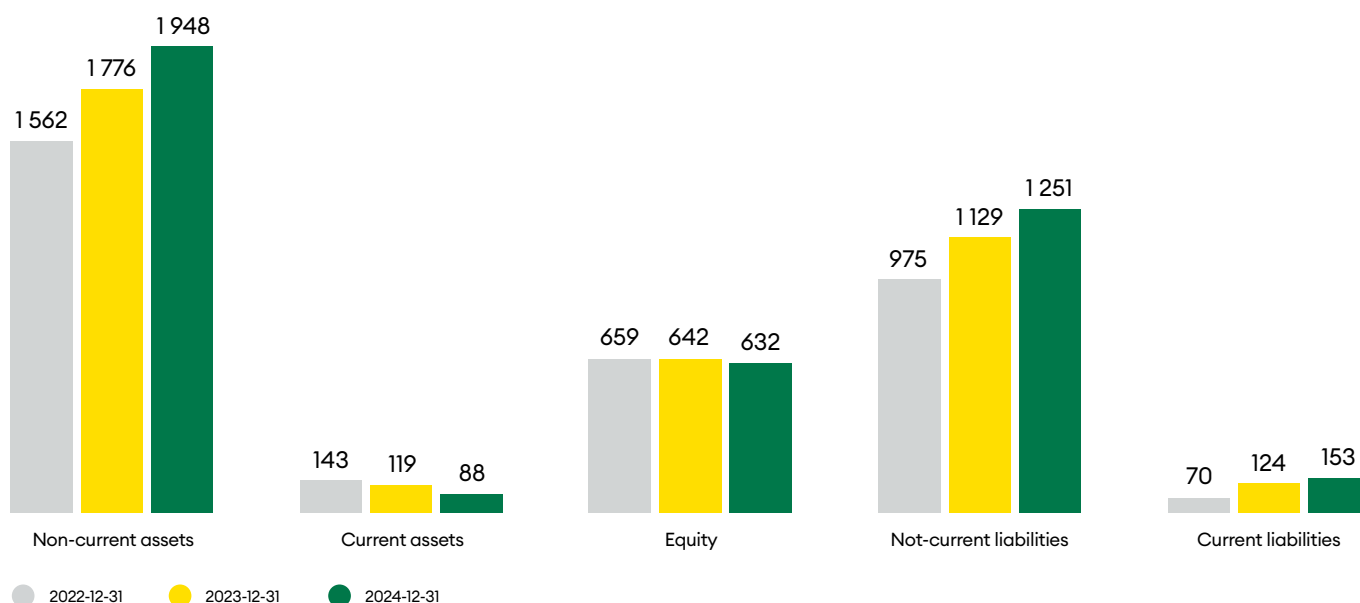
In 2024, the current assets decreased by EUR 30.9 million and amounted to EUR 87.6 million as at 31 December 2024. The change in current assets was affected by a decrease in the Company's cash balance, which amounted to EUR 33.7 million at the end of the period.

Authorised capital remained unchanged at EUR 654.9 million during the period under review. In 2024, equity decreased by EUR 9.8 million and amounted to EUR 632.1 million as at 31 December 2024. The changes were determined by a decrease in the Company's result for the period. The 10.8% increase in non-current liabilities was due to grants increased up to EUR 1,104.3 million.

In 2024, the current liabilities increased by EUR 28.4 million to EUR 152.5 million as at 31 December 2024. The changes were determined by an increase in current loans reclass of grants.

Financial debt (including leases) decreased by 3.4% to EUR 124.5 million over the period under review. The decrease in the financial debt was due to the repayment of long-term loans and no new long-term loans were taken during the period under review. The decrease in the Company's cash balance led to an increase in net debt during the analysed period.

Main changes in the items of the Statement of Financial Position, EUR million



Key financial indicators *

	Measurement unit	2022	2023	2024
Sales revenue	EUR thousand	129,202	117,220	119,173
Grants	EUR thousand	59,962	60,607	65,634
Other operating income	EUR thousand	456	404	1,079
Total income	EUR thousand	189,620	178,231	185,886
Costs	EUR thousand	(198,831)	(181,733)	(190,520)
EBITDA	EUR thousand	52,794	58,965	55,199
Normalized EBITDA	thousand EUR	62,014	58,302	55,364
EBITDA margin	%	27.9%	33.2%	29.7%
Normalized EBITDA margin**	%	32.8%	32.8%	29.8%
EBIT	thousand EUR	(9,211)	(3,502)	(4,634)
EBIT margin	%	-4.9%	-2%	-2.5%
Net profit (loss)	EUR thousand	(11,501)	(8,738)	(8,826)
Net profit margin	%	-6.1%	-4.9%	-4.8%
	Measurement unit	31/12/2022	31/12/2023	31/12/2024
Non-current assets	EUR thousand	1,561,514	1,776,396	1,948,022
Current assets	EUR thousand	142,846	118,518	87,623
Total assets	EUR thousand	1,704,360	1,894,914	2,035,645
Equity	EUR thousand	659,303	641,907	632,129
Financial debt	EUR thousand	143,118	128,881	124,483
Net Debt	EUR thousand	31,111	51,859	90,783
	Measurement unit	2022 12 31	2023 12 31	2024 12 31
Return On Equity (ROE)	%	-1.7%	-1.3%	-1.4%
Return On Assets (ROA)	%	-0.7%	-0.5%	-0.4%
Return on Investment (ROI)	%	-0.7%	-0.5%	-0.5%
Financial debt / EBITDA	Times	2.7	2.2	2.3
Financial debt / Equity	%	21.7%	20.1%	19.7%
Net debt / EBITDA	Times	0.6	0.9	1.6
Net debt/Normalized EBITDA	Times	0.5	0.9	1.6
Debt Service Coverage Ratio	Times	2.2	2.9	2.7
Equity ratio	%	38.7%	33.9%	31.1%
Asset turnover ratio	Times	0.1	0.1	0.1
Quick liquidity rate	Times	2.0	0.9	0.4
Total liquidity rate	Times	2.0	1.0	0.6

* definitions of the indicators are presented on page 66 of the Report

** In the calculation of Normalised EBITDA for 2022, severance payments and compensation for employees made redundant as part of the Business Optimisation Project (EUR 1.5 million) have been added to the non-operating provision costs.

Company's funding

As at 31 December 2024, the size of Company's loan portfolio was EUR 122,750 thousand (31 December 2023: EUR 126,736 thousand). No new non-current loans were received.

As at 31 December 2024, the weighted interest rate of the Company's loan portfolio was 4.3% (31 December 2023: 5.2%). The longest repayment term of a financial borrowing is 11 years, the last maturity is in 2032.

To balance the working capital, the Company used the LTG Group's cash pool to optimise the use of working capital and short-term borrowing costs. The parent company of the LTG Group has entered into an agreement with a credit institution for servicing the LTG Group's cash pool and, accordingly, the Company enters into a mutual lending agreement for each year. The terms of the agreement comply with the requirements of Article 241 (3) of RTC.

The LTG cash pool agreement is effective until 20 December 2027.

Ratio	Measure-ment unit	2024	Value set by the bank
Net debt/Normalized EBITDA	Times	1.6	Not more than 4.0
Equity ratio	%	86.0	Not less than 30.0%
Debt Service Coverage Ratio	Times	2.7	Not less than 2

Special obligations

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

The Company performs a special obligation - maintenance, modernisation and development of public railway infrastructure, provides services comprising minimum access package to the public railway infrastructure, and operates the public railway infrastructure under the right of trust.

The purpose of the special obligation:

- Provide minimum access package services to railway undertakings (carriers) on non-discriminatory terms;
- Maintain, modernise and develop the public railway infrastructure by implementing projects listed in the state investment programme and by ensuring the use of the EU funds.

Maintenance, renewal and development of the public railway infrastructure, provision of the minimum access package to the public railway infrastructure, and disposal of the public railway infrastructure under a trust.

Legislation entrusting the SOE with the following special obligation:

- Provision of minimum access package services: Article 3(51), Article 23(1), Article 24(1)(6) of RTC;
- Maintenance, modernisation and development of the public railway infrastructure: Article 3(51), Article 23(1) and Article 24(1)(1), Article 24(1)(3) and Article 24(1)(4) of RTC.

Legislation that sets forth the conditions for the performance of a special obligation and regulates pricing:

- provision of the minimum access services to the public railway infrastructure package and disposal of the public railway infrastructure under a trust: the function is subject to budgetary allocations in accordance with the agreement on quality and financing assurance of public railway infrastructure and railway service facilities owned by the Lithuanian State, signed on 6 April 2022 between the Ministry of Transport and Communications of the Republic of Lithuania and the Public Railway Infrastructure Manager LTG Infra, as well as in accordance with the use of the state budget funds for the implementation of the programme "Implementation of Transport and Communications Policy" concluded between the Ministry of Transport and Communications of the Republic of Lithuania and the Public Railway Infrastructure Manager LTG Infra on an annual basis. Pricing is regulated by Article 25-252 of RTC and the Rules for calculation and payment of the charges of minimum access to public railway infrastructure package, the fee for the use of the public railway infrastructure for the provision of rail transit services and fees for allocated but not used public railway infrastructure capacities, approved by Resolution No 610 of the Government of the Republic of Lithuania of 19 May 2004 "On approval of the rules for calculation and payment of the charges of minimum access to public railway infrastructure package, the fee for the use of the public railway infrastructure for the provision of rail transit services, and fees for allocated but not used public railway infrastructure capacities"; Moreover, for the purpose of operating the public railway infrastructure, the Company, as the manager of public railway infrastructure, has the right to lease public railway infrastructure, which and the conditions for this lease are regulated in Article 23(6) to (10) of the GTC, and in accordance with Article 23(12) of the said Article, the costs incurred in the performance of the functions of the manager of the public railway infrastructure as referred to in Article 24 of the GTC are to be paid, among other things, from the income genera-

ted by the lease of the public railway infrastructure. The rental price of public railway infrastructure facilities shall be calculated on the basis of Article 23(9) of the GTK, as determined by the Resolution of the Government of the Republic of Lithuania No 525 of 11 June 2014 "On the Approval of the Description of the Procedure for the Rental of Public Railway Infrastructure Facilities and the Lease of the Railway Service Facilities Owned by the State of Lithuania".

- maintenance, modernisation and development of public railway infrastructure: the function is carried out in accordance with the annual agreement between the Ministry of Transport and Communications of the Republic of Lithuania and LTG Infra for the use of state budget funds for the implementation of the program "Implementation of Transport and Communications Policy", the funds of the European Structural and Investment (ESI) Funds and the European infrastructure networking measures are allocated and the own funds of LTG Infra are used.

Details of the Company's Special Obligations are available on the Company's website [strategy and results](#) and in the Management Report for 2024.

Indicators for the fulfilment of specific obligations agreed with Appropriations Operator (LR Ministry of Transport and Communications)	Measurement units	2024	Target in 2025
Share of electrified railways compared to the total railway length	%	8	8
Part of the population living and working in noise prevention zones that receives a reduction in noise from railways	%	69	69
Constructed part of the European rail track (south-north direction with the Vilnius link)	%	5.6	10.5
Number of immovable properties of public railway infrastructure and state-owned railway service facilities registered during the reporting year	units	1,396	1,003
Minutes of delay for passenger trains caused by actions of the infrastructure manager	min. /Thousand train run km	3.4	5
Customer satisfaction with the infrastructure manager's minimum access package services (quality of service)	%	100	56
Customer satisfaction with the infrastructure manager's provision of rail service facility services (quality of service provision)	%	56	56

Special obligations performance results (unaudited)

Statement of Profit or Loss, EUR thousand	2022	2023	2024
Revenue	166,142	154,908	161,846
Costs	163,763	148,863	156,333
Result from financial activity	(2,584)	(6,045)	(7,050)
Profit (loss) before taxation	(205)	-	(1,573)
Income tax	7	-	1,537
Net profit (loss)	(197)	-	-
Statement of Financial Position, EUR thousand	31/12/2022	31/12/2023	31/12/2024
Total assets	1,553,394	1,746,422	1,912,925
Equity	590,227	587,206	592,541
Grants	769,236	923,474	1,073,735
Liabilities	193,931	235,741	246,649
Total equity and liabilities	1,553,394	1,746,422	1,912,925

Detailed reports for 2024 are presented in the section “Accounting reports on the activities of the manager of Public Railway Infrastructure”.

Investments

LTG Infra's investments in 2024 amounted to EUR 262.9 million, the major part of which includes the Rail Baltica and Electrification projects. The increase in the scope of the contract work for these two projects led to a significant increase in the investment level of LTG Infra, compared to previous periods.

Investments, EUR million	2022	2023	2024*
Rail Baltica	24.6	67.6	111.6
Electrification of the Vilnius-Klaipėda corridor	59.8	178.1	95.9
Track upgrade programme	22.0	27.7	20.5
Other	48.7	40.1	34.9
Total	155.1	313.5	262.9

* Acquisitions (PPE) amounted to EUR 266.2 million in 2024 (Note 7, page 97) additionally include EUR 5.5 million spare parts purchase. On the other hand, the table above includes EUR 1.8 million value of Intangible assets acquisitions (Note 9, page 101).

Key investment projects in 2024

Development and renewal of railway infrastructure

Continuation of the largest project of Lithuanian railway infrastructure - Rail Baltica

The largest railway infrastructure project Rail Baltica, aimed at connecting the Baltic States with the European-gauge track network dominating in the EU countries. Investments under the programme amount to EUR 111.6 million. Progress of the project during 2024:

- In the railway section Kaunas-LT/LV state border:
 - ongoing technical design works for individual sections of the railway line;
 - construction of the bridge over the Neris river near Jonava (the longest bridge in the Baltics - 1.5 km);
 - ongoing contract earthworks and engineering constructions in the railway section Šveicarija-Žeimiai and Žeimiai-Šėta (27.7 km);
 - an agreement concluded on contract works regarding earthworks and engineering constructions in the 17 km section between Šėta and Ramygala, and further procurement of contract works and materials for other sections;
 - ongoing territory planning of the Panevėžys junction;
- final territory planning in the sections Kaunas-PL/LT state borders and Kaunas-Vilnius;
- procurement of design works for individual sections and objects;
- Procurement of design and installation services for traffic management and control systems as well as the electricity network.





Railway electrification project

The railway electrification project continues to significantly reduce air pollution and increase the efficiency of Lithuania's transport sector.

As part of the Vilnius-Klaipėda corridor electrification project, contract works are being carried out both at the Vilnius railway junction and on the Kaišiadorys-Klaipėda (Draugystės Station) section.

- In 2024, the volumes of investments in electrification amounted to EUR 95.9 million. In the Vilnius railway junction, the main works have been completed, and on the line from Kaišiadorys to Klaipėda, approximately 77% of the works have been completed.
- The completion of the electrification project in 2025 (electrification of 366 km of tracks) will enable freight and passengers to be transported along the entire railway corridor Kena-Vilnius/Vaidotai-Šiauliai-Klaipėda by means of environmentally friendly and efficient electric traction.

The passenger train battery charging infrastructure project (at Varėna station) has started and procurement procedures are being finalised.

Other directions in the development and modernisation of railway infrastructure

Adapting railway infrastructure for national security needs

- Design of a military-civilian loading site in Palemonas. The site will be connected to the European gauge railways and adapted to military needs.
- Reconstruction of the access road to the fuel base of the Ministry of Defence (Pajuostis, Panevėžys district).
- Ongoing projects for the installation of X-ray inspection systems at the border stations of Kybartai and Stasylai.
- Reconstruction of the Pirčiupiai-Jašiūnai crossing to prepare for the establishment of the Rūdinkai polygon.

Ongoing digitisation of railway infrastructure

- **The Station Management and Instrumentation Modernisation (SMIM) project** is being implemented to improve the operational efficiency of railway stations. The project will develop a new operating model and implement the most appropriate management tool of railway stations;
- Ongoing projects to improve the efficiency of traffic management, develop a business model for infrastructure maintenance, and other digitisation projects.

Modernisation of railway stations to increase their attractiveness to the public:

- To make train journeys easily accessible for passengers with disabilities, the "Barrier-free Route" project is being implemented to make train journeys accessible for people with disabilities in railway station areas. The project renovates the railway station accesses, builds ramps, warning strips and other measures. By the end of 2024, major exterior works have been completed at 29 stations and interior works at 23 stations;
- The reconstruction of the Vilnius railway station building has been completed, increasing the attractiveness of Vilnius station for passengers and adapting the station for commercial purposes.
- Pedestrian viaducts at Vilnius and Kaišiadorys stations are reconstructed to make them accessible to people with disabilities. During 2024, the main works of these projects have been carried out and the projects are in their final phase.

Renovation of railway infrastructure objects

LTG Infra is investing in the renewal of its existing infrastructure to ensure safety and the smooth continuation of its core activities. During the reporting period, renovation works were carried out on the main railway tracks, switch replacement programme, reconstruction of defective bridges, repairs of level crossings, replacement of overhead catenary pylons in a state of disrepair (on the Vilnius-Kaunas section), a project for the replacement of the electrical switches and signalling equipment in the Vilnius Region stations, rehabilitation of the fence of the Vilnius Railway Station, replacement of air-conditioning systems in the infrastructure facilities and other asset renovation works. In 2024, the works by the value of EUR 40.1 million have been carried out to renew railway infrastructure assets, including EUR 20.6 million for the renewal of the main rail roads.

Other projects

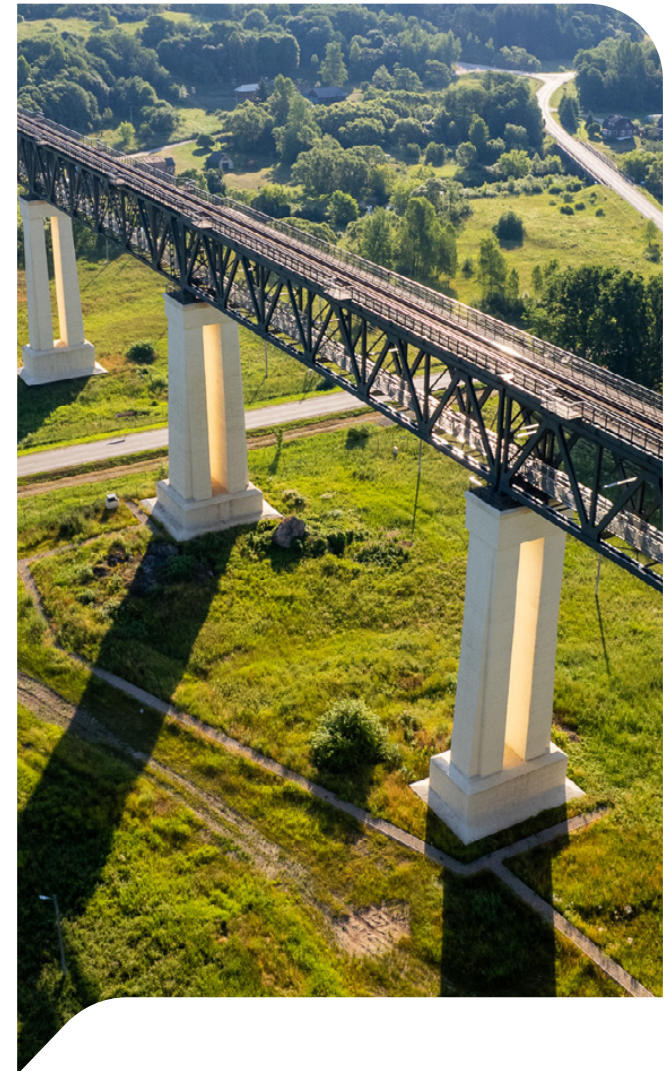
- Capacity expansion works were carried out at Kaunas Intermodal Terminal. The terminal pavement was reinforced and additional handling equipment for transshipment of semi-trailers was purchased, and the semi-trailer parking area was extended. The projects have increased the handling capacity for semi-trailer transport on the Rail Baltica line.
- In order to improve traffic safety at level crossings, 4 level crossing modernisation projects covering 35 crossings were implemented in 2024 (projects in 2024 included procurement of modernisation services, design works and/or contract works).
- The unsafe KLUB-U locomotive safety systems (LSS), manufactured in Russia, are currently being replaced by new locomotive safety systems on rolling stock. In 2024, 4 rolling stock will have their systems replaced, for a total of 15 rolling stock to be replaced.

Planned investment projects and their investment orientations

The following investments in rail infrastructure are planned for the near future:

- The projects that have been started but not finished will be continued in 2024, of which the most significant are **Rail Baltica** and **Railway Electrification**, as well as projects dealing with adaptation of stations for people with disabilities, modernisation of level crossings and digitisation projects, are ongoing;
- Renovation of depreciated assets (main rail roads, switches, bridges, catenary supports, level crossings and other facilities) necessary to ensure traffic safety and maintain the parameters of the existing infrastructure;
- Intensification of investments to increase military mobility in the country (installation of a military/civilian loading site in Palemonas) and national security (installation of X-ray machines at border stations).

The investment programme (scope of asset renewal, inclusion of individual projects in the investment portfolio) of LTG Infra depends to a large extent on the funding decisions of the EU and the State budget.



Divident policy

The payment of dividends by state-owned enterprises and the amount of profit contributions is governed by Resolution No. 665 of 6 June 2012 of the Government of the Republic of Lithuania 'On approval of the procedure for exercising pecuniary and non-pecuniary rights of the state in state owned enterprises', and the amendments thereto (information is available on the website of legislation of the Seimas of the Republic of Lithuania <https://ltginfra.lt/en/about-us/management/internal-legal-acts/>). The consolidated version is effective as of 5 April 2022.

The allocation and payment of the Company's dividends is governed by the LTG Group's Policy for Allocation of Dividends and the Description of the Procedure for the Calculation and Use of the Public Railway Infrastructure Manager's Operating Result, approved by the Order of the Minister of Transport and Communications of the Republic of Lithuania No 3-289 of 6 June 2022, which has been drawn up in accordance with the provisions of Article 241(9) of the RTC <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/40eeb720e5cf11ec896de0b71e988500?positionInSearchRes>.

Based on the LTG Group's **Policy for Allocation of Dividends**, allocation of dividends for the financial year or a period shorter than the financial year is planned taking into consideration the level of return on equity, net profit earned, financial ability to pay dividends, implementation of economic projects of state importance, as well as other circumstances and conditions as set out in the LTG Group's Procedure for Allocation of Dividends.

The Board of the Company may propose a higher share of profit to be distributed for dividends taking into account the implementation of financial plans, significant financial ratios (net profit, EBITDA, financial debt to EBITDA ratio, financial debt to equity ratio) at the end of the reporting period, if the payment of such higher share of profit has no negative

effect on the implementation of the Company's **Long-Term Strategy** (2040).

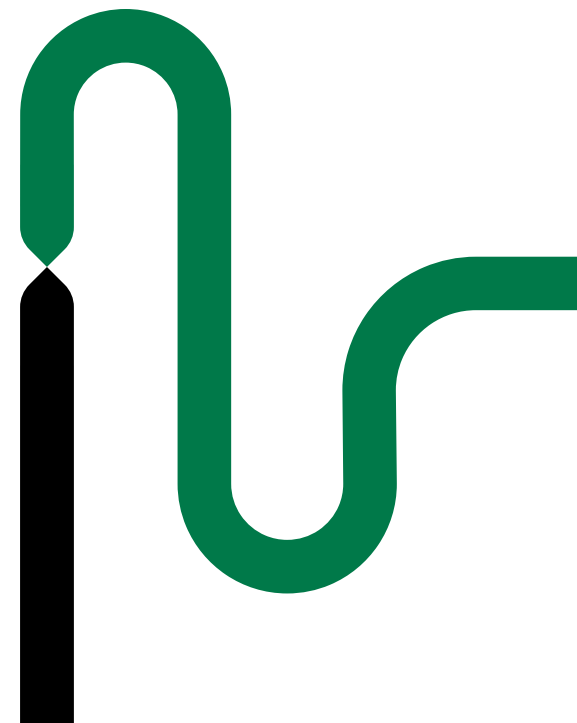
The Board of the Company may propose a lower profit share to be allocated for dividends or no allocation at all, if at least one of the following conditions is met:

- The Company incurred a net loss for the reporting period;
- The Company's performance as monitored by institutional creditors at the end of the reporting period for which dividends are proposed would not be in line with contractual values or the size of the indicators would adversely affect the credit rating;
- The Company carries out or participates in carrying out an economic project recognized as of state importance by resolutions of the Government of the Republic of Lithuania or the Seimas of the Republic of Lithuania, or a particularly important project that has an impact on the long-term strategy implemented by LTG Group;
- The Company's equity after payment of dividends would become less than the amount of authorized capital, compulsory reserve, revaluation reserve and reserve for acquiring own shares;
- The Company is insolvent or would become such after the payment of dividends.

The Company, performing the functions of public railway infrastructure manager, pays dividends calculated in accordance with the Procedure for Allocation of Dividends to the extent compatible with the requirements of Article 241

(10–12) of the RTC and the provisions of the Description of the Procedure for the Calculation and Use of the Public Railway Infrastructure Manager's Operating Result.

The Company has not paid any dividends during the last three years.

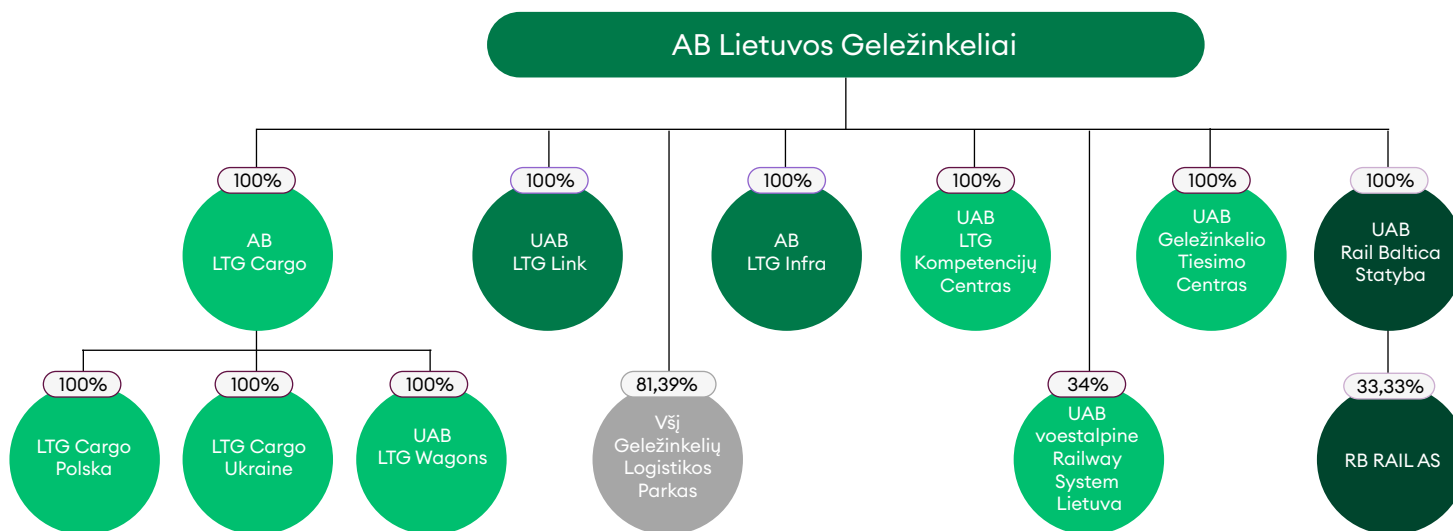




Governance report

Group structure

The Company belongs to the LTG Group, the largest freight, passenger and infrastructure management group in the Baltic States. 100% of the Company's shares are owned by LTG. The Company did not have any subsidiaries during the reporting period.



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

Governance model

LTG Group's corporate governance is organised in such a way as to maintain an effective and result-oriented balance between the management and control measures of LTG Group. The governance model of the LTG Group is centralised, i.e. the governing bodies of LTG (further - LTG) consider and approve the LTG Group's consolidated strategy, consolidated business objectives, the indicators against which they are measured and the targets to be achieved, consolidated budget and operating plan. LTG establishes rules and procedures for the coordination, supervision and control of the performance plans 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, by consolidating competences and introducing functional excellence. The parent company coordinates the finance, legal, planning and monitoring, human resources, risk management, audit, technology, communication and other general areas of the LTG Group companies through common policies, regulations and norms that apply to all LTG Group companies.

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

The corporate governance of the LTG Group shall be organised in accordance with the following principles:

- Openness and transparency of operations;
- Compliance with the legal framework and effectiveness of corporate governance;

- The fulfilment of shareholders' expectations;
- Cooperation with stakeholders and their role;
- Effective and efficient risk management and internal control systems;
- Clarity and sustainability of objectives;
- Responsibility and accountability of the governing bodies.

Operational policies

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

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

An updated **Risk Management Policy**, which provides a coherent and common principles-based risk management framework for the LTG Group to achieve the objectives set out in the LTG Strategy and to maintain and enhance the value of the LTG Group.

The **Stakeholder Policy** which aims to understand the key concerns and expectations of stakeholders for the LTG Group and to respond consistently and quickly to issues and concerns of stakeholders.

The **People and Culture Policy**, which establishes general principles governing the People and Culture function within the LTG Group, with the aim of managing the human potential and the cultural domain in order to sustainably achieve the LTG Group's strategic objectives.

The **Sustainability Policy**, which aims to set out the LTG Group's sustainability principles and priorities, defining key sustainability-related activities and governance mo-

del. The policy prioritises the relevant sustainability areas where the LTG Group's activities have the greatest environmental impact and seek to create the greatest value.

The **Whistleblowing Policy**, which sets out a unified model, principles and responsibilities for the management of whistleblowing channels within the LTG Group. The LTG Group complies with the responsible conduct framework in accordance with the Guidelines for Multinational Enterprises adopted by the Organisation for Economic Co-operation and Development.

The **Internal Audit Policy** that defines the fundamental principles, objectives and organisation of the management of internal audit activities within the LTG Group.

An updated **Compliance Management Policy**, which sets out a unified compliance management model, principles and responsibilities for the LTG Group.

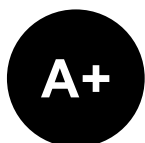
The **Transport Management Policy**, which aims to set out the procedures and conditions for the allocation, use and control of official vehicles, shared vehicles and private vehicles for LTG Group employees.

The **Dividend Policy**, which lays down the dividend policy for the LTG Group as a whole, to be followed by the governing bodies of the companies in the LTG Group when deciding on the distribution of dividends to those companies. The implementation of the Policy aims at contributing to the creation of greater value for the LTG Group and ensuring that shareholders and other market participants of LTG Group companies are properly informed about the future long-term return on their investment in the LTG Group.

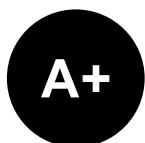
Recognitions of governance

LTG Group is among the leading state-owned enterprises (SOEs) in the 2023/2024 Good Governance Index assessment among SOEs in the large enterprise category, with the highest rating of "A+".

The Company received the highest "A+" rating in all categories (transparency, collegial bodies, strategic planning).



Transparency



Collegial
bodies



Strategic
planning and
implementation



Good
Governance
Index

The assessment tool developed by the Governance Coordination Centre - the Good Governance Index for SOEs - is used to assess the quality of SOEs' governance, and aims to measure and assess the implementation of key good governance practises by state-owned enterprises and the representative institutions that control them. It is currently the only tool that monitors the governance of SOEs and assesses the quality of governance and compliance of all SOEs and their subsidiaries with the provisions of legislation.

Information on shares as at 31 december 2024

Amount of authorised capital, EUR thousand	Number of shares, units	Nominal value per share, EUR
654,928	654,928	1,000

The Company belongs to the LTG Group, the sole shareholder whereof is the parent company LTG. The shareholder of LTG is the State of Lithuania, it owns 100% of its shares, and the shareholder's rights and duties are carried out by the Ministry of Transport and Communications of the Republic of Lithuania.

All the shares of the Company are of the same class, i.e. ordinary registered shares. The shares are non-certified, and they are recorded in personal securities accounts, in accordance with the procedure established by the legislation.

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

Articles of association of the company

The Company's Articles of Association is the principal document that the Company follows in its activities.

During the reporting period, the Company's Articles of Association were not amended.

The currently valid Articles of Association of the Company are available on the Company's website <https://ltginfra.lt/en/about-us/management/internal-legal-acts/>.

The Company's Articles of Association are amended under the decision of the general meeting of shareholders by a qualified majority of votes, which shall be at least 2/3 of votes conferred by all shares held by all the shareholders participating in the meeting.

Governing bodies of the company

According to the Articles of Association, the management bodies of the Company are as follows:

- The General Meeting of Shareholders;
- The Board;
- The Head of the Company.

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

The sole shareholder of the Company is LTG which adopts the main decisions related to implementation of property rights and obligations of the Company's shareholder.

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

According to the Articles of Association of the Company, during the reporting period, an additional competence of the General Meeting of Shareholders was to agree to the decisions of the Company's Board:

- regarding the arrangement of the Company's essential risks by importance and the approval of their management strategies
- regarding the investment, purchase and sale of the Company's facilities and assets important for ensuring national security, or any other property transfer, pledging or mortgage transactions;
- regarding approval for the Company to enter into a contract for ensuring the quality and financing of railway service facilities owned by the State of Lithuania and its amendments;
- regarding the Company's becoming a founder or participant of other legal entities;
- for the Company to start carrying out a new type of activity or to terminate the Company's activities, if the corresponding decision was not taken when approving the Company's activity strategy;
- to establish the Company's branches and representative offices, to terminate their activities, to appoint and recall the heads of the Company's branches and representative offices, to approve the regulations of the branches and representative offices;
- regarding the investment of the Company's long-term assets, the balance sheet value of which is equal to or greater than EUR 3,000,000 (three million) (excluding value added tax), in companies of the Company's Group or third parties, the transfer or lease of these assets;
- regarding the pledge and mortgage of the Company's non-current assets, the balance sheet value of which is equal to or greater than EUR 3,000,000 (three million) (without value added tax);

- to make decisions regarding the surety or guarantee of the fulfilment of the obligations of other persons, the amount of which is equal to or greater than EUR 3,000,000 (three million) (without value added tax);
- to purchase non-current assets at a price equal to or greater than EUR 3,000,000 (three million) (without value added tax);
- regarding loan or other financing transactions, the value of which is equal to or greater than EUR 3,000,000 (three million);
- to make decisions to enter into transactions for the procurement of goods, services, works, the value of which is equal to or greater than EUR 3,000,000 (three million) (without value added tax) and to approve the essential conditions of these transactions (before the Company starts the procurement procedures);
- to make decisions regarding the approval of the essential conditions of the service contracts provided by the Company, if the planned annual income of the contract or the planned income during the entire period of validity of the contract may be equal to or greater than EUR 3,000,000 (three million) (without value added tax). This clause does not apply to contracts for the allocation of public railway infrastructure capacity, contracts for the use of public railway infrastructure, the use of railway service facilities managed by the Company and contracts for the provision of services provided in these facilities.
- regarding the approval of the Company, as a shareholder of subsidiary companies, of the decisions of the management bodies of subsidiary companies specified in the articles of association of these companies, regarding long-term asset investment, transfer, lease, acquisition, pledging, mortgage and surety and provision of guarantees for the obligations of other persons, the procurement of goods, services and works, loan or other financing transactions, when the value of the transaction is equal to or greater than EUR 3,000,000 (three million) (without value added tax).

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

Key decisions of the general meeting of shareholders in 2024

- Approval of the Company's risk management strategy;
- Approval of the financial statements and distributable profit/loss for 2023;
- Approval of the Board's decision to conclude contracts regarding purchase of works and materials for the investment project "Programme for the renewal of main railway lines" for the period 2025 and 2026;
- Approval of the Board's decision to conclude a contract regarding purchase of services for the adaptation of the signalling equipment of the microprocessor-based switching and signalling interlocking system on the section Šiauliai-Klaipėda;
- Approval of the Board's decision to conclude transactions for the purchase of services for the upgrade of the Traffic Management and Control System and for the purchase of services for the development and installation of connectors, interfaces and integrations for this system;
- Approval of the Board's decision to conclude a contract for the purchase of maintenance of railway tracks and switches;
- Approval of the Board's decision to conclude a transaction regarding purchase of electricity from renewable energy sources;
- Approval of the Board's decision to conclude a procurement contract regarding physical protection, monitoring and response services for objects;
- Approval of the Board's decision to conclude procurement contracts for design services, installation of equipment and contracting works regarding installation of an X-ray control system for trains at Kybartai and Stasyiai railway stations;

- Approval of the Board's decision to conclude a transaction for the installation of a double track railway crossing on the railway section Kaunas-Panevėžys-LT/LV border and construction of civil engineering structures in the section Ramygala-Berčiūnai 78-102,43 km (24,43 km);
- Approval of the Board's decision to conclude a transaction for the construction of a new railway crossing on the railway line section Kaunas-Panevėžys-LT/LV border in the section Berčiūnai-Joniškėlis, km 102,43-114,71 (12,28 km);
- Approval of the Board's decision to conclude a transaction for the procurement of design and construction supervision services for the European standard railway line section Kaunas-Ramygala;
- Approval of the Board's decision to enter into a transaction for the design and supervision services regarding development of railway infrastructure at Kaunas railway station;
- Approval of the Board's decision to conclude transactions for the contract works regarding installation of the railway line on the Kaunas-Lithuania/Latvia border (Phase I);
- Approval of the Board's decision to conclude a procurement transaction of materials necessary for installation in the upper track structure on the Kaunas-Panevėžys-LT/Latvian States border section;
- Approval of the Board's decision to conclude procurement transactions regarding installation of the railway line on the Kaunas-Lithuanian/Latvian border, the construction of a new railway crossing in the section Šėta-Ramygala 48,8-65,9 km (17,1 km) and in the section Šėta-Ramygala 65,9-78 km (12,1 km),
- Approval of the Board's decision to enter into transactions for the depo design and supervision services of Panevėžys and Kaunas railway infrastructure;
- Approval of the Board's decision on the procurement of contract works for the construction of a new railway crossing on the railway line section Kaunas-Panevėžys-LT/LV border on the sections Kaunas (Palemonas)-Šveicarija 0,5-19,4 km (18,9 km), Kaunas (Palemonas)-Šveicarija 0,5-9,0 km (8,5 km) and Kaunas (Palemonas)-Šveicarija 9,0-19,4 km (10,4 km).

The BOARD is a collegial management body of the Company, which consists of 5 members. The members of the Board are elected by the General Meeting of Shareholders for a 4-year term office. The Board elects the chairman from among its members. The same person may be elected as a member of the Board for no more than 2 consecutive terms of office.

Independent members of the Board shall be elected in accordance with the Selection of Candidates for the Board of a State-owned Enterprise or a Municipal Enterprise and Candidates for the Collegial Supervisory or Management Body Elected by the General Meeting of Shareholders of a State-owned Enterprise or a Municipal Enterprise (hereinafter - the Selection Description), approved by Resolution No 631 of the Government of the Republic of Lithuania of 17 June 2015 (as subsequently amended). When forming the board, the provisions of the Selection Description regarding the versatility of the competences of the board members, the requirements for compliance with general and special requirements are followed.

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

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

During the reporting period, the Board had the following additional competences:

- Approve the business strategy of the Company;
- Set the goals of the Company;
- Approve the annual business plan (budget) of the Company;
- Approve the list of information that is considered the Company's commercial (production) secret and confidential information, the terms of use and storage of this information;

- Analyse and assess the Company's essential risks (when assessing these risks, the Board ranks them according to their importance) and approve their management strategies;
- Adopt decisions regarding the investment, purchase and sale of the Company's facilities and assets important for ensuring national security or any other transfer of ownership, pledging or mortgage transactions;
- Adopt decisions regarding the investment of the Company's long-term assets, the balance sheet value of which is equal to or greater than EUR 1,000,000 (one million) (without value added tax), in the companies of the Company's Group or third parties, the transfer or lease of these assets;
- Adopt decisions regarding the pledge and mortgage of the Company's long-term assets, the balance sheet value of which is equal to or greater than EUR 1,000,000 (one million) (without value added tax);
- Adopt decisions on surety or guarantee of the fulfilment of the obligations of other persons, the amount of which is equal to or greater than EUR 1,000,000 (one million) (without value added tax);
- Adopt decisions on the purchase of non-current assets at a price equal to or greater than EUR 1,000,000 (one million) (without value added tax);
- Adopt decisions on loan or other financing transactions, the value of which is equal to or greater than EUR 1,000,000 (one million);
- Adopt decisions to conclude transactions for the procurement of goods, services, works, the value of which is equal to or greater than EUR 1,000,000 (one million) (without value added tax) and approve the essential conditions of these transactions (before the Company starts the procurement procedures);
- Adopt decisions on approval of the essential conditions of the service contracts provided by the Company, if the planned annual income of the contract or the planned income during the entire period of validity of the contract may be equal to or greater than EUR 3,000,000 (three million) (without value added tax) (does not apply to contracts

for the allocation of public railway infrastructure capacity, contracts for the use of public railway infrastructure, contracts for the use of railway service facilities managed by the Company and contracts for the provision of services provided in these facilities);

- Adopt decisions regarding the approval of the Company to enter into the contract for ensuring the quality and financing of railway service facilities owned by the State of Lithuania and its amendments;
- Adopt decisions regarding the Company becoming a founder or participant of other legal entities;
- Adopt decisions for the Company to start carrying out a new type of activity or to terminate the activity carried out by the Company, if the corresponding decision was not taken when approving the Company's activity strategy;
- Adopt decisions to establish the Company's branches and representative offices, terminate their activities, appoint and remove the heads of the Company's branches and representative offices, approve the regulations of the branches and representative offices;
- Adopt decisions regarding the approval of the Company, as a shareholder of subsidiary companies, of the decisions of the management bodies of subsidiary companies specified in the articles of association of these companies, regarding long-term asset investment, transfer, lease, acquisition, pledging, mortgage and surety and provision of guarantees for the obligations of other persons, the procurement of goods, services and works, loan or other financing transactions, when the value of the transaction is equal to or greater than EUR 1,000,000 (one million) (without value added tax);
- Adopt decisions regarding the Company's, as a shareholder of subsidiary companies, approval of the decisions of the management bodies of subsidiary companies regarding the connection, merger, distribution, division, transfer of activities or transfer of subsidiaries by other legal means, becoming founders, participants of other legal entities (except for decisions on becoming founders or participants of associations);

- Approve the terms and conditions of the employment contract and job regulations of the head of the Company, give him/her incentives and impose penalties;
- Taking into account the performance of the Company, to approve the total amount allocated to the Company's employees for promotion of performance;
- Analyse and evaluate other information provided by the head of the Company on the most important issues of the Company's activities;
- Analyse other issues of the Company's activities that are related to the areas of competence of the Board, and, if necessary, make decisions on these issues.

The Board performs the following supervisory functions:

- Supervises the activities of the head of the Company, submits feedback and proposals regarding the activities of the head of the Company to the General Meeting of Shareholders;
- Considers whether the head of the Company is suitable for the position, if the Company operates at a loss;
- Submits proposals to the head of the Company to revoke his/her decisions that contradict laws and other legal acts, these Articles of Association, decisions of the General Meeting of Shareholders or the Board;
- Resolves other matters of supervision of the Company and the head of the Company assigned to the competence of the Board in the Articles of Association, as well as in the decisions of the General Meeting of Shareholders.

The term of office of the Board covers the period between 23-01-2023 to 23-01-2027.

None of the members of the Board own shares of the LTG Group companies.

Composition of the board of the company



GEDIMINAS ALMANTAS

Independent Board Member, Chairperson
Holds position as of 23 January 2023

EDUCATION

- Master of Law, Vilnius University;
- Master of Law, University of Bern (Switzerland) LL.M.;
- Copenhagen Business School (CBS) Industrial Doctoral Student (Ethics and Morality of Business Negotiations);
- American Express Leadership Academy studies at Arizona State University (Arizona State University/ Thunderbird School of Global Management);
- Studies at the Swedish Institute of Sustainable Organizational Management Program "Sustainable Leadership" for Northern Europe.

OTHER POSITIONS HELD

- Chairman of the Board at AB Novaturas;
- Chairman of the Board at AB Lietuvos oro uostai.



HAROLDAS NAUSĖDA

Independent member of the Board
Holds position as of 23 January 2023

EDUCATION

- Bachelor of Computer Science, Vilnius University;
- Master of Business Management and Administration, Vilnius University;
- Master of Business Management for Executives at ISM Executive School and BI Norwegian Business School;
- Studies of Managers and Board Members at the Baltic Institute of Corporate Governance;
- Leadership Studies at Oxford University.

MAIN EMPLOYER, POSITION

- Director of Business Clients and Development Service of UAB Ignitis.

OTHER POSITIONS HELD

- Member of the Board of Ignitis Eesti OÜ;
- Chairman of the Board of Ignitis Suomi Oy



RAMŪNAS RIMKUS

Member of the Board, Civil Servant
Holds position as of 23 January 2023

EDUCATION

- Bachelor of Transport Economics, Vilnius Gediminas Technical University (now Vilnius Tech);
- Master of Transport Logistics, Vilnius Gediminas Technical University (now Vilnius Tech).

MAIN EMPLOYER, POSITION

- Head of the Strategic Planning Division of the Budget and Investments Department of the Ministry of Transport and Communications of the Republic of Lithuania



IEVA LAURAITYTĖ

Member of the Board delegated by the shareholder
Holds position as of 23 January 2023



SIGITAS KUBILIS

Member of the Board delegated by the shareholder
Holds position as of 23 January 2023

Changes in the composition of the board during the reporting period

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

EDUCATION

- Master of Law, Vilnius University;
- Business Management Studies for Executives at ISM University of Management and Economics and BI Norwegian Business School;
- Studies of Managers and Board Members at the Baltic Institute of Corporate Governance.

MAIN EMPLOYER, POSITION

- Administration Director of AB Lietuvos geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842

EDUCATION

- Bachelor of Construction Economics, Vilnius Gediminas Technical University (now Vilnius Tech);
- Master of Engineering Economics and Management, Vilnius Gediminas Technical University (now Vilnius Tech).

MAIN EMPLOYER, POSITION

- Strategy and Development Functions Chief Expert in Project and Investment Management of AB Lietuvos Geležinkeliai, Geležinkelio St. 16, Vilnius, company code 110053842

Competence matrix

Members of the Company's Board are subject to the specific requirements for the selection of members of the Board - civil servants and delegates of the parent company (according to their areas of competence) set out in the selection description of the LTG Group companies LTG Cargo, LTG Infra, LTG Link.

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

The board's activity plan and the most important work carried out

During the reporting period, the Board organised its work in accordance with the Board's annual activity plan approved on 1 December 2023, which provided for the consideration of organisational, strategic, planning, risk management, goal-setting and evaluation, the Board's self-assessment of its own performance, and the reporting of the Company's performance, amongst other items.

During the reporting period, a total of 22 meetings of the Board were held, of which 5 meetings were held in the form of a survey (in writing).

Attendance of the board meetings in 2024

Name, surname of the member	Board meetings
Number of meetings in 2024 (including away meetings, voting in advance in writing)	22
Gediminas Almantas	22
Haroldas Nausėda	22
Ramūnas Rimkus	22
Ieva Lauraitytė	22
Sigitas Kubilis	22

Key decisions of the board in 2024

- Approval of achievement of the Company's annual goals for 2023;
- Approval of achievement of the Company's annual goals for 2023 to form the annual performance incentive fund;
- Approval of the Company's annual report for the year 2023;
- Approval of the Company's annual report for the year 2023 and the draft appropriation of profit (loss);
- Approval of the Company's interim report for the year 2024;
- Approval of the Company's goals for 2025;
- Approval of the Company's operational plan (budget) for 2025;
- Approval of the Company's updated operational strategy for 2025-2029;
- Change in the organisational management structure of the Company;
- Approval of the Company's risk management strategy.
- Approval of the decision to conclude contracts regarding purchase of works and materials for the investment project "Programme for the renewal of main railway lines" for the period 2025 and 2026;
- Approval of the decision to conclude a contract regarding purchase of services for the adaptation of the signalling equipment of the microprocessor-based switching and signalling interlocking system on the section Šiauliai - Klaipėda;
- Approval of the decision to conclude transactions for the purchase of services for the upgrade of the Traffic Mana-

gement and Control System and for the purchase of services for the development and installation of connectors, interfaces and integrations for this system;

- Approval of the decision to conclude a contract for the purchase of maintenance of railway tracks and switches;
- Approval of the decision to conclude a transaction for the purchase of electricity from renewable energy sources;
- Approval of the decision to conclude a procurement contract regarding physical protection, monitoring and response services for objects;
- Approval of the decision to conclude procurement contracts for design services, installation of equipment and contracting works regarding installation of an X-ray control system for trains at Kybartai and Stasy Lai railway stations;
- Approval of the decision to conclude a transaction for the installation of a double track railway crossing on the railway section Kaunas-Panevėžys-LT/LV border and construction of civil engineering structures in the section Ramygala-Berčiūnai 78-102,43 km (24,43 km);
- Approval of the decision to conclude a transaction for the construction of a new railway crossing on the railway line section Kaunas-Panevėžys-LT/LV border in the section Berčiūnai-Joniškėlis, km 102,43-114,71 (12,28 km);
- Approval of the decision to conclude a transaction for the procurement of design and construction supervision services for the European standard railway line section Kaunas-Ramygala;
- Approval of the decision to enter into a transaction for the design and supervision services regarding development of railway infrastructure at Kaunas railway station;
- Approval of the decision to conclude transactions for the contract works regarding installation of the railway line on the Kaunas-Lithuania/Latvia border (Phase I);

- Approval of the decision to conclude a procurement transaction of materials necessary for installation in the upper track structure on the Kaunas-Panevėžys-LT/Latvian States border section;
- Approval of the decision to conclude procurement transactions regarding installation of the railway line on the Kaunas-Lithuanian/Latvian border, the construction of a new railway crossing in the section Šėta-Ramygala 48,8-65,9 km (17,1 km) and in the section Šėta-Ramygala 65,9-78 km (12,1 km),
- Approval of the decision to enter into transactions for the depo design and supervision services of Panevėžys and Kaunas railway infrastructure;
- Approval of the decision on the procurement of contract works for the construction of a new railway crossing on the railway line section Kaunas-Panevėžys-LT/LV border on the sections Kaunas (Palemonas)-Šveicarija 0,5-19,4 km (18,9 km), Kaunas (Palemonas)-Šveicarija 0,5-9,0 km (8,5 km) and Kaunas (Palemonas)-Šveicarija 9,0-19,4 km (10,4 km).

Self-assessment and results of the board

On 13 February 2025, the Board carried out an evaluation of the Board's performance for 2024 and prepared a plan of measures to improve its performance. The Board's self-assessment index rose from 4.04 to 4.40 compared to 2023.

Committees and their activities

The Nomination and Remuneration Committees and Audit Committee of LTG operated at the 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 conclusions, opinions, recommendations and proposals to the LTG Board on the selection of the LTG Group's governing bodies and the LTG Group's remuneration policy.

The **Chief Executive Officer** (CEO, Head of Company) is a single-person management body of the Company who organises and manages daily operation of the Company in accordance with his/her powers. The duties and competences of the Chief Executive Officer are defined in the Law on Joint-Stock Companies of the Republic of Lithuania and in the Company's Articles of Association, published on the Company's website <https://ltginfra.lt/en/about-us/activity-and-functions/>. The Chief Executive Officer is elected for a term of 5 years by the Board of the Company, to whom he/she is accountable. The same person may be appointed as the CEO for no more than 2 consecutive terms of office.

The first 5-year term of office of the Company's Chief Executive officer Vytis Žalimas began on 1 December 2023.



VYTIS ŽALIMAS

CEO of the Company
Holds office as of 1 December 2023

EDUCATION

- Bachelor of Management Information Systems and Services, Vilnius University
- Master of International Trade and Marketing, International Business School, Vilnius University

MAIN EMPLOYER, POSITION

- AB LTG Infra, Chief Executive Officer; Geležinkelio St. 2, Vilnius, company code 305202934.

Governance structure of the company

In order to grow the long-term value of LTG Group companies, to ensure rational and efficient use of funds, assets and other resources, and to meet shareholders' expectations and interests, the LTG Group's operating model is focused on the purification and concentration of core activities in subsidiaries. LTG Infra, as part of the LTG Group, is responsible for the performance of the core business of LTG Infra and the achievement of its defined performance targets.

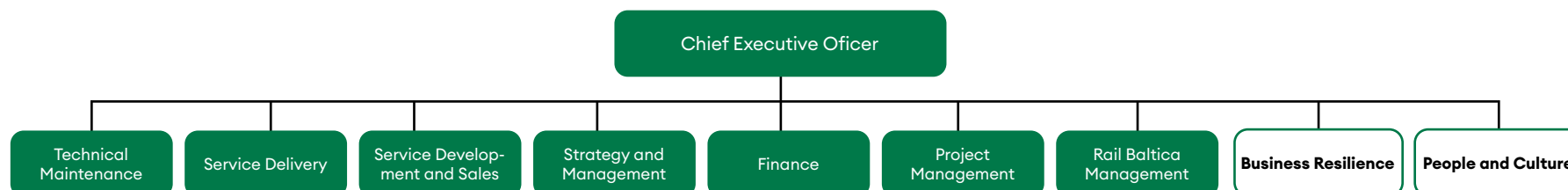
In order to achieve the set goals and to ensure proper management, LTG Infra acts independently in carrying out its activities, makes the decisions in its field of competence and ensures the accountability and responsibility for its performance. In its activities, the Company is guided by the Law on Joint-Stock Companies of the Republic of Lithuania and other legal acts of the Republic of Lithuania regulating the activities of joint-stock companies, including state-owned companies, as well as railway transport, the Company's Articles of Association, decisions of the Company's governing bodies.

In line with LTG Infra's 2024-2028 strategy priorities and development plans, and in order to manage its operations more efficiently, LTG Infra's governance structure was amended on 12 March 2024 with effect from 1 June 2024, and a new governance structure for LTG Infra was approved on 5 December 2024 with effect from 1 February 2025. The positions of Business Resilience Partner and People and Culture Partner were established with direct reporting to the CEO of the Company.

Governance structure of the Company as at 31-12-2024



Governance structure of the Company from 01-02-2025



Management of the company

VYTIS ŽALIMAS	Chief Executive Officer	Holds position as of 1 December 2023
DOVYDAS PALAIMA JUSTAS VYŽINTAS	Head for Rail Baltica Management	Held office from 1 September 2022 to 26 April 2024 Holds position as of 2 May 2024
ARVYDAS DVEILYS	Head for Technical Maintenance	Holds position as of 8 December 2019
REMIGIJUS SKIRKUS ARVYDAS DVEILYS	Head for Quality and Safety With effect from 1 June 2024, the unit is closed	Held office from 8 December 2019 to 31 January 2024 Held office from 1 February 2024 to 31 May 2024 (on a temporary basis)
TOMAS JONIKAITIS	Head for Traffic Management Head for Service Delivery as of 1 June 2024	Holds position as of 1 June 2021
RŪTA JAKUBAUSKIENĖ RAMŪNAS DOKŠAS	Head for Strategy and Management	Held position from 16 March 2022 to 31 March 2023; held position from 1 December 2023 to 31 January 2024; Holds position from 3 April 2024. Held position from 1 February 2024 to 2 April 2024 (on a temporary basis).
RAMŪNAS DOKŠAS TOMAS JONIKAITIS	Head for Management and Development of Terminals With effect from 1 June 2024, the unit is closed	Held office from 1 June 2022 to 03 April 2024 Held office from 23 April 2024 to 31 May 2024 (on a temporary basis)
RAIMONDAS ZEMIKAS	Head for Project Management	Holds position as of 10 July 2023
EGIDIJUS DARGEVIČIUS JADVYGA DIRMANTIENĖ	Head for Infrastructure Services Head of Service Development and Sales as of 1 June 2024	Held office from 20 March 2023 to 9 May 2024 Holds position as of 2 May 2024
RŪTA DABAŠINSKAITĖ – VITKĖ DAINIUS ČEPLINSKAS JŪRATĖ ČEPAITIENĖ	Chief Financial Officer	Held office from 23 February 2024 to 31 July 2024 From 1 August 2024 to 3 November 2024 (on a temporary basis) Holds position as of 4 November 2024
VIDMANTAS ČERKAUSKAS	Business Resilience Partner	Holds position as of 11 November 2024
GRETA KERNAGIENĖ	People and Culture Partner	Holds position as of 1 February 2025

Internal audit

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

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

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

Management of interests

During the reporting period, the Board actively enforced compliance with national and Company's internal legislation on the prevention of conflicts of interest. Potential conflicts of interest were checked at the beginning of each Board meeting and, in the event of potential conflicts of interest, Board members abstained from voting on the relevant agenda items.

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

Information on remuneration of the company's CEO

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

- **Basic monthly salary.** The monthly base salary of the Company's Chief Executive Officer at the end of the reporting period, as set out in the employment contract, was EUR 10,800. During the period under review, the monthly base salary of the Company's CEO has increased by 8% from EUR 10,000 to EUR 10,800.
- **Annual performance incentives.** In addition to the base salary, the Company's Chief Executive Officer may be paid a variable part of the annual remuneration (annual performance incentive). The incentive scheme shall be approved by the LTG Board. Under this scheme, the level of achievement of the Company's annual targets has 100% influence on the incentive payment. Each year, the Board of the Company approves the structure of the annual goals of the Company, also threshold values and benchmarks for their achievement and, at the end of the year, verifies performance against the goals and the possibility of paying the annual incentive award.
- The maximum possibility of an annual incentive payment cannot exceed 30% of the established annual base salary. The maximum amount of monthly incentive, i.e. 1/12 of the annual incentive share for 2023, could not exceed EUR 3,000.
- For the CEO of the Company, who joined on 1 December 2023, the incentive paid in 2024 in respect of the achievement of the 2023 targets, was calculated pro rata to the time worked and amounted to EUR 2,712.

Goals of the Company for 2023:

Main goals	Indicators of achievement of goals	Measure unit	2023 Benchmarks for achievement of goals minimum achieved exceeded	2023 Indicators of achievement of goals
Infrastructure for seamless mobility	Train operational volume	Million tkm gross	11,0 12,2 13,4	13,9
Value creation through integrating into Western markets	Implementation of key investment projects	%	60 80 100	85,9
Operational efficiency	LTG Infra costs	EUR million	200,34 190,8 181,26	181,7
	Operating costs to revenue ratio of LTG Infra	ratio	1,07 1,02 0,97	1,02
Business development	RSF and ORR	EUR million	30,4 33,8 37,2	24,3
Business resilience	Reducing the risk level of traffic safety for severe accidents, arising from the liability of the infrastructure manager.	Number of severe accidents arising due to LTG Infra as a perpetrator	>1 0 -	0
	Reducing the risk level of traffic safety for small accidents.	Number of small accidents (weighted number)/million, tr. km	1,26 1,19 1,11	0,25
ESG (Environmental, Social and Governance directions)	Implementation of RES programme	Achievement level	"1) Commencement of contracting works of the pilot project for the installation of solar modules in noise attenuation walls. 1) A strategy has been developed for the generation and purchase of electricity in the medium and long term. 2) Implementation of the pilot project for the installation of solar modules in noise attenuation walls. 1) A strategy has been developed for the generation and purchase of electricity in the medium and long term. 2) Implementation of the pilot project for the installation of solar modules in noise attenuation walls. 3) Identification of buildings on which solar modules could be placed."	"Partially achieved"

Information on remuneration of board members

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

The remuneration of independent members of the Board and civil servants holding the position of a member of a collegial body is determined in accordance with the provisions of the Resolution of the Government of the Republic of Lithuania of 3 August 2022, No. 1092 "On 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 Civil Liability Insurance for Members of Collegial Bodies of State-Owned Enterprises and Municipally-Owned Enterprises", the provisions of which stipulate, that the monthly remuneration of an independent member of a company's collegial body and of a member of the collegial body who is another person selected by the entity initiating the selection should be at least 1/4 of the average monthly salary of the company's CEO and not more than the average monthly salary of the company's CEO. For a civil servant holding a position as a member of a collegial body of a state-owned company or a municipally-owned company, the remuneration should be at least 1/8 and no 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 CEO.

To implement the provisions of the aforementioned Resolution, the Minister of Transport and Communications of the Republic of Lithuania issued an Order on 2 December 2022, based on which the updated regulation on remuneration of the members of the Board and the members of the

Committees of the AB Lietuvos geležinkeliai, which mutatis mutandis applies to the members of the collegial bodies of the subsidiaries, was approved.

The remuneration of the members of the Board of the Company has been determined by a decision of the Company's sole shareholder, providing that the monthly remuneration of the Chairman of the Board of the Company shall be EUR 3,489, the monthly remuneration of an independent member of the Board of the Company shall be EUR 2,617, the monthly remuneration of a member of the Board of the Company, who is a civil servant and a member of the Board of Directors of the parent company, who is delegated by the parent company, shall be EUR 1,308. At the same time, the rule is laid down that if individual members of the Board are elected, their remuneration shall be at the same level as that of the members of the existing Board.

Remuneration paid to members of the Board in 2024:

Name, surname of the member	Remuneration for activity of a member of the Board in 2024, EUR
Gediminas Almantas	41 868
Haroldas Nausėda	31 404
Ramūnas Rimkus	15 696
Ieva Lauraitytė	15 696
Sigitas Kubilis	15 696

** The presented remuneration is inclusive of all taxes and contributions payable.*



Employees / remuneration report

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

Initiatives and significant events in 2024

- Special attention was paid to fostering the LTG group's values (Customer, Responsibility, Cooperation, Improvement) - team activities were organised in Lithuania and Poland using a unique board game "LTG Genas" developed by LTG employees and external suppliers. As more and more employees are involved in this format, we have seen an increase in the awareness of values, team building, mutual knowledge, cooperation and trust in each other.
- A periodic extended organisational culture survey "Voice of Employees" was carried out, measuring employee engagement, satisfaction, employee (eNPS) and customer loyalty (NPS) indicators, identifying progress in organisational culture and areas for improvement. In 2024, the study revealed high employee engagement, satisfaction and rapidly growing loyalty rates, significantly above the Scandinavian transport sector average.

- To embed the principles of inclusive and nurturing leadership, measures have been implemented to strengthen leadership competences: continuous development programmes for middle level and team leaders, e-learning cycle for leadership competences, leadership through strengths sessions; shift programme, updated and digitalised training programme for new managers, "The Manager's Standard". To ensure the development of the necessary competences, mandatory and professional training has been organised through external suppliers and the LTG Group's internal resources, which include an e-learning and knowledge testing base and in-house trainers' training. In line with the principles of flexible learning, the "Friday for Growth" initiative was implemented for the personal growth of all LTG Group employees, covering topics such as sustainability, emotional well-being, personal effectiveness, digital literacy, etc. In order to improve the learning experience of new LTG employees during their adaptation to the organisation, a "Newcomer" programme was developed, based on video training content and interactive group activities.
- The LTG Group became a member of the Diversity Charter. A diversity awareness project was also initiated, SO-PA's DUOday initiative was joined, Diversity Month was celebrated in May, the ABC of Equality and Non-Discrimination training was launched, and the Equal Opportunities Ombudsman's Office awarded the LTG Group the third Equal Opportunities Wing out of a possible three for its commitment to a safe and inclusive environment.
- The LTG Group has paid particular attention to cooperation with educational institutions: in order to raise the profile of the railway professions and to encourage students to pursue engineering studies, knowledge and experience were shared at conferences, lectures, panel discussions, working groups, active involvement in initiatives of educational partners, suggesting railway topics for final theses at higher education institutions, and carrying out LTG Group shadowing projects. The Company active participated in the project "Transport and

Communications Career Laboratory" initiated by the Ministry of Transport and Communications of the Republic of Lithuania and in the project "Vilnius is a School" initiated by the Vilnius City Municipality and the EDU. A consortium agreement was signed for the Massachusetts Institute of Technology (MIT) International Science and Technology Initiatives (MISTI) programme for Lithuania. A cooperation agreement was signed with the State College of Šiauliai to expand the range of educational partners. The doubling of the number of young talents involved in the Growing Leaders internship programme, now in its third consecutive year, was also encouraging.

- Changes in the organisational structure have been implemented, focusing on more efficient organisational solutions, reinforcement of customer best practices and project management.
- The Company's senior management team was strengthened and fully established in line with the Company's strategic objectives and priorities.
- New technology and digitalisation initiatives continue and new innovative solutions are being introduced.

Number of employees and average salary

Position group	31-12-2024**						31-12-2023		31-12-2022	
	Number of employees			Average salary, EUR			Number of employees	Average salary, EUR	Number of employees	Average salary, EUR
	Total	Women	Men	Total	Women	Men				
Head of the Company*	1	-	1	10,800	-	-	1	10,000	1	9,005
Top-level managers*	7	2	5	7,853	-	7,874	8	7,230	9	6,569
Senior executives and specialists in exceptional fields	43	8	35	5,101	5,056	5,110	30	4,777	22	4,498
Middle-level managers and individual experts	196	66	130	3,437	3,392	3,459	164	3,182	143	3,109
Team leaders and experienced specialists	922	248	674	2,295	2,263	2,306	929	2,117	963	1,963
Specialists and experienced operational/service staff	436	219	217	1,888	1,873	1,905	433	1,731	439	1,597
Operational/service staff, qualified workers	748	192	556	1,547	1,561	1,542	853	1,440	876	1,326
Total	2353	735	1618	2,119	2,078	2,138	2418	1,920	2453	1,749

As at 31 December 2024, **the number of the Company's employees** was 2353, 18 employees were on long-term leave (parental leave, maternity leave, military service, etc.). The number of employees has decreased by 65 or 2.7%, compared to the data as at 31 December 2023.

The average monthly salary, compared to 2023, changed from EUR 1,920 to EUR 2,119. The most significant contributor to the increase has been the pay review in April, conducted at LTG Group.

The total payroll fund amounted to EUR 59.9 million (excluding compensations for unused leave, severance payments, accruals, non-capitalised wages) and increased by EUR 3.6 million compared to 2023 (from EUR 56.3 million to EUR 59.9 million). In addition, in April 2024, as in other LTG Group companies, the annual incentives for performance in the amount of EUR 2.6 million were paid to the Company's employees for the year 2023.

* Fixed remuneration as at the end of the period. The components of the remuneration of the Company's Chief Executive Officer are described in the Corporate Governance section under the information on the remuneration of the members of the Board and the Chief Executive Officer of the Company. As at 31 December 2024, the monthly salary of top-level managers as stated in their labour contracts, amounted to EUR 7,853, and the average actual salary of these function groups, including the annual bonus for performance results, amounted to EUR 8,903.

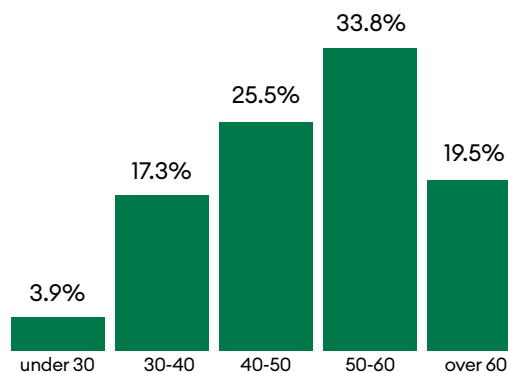
**For reasons of confidentiality, information on and difference in average salary by gender is not disclosed, if there are less than 5 employees of the same gender in the function group.

Distribution of the company's employees by age, gender, length of service and education as at 31 december 2024

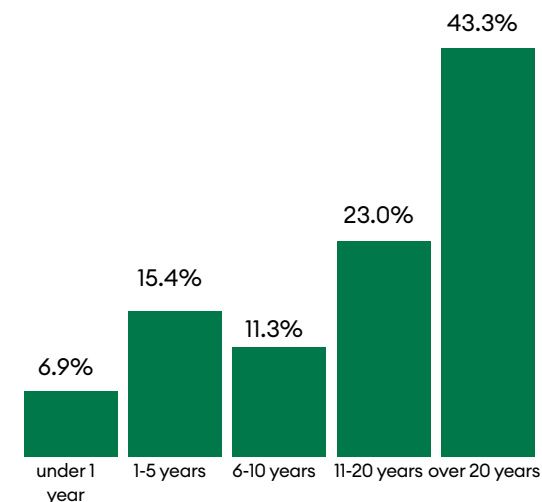
People and Culture Policy

The People and Culture Policy is approved by the LTG Board and its provisions and principles apply to all LTG Group companies. This policy, as all others ["legal acts approved by LTG Board"](#), is publicly announced.

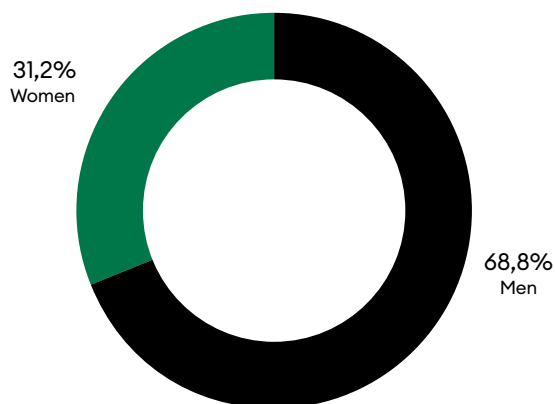
Employee distribution by age groups, %



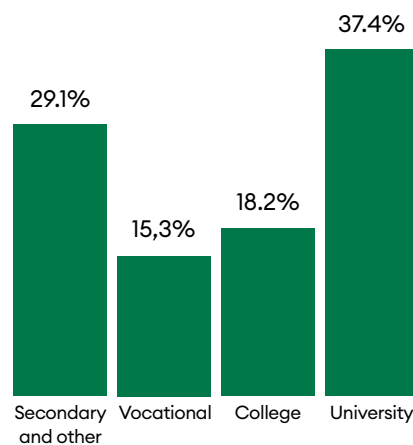
Employee distribution by length of service, %



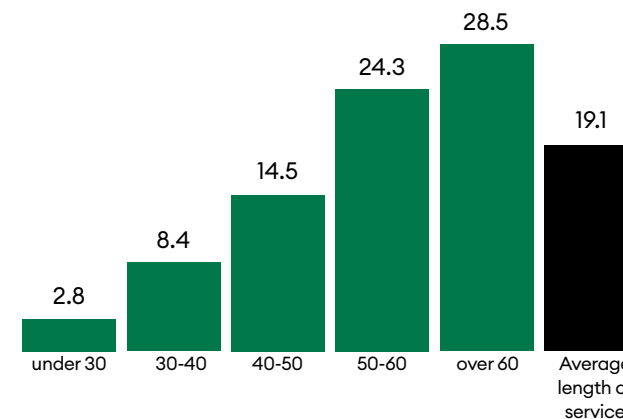
Employee distribution by gender, %



Employee distribution by education, %



Employee distribution by average length of service, years



Remuneration and performance management

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

- competitive remuneration packages to attract and retain the right skills;
- equal opportunities and non-discrimination in summarising and rewarding employee performance;
- the principle of internal equity in rewarding comparable work;
- increasing involvement;
- encouragement for staff to develop and improve their competences;
- fostering the principles of transparency and responsible management;
- effective management of personnel costs and creation of shareholder value.

The core elements of remuneration setting and review are:

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

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

The periodic review of base salaries is carried out annually and the principles of the review are linked to clear and objective criteria - a comparison of the current remuneration of employees with the market, the Company's financial performance and the budget allocated for the review, and a summary of each employee's annual performance. The periodic review of remuneration generally takes effect on 1 April of each year. The implementation of the review for 2024 resulted in an increase in the Company's monthly payroll fund by EUR 307 thousand, and 93% of staff have received a pay rise on the basis of uniform review criteria.

After the end of the financial year and after an assessment of the Company's performance, an annual performance incentive fund is established by a decision of the Company's Board. Such fund shall be an employer-initiated incentive to employees for good performance and a positive performance of the Company, as referred to in Article 139(2) (6) of the Labour Code of the Republic of Lithuania, and shall be granted on the basis of Article 142(1)(2) of the Labour Code of the Republic of Lithuania. The incentive is also forward-looking as a motivational tool for employees, with individual incentive opportunities linked to positional corporate levels and each employee's annual performance summation. In April 2024, the incentive fund distributed to the Company's employees for 2023 performance amounted to EUR 2.6 million.

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

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

The remuneration policy approved by the LTG Board is applied to all subsidiaries and is publicly published on the Company's website under Remuneration section <https://ltginfra.it/en/about-us/management/remuneration-policy/>. The implementation of this policy is described in the Remuneration Methodology, and internal process standards are used to define the detailed principles of practical implementation. All relevant documents are published on the LTG Group's intranet in the knowledge base and the news for employee.

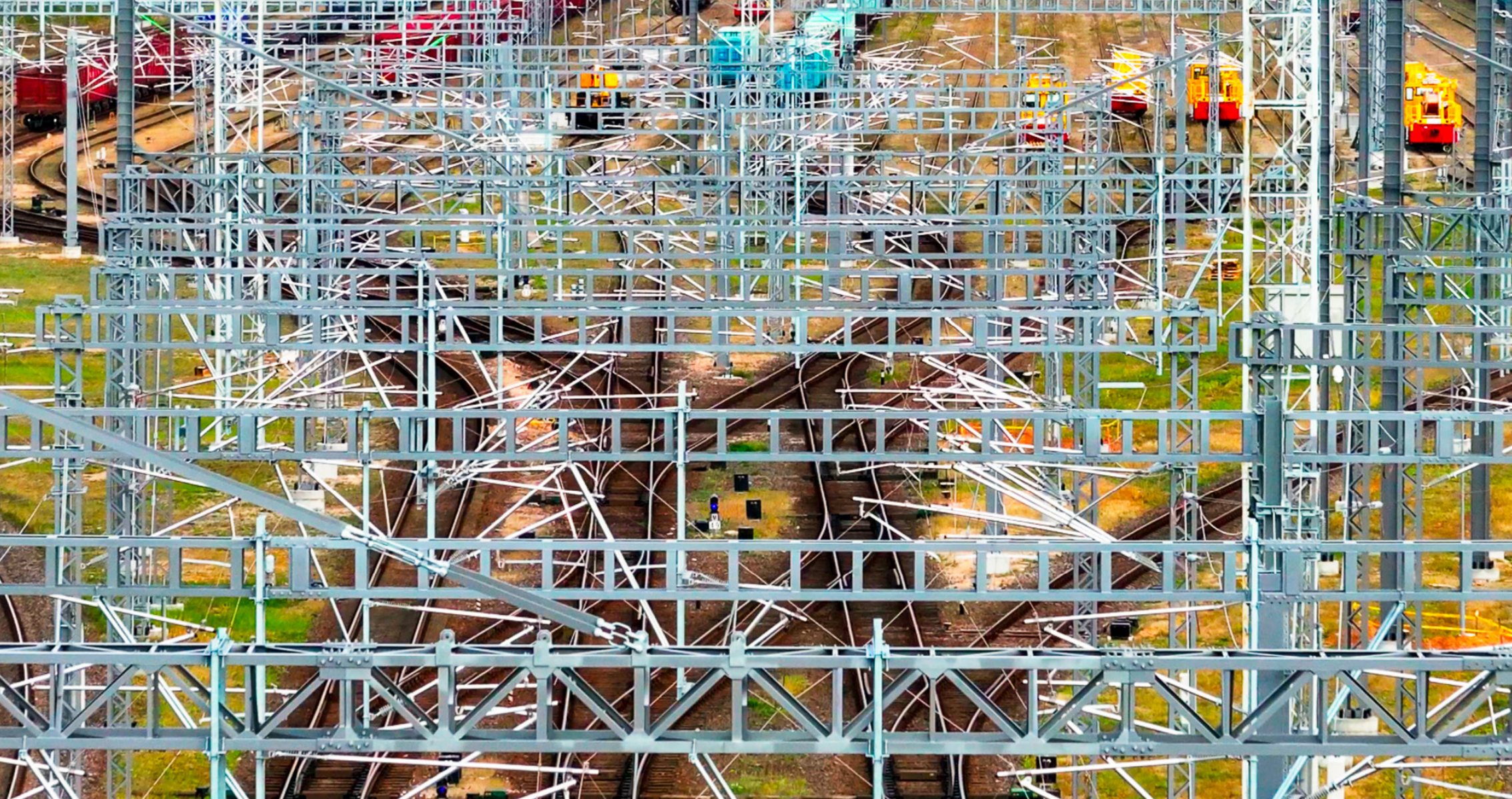
Data on the average remuneration of the Company's employees by general position groups is made publicly available on the Company's website, under the Remuneration section, <https://ltginfra.it/en/about-us/management/remuneration-policy/> and is updated after the end of each calendar quarter. A comparison of the average remuneration of women and men is published at the same time. The Company's remuneration management principles are objective, unified and ensure equal opportunities; however, the actual differences between the average salaries of women and men by general function group remain. These differences are due to the overall distribution of women and men - more men than women work not only in the railway industry as a whole, but also in a number of function groups, in particular in operational positions. Women predominate in support/administrative functions, and their remuneration level remains lower on the market. Men are concentrated in positions where the scope of the activity leads to more competitive market remuneration or where the work is of a special nature - physical exertion, outdoor or other special conditions - where the market remuneration is higher.

Ratio of average salaries of men and women in the company

Function group	2024	2023	2022
ALL EMPLOYEES	1 : 0.97	1 : 0.96	1 : 0.97
Senior executives and specialists in exceptional fields	1 : 0.99	1 : 1.03	-
Middle-level managers and individual experts	1 : 0.98	1 : 1.00	1 : 0.99
Team leaders and experienced specialists	1 : 0.98	1 : 0.98	1 : 1.00
Specialists and experienced operational/service staff	1 : 0.98	1 : 0.99	1 : 0.98
Operational/service staff, qualified workers	1 : 1.01	1 : 1.00	1 : 1.01

**the table compares the ratio of the average salaries of women and men, where men's salaries equal 1 and women's salaries are calculated by dividing women's salaries by men's salaries.*

***for reasons of confidentiality, information on ratio in average salary by gender is not disclosed if there are less than 5 employees of the same gender in the function group.*



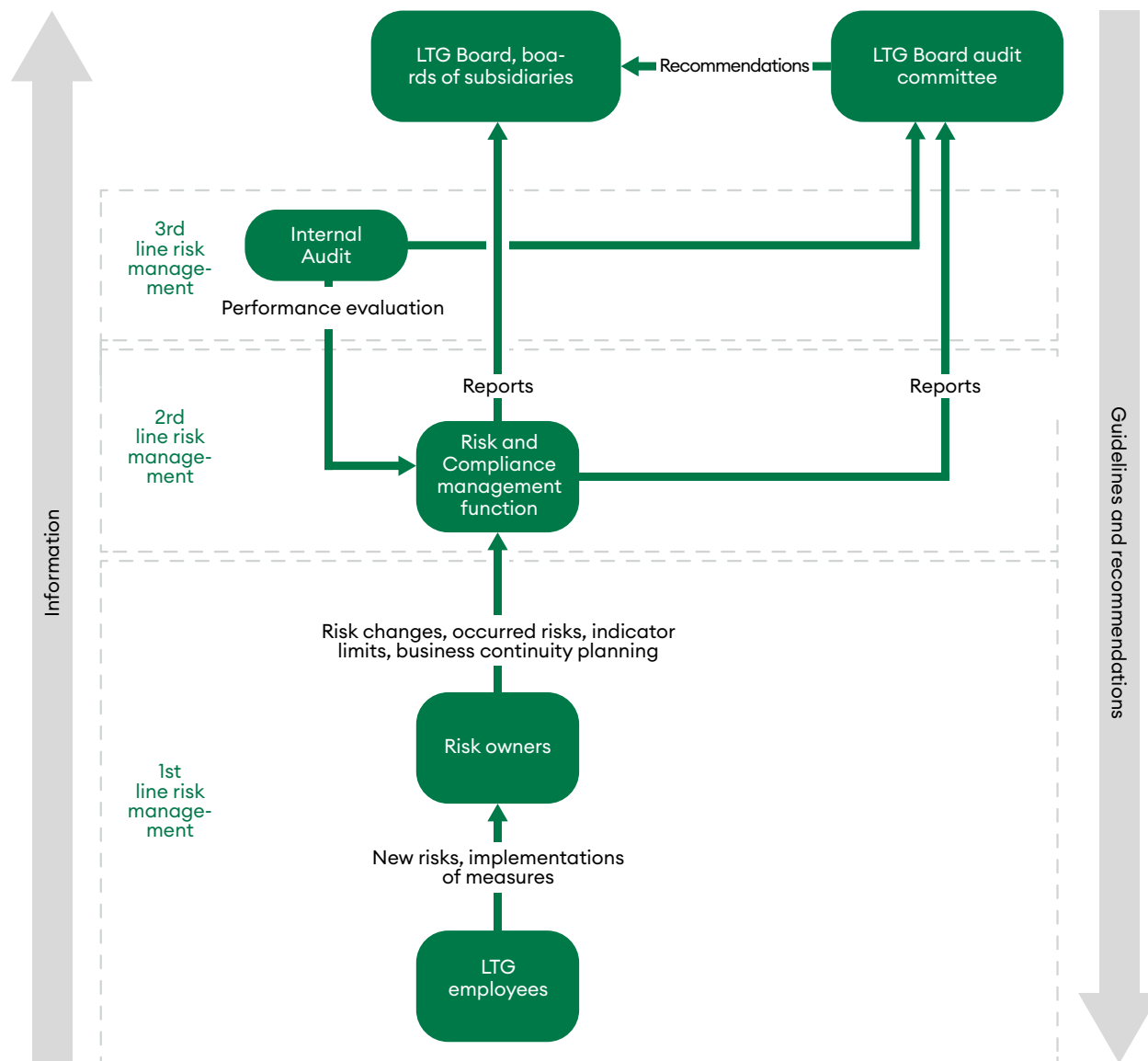
Risks and risk management report

The Company implements and continuously improves the **unified risk management system of the LTG Group**. It is defined in the LTG Group's risk management policy, methodology and procedure standards, which are based on the ISO 31000 (International Organization of Standardization) and COSO ERM (Committee on Sponsoring Organizations of the Treadway Commission, Enterprise Risk Management) and best practices.

In LTG Group, risk management responsibilities are divided according with the **Three Lines Model**. According to it:

- 1st line 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.
- 2nd line 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 consultancy and education on methodological and expert risk management issues to the companies and business units operating at the 1st level of risk management, and prepares reports to the senior management on risk management.
- 3rd line risk management is performed by the Internal Audit Division of LTG, which carries out an independent assessment of the effectiveness of risk management levels 1 and 2, and independently provides comments and recommendations on improvement of the risk management system.

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



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

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

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

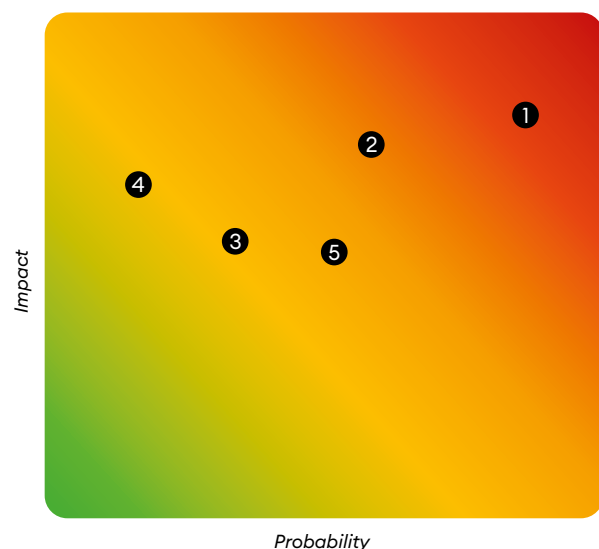
are required. The dynamics of risks and the progress in implementing the measures are monitored periodically on a quarterly basis.

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

In the LTG Group, strategic decisions are 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 related global factors. Based on the nature of the Company's business, the main risks that were relevant in 2024 are presented below.

Main risks and their management measures

Risk map



1. Not secured external funding for strategic infrastructure projects;
2. Use of outdated, less efficient technologies in operations;
3. Resilience of infrastructure and operations to climate change;
4. Lack of contractor capacity to meet LTG Infra's needs;
5. Risk of safety incidents

Name of risk	Main sources of risk	Potential impact	Basic risk management measures
Not secured external funding for strategic infrastructure projects	- Possible change in funding priorities - Failure to secure public funding - Inflation and growth in project values - High technical base/infrastructure costs	- Delayed implementation of projects - Need to change project scope, timelines, technical solutions - Loss of EU funding - Reputational damage	- Centralising and streamlining project management activities - Monitoring of contract works and financing carried out - Ensuring human resource requirements - Submission of applications - Timely communication with stakeholders
Use of outdated, less efficient technologies in operations;	- Long technological lifecycle - Technical and organisational reasons - Lack of resources	- Operational efficiency - Continuity of operations	- Implementing new systems - Modernising technology - Transfer of functionality to other systems
Resilience of infrastructure and operations to climate change	- Increasing storms, precipitation, temperature fluctuations - Sudden onset of disasters	- Continuity of operations - Financial losses for remediation	- Assessing the vulnerability of existing infrastructure to climate change and developing an action plan - Continuous updating and testing of business continuity plans
Lack of contractor capacity to meet LTG Infra's needs	- Small supplier market - Increase in prices of materials and raw materials - Increased procurement and delivery terms - Possible sanctions for suppliers	- Increase in costs - Delayed implementation of projects - Delays in works	- Advance planning - Smooth and timely initiation of purchases - Timely communication of procurement intentions - Supplier checks due to sanctions
Risk of safety incidents	- Failure to comply with work safety instructions - Unsafe behaviour of infrastructure users <i>Inherent risks specific in the activity. These risks are managed with a strong focus applying continuous and systematic measures</i>	- Financial losses due to damage to rolling stock or infrastructure - Damage to reputation due to failure to ensure traffic/worker safety - Disruption of operations due to traffic accidents	- Periodic training and coaching - Mobile app to help keep workers safe - Safety system inspections - Periodic monitoring of physical and technical security - Quality control inspections



Additional information

Information about external audit

Audit of the financial statements of LTG Group companies and the Company is performed in accordance with International Standards on Auditing.

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

The contractual fee for the audit firm for the audit of the 2024 financial statements is set at EUR 76.6 thousand (excluding VAT), for other non-audit services (accounting separation reports, limited assurance engagements in accordance with the International Standard on Assurance Engagements 3000, limited assurance engagements on the calculation of the result and justification of its use in the report on the public railway infrastructure manager's performance by breaking down the performance of the railway infrastructure manager's operations into certain key activities, limited assurance engagements on the report on the calculation and justification of the use of the result in accordance with the International Standard on Assurance Engagements 3000, and translation services)- EUR 40.4 thousand (excluding VAT).

During the reporting period, in addition to the audit of the financial statements, the auditor (KPMG) provided translation services to the LTG Group companies and the Company, as well as audited the compliance certificates to the credit institutions for the reporting period on the LTG Group's and the Company's performance of the special and other financial ratios prescribed in the LTG Group's and the Company's long-term loan agreements.

Information about intangible resources

Information on the main intangible resources and their impact on the business value created is disclosed in the Company's Management Report under the sections Strategy, Governance Report, Employees, Information on the Sustainability Report.

More information is disclosed in the LTG Group's Consolidated Management Report, of which the Sustainability Report is an integral part, which includes information on sustainability topics for both the parent company and all subsidiaries, including information on intangible resources (human resources, working conditions, training and motivation systems in place, the value creation mechanism and value chain participants, the use of advanced technologies in operations and innovative projects, relations with and management of customers, suppliers and investors, uniform policies and standards across the LTG Group, etc.).

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

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

Structured information of the compliance with the Guidelines on Transparency is provided in the Company's annual report for 2024 published on the Company's website <https://ltginfra.lt/en/about-us/strategy-and-results/>.

Description of the Guidelines on Assurance of Transparency in State-Owned Enterprises

Description item	Description provision	Yes/No
SECTION II. DISCLOSURE OF INFORMATION OF A STATE-OWNED ENTERPRISE		
5.	The following data and information must be announced in the internet website of a state-owned enterprise:	-
5.1.	Name;	Yes
5.2.	Code and register, where data about the company is filed and stored;	Yes
5.3.	Headquarters (address);	Yes
5.4.	Legal status, if a state-owned enterprise is under reformation, reorganization (indicate the way of reorganization), liquidation, is becoming or has become bankrupt;	Legal status not registered
5.5.	The name of the institution representing the State and a link to its website;	-
5.5.	Operating goals, vision and mission;	Yes
5.7.	Structure;	Yes
5.8.	Data about the head of the enterprise;	Yes
5.9.	Data about the chairman and members of the Board, if formed according to the Articles of Association;	Yes

Description item	Description provision	Yes/No
5.10.	Data about the chairman and members of the Supervisory Council, if formed according to the Articles of Association;	Not formed
5.11.	Names of committees, if formed; data about their chairmen and members;	Disclosed in the website of the parent LTG
5.12.	The sum of the nominal values of the state-owned shares (in euro to the nearest euro cent) and the share (in percentage) in the authorized capital of the state-owned enterprise;	Yes
5.13.	The performed special obligations that are determined as to recommendations approved by the Minister of Economics and Innovations of the Republic of Lithuania: the purpose of the special obligations, state budget appropriations allocated their implementation in the current calendar year and the legal acts entrusting the state-owned enterprise with the performance of the special obligation, the conditions for fulfilment of the special obligations and (or) regulatory pricing;	Yes
5.14.	Information on social responsibility initiatives and measures, important ongoing or planned investment projects.	Yes

Description item	Description provision	Yes/No
6.	In order to ensure publicity regarding the professionalism of the management and supervisory bodies as well as the members of the committees, formed in a state-owned enterprise, the following data of the persons referred to in sub-points 5.8 – 5.11 of the Description shall be published: name, surname, commencement date of current duties, other current managerial positions in other legal entities, education, qualification, professional experience. If the person stated in sub-points 5.9 – 5.11 of the Description has been elected or appointed as an independent member, this information should be additionally disclosed under his data.	Yes
7.	The following documents shall be announced in the website of a state-owned enterprise:	-
7.1.	Articles of Association;	Yes
7.2.	Statement from an institution representing the State regarding the establishment of the goals and expectations of the State in a state-owned enterprise;	Yes
7.3.	The business strategy or a summary thereof in cases where the business strategy contains confidential information or information which is considered a commercial (industrial) secret;	Yes
7.4.	Document establishing the remuneration policy, setting out the remuneration of the head of a state-owned enterprise and the remuneration of members of collegial bodies and committees formed in a state-owned enterprise, as detailed in the Code of Corporate Governance;	Yes
7.5.	Annual and interim reports of a state-owned enterprise, annual and interim activity reports of a state-owned enterprise for a period of at least five years;	Yes
7.6.	Annual and interim financial statements and auditor's reports on annual financial statements for a period of at least five years;	Yes

Description item	Description provision	Yes/No
8.	When a state-owned enterprise is a parent company, the structure of the group of companies is to be published on its website as well as the information of its subsidiaries and further subsidiaries as specified in Clauses 5.1–5.3 of the Description, the website addresses, the share (percentage) of the share capital owned by the parent company in their authorized capital, also consolidated financial statements and consolidated annual reports.	Structure of LTG Group is published in the LTG's website. LTG Infra does not have any subsidiaries.
9.	When a state-owned enterprise is a participant of legal entities other than those specified in Clause 8, the details of these legal entities specified in Clauses 5.1–5.3 of the Description as well as their website addresses must be published on its website.	LTG Infra is not a participant of other legal entities.
9.1	When a company is a subsidiary or a subsequent subsidiary of a state-owned enterprise, the details of its parent company specified in Clauses 5.1–5.3 of the Description as well as the link to the parent company's website must be published on its website.	Yes
10.	If details specified in Clause 5, 6, 7.1–7.4, 8, 9 and 9.1 of the Description change or are found to be false, information and documents must also be immediately corrected on the website.	Yes
11.	A set of annual financial statements of a state-owned enterprise, an annual report of a state-owned enterprise, an auditor's report on the annual financial statements of a state-owned enterprise must be posted on the website of the state-owned enterprise within 10 business days after their approval.	Yes
12.	Sets of interim financial statements of a state-owned enterprise, interim reports of a state-owned enterprise must be posted on the website of the state-owned enterprise within 2 months after the end of the reporting period.	Yes
13.	Documents specified in Clause 7 of the Description must be posted in the PDF format with the option of printing.	Yes

Description item	Description provision	Yes/No
SECTION III. PREPARATION OF FINANCIAL STATEMENTS, REPORTS AND ACTIVITY REPORTS		
14.	State-owned enterprises maintain their accounts in a manner that ensures the preparation of financial statements in accordance with international accounting standards.	Yes
15.	In addition to a set of annual financial statements, a state-owned enterprise must prepare a set of interim financial statements for periods of 6 months.	Yes
16.	A state-owned enterprise, considered to be a public interest company in accordance with the Law on the Audit of Financial Statements of the Republic of Lithuania, apart from the annual report must additionally prepare a 6-month interim report.	Yes
17.	The following additional details must be provided in an annual report of a state-owned enterprise or an annual activity report of a state enterprise:	
17.1.	A short description of the operating model of the state-owned enterprise;	Yes
17.2.	Information about major events, which had occurred during a fiscal year and later (prior to the preparation of the annual report or the annual activity report) and which were of primary importance to the activities of the state-owned enterprise;	Yes
17.3.	The results of implementation of the targets specified in the established business strategy of the state-owned enterprise;	Yes
17.4.	The profitability, liquidity, assets negotiability, and debt indicators;	Yes
17.5.	The fulfilment of the specific obligations;	Yes
17.6.	The implementation of the investment policy, planned investment projects and investments as well as those under implementation during the reporting year;	Yes
17.7.	The implementation of the risk management policy applicable at the state-owned enterprise;	Yes
17.8.	The implementation of the dividend policy at state-owned enterprises;	Yes

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

Definitions

Ratio	Definition/formula
Revenue	Sales revenue + Grant revenue+Other operating income (excluding Finance income)
Sales revenue*	Revenue, excluding Grant revenue, Other activity income and Finance income
Grant	State budget funds to finance LTG Infra
Costs	Costs, excluding the Corporate tax and Financial 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)	Net profit (loss) for the last 12 months period / Average equity at the beginning and end of the reporting period
Return On Assets (ROA)	Net profit (loss) for the last 12 months period / Average of assets at the beginning and end of the reporting period - Average of current liabilities at the beginning and end of the reporting period
Return On Investment (ROI)	Net profit (loss) for the last 12 months period / Average of assets at the beginning and end of the reporting period - Average of current liabilities at the beginning and end of the reporting period
EBIT	Profit (loss) before the corporate tax – the result of financial activities
EBITDA	Profit (loss) before the corporate tax – the result of financial activity + depreciation and amortization
Normalized EBITDA	Profit (loss) before the corporate income tax + Interest expenses – Interest income + Depreciation and amortisation + (decrease) increase in the value of non-current assets, inventories and investments + (decrease) increase in the value of amounts receivable and contract assets + Costs of provisions not related to operating activities
EBIT margin*	EBIT / Sales revenue
EBITDA margin*	EBITDA / Sales revenue

Ratio	Definition/formula
Normalized EBITDA margin*	Normalized EBITDA / Sales revenue
Net profit margin*	Net profit (loss) / Sales revenue
Equity ratio	Equity at the end of the reporting period / Assets at the end of the reporting period
Debt Service Coverage Ratio	Net profit/(loss) for the last 12 months + amortisation, depreciation and grant costs of the last 12 months + interest expenses of the last 12 months (adjusted considering the non-monetary items) Amortisation of debt for interest + Interest payable for the last 12 months
Financial debt / EBITDA	Financial debt / EBITDA of the last 12-month period
Net debt / EBITDA	Net Debt / EBITDA of the last 12-month period
Financial debt / Equity (D/E)	Financial debt / Equity at the end of the reporting period
Asset turnover ratio*	Sales revenue for the period of the last 12 months / Assets at the end of the reporting period
Quick liquidity rate	Current assets at the end of the reporting period – current liabilities at the end of the reporting period / Current liabilities at the end of the reporting period
Gross liquidity rate	Current assets at the end of the reporting period / Current liabilities at the end of the reporting period
Train operational volume (gross-gross ton/km)	Unit of measure representing by multiplying the gross weight of the train, including the weight of the running locomotive, by the distance travelled
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

*when calculating the LTG Infra's financial indicators, Sales revenue is increased by Grant revenue.

Abbreviations

ESG	<i>Environmental, Social and Corporate Governance</i>
GDPR	General data protection regulation
EU	The European Union
RTC	Railway Transport Code of the Republic of Lithuania
RSF	Railway service facilities
USA	United States of America
KIT	Kaunas Intermodal Terminal
LTG	AB Lietuvos geležinkeliai
Company / LTG Holding / LTG	Parent company AB Lietuvos geležinkeliai
LTG Infra, the Company	AB LTG Infra
LTG Cargo	AB LTG Cargo
LTG Cargo Polska	LTG Cargo Polska Sp.zo.o.
LTG Cargo Ukraine	LLC LTG Cargo Ukraine
LTG Link	UAB LTG Link
Government of RoL	Government of the Republic of Lithuania
RBS	UAB Rail Baltica statyba
SAP/S4H	Business management system

IFRS	IFRS Accounting Standards
VAT	Value Added Tax
GTC/Repair undertaking	UAB Geležinkelio tiesimo centras/undertakings which go to/from the construction, repair and/or maintenance sites of the railway infrastructure objects
VIT	Vilnius Intermodal Terminal
AS	Average salary
VKC	PE Valdymo koordinavimo centras - analytical and good governance centre established by the Government of the Republic of Lithuania to ensure consistent and professional management
SOE	State-owned enterprise

Annual and interim reports as well as financial statements are available publicly on the Company's website <https://ltginfra.lt/en/about-us/strategy-and-results/>



Sustainability report



Sustainability report

LTG prepares a consolidated LTG Group Sustainability Report, which is an integral part of LTG's annual management report. This report includes the Company's sustainable business model, principles, priorities, regulations, and an overview of sustainability initiatives, targets and indicators in the social, environmental and governance areas. The LTG Group's Sustainability Report for 2024 is prepared in accordance with the European Sustainability Reporting Standards (ESRS), the Law on Reporting by Lithuanian Companies and Groups of Companies and taking into account the recommendations of the Governance Co-ordination Centre as well as best practices.

During the reporting period, the Company had no financial commitments related to the ESG (Environmental, Social responsibility, Governance) indicators, nor were there any legal cases or complaints related to climate change events, nor did it incur any additional costs that had a material impact on the financial statements.

Sustainability management in the LTG Group

LTG aims to operate with minimum negative impact on nature and maximum positive impact on people's quality of life. The Group's sustainability activities are managed centrally. The main documents that set the Group's sustainability objectives and directions are the LTG Strategy and the LTG Group Sustainability Policy. The LTG Sustainability Policy, updated in 2024, is an important document that sets out the goals and objectives of LTG's sustainability activities, as well as sustainability principles and priorities. The policy sets out long-term priorities in the environmental, social and governance areas where LTG's activities have the greatest impact on the environment, aim to create the greatest value and make a significant difference.

LTG Infra's priorities and strategic objectives in the environmental, social and governance areas, as well as those of the LTG Group as a whole, are set in the context of where and how LTG's activities have the greatest impact on the environment, are likely to create the greatest value and make a significant and measurable difference.

LTG aims to ensure that its future is based on a culture of sustainability and that its business decisions are guided by strong sustainability principles and values. LTG's sustainable activities are based on the operating principles set out in the United Nations Global Compact, the resolutions of the Paris Agreement, and the provisions of the European Union's strategic documents (the European Commission's Communication on Promoting Corporate Social Responsibility, the Green Paper). The International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the recommendations of the Governance Coordination Centre established by the Government of the Republic of Lithuania, which ensure the implementation of good governance principles in state-owned enterprises, are also essential for sustainability activities.

LTG strives for sustainability and a caring approach to the environment in its relations with all stakeholders: employees, society, government and institutions, customers, suppliers and partners.

Sustainability activities in the company

The Company aims to organise its activities with minimum negative impact on nature and maximum positive impact on people's quality of life. The basis for building a sustainable future lies in the areas of environmental protection, social partnership and progress in responsible governance. LTG Infra defines its corporate strategy for 2025-2029 in the Environmental, Social and Governance (ESG) strategic direction. The Company aims to reduce its impact on the environment and climate change by increasing energy efficiency and the share of renewable energy sources (RES) used in its operations.

	Strategic goals	Ratio	2025	2029
Environmental	Minimise impact on environment and change of climate.	Electrified track as a proportion of the total rail network, %	8	28
	Increase energy efficiency	Total energy savings, GWh	0.6	1.1
Social responsibility	Increase safety level of employees	Time lost due to injury rate (TLDIR)	0.9	0.9
	An inclusive high-performance culture	Employee engagement indicator (measured by an employee opinion survey, %)	87	87
	Reduce risks to the public	Risk to society indicator: weighted number of fatalities and serious injuries / million train km.	0.4	0.4
Governance	Maintain the highest good governance Index	Good Governance Index, score	A+	A+

The Environmental section of the LTG Group's Sustainability Report discloses the LTG Group's environmental objectives and priorities in order to contribute to the reduction of climate impacts and mitigation of climate change and to become a climate neutral organisation by 2050, as well as the initiatives and projects carried out by the LTG Group's companies, including the Company, to reduce their impact on the climate and the environment, and the environmental performance indicators monitored. Among the key activities contributing to the strategic environmental objectives of the LTG Group as a whole and LTG Infra are the following:

- **Reducing impacts on climate change:**

- **Electrification projects:** perhaps the most significant project of the Company, which will determine further steps towards sustainable operations, is the electrification project of the Vilnius railway junction and the Kaišiadorys-Klaipėda railway section. In 2024, the Company is moving towards the completion of this strategically important project in Lithuania. Currently, over 77% of the electrification project works have been completed. The completion of this electrification project, which is important for efficient and green mobility, will not only significantly increase the competitiveness of the Lithuanian transport sector, but will also reduce emissions by as much as 150,000 tonnes per year, enabling the company to make a significant contribution to a more sustainable future for Lithuania. In addition, the electrification of the Kaišiadorys-Klaipėda section and the Vilnius junction will raise the electrification rate of Lithuanian railways to 28%, and to around 35% when Rail Baltica is completed.
- The **Rail Baltica** project for 2024 has also achieved significant milestones. In 2024, the major construction works are taking place on two sections of the line towards the Latvian border - the 10 km section Šveicarija-Žeimiai and the 17.7 km section Žeimiai-Šėta. During the construction of the bridge over the Neris River (Jonava district), 317 piles supporting the bridge were ins-

talled (and tested), 15 piers for installing the pile heads, and access roads to the construction site to ensure the continuous execution of the works, and the bridge columns are to be concreted in 2025. In 2024, the first Rail Baltica rails, 30,000 Rail Baltica sleepers and a 50,000-tonne batch of ballast for the Rail Baltica track also arrived in Lithuania.

The Rail Baltica Sustainability Study was prepared, with the participation of Tadas Varpučinskas, the project's Senior Project Manager for Environment, in the working group. The study recognises that the need for sustainable and environmentally friendly transport solutions is already high, and the HSR project promoters in each Baltic country are committed to deploying modern technologies, paying attention to environmental protection, taking into account the needs of the local communities along the Rail Baltica corridor, and fostering positive, collaborative relationships with communities and stakeholders, including residents, businesses and local authorities. The next stage will be to consult on actions to meet the objectives and targets of the Sustainability Study.

- **Green electricity and energy efficiency:**

- **Energy efficiency** is being achieved through the disposal of redundant real estate, smarter heating of buildings and the replacement of lighting with more modern and sustainable LED. As part of the latter objective, the Company aims to invest in the refurbishment of existing lighting towers that are technically and physically worn out, by installing new lighting towers with LED floodlights, to ensure lighting levels in line with hygiene standards and to prevent accidents.
- The Company is also actively looking for innovative solutions to generate electricity using **renewable energy sources (RES)**. A pilot project has been implemented in 2024 to generate electricity from solar modules. The project installed solar modules on a noise attenuation wall on the Kyviškės-Valčiūnai section. The electricity

generated is fed directly into a transformer and used directly in the operation. The modules are estimated to have a capacity of 30 kW and generate 19 MWh of electricity in the first year.

- An important part of LTG Infra's sustainable policy is the **management of used wooden sleepers**. In order to meet the objectives of LTG's Environmental Strategy 2030 and to reduce the number of storage sites for used wooden sleepers, one of LTG Infra's largest storage sites for wooden sleepers at Radviliškis station was managed in 2024. In total, more than 2,000 tonnes of used wooden sleepers were stored at the site, of which about 1,500 tonnes were handed over to waste managers, and about 535 tonnes of end-of-life sleepers were auctioned.
- In addition to the company's major projects, LTG Infra launched a replanting and reforestation programme four years ago to reduce pollution, reduce noise and contribute to green spaces in and around cities. The LTG Infra team takes into account the existing vegetation when selecting planting material for a specific site. The most common trees planted are of Lithuanian varieties: maple, birch, spruce, oak and pine. In 2024, a significant new green zone was created in Joniškis, near the railway station, where 78 trees were planted. LTG Infra employees in the regions also planted oak trees at the Trakai, Kaunas, Radviliškis and Klaipėda railway stations in the summer of 2024, to commemorate the centenary of the Lithuanian Song Festival "Kad giria žaliuotų".
- **Noise prevention:** Over the last few years, the Company has been implementing projects for the construction of noise attenuation walls in selected areas, taking into account the results of periodic monitoring of rail transport noise levels in Lithuania. Particular attention is paid to the population exposed to the highest noise levels. The installation of the walls involved active cooperation with the municipalities, coordination of architectural and design solutions to ensure that the walls were not only sufficiently effective but also in harmony with the environment. In recent years, LTG Infra has implemen-

ted a project of noise attenuation walls in 7 Lithuanian cities, which will protect the inhabitants of Lithuanian cities from noise and improve the safety situation near the railway. A total of 9 projects were foreseen in this programme - in Šiauliai, Mažeikiai, Lentvaris, Radviliškis, Kaišiadorys, Klaipėda and Kretinga and Radviliškis. These projects also generate socio-economic benefits. Calculations show that EUR 1 invested in noise attenuation walls generates EUR 1.7 in benefits.

- **Fostering innovation:** in order to use sustainable materials in LTG facilities, a pilot project was initiated to test composite sleepers in LTG infrastructure. An analysis of the material used for the sleepers (glass fibre bonded with polyurethane, fibre-reinforced polyolefins, a mixture of recycled rubber raw materials and waste plastics), the specificities of the installation and operation of the sleepers, and the specificities of the structures of the buildings, led to the selection of a better alternative to wooden sleepers, the composite sleepers manufactured by Pionier GmbH, which have a longer service life than wooden and reinforced concrete sleepers, better shock and vibration absorption, are significantly quieter than similar products, are resistant to temperature fluctuations, and are easy to install and maintain. In addition, they do not need to be disposed of: once they are removed from the road and delivered to the manufacturer, composite sleepers can be rebuilt. The bridge chosen for the pilot project is the Joniškis - Latvia border railway bridge. Tests are planned to be carried out over a period of one year to assess the resistance of the sleepers to temperature changes, the flexibility of the fixing elements and the maintenance characteristics. The results of the pilot project and the experience gained can be used to address the issue of replacing existing sleepers with composite sleepers, not only on bridges, but also on other LTG infrastructures, such as: between timber and reinforced concrete sleepers where the thickness of the

ballast is low, on switches, on roads for shunting of rolling stock, and on roads where the probability of a false current signal is high.

- **Promoting sustainable transport:** The company makes sure that all market players are involved in the development of the network, in the planning of repairs, and in innovation. Each year, it organises regular annual meetings with contractors and suppliers to present the Company's procurement and investment plans. This allows market players to prepare for upcoming projects.

The Social section of the LTG Group Sustainability Report highlights the LTG Group's social priorities to ensure the well-being, development, safe working environment, equal opportunities, etc. of its employees, the initiatives undertaken in LTG Group companies, as well as the application of uniform policies, standards and other internal documents across the LTG Group on HR issues, and the monitoring of priority HR indicators. LTG Infra independently carries out a number of activities and projects aimed at improving employee engagement and safety, demonstrating a focus on communities and ensuring people's rights:

- **Encouraging employee initiative:** In February 2024, LTG Infra initiated a project called "Try on a colleague's profession". The huge interest in this initiative led to the transformation of Profession Week into Profession Month. Employees were invited to try out different professions in the company and get to know the work of their colleagues. The choice of positions to try out was wide, ranging from train traffic coordinator, station attendant, surveyor, train driver to general manager. The most popular was LTG Infra's new profession of Special Vehicle Driver. Employees had the opportunity to try out the only one of its kind in the Baltics - a diagnostic vehicle.
- **Ensuring accessibility for people with individual needs:** in order to make train journeys easily accessible

and user-friendly for all passengers, including people with individual needs, seniors, young families with young children, LTG Infra continues to consistently develop the project "Barrier-free Route Accessibility for people with disabilities in the station area", which aims to provide facilities for a safer and more comfortable access to the train. The safe movement of people across the railway is also a major focus, with pedestrian viaducts being reconstructed and adapted for people with special needs.

- **Ensuring traffic safety:** an advanced level crossing monitoring centre has been set up, where the operator will centrally monitor the traffic situation at seven level crossings. The intelligent video surveillance and analytics system installed in the monitoring centre will identify moving objects - people, cars, trucks, abandoned objects - record car number plates, and send an alarm to the operator when an object stops in the crossing area. In total, the centre is expected to monitor around 90 level crossings.
- **Safeguarding communities' interests.** Communities are an important stakeholder in the work of the LTG Group. Their lifestyles and conditions are often influenced by the Group's activities, and the projects implemented need to be in line with their expectations and priorities. LTG Infra actively participates and initiates meetings with the communities living near the railway, as well as holding periodic meetings with associations and communities with special needs to present the progress of the universal design projects. Discussions are focused on listening to their needs and working with municipalities and disabled people's organisations to find solutions to improve people's quality of life and accessibility to rail travel.

Rail Baltica, a project of national importance, will be an important boost to regional development through infrastructure development and job creation. That is why representatives of LTG Infra, which is responsible for the

implementation of the Rail Baltica project in Lithuania, are initiating meetings with the Association of Lithuanian Municipalities and the municipalities in whose territory the European railway will be built. The aim of the meetings is to present the progress of the project at both international and national level and to discuss topical issues. It is planned that such meetings will be held periodically, and that representatives of municipalities will be included in project working groups as required.

- The first **Rail Baltica Information Centre** is opened to the public at Kaunas railway station. The Information Centre is open to passengers, visitors to the railway station and anyone interested in the project's development, progress and key benefits. With the construction of the high-speed railway line, Kaunas International Station will serve more passengers than the capital city - around 11,000 train travellers every day. In 2024, more than 4,000 passengers passed through Kaunas every day.

LTG Group has **a zero-tolerance approach to corruption**, which means that any form of corruption is not tolerated

in LTG Group companies. The Governance section of the LTG Group's Sustainability Report discloses the internal documents which, in addition to the laws and regulations of the Republic of Lithuania, regulate the prevention of corruption in the LTG Group, including in business transactions and public procurement, and which are followed by all LTG Group companies in their operations. Corruption risks and their management measures are disclosed, measures to educate employees on corruption prevention are taken, and corruption resistance indicators are monitored. It should be noted that the LTG Group has been working for several years in accordance with the international standard 37001:2016 "Anti-Corruption Management Systems. The Group has been working in accordance with the requirements of the "Requirements and Guidelines for Use" and has been focusing on reviewing and improving its internal business processes.

In January 2023 LTG Infra elected a Board of Directors with at least 1/3 independent members. An independent board member was also appointed as the Chairman of this Board.

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



Financial statements

Prepared in accordance with ifrs accounting standards as adopted by the European Union,
and independent auditor's report for the financial year ended 31 december 2024



Independent Auditor's Report

To the Shareholders of AB "LTG Infra"

■ Opinion

We have audited the financial statements of AB "LTG Infra" ("the Company"). The Company's financial statements comprise:

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

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

■ Basis for Opinion

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

■ Other Information

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

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

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

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

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

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

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

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

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

■ Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

On behalf of KPMG Baltics, UAB

Vilmantas Karalius
Certified Auditor

Vilnius, the Republic of Lithuania
11 April 2025

The electronic auditor's signature applies only to the Independent Auditor's Report on pages 74 to 76 of this document.

Statement of financial position

	Notes	2024	2023
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,931,613	1,757,200
Land		152,732	152,688
Buildings and structures		1,031,484	983,251
Machinery and equipment		56,094	55,678
Vehicles		12,828	13,691
Other assets, fixtures, fittings and tools		4,638	5,743
Construction in progress and prepayments		673,837	546,149
Right-of-use assets	8	1,702	2,102
Intangible assets	9	13,076	13,610
Software		9,421	11,767
Other intangible assets		3,655	1,843
Investment property	10	1,407	3,247
Financial assets	12	127	132
Other non-current assets		97	105
Total non-current assets		1,948,022	1,776,396
CURRENT ASSETS			
Inventories	11	20,668	11,272
Non-current assets held for sale	11	261	3,738
Trade and other receivables	12	29,806	23,727
Prepayments	13	3,187	2,759
Cash and cash equivalents	14	33,701	77,022
Total current assets		87,623	118,518
TOTAL ASSETS		2,035,645	1,894,914

	Notes	2024	2023
EQUITY			
Authorised capital		654,928	654,928
Legal reserve	16	-	1,258
Other reserves	16	-	3,117
Retained profit (loss)	15	(22,799)	(17,396)
Total equity		632,129	641,907
LIABILITIES			
Non-current liabilities:			
Grants	17	1,104,340	982,862
Loans and other borrowings	18	93,968	109,523
Lease liabilities	19	1,003	1,225
Employee benefits	20.24	3,588	3,657
Trade and other payables	21	20,369	2,016
Provisions	22	16,519	16,453
Deferred income tax liabilities	26	11,228	13,163
Total non-current liabilities		1,251,015	1,128,899
Current liabilities:			
Grants	17	14,937	-
Loans and short-term portion of long-term loans	18	28,782	17,213
Lease liabilities	19	731	920
Income tax liability		-	20
Employee benefits	20.24	10,305	9,213
Trade and other payables	21	97,746	96,676
Provisions	22	-	66
Total current liabilities		152,501	124,108
TOTAL EQUITY AND LIABILITIES		2,035,645	1,894,914

The financial statements and the explanatory notes to the financial statements, set out on page 77-112, were approved and signed on 11 April 2025 by:

VYTIS ŽALIMAS

Chief Executive Officer

JŪRATĖ ČEPAITENĖ

Chief Financial Officer

LORETA MACKEVIČIŪTĖ

Head of Financial Reporting and Control, acting under decision No SPR-LI(KC)-23/2025 of 05/03/2025

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

Statement of profit or loss and other comprehensive income

	Notes	2024	2023
Sales revenue	23	119,173	117,220
Grant	17,23	65,634	60,607
Other operating income	23	1,079	404
Total income		185,886	178,231
Remuneration and social insurance costs	24	(60,240)	(57,680)
Depreciation and amortization	7,8,9,10,17	(59,833)	(62,466)
Materials		(7,619)	(6,246)
Fuel		(1,054)	(1,512)
Electricity		(7,849)	(7,113)
Repairs and maintenance		(14,270)	(13,539)
Management and general administration services		(24,061)	(20,782)
Increase (decrease) in the value of non-current assets		761	(1,879)
Write down of inventories to net realisable value (reversal)		(64)	2,421
Increase (decrease) in the value of receivables		24	(74)
Decrease (increase) in provisions	22	-	(1,822)
Other costs		(16,315)	(11,041)
Total costs		(190,520)	(181,733)
Operating profit (loss)		(4,634)	(3,502)
Finance income		1,423	229

	Notes	2024	2023
Finance expenses		(7,549)	(6,504)
Financial activity result, net	25	(6,126)	(6,275)
Profit (loss) before taxation		(10,760)	(9,777)
Income tax	26	1,934	1,039
Net profit (loss)		(8,826)	(8,738)
Other comprehensive income (expenses)		-	-
Total comprehensive income (expenses)		(8,826)	(8,738)

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

Statement of changes in equity

	Notes	Authorised capital	Legal reserve	Other reserves	Retained profit (loss)	Total
Balance as at 31 December 2022		654,928	1,258	19,005	(15,888)	659,303
Net profit (loss)		-	-	-	(8,738)	(8,738)
Total comprehensive income (expenses)		-	-	-	(8,738)	(8,738)
Unrecognised profit (loss) for the reporting year	15	-	-	-	(8,658)	(8,658)
Reserves used	16	-	-	(15,888)	15,888	-
Total transactions with owners of the Company		-	-	(15,888)	7,230	(8,658)
Balance as at 31 December 2023		654,928	1,258	3,117	(17,396)	641,907
Net profit (loss)		-	-	-	(8,826)	(8,826)
Total comprehensive income (expenses)		-	-	-	(8,826)	(8,826)
Unrecognised profit (loss) for the reporting year	15	-	-	-	(952)	(952)
Reserves used	16	-	(1,258)	(3,117)	4,375	-
Total transactions with owners of the Company		-	(1,258)	(3,117)	3,423	(952)
Balance as at 31 December 2024		654,928	-	-	(22,799)	632,129

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

Statement of cash flows

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit (loss)		(8,826)	(8,738)
Adjustments			
Depreciation and amortisation	7,8,9,10	84,386	84,892
Grants (amortisation)	17	(24,553)	(22,426)
(Profit) loss from disposal / write-off of non-current assets		1,344	290
Impairment (reversal)		(721)	(468)
Change in accrued income/expenses		6,968	1,833
Interest (income) expenses		6,982	6,080
Interest of lease liabilities		30	1
Increase (decrease) in provisions		-	1,822
Income tax expenses (income)		(1,934)	(1,039)
Cash flows from operating activities after adjustment		63,676	62,247
CHANGES IN WORKING CAPITAL			
Decrease (increase) in inventories		656	(8,496)
Decrease (increase) in trade and other receivables and prepayments*		(73,383)	(62,727)
Increase (decrease) in current and non-current trade payables and received prepayments		12,260	44,970
Increase (decrease) in employment related liabilities		1,011	751
Increase (decrease) in other non-current and current payables		(10,805)	(683)
Net cash from operating activities		(6,585)	36,062

	Notes	2024	2023
CASH FLOW FROM INVESTING ACTIVITIES			
(Acquisition) of non-current assets		(265,280)	(313,466)
Disposal of non-current assets		3,460	119
Interest received		295	215
Net cash from investing activities		(261,525)	(313,132)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans received	18	11,982	-
Loans (repayment)	18	(15,555)	(15,555)
Interest paid	18	(7,541)	(4,993)
Received/returned Grants for acquisition of assets and balancing revenue (expenses)	17	236,955	263,573
Interest on lease liabilities	19	(30)	(1)
Lease liability payments	19	(1,022)	(939)
Net cash flows from financing activities		224,789	242,085
Net increase (decrease) in cash and cash equivalents		(43,321)	(34,985)
Cash and cash equivalents at the beginning of the period		77,022	112,007
Cash and cash equivalents at the end of the period		33,701	77,022

* incl. grants to balance revenue and expenditure - EUR 65,634 thousand (EUR 60,607 thousand in 2023)

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

Explanatory notes to the financial statements

1. General information

AB LTG Infra was registered with the Register of Legal Entities of the Republic of Lithuania on 1 July 2019. In performing its activities, the Company is governed by the Constitution of the Republic of Lithuania, the Law of the Republic of Lithuania on Companies, the Code of Railway Transport of the Republic of Lithuania and other legislation effective in the Republic of Lithuania.

The Company is a private legal entity of limited civil liability independently organising economic, financial, organisational, and legal activities. AB LTG Infra is part of AB Lietuvos geležinkeliai Group and its sole shareholder is AB Lietuvos geležinkeliai. Company registration code: 305202934, VAT code: LT100012666211, legal (registration) address: Geležinkelio St. 2, LT-02100 Vilnius.

The Company's main activity is railway infrastructure management and public railway infrastructure manager services.

As at 31 December 2023 and 2024, the Company's sole shareholder was the parent company LTG. 100 percent of the shares of LTG are held by the state of Lithuania, represented by the Ministry of Transport and Communications of the Republic of Lithuania.

The Company has no branches and representative offices.

The listed number of active employees at the end of the period (excluding the employees on parental leave, employees doing military service, long-term incapacity) was 2,353 as at 31 December 2024 (as at 31 December 2023: 2,418).

2. Basis of preparation

Basis of preparation. The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards (hereinafter - "IFRS"). The financial statements for the year ended 31 December 2024 have been prepared on a going concern basis and ARE valued using the historical cost method unless otherwise stated. These financial statements present comparative information for the previous reporting period.

Functional and presentation currency. The functional currency of the Company is euro. In these financial statements, all amounts are presented in euros, unless otherwise stated. Because of rounding, figures between tables may not coincide. Such inconsistencies are considered insignificant in the financial statements.

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

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

Property, plant and equipment include spare parts, stand-by equipment and servicing equipment when they meet

the definition of property, plant and equipment. The residual values and useful lives of the assets are reviewed at least annually and adjusted, if necessary.

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 have a determined useful life. Intangible assets include capitalised computer software, and licenses. The acquired computer software, licences, patents are capitalised on the basis of the costs incurred in acquiring and bringing them to use.

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

Depreciation. No depreciation is calculated for land plots. Depreciation of other groups of property, plant and equipment is calculated 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 in years
Buildings and structures	8-122
Machinery and equipment	5-53
Road transport/vehicles	4-15
Rolling stock	8-24
Computers and hardware	3-9
Other assets, fixtures, fittings and tools	3-65
Land	Indefinite

On each date of the statement of financial position, the Company annually evaluates the useful life of the assets.

Impairment of property, plant and equipment and intangible assets. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income. Intangible assets are written off when the economic benefits from the use or disposal are no longer expected. Gains and losses arising on derecognition of intangible assets are measured as the difference between the net realisable value and the carrying amount of the asset and are recognised in the statement of profit or loss.

Inventories. Inventories are measured at acquisition or production cost, and subsequently are accounted for at the lower of the cost or the net realisable value. The net realisable value is a sale price under normal business conditions less expenses of completion and possible costs to sell. The cost is calculated under the FIFO method. The cost of inventories is net of volume discounts and rebates, received from suppliers during the reporting period, but it applies to the inventories still held in stock. The inventories that may not be realised are fully written off. The structure of the Company's inventories is presented in Note 11. Assets manufactured for the benefit of partners and intended for transfer are also recorded under inventories.

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

Construction in progress. Construction in progress refers to tangible assets the construction of which has not yet been finished. The cost of such assets comprises the cost of design, construction work, plant and equipment to be installed and other directly attributable costs. Construction in progress is accounted for at acquisition (production) cost less impairment losses. Construction in progress is reclassified to the appropriate property, plant and equip-

ment 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 due to their usage in a long-term operation, and are shown under construction in progress in the statement of financial position.

Inventories intended for repair of property, plant and equipment and complying with the provisions of IAS 16 are transferred from inventories to construction in progress.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

Financial instruments – mean any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another.

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

The Company recognises financial assets on a trade-date basis. 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, an 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.

The Company's principal financial assets that are not measured at fair value consist of cash and cash equivalents, trade and other receivables. Financial liabilities not measured at fair value comprise trade and other payables and liabilities, and borrowings.

Financial assets, which are subsequently measured at amortised cost, are measured by using the effective interest method. The amortized cost is reduced due to impairment loss. Interest income, foreign exchange gain and loss are accounted for through profit (loss). Any profit or loss from derecognition accounted for in the statement of profit or loss and other comprehensive income.

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

Expected credit losses of the validity period are ECLs resulting from all possible default events during the period from the initial recognition of the financial asset to the later date of coverage or the final write-off of the financial asset.

The Company measures trade receivables using either an allowance for credit losses 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 debtor's credit risk assessment. Typically, credit risk increases significantly before a financial instrument becomes more than 120 days past due or other debtor-related delay factors are observed. Impairment allowances for financial assets are made taking into account possible internal and external factors. The priority objective of the Group's treasury management is to ensure the security of funds and, consistent with this objective, to maximise the return on investment.

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

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

The expected credit losses on loans receivable and trade receivables are recognised in profit or loss throughout the period.

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

Write-off and derecognition of financial assets. The gross carrying amount of a financial asset 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 which are written off and are also subject to the activity of securing fulfilment, the Company takes actions related to legal regulation so that the amounts were recovered to the maximum extent.

Subsequent recoveries of amounts previously written off are credited to the impairment loss account within the statement of profit or loss and other comprehensive income.

Financial liabilities. The Company's financial liabilities comprise loans and other financial debts, contract liabilities, trade and other payables. The major part of the payables relates to investments in non-current assets.

Financial liabilities are initially carried at fair value less transaction costs. In subsequent periods, financial liabilities are carried at amortised cost using the effective in-

terest method. Interest expense is recognised using the effective interest rate method.

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

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

Trade and other receivables. Trade and other receivables are initially recognised at transaction price and subsequently at amortised cost. Trade and other receivables are mainly due from related parties and state-owned enterprises.

Other receivables from the budget represent the funds to finance the implementation of infrastructure projects.

Trade and other payables. At initial recognition trade and other payables are recognised when the Company becomes a party to the contractual terms. Trade and other payables are initially measured at fair value plus directly related transaction costs. The major part of the payables relates to investments in non-current assets.

Cash and cash equivalents. These are monetary assets the value of which approximates to their fair value. Cash com-

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

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

Loans and other borrowings. The fair value of long-term loans shall be determined on the basis of the market price or interest rate applicable to debt of the same or similar maturity at the time. The fair value of loans is assigned to the 2nd level in the fair value calculation model. The fair value of the loans received corresponds to the carrying amount. The structure of the Company's loans is presented in Note 18 Loans and other borrowings.

Right-of-use assets

A right-of-use asset is an asset that represents the Company's right to use the leased asset during the lease term.

Leases

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

Leases, where the Company is a lessee.

Initial assessment of right-of-use assets. The cost of a right-of-use assets comprises: the amount of the initial measurement of the lease liability, any lease payments at or before the inception date, less any lease incentives received; any initial direct costs incurred by the Company; and an estimate of the costs that the Company will incur in dismantling and disposing of the leased asset, maintaining its location or restoring the leased asset to the condition required by the lease conditions, unless those costs are incurred in producing the stocks. The Company assumes the liability for these costs at the commencement date or

upon the use of the leased asset for a specific period. The Company shall recognise these costs as part of the cost of the right-of-use assets when a liability is incurred for these costs.

Subsequent assessment of right-of-use assets. Subsequent to the commencement date, the Company measures assets held under right-of-use by applying the cost method: net of any accumulated depreciation and any accumulated impairment losses; and adjusted for the remeasurement of the lease liability. In calculating the depreciation of right-of-use assets, the Company shall apply the depreciation requirements of IAS 16 "Property, Plant and Equipment". The Company presents the right-of-use assets separately from property, plant and equipment in the statement of financial position.

Leases where the Company is a lessor

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

Income taxes. Income tax assets and liabilities for current and prior periods are recorded at the amount expected to be recovered from, or paid to the tax authority. The applicable income tax and tax laws are those that are enacted or substantively enacted at the date of the statement of financial position.

The income tax rate applicable for the companies of the Republic of Lithuania in 2024 and 2023 was 15%. The amendment to the Law on Corporate Income Tax of the Repu-

blic of Lithuania, 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 is 16%.

In the statement of financial position, the income tax prepayment and income tax liabilities of the Company are offset when they relate to the same tax authority.

Deferred tax. Deferred tax is accounted for using the liability method. Deferred tax assets and liabilities are recognized for future tax purposes by marking the differences between the carrying amounts 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 carrying amount of the deferred tax asset is reviewed at each reporting date and is reduced if it is not probable that sufficient future taxable profit will be available to realise this asset or part of it. The amount of the deferred tax asset is reduced to the amount that is probable of reducing 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.

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

Revenue recognition. Revenue is recognised applying a uniform principle, based on a five-step model that applies to all customer contracts (IFRS 15).

Revenue is recognised (at a point in time or over a period of time) when the performance obligations have been fully discharged and control has passed to the customer. Revenue is measured at the consideration specified in the contract with the customer and does not include amounts

collected on behalf of third parties. The contractual consideration with the customer may include fixed amounts, variable amounts or both.

Operating revenue generated by the Company includes the following:

- use of public railway infrastructure;
- use of railway service equipment;
- other income.

Revenues from the use of public railway infrastructure reflect the revenues generated from the use of public railway infrastructure. Revenue relating to the use of public railway infrastructure and related ancillary services is recognised over the period of time (calendar month) when the services are rendered, as the customer receives the benefit of the use of the public railway infrastructure.

- Use of railway service facilities - revenue is recognised over the period of time (calendar month), in which the services are provided, as the customer receives the benefit of the use of the public railway infrastructure.
- Other revenue is recognised over the period of time, in which the services are provided.

Type of services	Nature, timing of satisfaction of performance obligations and payment conditions	Revenue recognition under IFRS 15 and IFRS 16
Use of public railway infrastructure	Invoices for the use of public railway infrastructure and related ancillary services shall be invoiced at the frequency agreed in the contract with the customer (daily, weekly, monthly) and shall be generated from the primary and ancillary service documents at the time the service is rendered, or during the period of time in which the service is rendered, subject to a tariff adjustment: • an advance payment; • after the services have been provided, applying payment security (cash collateral, bank guarantee, trade credit); • after the services have been provided, without payment security (up to 30 days, usually 7-10 days); • a common term for payment of invoices is 7-10 days.	Revenue from the use of public railway infrastructure and related ancillary services shall be recognised in proportion to the time the customer uses the service and benefits from the use of public railway infrastructure. The amount of recognised income is in accordance with the procedure laid down in the Rules on the provision of services and the price is specified in documents for additional services. Prepayments received are included into contractual obligations. Revenue from the use of public railway infrastructure shall be recognised either after the service has been provided or during the period in which the service is provided by applying the tariff. Use of railway service facilities - revenue is recognised over the period of time (calendar month), in which the services are provided, as the customer receives the benefit of the use of the public railway infrastructure.
Other income	Other income: Invoices are issued after the service has been rendered and the deed of acceptance and delivery of works has been signed. A common term for payment of invoices is 30 days. Payments for one-off works are subject to a 7-to-30-day term, a cash deposit may also be applied. Lease revenue: Invoices are issued after the service has been rendered and the deed of acceptance and delivery of works has been signed. A common term for payment of invoices is 30 days.	Revenue is recognised on a monthly basis or over time when the services are rendered. The amount of recognised income is estimated based on singed deeds of services rendered. Revenue is recognised directly using the cost method, which can be applied to the Company's progress seeking to fully satisfy performance obligation and measure it over time, on the basis of measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The amount of recognised income is estimated based on singed deeds of services rendered. If services under one agreement are provided in different reporting periods, the consideration is allocated according to their relative independent selling prices. The individual selling price is determined on the basis of the service prices specified in the contract. Default penalties and fines received from contractors and included in the supplier's debt for delays in the completion of work, including tangible assets under construction, are recognised as other income at a certain point in time.

Recognition of expenses. Expenses are recognised in the statement of profit or loss on an accruals basis when incurred.

Grants and subsidies.

Asset-related grants. Grants and subsidies (hereinafter "grants") intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants (mainly received from the EU and other structural funds). This group of grants also includes assets received free of charge. The amount of asset-related grants is recognised in profit and loss in instalments based on the extent to which the asset to which the grant relates is depreciated, with a reduction in profit (loss) for depreciation expense.

Grants related to income and expenses. Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant. Grants intended for compensation of not received income is recognised in the statement of profit or loss and other comprehensive income, under revenue. Grants intended for compensation of specific expenses are carried in the statement of profit or loss and other comprehensive income, by reducing the amount of related expenses by the amount of grant.

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

3. Summary of significant accounting principles

The preparation of the 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, income and expenses. The estimates and related assumptions are continually revised and rely upon historical experience and other factors, including expectations on future events based on existing circumstances.

Significant judgements

On 20 December 2018, amendments to the Railway Transport Code of the Republic of Lithuania (hereinafter the Code) were adopted amending the provisions of the Code specifying the public railway infrastructure manager. From 8 December 2019, following the entry into force of those amendments, public railway infrastructure shall be managed, operated, disposed of and provided to undertakings with services relating to the management and maintenance of public railway infrastructure by LTG Infra, established by the public railway infrastructure manager LTG to perform the functions of public railway infrastructure manager.

On 22 November 2019, AB LTG Infra concluded a trust agreement with the Ministry of Transport and Communications of the Republic of Lithuania concerning public railway infrastructure assets owned by the State of Lithuania by property right, except for the state land occupied thereby, and railway service equipment owned by the State of Lithuania by property right, except for the state land occupied thereby. The trust agreement transfers assets to be managed, used and disposed of under the right of trust in accordance with the laws of the Republic of Lithuania and the requirements set out in the Agreement for the performance of the functions of the public railway infrastructure manager and the railway service equipment operator until 7 December 2039. The

Code also gives clear precedence to other laws, stating that a law governing matters relating to a trust deed and matters relating to the holding of State-owned property in trust may have different rules from those set out in the CC. The Code states that the rights to hold the assets are delegated to LTG Infra, so it was concluded that the assets are held in trust for the duration of the exercise of that function; the duration of the exercise of the function is not defined; therefore, the duration of the holding of the assets in trust is not defined either. According to the Resolution of the Government of the Republic of Lithuania No 1677 of 30 December 2004 on the approval of the procedure for transfer of state land to the Company under the right of trust to be used public railway infrastructure facilities, the municipalities transferred to the Company a part of land plots located near railways.

The Company controls those land plots by the right of trust. In the light of the above, management considers that assets held in trust, i.e. land and railways for public use, or assets which by law can only be owned by the State, should be accounted for in the statements of financial position. Accordingly, the Company recognises assets held in trust as property, plant and equipment.

The management has adopted a significant judgement on whether, in accordance with both the Trust Agreement and the RTC, the Company controls public railway infrastructure assets and whether it therefore may recognise such assets in the relevant statement of financial position of the Company as the property, plant and equipment. The Company's management has adopted a significant judgement on the period of the Trust Agreement and has come to the conclusion that the Trust Agreement is concluded essentially for an indefinite period and that period is not limited by the provisions of the Civil Code.

Assets managed under the right of trust. The Company manages the public railway infrastructure facilities and service facilities and state land plots under such facilities owned by the state (thereafter "the infrastructure facilities"). Based on the Trust Agreement with the Ministry of Transport and Communications of the Republic of Lithuania and based on the Railway Transport Code, the Company uses, manages and disposes the infrastructure facilities and the Government of the Republic of Lithuania retains their legal ownership. AB LTG Infra accounts for such assets under property, plant and equipment based on IAS 16, as presented below:

- The Company has a right to use the infrastructure facilities free-of-charge for an indefinite period of time; this right may only be withdrawn by the State by amending legal acts;
- By transferring this right, the State has also transferred the significant risks and rewards of ownership: LTG Infra uses the infrastructure facilities to generate revenue and incurs costs for their maintenance; although the State is obliged to ensure that rail transport in the country is accessible to the public, it does not retain any of the direct financial risks associated with the infrastructure;
- Although some rights that are generally linked to the ownership of infrastructure facilities are restricted (e. g. the Company is not allowed to sell or pledge such assets), similar restrictions are common in private, privatised companies and companies providing utility services, including entities subject to strict tariff regulation for services.

4. Significant accounting estimates

Useful lives of property, plant and equipment and intangible assets. The useful lives of assets are reviewed annually and adjusted if necessary to reflect the current assessment of the remaining useful lives, taking into account technological changes, future economic uses of the assets and their physical condition. If the expectations differed from previous estimates, the change would be accounted for as a chan-

ge in an accounting estimate in accordance with IAS 8. During 2024, the useful lives and residual values of the assets were not changed as there was no basis for doing so.

Depreciation (amortisation) of property, plant and equipment and intangible assets, other than land and construction in progress, is provided over their estimated useful lives using the straight-line method. At the end of each year, the Company reviews the useful lives, residual values and depreciation/amortisation method of its non-current assets to ensure that they are consistent with the intended use of the non-current assets. The effect, if any, of a change in valuation is recognised prospectively.

Impairment losses of property, plant and equipment and intangible assets. The Company reviews the carrying amounts of its property, plant and equipment and intangible assets at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For the purpose of impairment testing, assets that generate cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units) are grouped at the lowest levels for which there are currently no cash flows. The recoverable amount of an asset that does not generate cash inflows is determined by reference to the recoverable amount of the cash-generating unit to which the asset belongs. Key assumptions used for calculation of the recoverable amount of the assets are described in Note 7.

Recoverable amount is calculated as the higher of two values: the fair value less costs to sell of the asset and the value in use of the asset. The value in use of an asset is calculated by discounting the future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount of an asset that does not generate cash inflows is determined by reference to the recoverable amount of the cash-generating unit to which the asset belongs.

For intangible assets with an indefinite useful life, the Company assesses the recoverable amount annually to measure impairment, if any.

Impairment losses of amounts receivable. The Company assesses receivables for impairment on a month basis. In order to determine whether it is necessary to recognise an impairment loss in profit or loss, the Company assesses whether there is any indication that future cash flows from receivables may be impaired until the impairment of a specific receivable is determined. Such indications include information that shows a negative change in the financial condition of customers, economic conditions in the country or region that affect the Company's receivables. Management estimates the expected future cash flows from receivables based on historical loss experience with receivables with similar credit risk. The methods and assumptions used for estimating the expected future cash flows and their timing are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Write down of inventories to net realizable value. The Company reviews its inventory list at least annually to determine the net realisable value of the inventories. Inventories that have been acquired are reviewed to determine whether they can be realised in the future. In the case of slow-moving spare parts and other materials, impairment is recognised taking into account detailed operational plans for each inventory item, a potential realisation period and an indicative realisation price.

As part of the assessment, the Company's management analyses whether there have been any significant changes, also the reassessment of the assumptions used to estimate the recoverable amount had an immaterial effect on the change in the carrying amount.

The inventories that may not be realised are fully written off. The change in the write-down of the Company's inventories to net realisable value is reflected in the item of expenses of write-down to net realisable value in the statement of profit or loss and other comprehensive income. The Company's

inventory containing slow-moving items that were acquired two years ago for repair of spare parts used in track constructions are subject to 75% impairment.

Materials of the road superstructures, which meet the criteria for asset recognition under IAS 16, have been reclassified to non-current assets, construction in progress.

Provisions and contingent liabilities. Provisions are accounted for only when the Company has a legal or irrevocable obligation resulting from the past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the time value of money is significant, provisions are discounted using the effective interest rate for the period (before tax), if appropriate, taking into account the risks specific to the liability. Where discounting is used, an increase in the provision due to the passage of time is recognised as financial expenses.

Provisions are recognised at an amount that reflects management's best estimate of the expenditure that would be required to restore the asset. Further details on provisions are disclosed in Note 29.

Contingent liabilities are not recognised in the financial statements. They are described in the financial statements, except in cases where the use of resources for their fulfilment is not probable.

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

The Company as a going concern

The Company's management continues to assess the main risks and threats related to going concern and the impact on the Company's business and continues to implement the necessary actions to manage the situation.

On 16 December 2024, the Board of LTG Infra approved the updated strategy of the Company. The Company continues

to implement the major and most important strategic initiatives that have been developed: Rail Baltica - the project to integrate the Baltic States into the European rail network, the Electrification project, various digitisation solutions.

To ensure stable finances of LTG Infra, in April 2022 the Ministry of Transport and Communications of the Republic of Lithuania and LTG Infra signed an agreement for the quality and financing of the State-owned railway service facilities. The State financing will allow LTG Infra to ensure stable technical maintenance of the public railway infrastructure, to improve the quality of the services provided and to guarantee a high safety level of railway traffic. The agreement is valid for five years. Under this agreement, in 2024 LTG Infra accounted for and received EUR 65.6 million to balance the revenue. Funding is foreseen for projects performed in 2024 (to pay for ongoing work) or for financing individual groups of expenses.

The measures taken will allow the Company to balance the cash flows necessary to ensure the continuity of its operations and to service the existing loan agreements.

To balance the working capital, the Company uses the LTG Group's cash-pool to optimise the use of working capital and short-term borrowing costs. In addition, to ensure the continuity of operations, it has the opportunity to borrow from external financial institutions.

The Company's management has assessed that the measures and actions described in the 'Performance Efficiency Programme' the State aid and borrowing facilities, and the cash flow from operating activities, have enabled and will enable the Company to balance the cash flows necessary to ensure the continuity of its operations and to service its existing loan agreements and commitments to partners.

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

In fulfilment of the strategic goals and priorities of management of sustainability, LTG Infra is especially committed to environmental protection. One of the key strategic direc-

tions of the entire Company is ESG (Environmental, Social and Governance). The Company's assessment of the climate change impact on the useful lives of its property, plant and equipment and the value of its non-financial assets did not reveal any significant effects. In the opinion of the Company's management, the climate change impact on the financial statements is not material. The Company's management does not consider that there are any risks or additional liabilities to the provisions that should be taken into account in the financial statements in respect of specific legislative requirements to reduce environmental damage, and penalties due to non-compliance with environmental requirements. In the opinion of the Company's management, there are no material climate-related circumstances that could affect the Company's ability to continue as a going concern. More detailed information on climate change management measures and the impact on the Company's operations is provided in the management report under 'Sustainability Report'.

5. New standards, amendments and interpretations not yet adopted

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

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

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

The amendments clarify the accounting treatment for foreign currency transactions or operations where exchangeability is restricted, and establish a framework for determining spot exchange rates at the measurement date. Under

these new requirements, entities are not permitted to restate comparative information. Instead, they must recalculate the affected amounts using estimated spot exchange rates at the date of initial application, with corresponding adjustments to retained earnings or the foreign currency translation reserve.

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

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

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

The IASB has issued amendments to IFRS 9 and IFRS 7. Amendments: a) clarifies the recognition date and the date of derecognition for some financial assets and liabilities, and provides a new exemption for some financial liabilities for settlement through an electronic money transfer system, b) additional guidance on how to assess whether a financial asset meets only the Principal and Interest Payment (PIP) criteria is attached, c) new disclosures are added for certain instruments whose contractual terms may change cash flows, d) update the disclosures for ownership instruments measured at fair value through other comprehensive income (FVOCI).

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

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

Annual Improvements to IFRS Accounting Standards – Amendments

The annual improvements include amendments relating to:

- IFRS 1 *First-time Adoption of International Financial Reporting*

Standards – Hedge Accounting by a First-time Adopter

- IFRS 7 *Financial Instruments: Disclosures* and its implementation guidance
- IFRS 9 *Financial Instruments* – Derecognition of lease liabilities and transaction prices
- IFRS 10 *Consolidated Financial Statements* – determination of a 'de facto agent'
- IAS 7 *Statement of Cash Flows* – cost method.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026.

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

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

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

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

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

IFRS 19 Subsidiaries without Public Accountability (new standard)

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

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

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

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

6. Financial instruments and risk management

Financial instruments. Fair value

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

The fair value of financial instruments approximates their fair value and is the amount at which, at the measurement date, an asset would be sold or a liability would be transferred in an orderly transaction in the principal (or most advantageous) market, regardless of whether this price is directly monitored or determined by the valuation methodology.

The Company's financial instruments according to their types:

	2024	2023
FINANCIAL ASSETS		
Trade and other receivables	23,454	18,008
Cash and cash equivalents	33,701	77,022
Total	57,155	95,030
FINANCIAL LIABILITIES		
Loans and other borrowings	122,750	126,736
Lease liabilities	1,734	2,145
Trade and other payables	92,273	88,771
Total	216,757	217,652

The fair value is allocated according to the hierarchy which reflects the materiality of inputs used. The fair value hierarchy consists of the following levels:

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

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

Level 3 – original inputs for the asset or liability that are not based on observable market data (unobservable original inputs).

The following is a comparison of the values of financial instruments:

	Net book amount 2024	Fair value 2024			Net book amount 2023	Fair value 2023		
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial assets at amortised cost								
Trade and other receivables	23,454	-	-	-	18,008	-	-	-
Cash and cash equivalents	33,701	-	-	-	77,022	-	-	-
Total	57,155	-	-	-	95,030	-	-	-
Financial liabilities at amortised cost								
Loans and other borrowings	122,750	-	-	-	126,736	-	-	-
Lease liabilities	1,734	-	-	-	2,145	-	-	-
Trade and other payables	92,273	-	-	-	88,771	-	-	-
Total	216,757	-	-	-	217,652	-	-	-

The classification and measurement of the Company's financial instruments as at 31 December 2024 is disclosed in the table of financial statements below:

	Valuation method
FINANCIAL ASSETS	
Trade and other receivables	At amortised value
Cash and cash equivalents	At amortised value
FINANCIAL LIABILITIES	
Loans and other borrowings	At amortised value
Lease liabilities	At amortised value
Trade and other payables	At amortised value

The carrying amounts of the Company's financial assets and financial liabilities are accounted for at amortised cost which approximates their fair value.

The Company had no financial assets measured at fair value.

Cash and cash equivalents. These are monetary assets the value of which approximates to their fair value.

Loans and borrowings. The fair value of long-term loans shall be determined on the basis of the market price or interest rate applicable to debt of the same or similar maturity at the time. The fair value of loans is assigned to the 2nd level in the fair value calculation model. The fair value of the loans received corresponds to the carrying amount.

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

Risk management

The Company faces uncertainty about external and internal factors, identifies operational risks (strategic, financial, operating and compliance), anticipates their impact and likelihood, and seeks to mitigate them at least in part. The Company's operational risk management is regulated by the description of the Company's Operational Risk Management Process, which has been approved by legislation. In accordance with the provisions of the description, risk managers are appointed and periodically trained, and periodic risk assessments are carried out using the implemented Risk Management Information System. The results of the assessment are presented to the Company's management. Management plans are approved for unacceptable risks and their implementation is monitored. Risk management policies and risk management systems are regularly reviewed to reflect changes in market conditions and the Company's business. The Company strives to create a disciplined and constructive risk management environment in which all employees are aware of their roles and responsibilities.

In line with the Company's strategic objectives, summarised key operational risk groups that are considered to be the most significant and have the potential to have a significant impact on the achievement of the Company's operational objectives are identified. The Company assesses the potential financial, legal and reputational impact of operational risks.

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

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

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

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

The credit risk is measured as a maximum credit risk for each group of financial instruments and is equal to their net carrying amount. The net carrying amount of each group of assets forms the highest credit risk.

As at 31 December 2024, the Company's receivables from related parties amounted to EUR 8,017 thousand (31 December 2023: EUR 13,360 thousand), no receivables were overdue, and no impairment was calculated.

The Company's trade amounts receivable from main customers comprised:

	2024	2023
Customer A	599	599
Customer B	117	80
Customer C	88	41
Customer D	52	40
Others	524	589
Impairment	(865)	(902)
Total	515	447

The Company distinguishes each level of the credit risk considering information based on which it is possible to reliably establish the impairment risk (including but not limited to external ratings, audited financial statements, managerial accounting, cash flow forecasts, and available press information about customers) and applying an opinion on creditworthiness. Credit risk levels are defined by means of qualitative and quantitative factors, which show the risk of default and conforms to external definitions of credit ratings. In assessing risks related to receivables from external customers, a recalculation of the attraction to the oldest customer debt is applied, thus providing a more conservative assessment of the risk of potential losses. The expected credit loss rate that is calculated based on experience of actual impairment has been established of each credit risk level.

The Company's exposure to credit risk and ECLs for trade and other receivables as at 31 December 2024 is as follows:

	Gross carrying amount	Expected credit losses, %	Impairment	Net carrying amount
Low risk	22,772	0.01%	(1)	22,771
Fair risk	520	0.72%	(4)	516
Increased risk	157	20.50%	(32)	125
High risk	870	95.10%	(828)	42
Total	24,319		(865)	23,454

The Company's exposure to credit risk and ECLs for trade and other receivables as at 31 December 2023:

	Gross carrying amount	Expected credit losses, %	Impairment	Net carrying amount
Low risk	10,750	0.02%	(3)	10,747
Fair risk	5,322	0.03%	(2)	5,320
Increased risk	72	27.56%	(20)	52
High risk	2,766	31.74%	(877)	1,889
Total	18,910		(902)	18,008

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

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

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

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

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

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

The following table provides information about the exposure to credit risk and ECL for trade and other receivables as at 31 December 2024:

	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying amount
Not past due	0.01%	22,917	(3)	22,914
1-30 days past due	0.51%	438	(2)	436
31-60 days past due	4.55%	52	(2)	50
61-120 days past due	29.05%	72	(21)	51
More than 120 days past due	99.73%	840	(837)	3
Total		24,319	(865)	23,454

The following table provides information about the exposure to credit risk and ECL for trade and other receivables as at 31 December 2023:

	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying amount
Not past due	0.03%	10,858	(4)	10,854
1-30 days past due	0.02%	5,286	(1)	5,285
31-60 days past due	0.00%	39	-	39
61-120 days past due	29.88%	46	(14)	32
More than 120 days past due	32.93%	2,681	(883)	1,798
Total		18,910	(902)	18,008

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

Movement of provisions for doubtful trade and other receivables of the Company was as follows:

	2024	2023
Opening balance of the period	902	1,409
Impairment of amounts written off	(13)	(581)
Change in impairment for trade receivables	(24)	74
Closing balance of the period	865	902

In the Company, the impairment of receivables as at 31 December 2024 is reflected in the statement of profit (loss) and other comprehensive income, under the line of (decrease) increase in receivables. The Company's amounts written off are considered as amounts with no possibility or right of recovery.

Although economic circumstances may affect the recovery of debts, in the opinion of the Company's management, the Company is not exposed to a significant risk of incurring losses that would exceed the already recognised impairment.

Cash and cash equivalents consist of cash and cash at banks, so the credit risk associated with them is minimal. The Company's cash resources are subject to the principle of diversification, the funds are held in banks with an international credit rating of not less than A3.

	2024	2023
Aa3; AA-	33,701	77,022
Total	33,701	77,022

The carrying amount of cash and cash equivalents approximates their fair value. The expected credit losses are not recorded due to the insignificant risk of expected changes in their value.

If the rating requirement is found to be unsatisfactory, the total amount of cash entrusted to that entity cannot exceed the maximum limit of the State's insured deposits, i.e. EUR 100,000.

Liquidity risk. Liquidity and solvency risk is assessed by monitoring and analysing the relative liquidity and solvency ratios, which assess the condition of both current and non-current liabilities and the effectiveness of cash flow management. The Company's working capital shortfall is balanced, if necessary, by means of credit lines. In addition, according to the Company's standard policy, payment to suppliers is due within 45 days.

In 2024, grants received from the State budget and the EU Structural Funds amounted to EUR 241,926 thousand (2023: EUR 267,713 thousand), of which EUR 65,634 thousand (2023: EUR 60,607 thousand) were to balance the revenue. Accordingly, for further implementation of projects in 2025, the Company expects to receive grants with the limits approved in the State budget and the State Investment Programme for 2025-2027 amounting to EUR 636,872 thousand.

Additional liquidity is ensured by cash pool, which allows borrowing funds from other Group companies to manage working capital and liquidity. The parent company of the LTG

Group has entered into an agreement with a credit institution for the provision of LTG Group cash-pool services and, accordingly, the Company has entered into a mutual lending agreement for the current year. The terms of the agreement are in compliance with an arm's length principle. During 2024, the Company accounted for interest in an amount of EUR 1,334 thousand for the use of the Group's cash-pool account (2023: EUR 308 thousand).

In August 2024, AB Lietuvos geležinkeliai signed a short-term EUR 50.0 million credit line agreement with one of the banks serving Group companies. The Company did not draw on the credit line.

Pursuant to the decision of the management of AB Lietuvos geležinkeliai dated 1 October 2019, the business of the public railway infrastructure manager was transferred from AB Lietuvos geležinkeliai to AB LTG Infra on 8 December 2019, including all the assets needed for performing this activity, personnel and liabilities relating to management of public railway infrastructure including liabilities under financing agreements and performance thereof. Restructuring of long-term loans of AB Lietuvos geležinkeliai was completed on 30 June 2020. At the same time, a guarantee agreement with the Nordic Investment Bank (NIB) came into force, under which LTG undertook to guarantee the fulfilment of all LTG Infra's obligations under the financing agreements.

As at the date of issue of the financial statements, the Company had no liquidity problems.

The following financial indicators are monitored in the Company in accordance with the financial terms of credit contracts:

	2024	Value set by the bank	2023	Value set by the bank
Net debt/normalised EBITDA*	comply	Not more than 4.0	comply	Not more than 4.0
Equity ratio	comply	Not less than 30%	comply	Not less than 30%
Debt Service Coverage Ratio	comply	Not less than 2	comply	Not less than 2

*Adjusted EBITDA: profit (loss) before taxation + Interest expenses - Interest income + Depreciation and amortisation + Increase (decrease) in the value of non-current assets, inventories and investments + Increase (decrease) in the value of amounts receivable and contract assets + Expenses of provisions not related to typical activities.

As at 31 December 2024, no breaches of the financial and non-financial terms and conditions of the loan agreements were identified.

The table below shows contractual repayment dates of the Company's non-derivative financial liabilities. This information is prepared on the basis of undiscounted flows of financial liabilities taking into account the earliest dates when the Company is obliged to repay those liabilities. Balances of liabilities with the repayment period shorter than 12 months approximate their carrying amounts.

The maturities of the Company's financial liabilities using the not discounted cash flow method as at 31 December 2024:

	Total	Within 1 year	From 1 to 5 years	After 5 years
Loans and other borrowings	139,955	32,271	73,985	33,699
Lease liabilities	1,796	756	997	43
Trade and other payables	92,273	71,904	20,369	-
Total	234,024	104,931	95,351	33,742

The maturities of the Company's financial liabilities using the not discounted cash flow method as at 31 December 2023:

	Total	Within 1 year	From 1 to 5 years	After 5 years
Loans and other borrowings	151,485	21,573	78,277	51,635
Lease liabilities	2,199	943	1,202	54
Trade and other payables	88,771	86,755	2,016	-
Total	242,455	109,271	81,495	51,689

Payment specification of the Company's loans and other financial debts as at 31 December 2024, including interest:

Financial liabilities	Up to 2 months	From 2 months to 1 year	From 1 to 5 years	After 5 years
Loans and other borrowings	2,365	29,906	73,985	33,699
Total	2,365	29,906	73,985	33,699

Payment specification of the Company's loans and other financial debts as at 31 December 2023, including interest:

Financial liabilities	Up to 2 months	From 2 months to 1 year	From 1 to 5 years	After 5 years
Loans and other borrowings	2,448	19,125	78,277	51,635
Total	2,448	19,125	78,277	51,635

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

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

During 2024 and 2023, the Company did not enter into derivative financial transactions to manage the risk of exchange rate fluctuations with servicing banks. Most transactions are in euro and the impact of exchange rate fluctuations is low.

Interest rate risk. Variable interest, related to EURIBOR, is charged on all loans granted to the Company and other financial debts.

Risk management tools are only used if there are clear indications in the market that the interest rate may change significantly. The Company has not entered into derivative financial instruments to manage the risk of interest rate fluctuations.

Long-term loans mostly affect increase in the interest rate risk. The value of the Company's long-term loan portfolio as at 31 December 2024 was EUR 109,523 thousand (as at 31 December 2023: EUR 125,078 thousand).

An increase in the interest rate by 0.5 percentage point during 2024 would result in an increase in annual interest expense of EUR 441 thousand (2023: EUR 692 thousand).

In 2024 and 2023, the Company did not use any derivative financial instruments to manage the interest rate risk.

The Company is not exposed to significant risk of changes in interest rate, exchange rate or price index risk related to banking products.

Capital management. Capital includes equity attributable to shareholders. The main objective of capital management is to ensure that the Company meets its external capital requirements. The objectives of the Company's capital management are to ensure the Company's ability to continue as a going concern in order to generate a return to shareholders and to maintain an optimal capital structure by reducing the cost of capital. In order to maintain or change the capital structure, the Company may make capital payments to shareholders or issue new shares.

In managing capital risk over the long term, the Company also seeks to maintain an optimal capital structure that ensures the balanced achievement of both cost of capital and risk minimisation objectives. The Company's capital structure is formed by assessing the internal factors of its regular operations, planned investments and growth, as well as by taking into account the Company's business strategy and the external regulatory and market environment factors relevant to the Company's operations, both current and anticipated.

7. Property, plant and equipment

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

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other assets, equipment, fittings and tools	Construction in progress and prepayments	Total
ACQUISITION COST							
31-12-2022	152,031	1,133,095	154,801	16,488	80,278	263,704	1,800,397
- additions	335	9,101	1,532	2	1,013	301,826	313,809
- assets sold, written off, disposed	(17)	(1,966)	(299)	-	(224)	(149)	(2,655)
- transferred to (from) current assets	-	(11,357)	(13,188)	(34)	(21)	5,527	(19,073)
- transferred to intangible assets	-	-	-	-	-	(500)	(500)
- transferred from investment property	-	2,715	-	-	-	-	2,715
- reclassifications	339	148,799	(66,362)	1,945	(72,023)	(12,698)	-
31-12-2023	152,688	1,280,387	76,484	18,401	9,023	557,710	2,094,693
- additions	2	149	-	-	-	266,055	266,206
- assets sold, written off, disposed	(25)	(2,898)	(314)	(188)	(1,294)	(5,037)	(9,756)
- transferred to (from) current assets	-	2	-	(222)	-	(10,225)	(10,445)
- transferred to intangible assets	-	-	-	-	(229)	-	(229)
- transferred from investment property	67	2,036	-	-	-	-	2,103
- reclassifications	-	121,266	5,578	623	559	(128,026)	-
31-12-2024	152,732	1,400,942	81,748	18,614	8,059	680,477	2,342,572

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other assets, equipment, fittings and tools	Construction in progress and prepayments	Total
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES							
31-12-2022	-	(192,730)	(39,334)	(2,909)	(18,065)	(9,674)	(262,712)
- depreciation	-	(65,996)	(9,591)	(1,208)	(3,855)	-	(80,650)
- impairment	-	10	-	-	-	(1,887)	(1,877)
- assets sold, written off, disposed	-	1,410	171	-	176	-	1,757
- transferred to current assets	-	3,025	3,434	18	21	-	6,498
transferred from investment property	-	(509)	-	-	-	-	(509)
- reclassifications	-	(42,346)	24,514	(611)	18,443	-	-
31-12-2023	-	(297,136)	(20,806)	(4,710)	(3,280)	(11,561)	(337,493)
- depreciation	-	(72,984)	(4,997)	(1,241)	(1,424)	-	(80,646)
- impairment	-	(4)	-	-	-	(91)	(95)
- assets sold, written off, disposed	-	1,097	149	56	1,283	5,012	7,597
- transferred to current assets	-	(1)	-	109	-	-	108
- transferred from investment property	-	(430)	-	-	-	-	(430)
- reclassifications	-	-	-	-	-	-	-
31-12-2024	-	(368,458)	(25,654)	(5,786)	(3,421)	(6,640)	(410,959)
CARRYING AMOUNT							
31-12-2022	152,031	940,365	115,467	13,579	62,213	254,030	1,537,685
31-12-2023	152,688	983,251	55,678	13,691	5,743	546,149	1,757,200
31-12-2024	152,732	1,031,484	56,094	12,828	4,638	673,837	1,931,613

The Company's depreciation expense included in the statement of profit or loss and other comprehensive income amounted to EUR 57,627 thousand (2023: EUR 59,995 thousand). This amount includes EUR 80,646 thousand (2023: EUR 80,650 thousand) of depreciation expenses, which have been reduced by EUR 23,014 thousand (2023: EUR 20,655 thousand) of the grant amortisation expenses as described in Note 17. Capitalised depreciation amounted to EUR 5 thousand (2023: EUR 4 thousand). As at 31 December 2024, the value of the Company's assets managed by the right of trust was EUR 1,007,497 thousand (as at 31 December 2023: EUR 973,174 thousand). The acquisition cost of the Company's fully depreciated property, plant and equipment in use amounted to EUR 25,927 thousand as at 31 December 2024 (31 December 2023: EUR 18,556 thousand).

The majority of fully depreciated property, plant and equipment in use included buildings and structures, machinery and equipment. As at 31 December 2024, inventories by the value of EUR 19,891 thousand, which complied with the requirements of IAS 16, have been reclassified to property, plant and equipment, not activated construction in progress (EUR 13,050 thousand as at 31 December 2023), and an impairment of EUR 734 thousand was established on these inventories (EUR 2,037 thousand in 2023). The Company has no pledged assets.

While preparing the financial statements, the Company's management made an estimate of the recoverable amount of property, plant and equipment and intangible assets. A single cash-generating unit has been identified, without separating the assets of MAP and RSF into separate cash-generating units, as the revenue of all activities is dependent in accordance with the requirements of IAS 16. The assessment was made by discounting the expected cash

inflows from the Company's activity. The carrying amount of the assets as at the date of the financial statements was determined by taking the carrying amounts of the assets and reducing them by asset-related grants.

The forecast of the Company's results was made using these key assumptions:

- the cash flows were projected for a period of 5 years (2025-2029) with a rolling period and discounted at a pre-tax weighted average cost of capital (pre-tax WACC) rate of 7.49 per cent (further - WACC);
- the long-term growth rate used in the calculation of the recoverable amount is 2%;
- the MAP and RSF tariffs are based on tariff calculation methodologies, taking into account the market and shareholder expectations;
- the volumes of transporting freight and passengers were based on the forecasts provided by railway undertakings (carriers);
- given the volumes projected by railway undertakings/carriers, the estimated efficiency measures envisaged for the Company's operations and the assessed need to balance the MAP's operating income-costs, the projected need for state grants throughout the period under assessment (compared 2029 to 2024) is decreasing by 24%. With regards to terminal value having year 2029 as forecast basis projected need for state grants is estimated to decrease by 23% comparing with year 2024;
- EBITDA grows by an average of 10 % over the forecast period;

The calculation of the recoverable amount of the assets did not show any impairment to be performed.

The sensitivity analysis showed that if

- WACC increased by 1 percentage point, the recoverable amount would decrease by 20%, which would mean that the Company would have to record an impairment loss of EUR 69.7 million;
- WACC decrease by 1 percentage point, the recoverable amount would increase by 29%;
- Long-term growth increased by 1 percentage point, the recoverable amount would increase by 26%;
- Long-term growth decreased by 1 percentage point, the recoverable amount would decrease by 17%, which would mean that the Company would have to record an impairment loss of more than EUR 45.4 million.



8. Right-of-use assets

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

	Land	Buildings and structures	Vehicles	Other equipment, fittings and tools	Total
ACQUISITION COST					
31-12-2022	-	37	3,164	6	3,207
- additions	-	94	1,195	-	1,289
- assets sold, written off, disposed	-	(20)	(433)	(6)	(459)
31-12-2023	-	111	3,926	-	4,037
- additions	4	-	633	-	637
- assets sold, written off, disposed	-	-	(661)	-	(661)
31-12-2024	4	111	3,898	-	4,013
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES					
31-12-2022	-	(22)	(1,221)	(5)	(1,248)
- depreciation	-	(10)	(923)	(1)	(934)
- assets sold, written off, disposed	-	20	221	6	247
31-12-2023	-	(12)	(1,923)	-	(1,935)
- depreciation	-	(13)	(976)	-	(989)
- assets sold, written off, disposed	-	-	613	-	613
31-12-2024	-	(25)	(2,286)	-	(2,311)
CARRYING AMOUNT					
31-12-2022	-	15	1,943	1	1,959
31-12-2023	-	99	2,003	-	2,102
31-12-2024	4	86	1,612	-	1,702

9. Intangible assets

The Company's intangible assets consisted of:

	Software	Concessions, patents, licences, trademarks and similar rights	Other intangible assets	Total
ACQUISITION COST				
31-12-2022	19,907	33	2,007	21,947
- additions	-	-	96	96
- transferred from property, plant and equipment	708	-	(208)	500
31-12-2023	20,615	33	1,895	22,543
- additions	-	-	1,826	1,826
- assets sold, written off, disposed	(10)	-	-	(10)
- transferred from property, plant and equipment	229	-	-	229
31-12-2024	20,834	33	3,721	24,588
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
31-12-2022	(5,857)	(33)	(38)	(5,928)
- amortization	(2,991)	-	(14)	(3,005)
31-12-2023	(8,848)	(33)	(52)	(8,933)
- amortization	(2,575)	-	(14)	(2,589)
- assets sold, written off, disposed	10	-	-	10
31-12-2024	(11,413)	(33)	(66)	(11,512)
CARRYING AMOUNT				
31-12-2022	14,050	-	1,969	16,019
31-12-2023	11,767	-	1,843	13,610
31-12-2024	9,421	-	3,655	13,076

The Company does not have any internally generated intangible assets. The amortisation expenses of the Company's intangible assets amounting to EUR 2,589 thousand in 2024 (2023: EUR 3,005 thousand) are included in the statement of profit or loss and other comprehensive income under depreciation and amortisation expenses and have been reduced by the amortisation of the grants of EUR 1,539 thousand (2023: EUR 1,771 thousand) as described in Note 17.

The Company's fully amortised intangible assets still in use amounted to EUR 1,478 thousand as at 31 December 2024 (31 December 2023: EUR 1,478 thousand). The major part of fully amortised assets consisted of software.

10. Investment property

The Company's investment property consisted of:

	Investment property
ACQUISITION COST	
31 December 2022	6,770
- assets sold, written off, disposed	(30)
- transferred to property, plant and equipment	(2,715)
31-12-2023	4,025
- assets sold, written off, disposed	-
- transferred to property, plant and equipment	(2,103)
31-12-2024	1,922
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	
31 December 2022	(985)
- depreciation	(307)
- assets sold, written off, disposed	5
- transferred to property, plant and equipment	509
31-12-2023	(778)
- depreciation	(167)
- assets sold, written off, disposed	-
- transferred to property, plant and equipment	430
31-12-2024	(515)
CARRYING AMOUNT	
31-12-2022	5,785
31-12-2023	3,247
31-12-2024	1,407

The investment property of the Company included land and buildings. According to the valuation of assets in 2029, the fair value of the investment property amounts to EUR 7,019 thousand. The Company's management has not seen any indication that the fair value had changed significantly since the last valuation in 2019 and, therefore, the fair value of these assets is deemed to be unchanged.

To investment property are assigned only those assets the leased area of which accounts for more than 50%.

The Company's rental income from investment property in 2024 amounted to EUR 1,698 thousand (2023: EUR 1,805 thousand).

11. Inventories

The Company's inventories consisted of:

	2024	2023
Superstructure materials	1,409	59
Materials	243	592
Spare parts	2,050	1,609
Fuel	71	67
Other inventories	1,132	1,056
Total raw materials, supplies and components	4,905	3,383
Purchased services/assets for resale	15,763	7,889
Non-current assets held for sale	261	3,738
Total	20,929	15,010

During 2024, the inventories of EUR 7,619 thousand (2023: EUR 6,246 thousand) (without fuel) were written off to operating expenses.

The carrying amount of EUR 5,674 thousand of the Company's inventories (except for assets held for sale and services/assets for re-sale) was reduced by EUR 769 thousand to the net realisable value as at 31 December 2024 (as at 31 December 2023: EUR 4,088 thousand reduced by EUR 705 thousand). The change in the write-down of the Company's inventories to net realisable value is reflected in the item of expenses of write-down to net realisable value in the statement of profit or loss and other comprehensive income.

As at 31 December 2024, services/assets purchased by the Company for re-sale comprise the value of the services/assets purchased in relation to the reconstruction/development of assets or costs incurred for the benefit of the State-controlled entity in order to achieve the objectives of the investment project, and which are transferred to the State-controlled entity in accordance with the co-operation agreement. The net book value of these services/assets as at 31 December 2024 amounted to EUR 15,763 thousand (as at 31 December 2023: EUR 7,889 thousand). The recorded services/assets are held for sale under the tripartite agreement and the assets constructed for the benefit of the State-controlled entity are transferred under the deed of transfer together with the share of the grant belonging to these assets (more detail in Note 17).

A change of EUR 3,352 thousand of non-current assets held for sale was due to the sale of the network managed by LTG Infra in March 2024. The difference of EUR 8,423 thousand between the consideration received and the residual value of the net assets to be sold as at 31 December 2023 was recognised immediately in equity as retained earnings (Note 15). Part of other non-current assets held for sale includes railcars, cranes, wagons and other assets. The carrying amount of these assets of EUR 1,951 thousand has been reduced by EUR 1,690 thousand to a net realisable value of EUR 261 thousand (31 December 2023: EUR 2,076 thousand was reduced by EUR 1,690 thousand to net realisable value of EUR 386 thousand).

Change in impairment of inventories:

	2024	2023
Opening balance of the period	2,395	4,816
Change in impairment	64	(2,421)
Closing balance of the period	2,459	2,395

Inventories that meet the recognition criteria set forth in IAS 16 have been reclassified to unfinished construction of non-current assets, impairment of respective inventories has also been reclassified to unfinished construction of non-current assets.

12. Trade and other receivables

The Company's trade and other receivables included:

	2024	2023
External trade receivables, gross value	1,380	1,349
Impairment (-)	(865)	(902)
Total external trade receivables	515	447
Receivables from related parties	7,660	12,175
Total receivables from related parties	7,660	12,175
Receivable VAT	1,039	-
Other receivables from the budget	5,440	5,851
Accrued income	116	450
Accrued income from related parties	357	1,182
Other receivables	14,806	3,754
Total other receivables	21,758	11,237
Total	29,933	23,859

Other receivables include amounts receivable from project partners for assets being reconstructed/manufactured for their benefit or costs incurred. As at 31 December 2024, the major part of Other receivables from the budget consists of an surplus payment and prepayment of corporate income tax amounting to EUR 5,257 thousand (as at 31 December 2023: EUR 5,424 thousand).

Change in impairment of trade and other receivables is disclosed in Note 6.

13. Prepayments

The Company's prepayments consisted of:

	2024	2023
Prepayments to external suppliers	2	1,385
Prepayments to related parties	-	3
Guarantees paid to suppliers	9	9
Deferred charges	3,176	1,362
Total	3,187	2,759

In 2024, the majority of the Company's prepayments included the reimbursed project costs (salaries, publicity, business trips, etc.), costs incurred for which the eligibility of the expenditure will be confirmed by the acceptance of the grant awarded.

14. Cash and cash equivalents

The Company's cash and cash equivalents consisted of:

	2024	2023
Cash in bank	33,701	77,022
Total	33,701	77,022

As at 31 December 2024 and 31 December 2023, the Company had no term deposits. Cash was not pledged.

To balance the working capital, the Company used the LTG Group's cash-pool to optimise the use of working capital and short-term borrowing costs. The parent company of the LTG Group has entered into an agreement with a credit institution for servicing the LTG Group's cash-pool and, accordingly, the Company enters into a mutual lending and borrowing agreement for each year. The terms of the agreement are in compliance with an arm's length principle.

15. Unrecognised profit (loss) for the reporting year

In 2024, the unrecognised profit for the year of EUR 952 thousand consisted of transfers of non-current assets to municipalities and of land to NLS (in 2023: EUR 235 thousand).

On 14 March 2024, LTG Infra, following the approval of the Government of the Republic of Lithuania, entered into sale and purchase agreements to transfer part of the electricity network to Energijos skirstymo operatorius (ESO) - another State-owned company of Ignitis Group. This transaction was valued at an investment transaction price of EUR 3,352 thousand, which was determined on the basis of the market price of that asset together with the assessment of the cost of transferring that asset. The carrying amount of these assets as at 31 December 2023 was EUR 17,990 thousand. The carrying amount of the grants related to the assets amounts to EUR 6,215 thousand. The sale of the assets is between jointly controlled entities and, therefore, the difference of EUR 8,423 thousand between the consideration receivable and the carrying amount of the net assets sold at 31 December 2023 has been recorded in equity as retained earnings.

16. Reserves and dividends

Dividends. Dividends are allocated, taking into account the level of return of the Company's equity, the financial capacity to pay dividends, the implementation of the projects of national importance and other circumstances. In 2023 and 2024, dividends were not paid.

Legal reserve. Legal reserve is compulsory pursuant to legislation of the Republic of Lithuania. Annual contributions of 5 per cent of the net profit to the legal reserve are compulsory until the total amount of the reserve reaches 10 per cent of the authorised capital. The legal reserve cannot be distributed for dividend purposes but can be used to cover future losses. As at 31 December 2024, the legal reserve amounted to EUR 0, because based on the shareholders decision, EUR 1,258 thousand were used to cover the loss for 2023 (as at 31 December 2023: EUR 1,258 thousand).

Other reserves. As at 31 December 2024, other reserves amounted to EUR 0, because based on the shareholders decision EUR 3,117 thousand were used to cover part of the loss for 2023 (as at 31 December 2023: EUR 3,117 thousand).

17. Grants

The movement of the Company's grants is presented below:

	2024	2023
Opening balance of the period	982,862	808,340
Received during the year	241,926	267,713
Received free of charge (land, assets)	2	335
Used to reduce depreciation costs of property, plant and equipment	(23,014)	(20,655)
Used to reduce amortisation costs of non-current intangible assets	(1,539)	(1,771)
Used to reduce other costs	(5,005)	(3,747)
Used to balance income and costs	(65,634)	(60,607)
Transferred to current payable amounts	34	(393)
Impairment	(862)	(6,215)
Repaid/transferred to State-controlled entities	(9,493)	(138)
Closing balance of the period	1,119,277	982,862
Including assets managed under the right of trust	387,173	271,764

Grants are related to the financing of investment programmes, assets received under the Trust Agreement and subsidies earmarked for compensating costs and balancing revenue and costs of public railway infrastructure manager.

Depreciation and amortisation of grants is recorded in the statement of comprehensive income under depreciation and amortisation and reduces the depreciation charge on the related intangible and tangible non-current assets. Impairment and write-down of grants are recorded under impairment of assets and reduce this expense.

As disclosed in Note 3 "Significant accounting estimates and judgements", on 6 April 2022, the Company and the Ministry of Transport and Communications of the Republic of Lithuania signed a quality and financing agreement for railway service facilities owned by the Lithuanian State. The grants received under this agreement ensure stable maintenance of the public railway infrastructure, improve the quality of the services provided and ensure a high level of safety of railway traffic. During 2024, the Company accrued EUR 65.6 million (EUR 60.6 million in 2023) of grants, and received EUR 65.6 million (EUR 61.0 million in 2023) with the difference of EUR 34 thousand or EUR 0.03 million (EUR 0.4 million in 2023) being recorded under Trade and other payables.

Grants for assets created and/or costs incurred for the benefit of the State-controlled entities are accounted for as received grants, and assets are reclassified as inventory to be transferred until control over such assets is maintained (Note 11).

18. Loans and other borrowings

The Company's borrowings consisted of:

	2024	2023
Long-term loans	93,968	109,523
Current part of the long-term loans	15,555	15,555
Loans from related parties	11,982	-
Loan interest	1,245	1,658
Total	122,750	126,736

In 2020, having completed the restructuring of long-term loans of LTG, the guarantee agreement with the Nordic Investment Bank (NIB) came into effect, based on which LTG guarantees the fulfilment of all liabilities arising from financing agreements of AB LTG Infra.

The Company's loans consisted of:

	Loan currency	31/12/2024	31/12/2023
Nordic Investment Bank 3 ¹	EUR	55,161	62,516
Nordic Investment Bank 4 ²	EUR	25,791	29,229
Nordic Investment Bank 5 ³	EUR	28,571	33,333
Loans from related parties	EUR	11,982	-
Loan interest	EUR	1,245	1,658
Total		122,750	126,736

¹(NIB-3) and (NIB-2) loans are intended for the renovation and development of railway infrastructure. During 2024, the Company repaid EUR 7,355 thousand (2023: EUR 7,355 thousand) of (NIB-3) loan and paid EUR 3,252 thousand (2023: EUR 2,987) of interest.

²(NIB-4) loan was granted for securing the national share of co-financing of the public railway infrastructure project Rail Baltica financed with the EU support funds in 2007-2013. During 2024, the Company repaid EUR 3,438 thousand (2023: EUR 3,438 thousand) of the loan and paid EUR 1,483 thousand (2023: EUR 870 thousand) of interest.

³(NIB-5) loan is intended for the implementation of the public railway infrastructure project Rail Baltica and investment projects of the years 2014-2020. In 2024, the Company repaid EUR 4,762 thousand (2023: EUR 4,762 thousand) of the loan and paid EUR 1,621 thousand (2023: EUR 920 thousand) of interest.

Movement of loans:

	2024	2023
Financial liabilities in the beginning of the period	126,736	141,082
Repayment of loans	(15,555)	(15,555)
Loans received from related parties	11,982	-
Calculated interest	7,128	6,202
Interest paid	(7,541)	(4,993)
Financial liabilities at the end of the period	122,750	126,736

To achieve a more effective management of funds and ensure the liquidity of the Group companies, the Company uses the Group's cash-pool under the agreement with AB Swedbank under market conditions. As at 31 December 2024, the Company's payable amounted to EUR 11,982 thousand (as at of December 31, 2023, there were no liabilities). During 2024, the Company paid EUR 1,185 thousand of interest (2023: EUR 216 thousand).

19. Lease liabilities

The Company leases buildings and other assets (vehicles and dredgers). Agreements on the lease of building are usually concluded for a fixed 36-month period with a possibility to extend them. Vehicle lease agreements are concluded for 36 months without a possibility to extend them. When determining the lease period, the management evaluates all facts and circumstances, which give rise to economic incentives to avail themselves of the possibility to extend or terminate the contract. The possibility of extending the contract (or the periods after the possibility of terminating the contract) is provided for in the leases only if it can be reasonably expected that the lease will be extended (or not terminated). Possible future cash payments were not included in the lease liabilities as there is no reason to be certain

that the leases will be extended (or not terminated).

The discount rate applied on lease agreements in 2023 is related to 6-month EURIBOR and the market margin, determined by market research under current market conditions.

The Company's lease liabilities and their movement:

	2024	2023
Carrying amount in the beginning of the period	2,145	2,036
Lease agreements concluded	637	1,289
Lease agreements terminated	(26)	(241)
Calculated interest	30	1
Lease payments (principal amount and interest)	(1,052)	(940)
Carrying amount at the end of the period	1,734	2,145
Non-current lease liabilities	1,003	1,225
Current lease liabilities:	731	920
Total	1,734	2,145

Future lease payments under irrevocable lease agreements:

	2024	2023
Lease liabilities with maturities:		
Within one year	731	920
From one to five years	970	1,185
After five years	33	40
Total	1,734	2,145

If the discount rate applied by the Company increased or

decreased by 1%, the amount of lease liabilities as at 31 December 2024 would amount to EUR 1,682 thousand or EUR 1,786 thousand, respectively (31 December 2023: EUR 2,081 thousand or EUR 2,209 thousand).

The Company has payable amounts related to short-term lease, low-value assets and other lease payments recorded in the statement of profit or loss and other comprehensive income by a total amount of EUR 580 thousand during 2024 (2023: EUR 821 thousand).

20. Employee benefits

According to the laws of the Republic of Lithuania, an employee of the Company who retires at retirement age is entitled to a benefit in the amount of 2 months' salary. In addition, in accordance with the Branch Collective Agreement of the Group of companies, effective from 1 January 2023 and concluded for a period of four years, a one-off bonus of one average monthly salary shall be granted in appreciation of long and good service (with due regard to performance and discipline) to employees with at least twenty-five years of service with the Group of companies who have reached retirement age and who are therefore terminating their employment relationship with the Company.

The key assumptions used in estimating the Company's long-term employee benefit obligation are set out below:

	2024	2023
Discount rate	3.67%	3.37%
Employee turnover rate	7.25%	6.50%
Salary accrual rate	5.00%	5.00%

Change in employee benefits during 2024 by type:

	31/12/2023	Added to the statement of profit or loss and other comprehensive income	Capitalised costs	Paid	31/12/2024
NON-CURRENT LIABILITIES:					
Provisions for pensions and similar liabilities	3,657	298	-	(367)	3,588
Total non-current liabilities:	3,657	298	-	(367)	3,588
CURRENT LIABILITIES:					
Accumulated vacation pay	2,594	3,216	-	(3,394)	2,416
Wages and salaries payable	2,595	27,487	1,905	(29,188)	2,799
Social security contributions payable	1,160	14,539	34	(14,515)	1,218
Personal income tax payable	781	11,945	-	(11,859)	867
Other employment-related liabilities	2,083	2,755	-	(1,833)	3,005
Total current liabilities:	9,213	59,942	1,939	(60,789)	10,305
Total	12,870	60,240	1,939	(61,156)	13,893

21. TRADE AND OTHER PAYABLES

The Company's trade and other payables consisted of:

	31/12/2024	31/12/2023
Trade accounts payable	81,758	73,670
Trade accounts payable to related parties	8,545	12,554
Prepayments received	13,471	2,709
Received prepayments from related parties	74	27
Cash guarantees received	1,220	1,787
Cash guarantees received from related parties	624	620
VAT payable	-	1,056
Prepayments received for use of railway infrastructure	721	365
Accumulated costs	9,470	4,658
Accumulated costs from related parties	2,106	657
Accumulated liabilities for the use of railway infrastructure from related parties	-	449
Other amounts payable and liabilities	126	140
Total	118,115	98,692

The Company is carrying out intensive construction works in the Rail Baltica railway sections and continues works under other projects; therefore, liabilities for contracting works comprised the largest portion of trade accounts payable.

The funding received, recorded in advances received, is allocated to state-controlled entities that are contractually involved as partners in joint projects.

22. Provisions

The Company's other provisions consisted of:

	Non-current provisions	Current provisions	Total
Balance as at 31 December 2022	14,470	227	14,697
Additionally formed	1,983	-	1,983
Additionally dissolved	-	(161)	(161)
Balance as at 31 December 2023	16,453	66	16,519
Transferred to long-term provisions	66	(66)	-
Balance as at 31 December 2024	16,519	-	16,519

No additional provisions were established in 2024. In 2023, a provision of EUR 1,983 thousand was formed due to undertaken commitments related to the transfer of the controlled facilities of the electricity network to ESO. Other provisions relate to the outcome of legal proceedings and potential liabilities.

23. Sales revenue

The Company's revenue consisted of:

	2024	2023
Revenue from use of railway infrastructure	94,846	92,936
Revenue from use of railway service facilities	14,554	12,445
Revenue from other operating activities	9,773	11,839
Total revenue from operating activities	119,173	117,220
Grant	65,634	60,607
Total subsidy	65,634	60,607
Other operating income	1,079	404
Total income from other activities	1,079	404
Total	185,886	178,231

Change in revenue from services related to the use of railway service facilities due to storing of rolling stock, shunting humps and the provision of intermodal terminal services.

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

	2024	2023
Recognised immediately	2,545	2,480
Recognised over time	183,341	175,751
Total	185,886	178,231

24. Employee benefits

Employee benefits by type:

	2024	2023
Wages and salaries	59,458	56,595
Social security contributions	1,029	987
Accrued vacation reserve	(178)	(393)
Pensions and similar liabilities	(69)	491
Total	60,240	57,680

The major part of salary costs was affected by an increase in the average annual salaries.

25. Net finance income and costs

The result of the Company's financial activity consisted of:

	2024	2023
Total finance income	1,423	229
Interest	295	215
Penalties and default interest for overdue trade receivables	1,128	14
Total finance costs	(7,549)	(6,504)
Interest	(7,276)	(6,294)
Penalties and default interest	(243)	(209)
Other costs	(30)	(1)
Total	(6,126)	(6,275)

Finance income has increased due to compensatory interest received based on the peace agreement.

26. Income tax and deferred tax

Income tax was calculated at a rate of 15 percent.

	2024	2023
Adjustment of the income tax of the previous year	-	(84)
Deferred tax expenses (benefit)	(1,934)	(955)
Total income tax expenses (income) recognised in profit or loss	(1,934)	(1,039)

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

	2024	2023
Profit (loss) before taxation	(10,760)	(9,777)
Income tax	(1,614)	(1,467)
Non-deductible (+)/Additional deductible (-) expenses	1,146	330
Non-taxable income (-)	(373)	182
Income tax of the previous year	-	(84)
Difference due to change in percentage	(1,093)	-
Total corporate income tax expenses (income)	(1,934)	(1,039)
Effective rate	17.97%	10.63%

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

	2024	2023
DEFERRED CORPORATE INCOME TAX ASSETS:		
Impairment of receivables and write-off of bad debts	138	135
Write-off of inventories	764	730
Accrual of vacation leave and bonuses	865	700
Long-term employee benefit liabilities	574	549
Tax loss carry-forward	4,802	2,123
Total deferred tax assets:	7,143	4,237
DEFERRED TAX LIABILITY:		
Difference in the value of non-current assets with tax value	(16,102)	(13,672)
Differences in grants	(2,269)	(3,728)
Total deferred income tax liability:	(18,371)	(17,400)
Deferred income tax asset (liability), net	(11,228)	(13,163)

Since the 16% tax rate has been enforced in the jurisdiction as of 1 January 2025, the deferred income tax of the Company was recalculated taking into account future reporting periods in which the temporary differences, due to which the deferred tax occurred, will disappear.

27. Related party transactions

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

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

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

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

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

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

Related party transactions of the Company:

	Sales	Purchases	Receivables	Payables
AB Lietuvos geležinkeliai ^[1]	1,717	26,553	431	18,042
AB LTG Cargo	98,238	468	6,186	298
UAB LTG Link	9,294	532	1,220	86
UAB Geležinkelio tiesimo centras ^[2]	799	11,104	180	2,864
UAB Rail Baltica statyba	-	58	-	6
UAB voestalpine VAE Legetecha ^[3]	-	7,947	-	2,035
Total	110,048	46,662	8,017	23,331

The major part of the purchases in 2024 includes the following:

AB Lietuvos geležinkeliai ^[1]: strategic management fee – EUR 3,739 thousand; general administrative charges - EUR 20,322 thousand;
UAB Geležinkelio tiesimo centras^[2]: construction and repair of railways – EUR 10,758 thousand;
UAB voestalpine VAE Legetecha: ^[3] upper road materials (rails) – EUR 6,670 thousand.

	Sales	Purchases	Receivables	Payables
AB Lietuvos geležinkeliai ^[1]	2,477	33,072	764	5,907
AB LTG Cargo	99,984	604	11,176	735
UAB LTG Link	6,700	452	1,319	175
UAB Geležinkelio tiesimo centras ^[2]	614	20,064	101	5,684
LTG CARGO UKRAINE LLC	2	-	-	-
UAB Rail Baltica statyba	-	58	-	3
UAB voestalpine VAE Legetecha ^[3]	-	5,683	-	1,803
Total	109,777	59,933	13,360	14,307

The major part of the purchases in 2023 includes the following:

AB Lietuvos geležinkeliai ^[1]: management services – EUR 20,782 thousand; purchase of non-current assets – EUR 10,893 thousand;
UAB Geležinkelio tiesimo centras^[2]: construction and repair of railways – EUR 19,851 thousand;
UAB voestalpine VAE Legetecha: ^[3] upper road materials (rails) – EUR 4,856 thousand.

Following the LTG Group methodology, all transactions with related parties are performed under market conditions and conform to the arm's-length principle.

28. Management remuneration and other benefits

As at 31 December 2024, the management consisted of the Chief Executive Officer and the heads of the following departments: Technical Supervision, Service Delivery, Service Development and Sales, Strategy and Management, Finance, Project management, Rail Baltica Management.

	2024	2023
Management remuneration	1,023	976
Incentive benefits*	97	74
Accrued non-current benefits**	4	5
Number of executives	9	9
Allowances for members of the Board	120	115
Number of Board members	5	5

* Incentives include performance bonuses and lump sums.

** Accrued non-current payments are provisions for pension and similar liabilities, accrued as at the end of the year.

As of 31 December 2024, the Company's management have not been granted any loans, guarantees, or other disbursements or accruals, or disposals of assets other than as set forth above.

29. Contingent assets and liabilities, potential liabilities

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

VAS Latvijas dzelzceļš and SIA LDZ CARGO addressed LTG in writing on 30 August 2018 to claim compensation for the damage suffered by these companies. According to these companies, they had suffered a damage of EUR 82,340 thousand as a result of the dismantling of the railway section Mažeikiai - Latvian border. The abovementioned entities also claim interest at the rate of 6% for the period from the date on which the damage occurred until the date of compensation. LTG Infra, as successor in title to the proceedings, does not accept these claims and considers them to be unjustified.

According to AB LTG Infra's claim against the defendants Elecnor Servicios y Proyectos S.A.U, Instalaciones Inabensa, S.A, Elecnor S.A regarding award of default penalties, procedural interest and costs in an amount of EUR 15,877 thousand. The case involved an exchange of procedural documents. The defendants disagree with the claim because they believe that the works were delayed not due to the circumstances of the contractor. The case involves judicial mediation.

According to the claim of Elecnor Servicios y Proyectos S.A.U, Instalaciones Inabensa, S.A, Elecnor S.A against AB LTG Infra regarding an increase of the contract price by EUR 7,096 thousand and the extension of the completion

term and the award of costs. The case takes preparation for the proceedings. LTG Infra basically supports its requirements and disagrees with those of Elecnor Servicios Y Proyectos S.A.U, Instalaciones Inabensa, SA, Elecnor SA. As both cases are in the preparation process (exchange of procedural documents), the final positions of the parties on the claims have not yet been finalised; therefore, no provisions have been formed.

AB LTG Infra has not received any guarantees.

AB LTG Infra has issued guarantees to: AB Lietuvos geležinkeliai - EUR 89 thousand, matures on 30 May 2026; UAB LTG Link - EUR 26 thousand, valid until 21 September 2026; National Energy Regulatory Council - EUR 11 thousand, valid until 31 December 2025.

Provisions have been recorded in the financial statements in 2024 and 2023 in respect of LTG Infra's obligations related to the transfer of electricity network assets to ESO.

The change in provisions is disclosed in Note 22.

30. Investment commitments

On 20 December 2019, LTG Infra signed a contract with joint venture partners Elecnor S.A. and Instalaciones Inabensa S.A. on the electrification of the Vilnius-Klaipėda railway section. The value of the contract after indexation in 2022 and 2024 is EUR 423.0 million. It is expected that all the works under the contract will be completed in 2026, and electric trains will be able to run on the Vilnius-Klaipėda route.

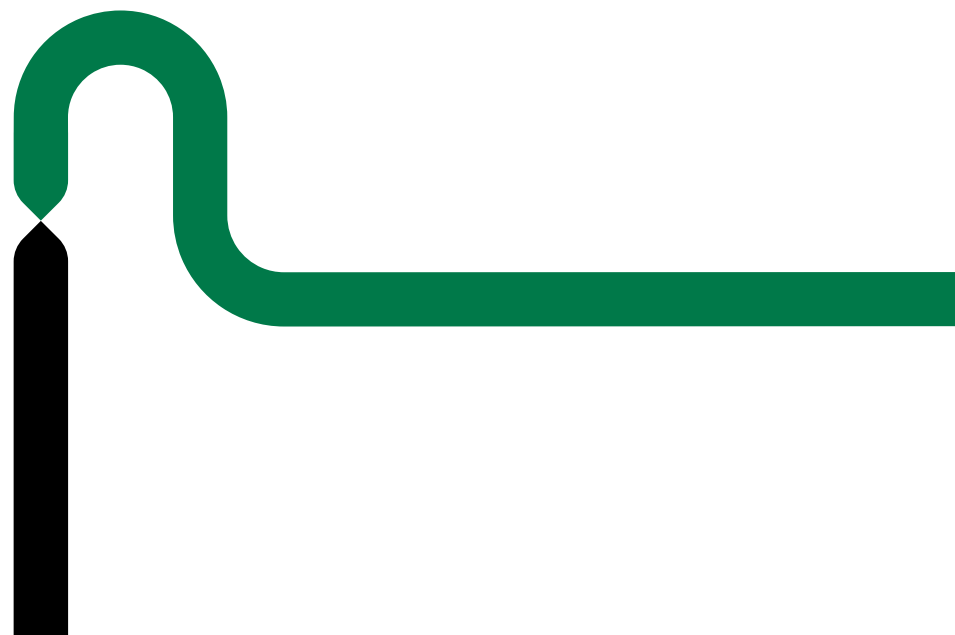
On 31 March 2022, LTG Infra signed a contract with the Italian company Rizzani de Eccher for the construction of the Rail Baltica railway bridge over Neris near Jonava. The actual value of the contract as at 13 January 2025 is EUR 80.3 million (excl. VAT). The new railway bridge will be the longest not only in Lithuania but also in the Baltic States. It will be 1,510 metres long, about 40 metres above the Neris and the river valley. The bridge, which is almost 14 metres wide, will carry a railway of European standard gauge. The scheduled completion term of the works prescribed in the contract is 26 November 2026.

On 9 December 2022, LTG Infra and joint venture partners UAB Fegda UAB and UAB Tilsta entered into two contracts on installation earthworks in sections Šveicarija-Žeimiai and Žeimiai-Šėta as part of the Kaunas-Lithuania/Latvia border phase of Rail Baltica project. The actual value of the contract for the section Šveicarija-Žeimiai as at 13 January 2025 is EUR 94.64 million (excl. VAT). The actual value of the contract for the section Žeimiai-Šėta as at 13 January 2025 is EUR 81.43 million (excl. VAT). In the 10 km section from Šveicarija to Žeimiai and the in the 17.7 km section from Žeimiai to Šėta, the contractor will carry out all the track earthworks (construction of the railway crossing and engineering structures) without the construction of the upper part of the track, the land and site will be landscaped, a railway drainage system, a protective fence, reconstruction of third parties network and other related works will be performed. The main works in the section Šveicarija-Žeimiai are expected to be completed by the end of 2025, and in the section Žeimiai-Šėta in Q1 2026.

On 8 October 2024, LTG Infra and joint venture partners EU-ROVIA CZ a.s and AB Eurovia Lietuva concluded an agreement for contract works for the Rail Baltica project on the Kaunas-Panevėžys-LT/LV section (Stage I): installation of a new double track railway crossing, construction of engineering structures and local roads on the Šėta-Ramygala section (48,8 – 65,9 km (17,1 km)). The value of the contract is EUR 97,996 million (excl. VAT). The contractor will carry out the installation of the railway earthworks and civil engineering works (excluding the superstructure), railway drainage, safety fencing, access roads, reconstruction of motorways, reconstruction of third-party networks, and other related works. The contractor shall complete the works by Q2 2027.

31. Events after the reporting period

On 14 February 2025, a contract of EUR 10 million was signed with the Siemens Mobility Oy Lithuanian branch to adapt the software and hardware of the existing traffic management system to an electrified railway on the Šiauliai-Klaipėda section.





Activity accounting reports of public railway
infrastructure manager (unaudited)



Abbreviations

Company	AB LTG Infra, public railway infrastructure manager
SPEC	(special obligations) – implementation of functions of public railway infrastructure manager, covering the functions set out in Article 24 of the RTC
RSF	(railway service facilities) – other activities of the public railway infrastructure manager within the meaning of Article 3(13) of the RTC
OAR	(other additional revenue) – other activities of the public railway infrastructure manager (commercial services): asset lease, utilities and communications, sale of scrap metal and other commercial services
RTC	Railway Transport Code of the Republic of Lithuania
Criteria for allocation to activities	a factor that determines the generation of specific amounts of income, expenses, assets and/or liabilities, by which those generated amounts are attributed to final activities or accumulation centres
IFRS	International Financial Reporting Standards
CRA	Communications Regulatory Authority of the Republic of Lithuania
WTT	working timetable of trains
VIT	Vilnius Intermodal Terminal
KIT	Kaunas Intermodal Terminal
Business unit	a group of final services logically distinguished within the Company according to the specific internal activities performed
PRI	Public Railway Infrastructure

Services provided

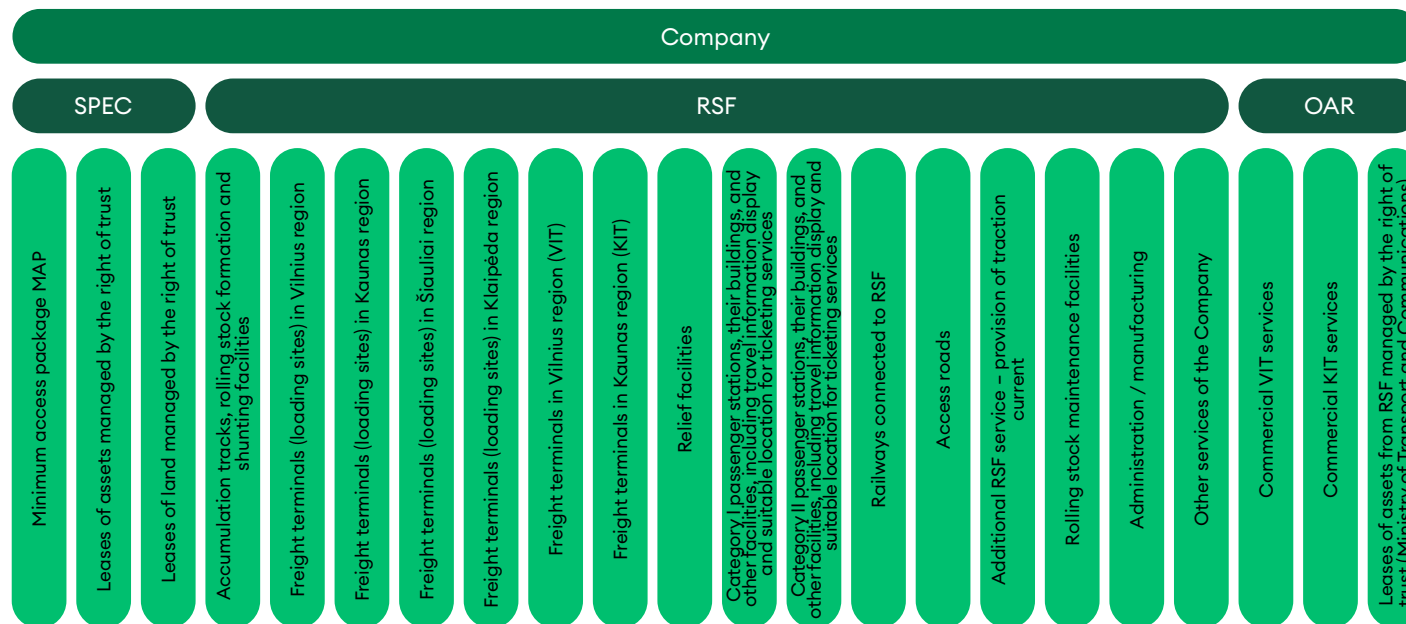
The manager of the public railway infrastructure carries out 3 main activities:

- **SPEC.** They cover the handling of requests for the public railway infrastructure capacity; the right to utilise the public railway infrastructure capacity which is granted, also track points, electrical supply equipment for traction current, where available; train control including signalling, regulation, dispatching; communication and provision of information on train movement and any other information required to implement or operate the service for which the public railway infrastructure capacity has been granted. The rates of charges for the minimum access package are publicly available on the Company's website. These activities also include the lease of public railway infrastructure facilities (structures and parts of land).
- **RSF.** In 2024, the following services are provided in the railway service facilities operated by the Company: use of passenger railway stations, their buildings and other facilities; use of ticketing areas; access to railway tracks connected to rail service facilities; use of railway tracks for the provision of services at rail service facilities; use of rolling stock formation and shunting facilities; use of rail service facilities for the storage of railway rolling stock; use of the wagon marshalling yard; use of the track gauge change mechanism; provision of traction current; accident recovery at RSF; intermodal loading of intermodal transport units at VIT/KIT; storage of a intermodal transport unit; access to loading terminals; loading or unloading of freight from/into wagons, containers, cars; work with loading equipment; loading work by mobile team. A list of access to railway service facilities and the services provided at railway service facilities is available on the Company's website <https://ltginfra.lt/en/railway-infrastructure/rsf/>.

- **OAR.** The Company provides services of maintenance and repair of facilities, short-term lease of special rolling stock, wagons and vehicles, lease of long tracks transportation train set, inspection of nodes and tracks, maintenance of automation, communication and power supply equipment, marking of underground routes, inspection and calibration of measuring instruments, lease of measurement and control equipment, and provision of communication services. Services of intermodal terminals: in addition to the main intermodal handling service for intermodal transport units, the Company-controlled intermodal terminals provide a number of additional services, such as handling of containers carried by road only, weighing services, transportation inside the territory of the terminal, services of the representatives of the Customs Broker and handling of cargo on pallets, which is very frequently requested by our customers, and cargo storage in covered warehouses.

Principles for determining business units

In order to ensure the implementation of the requirements of the Description of the Procedure for the Accounting Separation of Railway Transport Activities, approved by Order No IV-139 of the Director of the Communications Regulatory Authority of the Republic of Lithuania of 29 January 2020 On the Approval of the Description of the Procedure for the Accounting Separation of Railway Transport Activities, as of 31 December 2024, the Company has formed 22 business units considering their final services.



Analysis of financial and operating performance

Revenue

The Company's sales revenue amounted to EUR 119.2 million in 2024. The majority – EUR 96.2 million or 80.7% – was generated from the SPEC activities, EUR 14.6 million or 12.2% from RSF, and EUR 8.4 million or 7.1% from OAR.

Grant

In accordance with the agreement on ensuring quality and funding of the public railway infrastructure and state-owned railway service facilities concluded between the Ministry of Transport and Communications of the Republic of Lithuania and the Company on 6 April 2022 which is aimed at implementing the State's obligation set out in Article 23(16) of the RTC to allocate sufficient state budget funding to ensure that, when the operating conditions are normal, the balance of revenue of infrastructure manager from the minimum access package fee, the fee for the use of the public railway infrastructure for rail transit services, the fee for the allocated but not used public railway infrastructure capacities, additional revenue from other commercial activities, non-refundable revenue from private sources and State budget funds, and the costs of performing the functions of the infrastructure manager as referred to in Article 24 of the RTC is maintained for a period of no more than five (5) years. The revenue and costs balancing requirement for 2024 is EUR 65.6 million. The calculation of the revenue and costs balancing requirement is shown in the table below.

Revenue and costs balancing item	EUR thousand
Fee for minimum access package	75,564
Fee for the use of PRI for rail transit services	19,251
Fee for allocated but not used PRI capacities	31
Additional revenue from other commercial activities (leases of assets managed by the right of trust)	1,365
Revenue from private sources and State budget funds	-
Total revenue received from SPEC activities	96,212
Total costs incurred from SPEC activities	161,846
Revenue and costs balancing requirement	65,634

Costs

In 2024, the Company incurred costs amounting to EUR 196.1 million. The majority of these costs comprise costs from SPEC activities of EUR 161.8 million or 82.5%, RSF of EUR 29.6 million or 15.1% and OAR of EUR 4.7 million, which accounted for 2.4% of the Company's costs.

Performance

In the reporting period, the Company's net loss amounted to EUR 8.8 million. The net loss for RSF activities amounted to EUR 15.1 million, while OAR activities generated net profit of EUR 6.3 million.

The statement of financial position of activities

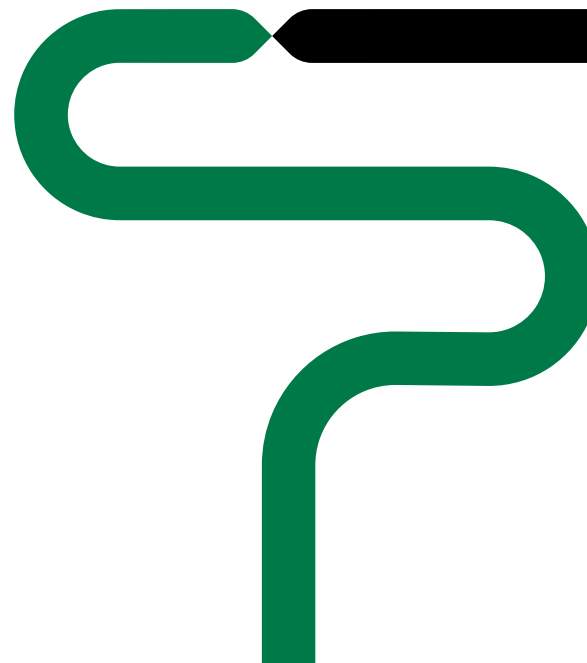
- The largest part of the Company's non-current assets of EUR 1,806.9 million (92.8%) is used for the provision of SPEC services, followed by RSF of EUR 133.8 million (6.9%), and OAR of EUR 7.3 million (0.4%).
- The largest part of the Company's current assets of EUR 106.0 million (77.5%) was generated from SPEC activities, followed by RSF of EUR 11.4 million (8.4%), and OAR of EUR 19.3 million (14.1%).
- The largest part of the Company's equity of EUR 592.5 million (93.7%) is used for SPEC activities, followed by RSF of EUR 17.9 million (2.8%), and OAR of EUR 21.7 million (3.4%).
- The largest part of the Company's non-current liabilities of EUR 1,201.9 million (96.1%) arose from SPEC activities, followed by RSF of EUR 49.3 million (3.9%), and OAR of EUR -0.3 million (0.0%).
- The largest part of the Company's current liabilities of EUR 118.4 million (58.7%) arose from RSF activities, followed by GPJ of EUR 77.9 million (38.7%), and OAR of EUR 5.2 million (2.6%).

Statements of changes in equity of activities

- The new profit centre formed in 2024 has led to a reallocation of share capital between SPEC, RSF and OAR activities.
- The result and the reserves for the reporting year were distributed in 2024 in accordance with the draft appropriation of profit/loss in the SPEC, RSF and OAR activities, which was approved by the shareholder on 16 April 2024.
- Considering the unrecognised loss of the SPEC activity of EUR 0.4 million for the period, the equity of the SPEC activity at the end of 2024 amounts to EUR 592.5 million.
- The RSF activities incurred a loss of EUR 15.1 million in the reporting period and, given the unrecognised loss for the period of EUR 0.5 million, the equity of the RSF activities at the end of 2024 equals to EUR 17.9 million.
- The result of OAR activities is EUR 6.3 million taking into account the unrecognised loss for the period of EUR 0.1 million; equity of the OAR activity at the end of 2024 amounts to EUR 21.7 million.

Statements of cash flows of activities

- Net cash flow from SPEC activities during the reporting period was negative (EUR 29.9 million) and cash and cash equivalents at the end of the period were positive at EUR 33.7 million.
- Net cash flow from RSF activities during the reporting period was negative (EUR 18.9 million). These activities were financed by EUR 13.4 million from SPEC activities and EUR 5.5 million from OAR activities.
- Net cash flow from OAR activities during the reporting period was positive (EUR 5.5 million) and all the funds were used to finance the RSF activities.



Company's financial statements by activities

Statement of financial position

	Notes	Company	SPEC	RSF	OAR
NON-CURRENT ASSETS					
Property, plant and equipment		1,931,613	1,792,703	132,013	6,897
Land		152,732	152,732	-	-
Buildings and structures		1,031,484	912,294	113,812	5,378
Machinery and equipment		56,094	49,274	5,823	997
Vehicles		12,828	9,812	2,609	407
Other assets, fixtures, fittings and tools		4,638	2,212	2,310	116
Construction in progress and prepayments		673,837	666,379	7,458	-
Right-of-use assets		1,702	1,377	265	60
Intangible assets		13,076	11,528	1,209	339
Software		9,421	8,082	1,005	334
Licenses and similar rights		-	-	-	-
Other intangible assets		3,655	3,446	204	5
Investment property		1,407	1,133	263	11
Financial assets		127	100	25	2
Other non-current assets		97	76	20	1
Total non-current assets	1	1,948,022	1,806,917	133,795	7,310
CURRENT ASSETS					
Inventories	2	20,668	19,827	762	79
Non-current assets held for sale		261	-	-	261
Trade and other receivables	3	29,806	19,658	10,068	80
Prepayments		3,187	2,531	620	36
Cash and cash equivalents		33,701	33,701	-	-
Receivables from Activities		-	30,291	-	18,838
Total current assets		87,623	106,008	11,450	19,294
TOTAL ASSETS		2,035,645	1,912,925	145,248	26,603

Statement of financial position (continued)

	Notes	Company	SPEC	RSF	OAR
EQUITY					
Authorised capital		654,928	579,408	72,530	2,990
Legal reserve	5	-	-	-	-
Other reserves		-	17,422	(25,741)	8,319
Retained profit (loss)		(22,799)	(4,288)	(28,874)	10,363
Total equity		632,129	592,541	17,915	21,672
LIABILITIES					
Non-current liabilities:					
Grants	6	1,104,340	1,058,798	42,016	3,526
Loans and other borrowings		93,968	89,094	4,874	-
Lease liabilities		1,003	807	166	30
Employee benefits		3,588	2,940	529	119
Trade and other payables		20,369	20,369	-	-
Provisions		16,519	16,200	290	29
Deferred income tax liabilities		11,228	13,722	1,488	(3,982)
Total non-current liabilities	7	1,251,016	1,201,930	49,364	(279)
Current liabilities:					
Grants		14,937	14,937		
Loans and short-term portion of long-term loans		28,782	27,999	783	-
Lease liabilities		731	588	121	22
Income tax liability		-	-	-	-
Employee benefits		10,305	8,444	1,520	341
Trade and other payables		97,746	93,256	3,682	808
Payables to Activities		-	-	49,129	-
Provisions		-	-	-	-
Balancing of liabilities	8	-	(26,772)	22,734	4,038
Total current liabilities	7	152,501	118,452	77,969	5,209
TOTAL EQUITY AND LIABILITIES		2,035,645	1,912,925	145,248	26,603

Statement of profit or loss and other comprehensive income

	Notes	Company	SPEC	RSF	OAR
Sales revenue		119,173	96,212	14,554	8,408
Grant		65,634	65,634	-	-
Other operating income		1,079	-	-	1,079
Total income		185,886	161,846	14,554	9,487
Remuneration and social insurance costs		(60,240)	(49,363)	(8,883)	(1,993)
Depreciation and amortization		(59,833)	(49,328)	(9,353)	(556)
Materials		(7,619)	(6,313)	(1,158)	(172)
Fuel		(1,054)	(867)	(162)	(25)
Electricity		(7,849)	(6,616)	(1,015)	(150)
Other costs		(53,927)	(43,846)	(9,084)	(1,637)
Operating profit (loss)		(4,634)	5,513	(15,101)	4,954
Finance income		1 423	-	-	1,423
Finance expenses	9	(7,549)	(7,050)	(529)	30
Profit (loss) before taxation		(10,760)	(1,537)	(15,630)	6,407
Income tax	10	1,934	1,537	548	(151)
Net profit (loss)		(8,826)	-	(15,082)	6,256

Statement of changes in equity by activities

Statement of changes in equity (company)

	Notes	Authorised capital	Share premium	Legal reserve	Other reserves	Retained profit (loss)	Total
Net profit (loss)		-	-	-	-	(8,738)	(8,738)
Other comprehensive income, after tax		-	-	-	-	-	-
Total comprehensive income (expenses)		-	-	-	-	(8,738)	(8,738)
Unrecognised profit (loss) for the reporting year		-	-	-	-	(8,658)	(8,658)
Restatement of authorised capital		-	-	-	-	-	-
Reserves formed		-	-	-	(15,888)	15,888	-
Dividends		-	-	-	-	-	-
Total transactions with owners of the Company		-	-	-	(15,888)	7,230	(8,658)
Balance as at 31 December 2023		654,928	-	1,258	3,117	(17,396)	641,907
Net profit (loss)		-	-	-	-	(8,826)	(8,826)
Other comprehensive income, after tax		-	-	-	-	-	-
Total comprehensive income (expenses)		-	-	-	-	(8,826)	(8,826)
Unrecognised profit (loss) for the reporting year		-	-	-	-	(952)	(952)
Restatement of authorised capital		-	-	-	-	-	-
Reserves formed		-	-	(1,258)	(3,117)	4,375	-
Dividends		-	-	-	-	-	-
Total transactions with owners of the Company		-	-	(1,258)	(3,117)	3,423	(952)
Balance as at 31 December 2024		654,928	-	-	-	(22,799)	632,129

Statement of changes in equity (spec activity)

	Notes	Authorised capital	Share premium	Legal reserve	Other reserves	Retained profit (loss)	Total
Net profit (loss)		-	-	-	-	-	-
Other comprehensive income, after tax		-	-	-	-	-	-
Total comprehensive income (expenses)		-	-	-	-	-	-
Unrecognised profit (loss) for the reporting year		-	-	-	-	(8,260)	(8,260)
Restatement of authorised capital		4,598	-	-	-	-	4,598
Reserves formed		-	-	-	(2,135)	2,135	-
Dividends		-	-	-	-	-	-
Total transactions with owners of the Company		-	-	-	(2,135)	(6,126)	(8,260)
Balance as at 31 December 2023		573,081	-	1,046	20,698	(8,260)	586,565
Net profit (loss)		-	-	-	-	-	-
Other comprehensive income, after tax		-	-	-	-	-	-
Total comprehensive income (expenses)		-	-	-	-	-	-
Unrecognised profit (loss) for the reporting year		-	-	-	-	(350)	(350)
Restatement of authorised capital	4	6,327	-	-	-	-	6,327
Reserves formed		-	-	(1,046)	(3,276)	4,322	-
Dividends		-	-	-	-	-	-
Total transactions with owners of the Company		6,327	-	(1,046)	(3,276)	3,972	5,977
Balance as at 31 December 2024		579,408	-	-	17,422	(4,288)	592,541

Statement of changes in equity (RSF)

	Notes	Authorised capital	Share premium	Legal reserve	Other reserves	Retained profit (loss)	Total
Net profit (loss)		-	-	-	-	(13,194)	(13,194)
Other comprehensive income, after tax		-	-	-	-	-	-
Total comprehensive income (expenses)		-	-	-	-	(13,194)	(13,194)
Unrecognised profit (loss) for the reporting year		-	-	-	-	(114)	(114)
Restatement of authorised capital		(415)	-	-	-	-	(415)
Reserves formed		-	-	-	(18,932)	18,932	-
Dividends		-	-	-	-	-	-
Total transactions with owners of the Company		-	-	-	(18,932)	18,817	(114)
Balance as at 31 December 2023		78,657	-	53	(25,741)	(13,308)	39,660
Net profit (loss)		-	-	-	-	(15,082)	(15,082)
Other comprehensive income, after tax		-	-	-	-	-	-
Total comprehensive income (expenses)		-	-	-	-	(15,082)	(15,082)
Unrecognised profit (loss) for the reporting year		-	-	-	-	(536)	(536)
Restatement of authorised capital	4	(6,127)	-	-	-	-	(6,127)
Reserves formed		-	-	(53)	-	53	-
Dividends		-	-	-	-	-	-
Total transactions with owners of the Company		(6,127)	-	(53)	-	(484)	(6,663)
Balance as at 31 December 2024		72,530	-	-	(25,741)	(28,874)	17,915

Statement of changes in equity (OAR)

	Notes	Authorised capital	Share premium	Legal reserve	Other reserves	Retained profit (loss)	Total
Net profit (loss)		-	-	-	-	4,456	4,456
Other comprehensive income, after tax		-	-	-	-	-	-
Total comprehensive income (expenses)		-	-	-	-	4,456	4,456
Unrecognised profit (loss) for the reporting year		-	-	-	-	(283)	(283)
Restatement of authorised capital		(4,184)	-	-	-	-	(4,184)
Reserves formed		-	-	-	5,179	(5,179)	-
Dividends		-	-	-	-	-	-
Total transactions with owners of the Company		-	-	-	5,179	(5,462)	(283)
Balance as at 31 December 2023		3,190	-	159	8,160	4,173	15,682
Net profit (loss)		-	-	-	-	6,256	6,256
Other comprehensive income, after tax		-	-	-	-	-	-
Total comprehensive income (expenses)		-	-	-	-	6,256	6,256
Unrecognised profit (loss) for the reporting year		-	-	-	-	(66)	(66)
Restatement of authorised capital	4	(200)	-	-	-	-	(200)
Reserves formed		-	-	(159)	159	-	-
Dividends		-	-	-	-	-	-
Total transactions with owners of the Company		(200)	-	(159)	159	(66)	(266)
Balance as at 31 December 2024		2,990	-	-	8,319	10,363	21,672

Statement of cash flows

	Notes	Company	SPEC	RSF	OAR
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit (loss)		(8,826)	-	(15,082)	6,256
ADJUSTMENTS					
Depreciation and amortisation		59,833	49,824	9,447	562
(Profit) loss from disposal / write-off of non-current assets		1,344	639	560	145
Impairment (reversal)		(721)	(721)	-	-
Change in accrued income/expenses		6,968	6,301	(228)	895
Interest (income) expenses		6,982	6,729	524	(271)
Interest of lease liabilities		30	24	5	1
Increase (decrease) in provisions		-	-	-	-
Effect of currency exchange fluctuations		-	-	-	-
Income tax expenses (income)		(1,934)	(1,538)	(547)	151
Cash flows from operating activities after adjustment		63,676	61,259	(5,322)	7,739
Changes in working capital					
Decrease (increase) in inventories		656	542	99	15
Decrease (increase) in trade and other receivables and prepayments		(73,383)	(71,592)	(3,543)	1,752
Increase (decrease) in current and non-current trade payables and received prepayments		12,260	14,400	(679)	(1,461)
Increase (decrease) in employment related liabilities		1,011	956	230	(175)
Increase (decrease) in other non-current and current payables		(10,806)	(8,692)	(1,791)	(323)
Income tax (paid)		-	-	-	-
Net cash from operating activities		(6,586)	(3,128)	(11,004)	7,546

Statement of cash flows (continued)

	Notes	Company	SPEC	RSF	OAR
Cash flow from investing activities					
(Acquisition) of non-current assets		(299,964)	(286,626)	(7,540)	(5,798)
Disposal of non-current assets		3,460	-	-	3,460
Change in prepayments for non-current assets		34,684	34,684	-	-
Interest received		295	-	-	295
Net cash from investing activities		(261,525)	(251,941)	(7,540)	(2,044)
Cash flows from financing activities					
Loans received		11,982	11,982	-	-
Loans (repayment)		(15,555)	(15,207)	(348)	-
Interest paid		(7,541)	(7,141)	(400)	-
Grants received (repaid, used)		236,955	236,410	545	-
Interest on lease liabilities		(30)	(24)	(5)	(1)
Lease liability payments		(1,022)	(822)	(169)	(31)
Dividends paid		-	-	-	-
Cash flows related to owners		-	-	-	-
Repaid loans of the previous period to Activity		-	-	-	-
Received loans from Activities of the previous period		-	-	-	-
Net cash flows from financing activities		224,789	225,199	(378)	(32)
Net increase (decrease) in cash and cash equivalents		(43,321)	(29,870)	(18,921)	5,470
Cash and cash equivalents at the beginning of the period		77,022	93,862	(30,208)	13,368
Borrowing from Activities (deducted net balance)	11	-	-	49,129	-
Borrowings for Activities (deducted net balance)	11	-	(30,291)	-	(18,838)
Cash and cash equivalents at the end of the period		33,701	33,701	-	-

Explanatory notes to the financial statements

1. Non-current assets. The Company's non-current assets, other than construction in progress and non-current prepayments, are allocated between activities on the basis of the criteria for allocation to activities – the proportion of depreciation costs attributable to the activity compared to the total depreciation costs of the activities. Construction in progress and non-current prepayments are classified according to the nature of the investment projects, i.e. the activities in which the assets will be used.

2. Inventories. Superstructure inventories are attributed to SPEC and RSF activities only. Classification to SPEC activities is performed according to the share of the total road length of the main roads in the total road length, and to RSF according to the share of the total road length of the main roads in the total road length of the stations and access roads. The remaining inventories are allocated on the basis of the criteria for allocation of costs to activities (net of depreciation).

3. Trade and other receivables. Trade and other receivables are allocated to activities by directly assessing the nature of the debt, i.e. identifying trade and other receivables by service.

4. Authorised share capital. The authorised capital of the business units are formed in accordance with the proportion as at 31 December 2024 between the Company's equity investment in non-current assets (carrying amount of non-current assets - carrying amount of grants) and the activity-specific share of the same investment.

5. Legal reserve. The legal reserve is established in proportion to the amount of retained earnings of the business unit to the amount of retained earnings of the Company.

6. Grants. Asset-related grants are allocated between activities on the basis of the criteria for allocation of depreciation to activities.

7. Non-current and current liabilities. Non-current and current liabilities arising from specific activities are allocated directly to the activity, e.g. loans and financial debts in accordance with the purpose of the loans, liabilities (payables/guarantees received/cash on hand) arising in the course of an investment project. The remaining liabilities are allocated on the basis of the criteria for allocation of costs to activities.

8. Balancing of liabilities. As balance sheet items are allocated according to the mentioned criteria and are not directly accounted for on an activity-by-activity basis, this results in a difference between Assets and Equity and Liabilities in the activity balance sheets. The reconciliation of these parts of the balance sheet is carried out under current liabilities in the "Balancing of liabilities" line.

9. Finance expenses:

- Finance costs incurred in accordance with the Description of the Minister of Communications of the Republic of Lithuania "On the Approval of the Description of the Procedure for the Establishment of the Fines for the Disruption of Train Traffic and the Compensation of the Enterprises Affected by Such Disruptions" are directly attributable to the SPEC activities;
- Interest expenses on non-current loans are allocated directly according to the purpose of the loans;
- Interest expenses on current loans are assigned to the activity in proportion to the formed production cost of services;
- Interest expense on long-term lease are assigned on the basis of the criteria for allocation of depreciation to activities;
- The remaining unallocated finance costs are allocated to OAR activities.

10. Income tax. Income tax is allocated between activities on the basis of the share of profit (loss) before income tax attributable to the activity in the value of the Company's profit (loss) before taxation.

11. Inter-activity loans. Inter-activity loans are deducted in accordance with the statement of cash flows, i.e. if the amount of the increase (decrease) in the net cash flow for the period added to the cash and cash equivalents at the beginning of the period gives a negative result, a loan is granted to the activity.